

Instructions for Beneficiary Designations Under the Life Survivor Income Insurance Plan (LSII)

You should use this form for designating a beneficiary(s) for the: (1) active lump sum death benefit during the first year of employment or thereafter if you do not have an eligible survivor (spouse, children under 21 or disabled children, or dependent parents)—Section 2; (2) post retirement death benefit for members who met the rule of 80 at retirement or were age 65 with 5 or more years of service—Section 2; and (3) guaranteed payment of survivor benefits (the Plan pays to your eligible survivor(s) an amount not less than one times salary; if survivor income payments have begun, but your eligible survivor(s) dies before all of that guaranteed amount is paid, the Plan will pay the balance to your designated beneficiary(s) or if none is designated to the estate of the last surviving eligible survivor—Section 3. It can also be used to exclude eligible survivors—Section 4.

Before completing this form, please read the description of the LSII in your Employee Benefit Handbook and the instructions on the back of the attached Form LS2. This should help you to understand the two types of LSII benefits provided (lump sum or survivor income) and to identify your eligible survivors who may become entitled to survivor income payments.

Section 2—Used for active service lump sum death benefit and retiree’s post retirement death benefit.

Active Employees

At the time of employment check the active service insurance benefit (lump sum) box and state the name of your beneficiary(s). The person(s) named will remain the beneficiary(s) for the lump sum benefit until you have completed one year of service. If at the end of the year you have no eligible survivors as described in the employee benefit handbook, your beneficiary(s) will remain eligible for the lump sum benefit until you choose to designate a new beneficiary(s). If at any time subsequent to your first year of employment you acquire an eligible survivor, the survivor income payment becomes payable and the designation for the lump sum payment no longer applies. An exception to this is explained later in the instructions for Section 4. If you elect the spouse’s benefit under the Retirement Plan only the active service lump sum death benefit under the LSII will become payable to the beneficiary(s) you designate in Section 2.

Retired Employees

At the time of retirement, or later if you wish to make a change, complete a new LS2 and name your beneficiary(s) for the lump sum post-retirement benefit.

Section 3—Used for active survivor death benefit.

At the time of employment, if you have a survivor who will become eligible for survivor income payments after your first year of employment, you should also make a beneficiary designation in Section 3 for the guaranteed amount of survivor income payments. If you acquire an eligible survivor at a later date, you should complete a new Form LS2 at that time and make such designations in Section 3.

If no beneficiary(s) is named in Section 3, the guaranteed amount is paid to the estate of the last eligible survivor. Therefore, you may wish to designate someone other than an eligible survivor such as an older (over 21) child(ren), non-dependent parents, other relatives or individuals.

Section 4—Used to exclude an eligible survivor.

If you wish to exclude an eligible survivor(s) from survivor income payments, list all the exclusions in Section 4. For example, an employee may wish to exclude a spouse who is separated but is not legally divorced or a natural born child who lives elsewhere. If you exclude all eligible survivors, the lump sum is paid to the beneficiary(s) you designate in Section 2.

Section 5—Designator’s signature.

To be completed and signed by the employee or retiree.

Section 6—Consent of spouse.

To be completed by the spouse only if he or she is not named as primary beneficiary for the lump sum benefit or is excluded in Section 4 as a Class A survivor and may have at one time resided with you in a community property state while you were a member of the LSII Plan.

Section 7—Employer’s certification.

To be signed by the employer’s authorized representative.

Important: Please keep your beneficiary designations up to date, especially as your family situation changes.

Terms and Provisions

1. This Form LS2 is for use in designating beneficiaries to receive benefits payable on the insured member's death in active service or retirement. "Active service" includes periods in which the member is totally disabled under the terms of the Long Term Disability Income Plan.

2. If the member has assigned all incidents of his/her ownership in the policy underlying the Plan, this Form LS2 must be completed and signed by the person to whom the rights have been assigned. Completion by the member who has assigned such rights is not effective.

3. Depending on the insured member's coverage as specified under the Plan, either of two benefits is payable on a member's death in active service.

a. Active service insurance benefit. This is a lump sum payment to a designated beneficiary equal to the member's annual salary at the time of death, raised if not a round \$1,000 to the next higher multiple of \$1000.

b. Survivor income payment. This is a monthly benefit payable to certain Class A, B, or C survivors (spouse, minor or disabled children, or dependent parents) equal to 40 percent of the insured member's monthly salary, minus one-half of any survivorship benefits payable under Social Security, such reduction not to exceed one-half of the member's "primary insurance amount." These monthly payments are guaranteed in an amount equal to the active service insurance benefit of one year's salary.

