

PERSONAL EVENTS AFFECTING COVERAGE

If You Gain a New Dependent

If you gain a new dependent (for example, through marriage, birth or adoption), you may enroll your new dependents for coverage. For more information, see “Coverage Changes.”

If a Dependent Loses Eligibility

If Your Spouse Is No Longer Eligible

Your enrolled **lawful spouse** is covered as long as he or she continues to meet the eligibility requirements. If the eligibility requirements are not met, your **lawful spouse** is not covered. You must notify the **Avaya Health and Benefits Decision Center** (see “Important Contacts”) to discontinue premiums. No benefits are payable after the end of the month in which your **lawful spouse** is no longer eligible, so it is important to call the **Avaya Health and Benefits Decision Center** in advance or as soon as possible following a loss of eligibility to avoid unnecessary premium payments.

Conversion to an individual policy is available for dependent life insurance (see “Converting Coverage to an Individual Policy”) when coverage ends. Dependent **AD&D** insurance cannot be converted.

If Your Dependent Child Is No Longer Eligible

Your dependent **children** are covered as long as they continue to meet the eligibility requirements.

If one child loses eligibility, but other covered **children** are still eligible, no notification is necessary for the discontinuance of coverage on that child. If you have no other eligible covered **children**, call the **Avaya Health and Benefits Decision Center** (see “Important Contacts”) to discontinue coverage. No benefits are payable after the end of the month in which your dependent child is no longer eligible, so it is important to call the **Avaya Health and Benefits Decision Center** in advance or as soon as possible following a loss of eligibility to avoid unnecessary premium payments.

Conversion to an individual policy is available for dependent life insurance when coverage ends (see “Converting Coverage to an Individual Policy”). Dependent **AD&D** insurance cannot be converted.

If Your Physically or Mentally Handicapped Child Reaches Age 23

If your physically or mentally handicapped child is incapable of self-support after age 23, you may continue coverage if the child is fully dependent on you for support. You must apply for this dependent certification from your health care company (see the number printed on your medical ID card). Continued coverage is not automatic.

If You Work Beyond Age 65

If you continue to work for the Company after you reach age 65, the amount of your basic life and basic **AD&D** insurance will be reduced as follows:

- Adjusted rate of pay changes after age 65 will be recognized in determining the amount of your insurance.
- Coverage on your basic life and basic **AD&D** insurance will be reduced 10% on the first of the month after you reach age 66.
- Coverage will be reduced an additional 10% on each of the next four anniversaries of that date, until you reach age 70.
- No further reductions will occur after age 70, based on the terms of the Life Insurance Plans and insurance contracts.

Reductions only apply to basic life and basic **AD&D** insurance. Supplementary life and supplementary **AD&D** insurance coverages are not subject to these age reductions.

The table below shows how the reduction would work on your basic life and basic **AD&D** insurance if you continue to work and your **total annual pay** at age 65 is \$31,000.

First of the Month After You Reach	Your Total Annual Pay*	Reduction	Basic Life and Basic AD&D Coverage
65	\$31,000	0%	\$31,000
66	\$32,000	10%	\$28,800
67	\$33,000	20%	\$26,400
68	\$34,000	30%	\$23,800
69	\$35,000	40%	\$21,000
70	\$37,000	50%	\$18,500

*Includes rounding to the next higher \$1,000.

When your basic life insurance coverage is reduced by at least 20%, you may convert the amount that is being reduced, in increments of 20%, to an individual policy. For example, using the table above, you could make conversions at age 67 and again at

age 69. In addition, you may convert the 10% reduction at age 70 to an individual policy. For conversion information, see “Converting Coverage to an Individual Policy.”

Reductions applied to basic life insurance while you are active continue after you retire (see “Reductions to Basic Life Insurance After Retirement”).

If You Are Terminally Ill

If you are diagnosed as being terminally ill with a life expectancy of six months or less, you may be eligible to receive a portion of your basic life and supplementary life insurance benefit while you are still living. For more information, see “Accelerated Benefit Option.”

If You Die

If you die, your beneficiary(ies) is(are) entitled to receive any death benefits that may be payable. Generally, since the proceeds are received under a life insurance contract because of the death of the insured person, the benefits are not taxable income and do not have to be reported. Any interest received would be taxable and would need to be reported just like any other interest received. For more information, see “Filing a Claim.” If you are enrolled in the Supplementary Life Insurance Plan, any balance in your **Cash Accumulation Fund** will be added to your life insurance and paid tax-free to your beneficiary(ies). Different rules apply if you assigned your basic life, supplementary life, basic **AD&D** and supplementary **AD&D** insurance (see “Benefits Can Be Assigned”).

In addition, any dependent life and dependent **AD&D** insurance in effect at that time ends on the last day of the month in which you die.

Conversion to an individual policy may be available for dependent life insurance (see “Converting Coverage to an Individual Policy”) when coverage ends. Dependent **AD&D** insurance cannot be converted.

If You Retire

If you retire on a service or disability pension, your basic life insurance continues, but is subject to reduction from age 66 through age 70 (see “Reductions to Basic Life Insurance After Retirement”).

You may continue your supplementary life insurance during retirement. Premiums will be billed directly by the Insurer (see “Important Contacts”).

Basic **AD&D**, supplementary **AD&D**, dependent life and dependent **AD&D** insurance end on the last day of the month in which you retire.

Conversion may be available when your basic life insurance reduces or when your dependent life insurance ends. You cannot convert your basic, supplementary and/or dependent **AD&D** insurance.

Additional information about your life insurance coverage after you retire may be found in The Avaya Inc. Life Insurance Plan for retired employees SPD. You may view or print a copy of the SPD online at www.avaya.com/benefitanswers or request a copy from the **Avaya Health and Benefits Decision Center** (see “Important Contacts”).

Reductions to Basic Life Insurance After Retirement

Reductions to your basic life insurance amount begin at age 66 whether you are active or retired. Reductions applied to basic life insurance while you are active continue after you retire (see “If You Work Beyond Age 65”). Effective the first of the month after your 66th birthday, your basic life insurance will be reduced by 10%. On each of the next four anniversaries of that reduction, your insurance will be further reduced each time by the same dollar amount. On the first of the month after your 70th birthday, your coverage will be 50% of the basic life insurance coverage you had at retirement. There are no further scheduled reductions after age 70.

When your basic life insurance is reduced by at least 20%, you may convert the amount of the reduction to an individual policy in the second and fourth years (at ages 67 and 69) and the final 10% in the fifth year at age 70. For more information, see “Converting Coverage to an Individual Policy.”