

NRECA GROUP BENEFITS PROGRAM SUMMARY OF MATERIAL MODIFICATIONS

For NRECA Directors AD&D Only Insurance Plan

EFFECTIVE: January 1, 2023

**System name: ASSOCIATED ELECTRIC CO-OP
RUS/Subgroup Number: 01-26073-001**

This Summary of Material Modifications (SMM) describes changes to the National Rural Electric Cooperative Association (NRECA) Directors AD&D Only Insurance Plan (the Plan) and supplements the Plan's Summary Plan Description (SPD), also known as the Benefits Booklet. The effective date of these changes is noted above. You should read this SMM carefully and keep this SMM with your SPD for future reference. If you have questions about these changes, please see your benefits administrator.

Summary of Changes for your Directors AD&D Only Insurance Plan SPD:

Chapter 2: Directors AD&D Only Plan Highlights

The section titled "Reduction in Insurance at Age 70" has been updated as follows:

If you experienced a reduction in Directors AD&D benefits prior to January 1, 2018, that reduced amount will remain in force with no future reductions unless a plan change has been made during Annual Enrollment. If you reach age 70 on or after January 1, 2018, you will not experience an age reduction for your Directors AD&D benefits.

Chapter 4: AD&D Insurance Benefits

The section titled "Additional AD&D Insurance Features" has been updated as follows:

Child Education Benefit

If you or your Spouse die as a result of an accidental injury, MetLife will pay this additional Child education benefit if:

- MetLife pays an AD&D Insurance benefit for the loss of such person's life;
- This benefit is in effect on the date of the injury; and
- MetLife receives Proof that, on the date of your death, your Child was:
 - Enrolled as a Full-time student in an accredited college, university, or vocational school above the 12th grade level; or

- At the 12th grade level and, within one year after the date of your death, enrolled as a Full-time student in an accredited college, university, or vocational school.

Benefit Amount

For each Child who qualifies for this benefit, MetLife will pay an amount equal to the tuition charges incurred for a period of up to 4 consecutive academic years, not to exceed:

- An academic year maximum of \$10,000; and
- An overall maximum of 20% of the Full Amount shown in the *Directors AD&D Only Plan Highlights* chapter. MetLife may require Proof of the Child's continued enrollment as a Full-time student during the period for which a benefit is claimed.

Benefit Payment

MetLife will pay the Child education benefit semi-annually when MetLife receives Proof that tuition charges have been paid. Payment will be made to the person who pays such charges on behalf of the Child.

Rehabilitative Physical Therapy Benefit

Subject to the terms of your AD&D Insurance, MetLife will pay this additional benefit if:

- MetLife receives Proof that rehabilitative physical therapy has been prescribed within 90 days of the accidental injury by the attending Physician as necessary to treat a physical condition resulting from the accidental injury; and
- This benefit is in effect on the date of the injury.

Such rehabilitative physical therapy must be provided within one year of the date such therapy is prescribed by a Physician or therapist licensed to provide the therapy in the jurisdiction where such services are performed.

Benefit Amount

MetLife will pay an amount equal to the least of:

- Actual charges incurred for the therapy;
- 10% of the Full Amount of AD&D Insurance coverage shown in the *Directors AD&D Only Plan Highlights* chapter; or
- \$25,000.

Benefit Payment

MetLife will pay this benefit quarterly when MetLife receives Proof that charges for rehabilitative physical therapy have been paid. Payment will be made to you.

Chapter 7: General Information

The section titled “State Notices” has been updated as follows:

The following “Notice for Residents of All States” section has been removed as follows:

Life Insurance Benefits Will be Reduced If An Accelerated Benefit Is Paid

Disclosure: The Life Insurance accelerated benefit offered under this certificate is intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986. If this benefit qualifies for such favorable tax treatment, the benefit will be excludable from Your income and not subject to federal taxation. Tax laws relating to accelerated benefits are complex. You are advised to consult with a qualified tax advisor about circumstances under which You could receive an accelerated benefit excludable from income under federal law.

Disclosure: Receipt of an accelerated benefit may affect Your, Your Spouse’s or Your family’s eligibility for public assistance programs such as Medical Assistance (Medicaid), Aid to Families with Dependent Children (AFDC), Supplementary Social Security Income (SSI) and drug assistance programs. You are advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such payment will affect Your, Your Spouse’s and Your family’s eligibility for public assistance.

The “Notice for Residents of California” has been updated to remove the following:

FOR CALIFORNIA RESIDENTS: REVIEW THIS CERTIFICATE CAREFULLY. IF YOU ARE 65 OR OLDER ON YOUR EFFECTIVE DATE OF THIS CERTIFICATE, YOU MAY RETURN IT TO US WITHIN 30 DAYS FROM THE DATE YOU RECEIVE IT AND WE WILL REFUND ANY PREMIUM YOU PAID. IN THIS CASE, THIS CERTIFICATE WILL BE CONSIDERED TO NEVER HAVE BEEN ISSUED.

Chapter 8: Important Notifications and Disclosures

The subsection titled “Enforce Your Rights” under “Statement of ERISA Rights” has been updated as follows:

Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. Under ERISA, there are steps that you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report (Form 5500), if any, from the Plan and do not receive them within 30 days, you may file suit in federal court. In such case, the court may require NRECA, as Plan Administrator, to provide the materials and pay you up to \$171 a day, not to exceed \$1,713 per request (2022 limit, as may be indexed annually) until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan

Administrator. If you have a claim for benefits that is denied or ignored in whole or in part, and if you have exhausted the claims procedures available to you under the Plan, you may file suit in a state or federal court.

No further changes have been made to your Plan's SPD.

All other rules, provisions, definitions and benefit amounts of the SPD and Plan remain the same. If the terms of this SMM and the SPD conflict with any terms of the governing Plan document, then the terms of the governing Plan document will control in all cases.

Plan Sponsor: National Rural Electric Cooperative Association
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