4. Post retirement death (insurance) benefit. On an eligible member's death during retirement, the benefit is a lump sum payment to the designated beneficiary of an amount equal to \$1,000, or if the member retired on or after January 1, 1973, and amount equal to \$2,500.

5. Any of the following may be designated a beneficiary:

a. An individual. The individual must be specifically named, and the designation must include the individual's relationship to you, his/her date of birth, and complete address; for example, John A. Green, son, born June 1, 1960, 200 East Main Street, Anytown, New York. If a beneficiary is a minor, the beneficiary must be named, not a guardian. If a beneficiary is a married woman, her full name, including her maiden name, must be given; for example, Helen McDonald Smith, not Mrs. John Smith.

b. An executor. An executor may be designated by title alone; for example, the executor named under my will.

c. A corporate or unincorporated entity. The designation such an entity, a charitable organization, for example, must include the full name and address; American Charity Association, 100 Main Street, Anytown, New York.

d. A trustee. A trustee of a trust created under your will may be designated by title alone, but the will must be identified; for example, Trustee of the Trust created under Article II of my will. A trustee of a trust created by an instrument other than your will must be designated by name and title; for example, Robert Smith, Trustee of the Trust created by me under indenture dated January 7, 1990; or First Trust Company of Anytown, New York, Trustee of the Trust created under indenture dated January 7, 1990, between John Doe and the First Trust Company of Anytown, New York. A trustee who is designated a beneficiary must be duly named as trustee under a written, dated, and duly executed instrument. If you designate a trustee as beneficiary, either primary or contingent, your designation is subject to the additional conditions printed elsewhere on this page. Before designating a trustee as beneficiary, you should consult your attorney.

6. To be entitled to benefits under the Plan, a designated beneficiary must be living or in existence at the time the payment becomes due and have an interest that is not subordinate to any other beneficiary then living or in existence. If no designation is effective at the time benefits become due, payment will be made in accordance with the Plan.

7. Payment to any beneficiary designated on this form will be made in a lump sum, unless another method of settlement is elected in writing by the beneficiary in accordance with the Plan.

8. If two or more beneficiaries are designated, payment of benefits will be made to them in equal shares among those eligible to receive benefits, unless the member specifies another proportion. Proportions must be stated in percentages, not dollars.

9. Consent of spouse. If you presently reside in a community property State or if you previously resided with your spouse within a community property State while you were an employee of the Federal Reserve System, your spouse must execute consent in Section 6 of the form unless he or she is designated as sole primary beneficiary. If you later marry and reside in a community property State, a new form should be executed. On January 1, 1979, States with community property laws were Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas and Washington, and Wisconsin.

GENERAL CONDITIONS

I understand that the last designation on file with my employer shall be controlling, provided, however, that no designation or change of beneficiary, or revocation thereof, shall be effective unless and until received by my employer prior to my death.

I understand that I may change the designations on this form without the consent of any beneficiary by my filing, at any time prior to my death, a new designation on such form as may be prescribed. (This may not true in a community property state.) I hereby agree, on behalf of myself, my executors, administrators, heirs and assigns, that payment in accordance with the designations on this form shall constitute a release of the employer, the trustee of the Plan, and any officer, employee or agent thereof or of the Plan from any further claim or obligation on account of any amounts payable under the Plan.

In designating a trustee as a beneficiary on this form, I agree on behalf of myself, by executors, administrators, heirs and assigns, that the employer, the trustee of the Plan, and any officer, employee or agent thereof or of the Plan:

(1) shall each have no responsibility for the effectiveness of the designation on this form of any trustee as beneficiary, or for the validity of the underlying trust, or for the existence of such trust at the time of any payment under the Plan to any person named as a trustee of such trust, or acting or purporting to act as such a trustee or for the carrying out by any such person of the terms of such trust; and

(2) shall each be fully discharged from any further claim or obligation on account of any amount payable under the Plan upon payment of such amount to any such trustee of successor thereof, unless before the making of such payment the employer has actual receipt of written evidence satisfactory under the Plan that such trust is not valid or not in effect, or that there is no person acting as trustee to whom payment can be made, or that the designation on this form of the trustee is for any reason ineffective, and if such evidence has been received before the making of such payment, upon payment of such amount in accordance with the effective designations on this form, or if no such designation is effective, upon payment of such amount in accordance with the Plan.