

## **SURVIVOR BENEFITS**

### **Your Spouse**

For Plan purposes, your spouse is your legal husband or legal wife for federal income tax purposes. As described in this section, your spouse may have certain rights and be entitled to certain survivor benefits if you die after your benefit begins.

### **Your Domestic Partner**

For Plan purposes, your domestic partner is an individual who meets the requirements described under "Your Domestic Partner" in the section titled "How Your Benefits are Paid."

For your domestic partner to receive the survivor benefits describe in this section, in most cases, you must file a notarized copy of the Domestic Partner Affidavit with the Avaya Pension Service Center before your death. Once you file a Domestic Partner Affidavit with the Plan Administrator, the individual named as your Domestic Partner in that Affidavit will be entitled to the survivor benefits described in this section unless you file a Termination of Domestic Partnership Affidavit.

If you die without a Domestic Partner Affidavit on file, your domestic partner usually will not receive a survivor death benefit. However, if you die without a Domestic Partner Affidavit on file while actively employed by Avaya, your domestic partner may receive a survivor death benefit if you and your domestic partner complied with a state or local registration process for domestic partners, you were the same-gender and were legally married under the laws of your state, or you were the same-gender and legally entered into a civil union under the laws of your state, and your domestic partner provides proof of such registration, marriage or civil union.

### **If You Die While Actively Employed**

No benefit is paid under the Plan if you do not have a spouse or domestic partner when you die. The Service Based Program provides an automatic survivor annuity that pays a lifetime income to your spouse or domestic partner if you do have a spouse or domestic partner when you die.

If you have at least 15 years of net credited service when you die, your spouse or domestic partner receives 100% of the reduced monthly benefit you would have received under the joint and 100% survivor annuity or the joint and 100% domestic partner survivor annuity had you retired on your date of death with a service pension. There is no discount for early commencement. The annuity for your spouse or domestic partner begins as of the day after your death. Instead of receiving an annuity, your spouse or domestic partner may elect to receive payment of the age 65 survivor benefit in a single lump sum.

If you have less than 15 years of net credited service when you die, the survivor benefit is only provided if

- you and your spouse were married throughout the one-year period immediately before your death, or
- you and your domestic partner were in a domestic partnership throughout the one-year period immediately before your death.

If your spouse or domestic partner meets this requirement, your spouse or domestic partner can choose to receive the survivor benefit immediately (or any time on or before your 65<sup>th</sup> birthday) reduced for each year it starts before the date you would have reached age 65.

For purposes of applying this one-year requirement, the period of your domestic partnership with an opposite-sex domestic partner who you later marry will count toward the one-year period of marriage requirement if you filed a Domestic Partner Affidavit with the Avaya Pension Service Center.

### **If You Die After Terminating Employment but Before Beginning Your Service or Immediate Vested Pension**

If you are eligible for a service pension or immediate vested pension when you terminate employment and die before your pension begins, your spouse or domestic partner receives a pre-retirement survivor annuity.

Under this survivor annuity, your spouse or domestic partner receives 100% of the benefit you would have received under the joint and 100% survivor annuity or the joint and 100% domestic partner survivor annuity if you began your pension on the day you died. Instead of receiving an annuity, your spouse or domestic partner may elect to receive payment of the age 65 survivor benefit in a single lump sum.

If you do not have a spouse or domestic partner when you die, no benefits will be paid under the Service Based Program when you die.

### **If You Die After Terminating Employment but Before Beginning Your Vested Pension**

If you terminate employment while eligible for a vested pension and die before beginning your pension, your eligible spouse will receive a pre-retirement survivor annuity, unless you previously declined this coverage with your spouse's written, notarized consent. To qualify for this annuity, your spouse must be legally married to you throughout the one-year period immediately before your death. After you have declined coverage, you can elect to start it again at any time. Once your spouse has consented to your election to decline the pre-retirement survivor annuity coverage, your spouse cannot withdraw that consent.

If you terminate employment while eligible for a vested pension and die before beginning your pension, your eligible domestic partner can receive a pre-retirement survivor annuity if you file a Domestic Partner Affidavit to provide survivor death benefits to your domestic partner before your death. To qualify for this annuity, you and your domestic partner spouse must be in a domestic partnership throughout the one-year period immediately before your death.

