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QUARTERLY NEWS LETTER FROM EMPLOYEE BENEFIT SYSTEMS, INC.

Machinist Custom Choices Worksite Benefits News

New Enhancement—CAT Rider

How often do we take for granted the many simple activities in our normal lives like dressing, eating and bathing?

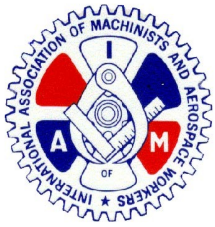
In conjunction with Boston Mutual, we have developed a cost effective way to assist with financial burdens should you lose the ability to care for yourself. This coverage is available whether your condition is temporary or permanent. Statistically, we have found that there is a 31% chance of being unable to perform two or more activities of daily living (ADL) for more than 90 days. The myth that this type of coverage is only for the elderly is untrue. The benefit does not require that you are confined in a Nursing Home, Assisted Living Facility or receiving Home Health Care. It is for all of us for those unexpected bumps in the road.

The Catastrophic Loss Coverage is a rider attached to Boston Mutual's interest-sensitive whole policy. This coverage provides a monthly benefit of \$1000, \$2000 or \$3000 payable to you for up to 12, 24 or 36 months after you have satisfied the 90 day waiting period and continue to qualify for benefits. More importantly, the benefits paid under this coverage will not reduce the death benefit of your life insurance coverage with Boston Mutual.

Qualification for benefits is simple:

1. You are unable to perform 2 or more activities of daily living (Bathing, Transferring, Dressing, Toileting, Eating, and Continence).
2. You are under the regular care and attendance of a physician.
3. You have satisfied the waiting or elimination period.

Please remember that the loss of ADL's must be incurred *after* the effective date of coverage. You and your spouse can attach this rider to the whole life insurance policy offered by Boston Mutual. The total amount of coverage for your life insurance policy will determine the amount of your Catastrophic Loss coverage. For example, a 48 year old member would with \$30,000 of life insurance coverage would qualify for a 24 month benefit period with \$3000 of total monthly benefit. The weekly cost for this benefit would be only \$4.23 and the rates are the same whether you are a smoker or non-smoker.



In conclusion, members are beginning to realize the cost and need for long term care. Subject to state regulatory approval in the various states, we will be introducing the Catastrophic Loss benefit to all locations during our annual service visit. Please also remember that even if you have previously enrolled in the life insurance plan, your benefit is calculated on your entire amount of coverage with Boston Mutual. We are excited to bring this important benefit to our IAMAW Brothers and Sisters and believe that it will provide much needed financial assistance in the event of a loss of independence associated with a catastrophic event that limits their ability to conduct daily functions. Please remember to ask your Machinist Custom Choices representative about this important new benefit.

Universal Life.....what's the difference?

In general, there are two types of life insurance: Term and Permanent. The differences are pretty clear cut in that term is used for short periods of time and permanent is designed to provide coverage over your entire life. Within the permanent life environment, the differences are bit more subtle. Since 1997, the core life insurance plan offered through the Custom Choices program has been a permanent life known as interest sensitive whole life. It was designed to provide protection to each policyholder with guaranteed death benefits and premium.

Recently, many members have inquired about the possibility of acquiring a policy with higher death benefits. After evaluating the alternative plans on the market today, we determined that Universal Life would provide members the higher coverage they are looking for. Universal Life policies generally provide 2 to 2.5 times the death benefit of a whole life plan. In return for higher death benefits, the cash value accumulated in Universal Life policies is not as great as it is in whole life policies. Also, while premiums are guaranteed for a specified period of time, they are not guaranteed for the life of the policy.

Universal life insurance offers all-round protection to your loved ones, thanks to its security and flexibility. In times of financial distress, you can alter your premium payments until such time you can make regular premium payments. In addition, you can increase or decrease the face value of your insurance as per your circumstances.

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Other benefit features of our universal life policy include:

- Union Strike Rider included for Members Age 70 & Younger
- Portable when you leave employment
- Accelerated Death Benefit Due to Terminal Illness Included
- No Surrender Charges Apply
- Partial Refund of Premium if Future Premium Required to Continue Coverage Increases
- Waiver of Premium Included
- Child Term Life Insurance

When buying a particular life insurance policy, top priority must be given to your family's needs. Permanent life insurance is designed to give you and your family lifelong security. Whole life insurance protects your beneficiaries in your absence and acts as an asset-accumulating tool, while universal life insurance gives you the chance to regulate your insurance coverage in keeping with your current condition. Of course, your insurance advisor is always there to help you pick a policy, but in the end, it is you who has to decide what is suitable for you and your loved ones.

Meet a Policyholder

This month, we decided to offer some insight into why members purchase certain policies and the benefits these policies provide those members.

At one of our aerospace contracts, a member applied for a critical illness policy on herself and her spouse in March 2010, recognizing the value of the plan since they both have a family history of major illness. Barely two months later, her spouse suffered a massive heart attack while out fishing. He passed away shortly thereafter.

Our member filed the critical illness claim for the heart attack on June 18, 2010. On June 23, 2010, the carrier mailed to the member via certified mail a check in the amount of \$25,000. The benefit paid by the critical illness policy helped to offset the loss of income and out of pocket medical expenses the family incurred.

This is a great example of why the Machinist Custom Choices program exists. In a time of family distress, the financial burden should be the last thing on your mind.