

NRECA GROUP BENEFITS PROGRAM SUMMARY OF MATERIAL MODIFICATIONS

For

NRECA Group Term Life and AD&D Insurance Plan

EFFECTIVE: January 1, 2024

System name: COASTAL ELEC COOPERATIVE INC

RUS/Subgroup Number: 01-41030-001

This Summary of Material Modifications (SMM) describes changes to the National Rural Electric Cooperative Association (NRECA) Group Term Life and AD&D 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 Group Term Life and AD&D Insurance Plan SPD:

Chapter 4: Your Benefits During a Leave of Absence

The subsection titled "Annual Benefits Enrollment" has been updated as follows:

When you are on a leave of absence and are eligible to continue to participate in this Plan, you may generally make benefit elections (subject to all Plan enrollment provisions) during the annual benefits enrollment period for the upcoming Plan year. Benefits elected during the annual benefits enrollment period and corresponding costs for coverage (subject to late enrollee requirements where applicable) become effective January 1 of the following year. However, if during the annual benefits enrollment period you elect a benefit option with an Actively at Work requirement and then, on the following January 1, you are on a leave of absence, your coverage effective date will be delayed until you return to work in a benefits-eligible position.

Chapter 5: Term Life Benefits

The subsection titled "Benefit Payment" has been updated as follows:

In the event of your death, your Beneficiary receives a benefit equal to a multiple of your actual Base Annual Earnings in effect at the time of your death. At the time of the claim, MetLife will offer the Beneficiary(ies) the option to pay the claim either by check or by establishing a Total Control Account (TCA).

A TCA is an interest-bearing account, established by MetLife from which your Beneficiary may immediately access the entire amount of the insurance proceeds. MetLife pays interest on the balance in the TCA at a guaranteed minimum rate starting on the date the TCA is established. Thereafter, your Beneficiary can access the TCA balance at any time without charge or penalty by Writing drafts from the TCA for \$250 or more or by withdrawing the entire benefit immediately from the TCA, if desired. Note that the TCA is not a bank account and is not a checking, savings, or money market account.

Chapter 6: AD&D Insurance Benefits

The section titled “If Your Base Annual Pay is More Than \$345,000” has been updated as follows:

If Your Base Annual Pay is More Than \$345,000

Due to the compensation limit imposed by the Internal Revenue Code, effective January 1, 1994, no more than \$345,000 of Base Annual Earnings (in 2024 and until such time as the annual limit is again revised by the IRS) may be considered when the Plan calculates your AD&D Insurance benefit.

However, a separate administrative arrangement has been established with MetLife to provide benefits to the extent an employee’s salary exceeds the \$345,000 (in 2024) compensation limit. This arrangement ensures that the employee will receive one check for the full amount of your benefit.

The section titled “Total Control Account” has been updated as follows:

If the benefit amount payable to you or your Beneficiary is \$5,000 or more, MetLife will offer you or your Beneficiary(ies) the option to receive payment of the claim either by check or by establishing a Total Control Account (TCA).

A TCA, which is an optional settlement method used to pay claims in full. The TCA is an interest-bearing account that provides you or your Beneficiary with immediate access to the entire amount of the insurance proceeds. MetLife pays interest on the balance in the TCA at a guaranteed minimum rate starting on the date the TCA is established. The TCA is not a checking, savings, or money market account. Rather, you or your Beneficiary access the TCA balance at any time without charge or penalty by Writing drafts of \$250 or more (including withdrawing the entire amount of the benefit payment immediately) if desired. Please note that the TCA is not a bank account and is not a checking, savings or money market account.”

Chapter 8: Claims and Appeals

The section titled “Authorizing a Representative” has been updated as follows:

You or your Beneficiary, as may be applicable, may authorize another individual to speak with MetLife, by giving verbal consent for MetLife to speak with that individual. Any required forms would still need to be Signed by you or your Beneficiary, depending upon the person eligible to receive payment for the claim. Contact the MetLife claims representative for more information.

Your Beneficiary may designate a power of attorney or guardian in Writing. Such documentation will be held on file with MetLife. Contact the MetLife claims representative for instructions.

The subsection titled “Filing a Claim” has been updated as follows:

Claims For Accidental Death and Dismemberment Benefits

A Claimant must complete and return the appropriate claim forms to the benefits administrator, within 20 days of the date of a loss (this only applies to AD&D coverage) who will verify eligibility and the benefits to be claimed, certify the forms, and forward all documents to NRECA. NRECA will then forward the forms to MetLife for processing.

Chapter 10: General Information

The section titled “Fraud Warning Statements” has been removed.

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

The first paragraph of the “Notice for Residents of Arkansas” has been updated as follows:

If You have a question concerning Your coverage or a claim, first contact the Policyholder or group account administrator. If, after doing so, You still have a concern, You may call the toll-free telephone number 1-800-638-5433 Claims or 1-800-638-6420 general information.

The first paragraph of the “Notice for Residents of Idaho” has been updated as follows:

If You have a question concerning Your coverage or a claim, first contact the Policyholder. If, after doing so, You still have a concern, You may call the toll free telephone number 1-800-638-5433 Claims or 1-800-638-6420 general information.

The “Notice for Residents of Maine” has been updated as follows:

You have the right to designate a third party to receive notice if Your insurance is in danger of lapsing due to a default on Your part, such as for nonpayment of a contribution that is due. The intent is to allow reinstatements where the default is due to the insured person’s suffering from cognitive impairment or functional incapacity. You may make this designation by completing a “Third-Party Notice Request Form” and sending it to MetLife. Once You have made a designation, You may cancel or change it by filling out a new Third-Party Notice Request Form and sending it to MetLife. The designation will be effective as of the date MetLife receives the form. Call MetLife at the toll-free telephone number 1-800-638-5433 Claims or 1-800-638-6420 general information to obtain a Third-Party Notice Request Form. Within 90 days after cancellation of coverage for nonpayment of premium, You or any person authorized to act on Your behalf may request reinstatement of the certificate on the basis that You suffered from cognitive impairment or functional incapacity at the time of cancellation.

Chapter 11: Important Notifications and Disclosures

The section titled “Amendment or Termination” has been updated as follows:

This Plan may be amended or terminated at any time, for any reason, by action of the Plan Sponsor, MetLife, or your Employer. Your Employer also has the right to change the cost of coverage or change job classifications that are eligible to participate in the Plan. These changes may be made with or without advance notice to you. However, your rights to claim benefits for the period prior to the termination or amendment will not be affected if such benefit is payable under the Plan as in effect before the Plan is terminated or amended.

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

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 \$184 a day, not to exceed \$1,846 per request (2023 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.

Appendix A: Key Terms

The definition “Authorized Representative” has been updated as follows:

Authorized Representative means a person you or your Beneficiary has authorized in Writing to represent you or your Beneficiary in the claims process, the appeals process, or both.

The definition “Terminally III” or Terminal Illness” has been added as follows:

“Terminally III” or “Terminal Illness” means that, due to injury or sickness, you are expected to die within 12 months. **For residents of Texas only**, “Terminally III” or “Terminal Illness” means that, due to injury or sickness, you are expected to die within 24 months.

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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Plan Sponsor’s Employer Identification Number: 53-0116145
Plan Number: 501