

## Living Benefit – Basic and Supplementary Group Life Insurance

All employees insured under Basic and Supplementary Group Life Insurance are eligible to apply for an **advance payment** called “**Living Benefit**” when they are suffering from a terminal illness and, in the opinion of the insurance carrier, it is likely that death will occur within 12 months.

The “Living Benefit” is taken as a Policy Loan with the maximum amount payable being the lesser of 50% of the total combined amount of Group Life Insurance or \$ 25,000. A Policy Loan Interest Rate will be charged on the Living Benefit payment from the date it is issued to the date of death.

### **Example of how the final death benefit amount is calculated by the insurance carrier:**

Group Life Insurance Amount:	\$75,000
Living Benefit Amount:	\$25,000
Living Benefit Issue Date:	February 14 <sup>th</sup>
Date of Death:	June 1 <sup>st</sup>
Final Death Benefit Issue Date:	June 11 <sup>th</sup>

**Step 1: The Insurer will determine the interest payable to the beneficiary on the original Group Life Insurance amount (\$75,000) less the Living Benefit amount (\$25,000) from the date of death to the final death benefit issue date (10 days):**

$$(\$75,000 - \$25,000) \times (10 \text{ days} / 365 \times 1\%^*) = \$13.70$$

The amount owed to the beneficiary is **\$50,013.70**

*\*Percentage is determined annually following an analysis of industry standards.*

**Step 2: The Insurer will determine the interest owed on the Living Benefit amount paid (\$25,000): (February 14<sup>th</sup> to June 1<sup>st</sup> = 107 days):**

$$\$25,000 \times (107 \text{ days} / 365 \text{ days} \times 7.25\%^**) = \$531.34$$

*\*\*The Policy Loan Interest Rate varies and is calculated by the insurance carrier at time of claim.*

**Step 3: The Insurer will determine the final death benefit for the Group Life Insurance amount (Step 1 – Step 2):**

$$\$50,013.70 - \$531.34 = \mathbf{\$49,482.36}$$

The final death benefit will be issued to the beneficiary designated on your insured benefits card. Refer to your employee statement for beneficiary information.

### **How to Apply?**

A “**Living Benefit**” application form can be obtained from your Human Resource office or on the Vestcor Pension Services Corporation website at the following link [vestcor.org/employee\\_benefits](http://vestcor.org/employee_benefits).

The completed form must be forwarded to Assumption Life:

P.O. Box 160, 770 Main Street  
Moncton, NB E1C 8L1  
Fax: (506) 853-5434  
Tel: 1-888-869-9797

For more information, contact a Pensions and Benefits Specialist at Vestcor Pension Services Corporation at 453-2296 or toll free 1-800-561-4012.