

## AMOUNT OF COVERAGE AVAILABLE

### **Your Basic Life Insurance Coverage**

If you are an **eligible retiree** and retired under the Service-Based Program of the Avaya Inc. Pension Plan for Salaried Employees, the Company automatically provides you with basic life insurance of generally one times your **total annual pay** (limited to \$1 million) at no cost to you.

Beginning at retirement (or age 66 if retired prior to October 1, 2001 or retired under the 2001 Voluntary Pension Enhancement Program), the amount of your **Company-paid basic life insurance coverage** is subject to reduction. Your basic life insurance coverage is reduced by 10% beginning on the first of the month following your retirement (or 66<sup>th</sup> birthday if retired prior to October 1, 2001 or retired under the 2001 Voluntary Pension Enhancement Program). Thereafter, your basic life insurance coverage is reduced annually for the next four years by the same dollar amount of the initial reduction.

For example, if you had \$50,000 of **Company-paid basic life insurance coverage** and retired on January 1, 2004, beginning on the first of the month following your retirement, your coverage would reduce \$5,000 per year as follows:

<b>Years Retired</b>	<b>Amount of Reduction</b>	<b>Your Basic Life Insurance Coverage Amount</b>
0-1	\$5,000	\$45,000
1-2	\$5,000	\$40,000
2-3	\$5,000	\$35,000
3-4	\$5,000	\$30,000
4+	\$5,000	\$25,000

After five reductions, the amount of your basic life insurance coverage is equal to 50% of the **total annual pay** you had immediately prior to retirement. This coverage remains in force for the rest of your life, with no further reductions.

Once your coverage has been reduced at least 20%, you may be able to convert all or part of the **Company-paid basic life insurance** coverage that is lost due to reduction to an individual policy without proof of insurability (see "Converting Coverage to an Individual Policy"). Reductions applied to basic life insurance while you are active continue after you retire.

### **Your Supplementary Life Insurance Coverage**

If you had supplementary life insurance coverage at the time of your retirement, you will have the same amount of coverage during retirement unless you contact the Insurer (see "Important Contacts") and complete the required form to decrease the amount or to cancel this coverage. If you decrease the amount or cancel coverage, this change will take effect on the first of the month following the month in which your reduction or cancellation request form is received by the Insurer. You cannot increase or elect supplementary life insurance coverage during retirement.

The Insurer (see "Important Contacts") will direct bill you for this coverage during retirement.

The supplementary life insurance coverage continues to age 95 as long as you continue paying for the coverage.

### **Cash Accumulation Fund**

If you are a participant in the Supplementary Life Insurance Plan, you have the option of contributing to a **Cash Accumulation Fund**. This is a personal fund in which you make fixed dollar contributions directly to the Insurer (see "Important Contacts"). The maximum amount you may contribute depends on your age and coverage amount.

The **Cash Accumulation Fund** earns a competitive interest rate that is guaranteed never to be lower than 4%. Your **Cash Accumulation Fund** is not taxed unless you withdraw more than you have contributed. You may withdraw or borrow against the money in your fund at any time. The balance in your **Cash Accumulation Fund** may be used to pay for your cost of insurance in retirement or to purchase paid-up insurance. Any balance remaining in your fund at the time of your death will be added to your life insurance amount and paid income tax-free to your beneficiaries.

Contact the Insurer (see "Important Contacts") for more information on contributing to a **Cash Accumulation Fund**.