Under the pre-retirement survivor annuity, your eligible spouse or domestic partner will receive 50% of the reduced benefit you would have received if:

- You lived to the date your vested pension began,
- You elected to receive your vested pension as a joint and 100% survivor annuity or a joint and 100% domestic partner survivor annuity, and
- You died the next day.

In that case, payments to your spouse or domestic partner can begin any time after you die up to the date you would have reached age 65. Instead of receiving an annuity, your spouse or domestic partner may elect to receive payment of the survivor benefit in a single lump sum.

### **Deferred Vested Pension Pre-Retirement Survivor Annuity Coverage**

As described above, pre-retirement survivor annuity coverage provides your spouse or domestic partner with a survivor benefit if you die before beginning your benefit. If you have a deferred vested pension, have a spouse and do not decline pre-retirement survivor annuity coverage, your benefit is permanently reduced for that coverage. Coverage under the pre-retirement survivor annuity is only provided to your domestic partner if you elect such coverage. If you have a deferred vested pension and elect pre-retirement survivor annuity coverage for your domestic partner, your benefit is permanently reduced for that coverage.

You can decline, elect and/or re-elect the pre-retirement survivor annuity coverage by notifying the Avaya Pension Service Center in writing at any time (and as often as you wish) after you terminate your employment and before your vested pension begins. Your spouse must consent each time you decline coverage in writing and his or her consent must be notarized. After you have elected pre-retirement survivor annuity coverage for your domestic partner, you can decline that coverage at any time without your domestic partner's consent.

The amount of the permanent reduction for each full and partial calendar year the pre-retirement survivor annuity coverage is in effect is calculated based on your age on January 1 of that year using the following table:

<u>Your Age</u>	<u>Annual Reduction</u>
Under 45	.20% (.0020)
45 through 54	.35% (.0035)
55 through 59	.60% (.0060)
60 through 64	.80% (.0080)

If you are single when you terminate employment and you marry before you begin your benefit, the pre-retirement survivor annuity coverage automatically begins on the first anniversary of your marriage unless you decline coverage.

The following is an example of a vested pension with a joint and 50% survivor annuity with pre-retirement survivor annuity coverage. Assume:

- On January 1, 2001, you are age 56.
- You terminate employment on July 1, 2001 when you are age 57.
- You are eligible for a deferred vested pension of \$1,000 per month at age 65.
- You do not decline pre-retirement survivor annuity coverage when you leave and that coverage remains in effect until you begin your pension.
- You begin your pension February 1, 2009 at age 65.
- Your spouse is age 64 when your pension begins.

Using the table, your reduction for pre-retirement survivor annuity coverage is calculated as follows: You did not decline pre-retirement survivor annuity coverage when you terminated employment in 2001 and this coverage remained in effect until you began your pension in 2009. Since the reduction for a year is based on your age on January 1 of that year, four of those calendar years -- 2001 through 2004 -- were subject to a 0.60% annual reduction, and four of those calendar years -- from 2005 through 2008 -- were subject to a 0.80% annual reduction. There is no charge for 2009 because that is the year during which your pension started. Therefore:

$$2001 - 2004 \text{ reduction} \quad \$1,000 \times .0060 \times 4 \text{ years} = \$24$$

$$2005 - 2008 \text{ reduction} \quad \$1,000 \times .0080 \times 4 \text{ years} = \underline{\$32}$$

$$\text{Total Reduction:} = \$56$$

Unreduced monthly pension benefit at age 65	\$1,000.00
Less pre-retirement survivor annuity coverage cost	- <u>56.00</u>
Amount of monthly pension at age 65 with permanent reduction for pre-retirement survivor annuity coverage	\$ 944.00
Less 9% reduction* for joint and 50% survivor annuity beginning at age 65 (\$944 x .09 = \$84.96)	- <u>84.96</u>
Amount of your reduced monthly pension beginning at age 65	\$ 859.04
Spouse's lifetime benefit following your death (50% of your reduced monthly pension benefit beginning at age 65)	\$ 429.52

\* For the reduction factor that applies to your situation, call the Avaya Pension Service Center. When you call, you should be prepared to provide your age and your spouse's age.

### **If You Die After Your Pension Starts**

If you die while receiving pension benefits, any death benefit is paid according to the terms of the distribution option you were receiving at the time of your death.