

LIFE INSURANCE PLAN

OVERVIEW

The Life Insurance Plan is a group variable universal life (GVUL) arrangement that offers both life insurance at low group rates and optional investment opportunities. The coverage is portable, and when you retire or leave Carolinas HealthCare System you can maintain your coverage at the same group rates. Metropolitan Life Insurance Company (MetLife) is the carrier for this plan.

Keep in mind that your participation in the basic portion of this plan is guaranteed, but requires you to complete and return an application to MetLife within 60 days of becoming eligible for coverage. If you do not submit an application form, you will not have any life insurance coverage through this plan or any other plan funded by Carolinas HealthCare System.

WHO IS ELIGIBLE

You are eligible to participate in this plan if you are an administrator (who works at least 30 hours per week), or a physician (who works at least 20 hours per week). In addition, you must be under age 71 when you begin your participation. Applicants age 71 or older may be approved on a case-by-case basis. You must also either be a U.S. citizen or have a Social Security number to participate in this plan.

Your “basic coverage” becomes effective the first day of the month following the date MetLife receives your application form. You have 60 days from your date of hire (or, if later, the date you first become eligible) to submit your application form. If you do not submit an application form when first eligible, you must complete a health questionnaire, and if MetLife approves your health status, your basic coverage will go into effect on the next plan anniversary date (January 1).

If your coverage amount exceeds Met Life’s guaranteed issue limits, the excess amounts will go into effect after your health status is approved.

You must be actively at work on the day your coverage goes into effect. If you are absent due to illness or disability, your coverage will go into effect on the day you return to active work.

WHO PAYS THE COST

Carolinas HealthCare System provides you with basic coverage through this plan. Carolinas HealthCare System cost for your basic coverage is part of your taxable compensation. Carolinas HealthCare System will make an adjustment to your payroll record each month to reflect the cost of your life insurance benefit. Applicable FICA taxes will be withheld based on this adjustment.

You pay the cost for any supplemental coverage amount you elect. You are billed monthly through an automatic payment method.

If you are a production paid CPN physician, the premium cost may be allocated to your production earnings account in accordance with your professional services agreement.

COVERAGE AMOUNTS

You’ll receive company-paid or “basic coverage” equal to three times your “target cash compensation,” up to MetLife’s guaranteed issue limit of the lesser of three times your target cash compensation or \$2 million—without evidence of your health status, provided you applied for coverage within 60 days of becoming eligible.

Your target cash compensation is your annual base salary, plus your target incentive award, if any, all rounded to the next whole \$1,000. If you are a CPN physician, your target cash compensation is your annualized guarantee or draw.

In addition, you may elect voluntary supplemental coverage of up to five times your target cash compensation, in increments of one times target cash compensation. Your cost for supplemental

coverage is based on your age and is updated each year on January 1 to reflect your age change.

Supplemental coverage amounts will be issued only after your health status has been approved by MetLife, subject to MetLife's simplified issue rules, which require that you complete the Application Part II (health questionnaire) in full and the Authorization to Obtain and Disclose Information. A simple blood test, scheduled and paid for by MetLife, is required for coverage in excess of \$500,000 above the guaranteed issue or if coverage exceeds \$2,000,000. Additional evidence of your health status may be required for coverage over \$3 million.

Your maximum benefit, with approval from MetLife, cannot exceed the lesser of eight times your target cash compensation or \$5 million.

IF YOU WANT TO CHANGE YOUR SUPPLEMENTAL COVERAGE

You may only increase your coverage election on each plan anniversary, which is January 1, unless you have a change in family status. If you are increasing your coverage, you must provide satisfactory evidence of your health status for any additional amounts you request. Decreases in coverage may be subject to IRS limitations regarding "modified endowment contracts."

YOUR INDIVIDUAL INSURANCE CERTIFICATE

MetLife will issue an individual insurance certificate to each participant. MetLife will mail the certificate directly to your home approximately eight weeks after your effective coverage date. Carolinas HealthCare System has no interest in or rights to your individual certificate.

With the Life Insurance Plan, you own your life insurance certificate. Since this coverage is portable, you take your certificate with you when you leave Carolinas HealthCare System.

Be sure to review your certificate upon receipt. You have a right to cancel your policy, or your request for an increase, within the time frames specified in the certificate.

INVESTMENT PREMIUM FEATURE

To provide you with added financial flexibility, you have the option to use your life insurance policy as a tax-advantaged investment vehicle by contributing your own after-tax funds to the policy. Under current tax rules, earnings on your additional contributions are not subject to income tax until withdrawn, and then only when the amount withdrawn exceeds the cumulative premiums paid into the policy for life insurance protection (including premiums paid by Carolinas HealthCare System). You also have the option to borrow against the policy's cash value.

You direct the investment of your additional premium into any or all of the investment fund options managed by experienced firms, like Fidelity Investments, Putnam Investment, MFS, T-Rowe Price and Scudder.

The payment of additional premiums for investment is completely voluntary, and there are some policy expenses associated with the additional premiums such as premium taxes, mortality and expense charges on your fund balance, and the investment management fees associated with the underlying mutual funds. There is also a modest charge for partial withdrawals from the policy. Additional information about the investment funds, expenses and other policy details is included in your MetLife prospectus.

You can use the investment premium feature to build up cash inside your policy to pre-fund some or all of your policy expenses after you retire or simply accumulate additional savings for retirement or other financial needs. Both your investment and your tax-deferred earnings are available to you at any time, for any reason.

YOUR BENEFICIARY

Should you die while you are covered by the policy, your benefit will be paid to your designated beneficiary(ies). You may name a person(s), trust or other legal entity as beneficiary. If you do not name a beneficiary, or if your beneficiary(ies) is no longer living when you die, your benefit will be paid to your estate. If you marry, divorce, have a child or some other personal event in your life occurs, you should review your beneficiary designation. You may make a beneficiary designation on your application form.

HOW YOUR BENEFITS ARE PAID

If death occurs before age 95, the coverage amount will be paid to your beneficiary as a single lump sum or through one of the settlement options that may be available. Your beneficiary will also receive any cash value (i.e., due to investment premiums) in your policy at the time of your death. If you are living when your policy matures (i.e., age 95), you (or the other owner of your policy as designated on your application form) will receive the cash surrender value of your policy, if any, through the same payment options.

Under certain circumstances, policy benefits may be available in advance of your death if you are terminally ill or permanently confined to a nursing home. Please see your prospectus for more information.

LIMITATIONS ON YOUR BENEFITS

Your benefits through this plan are limited to actual benefits payable through the MetLife policy, subject to the terms, conditions and exclusions contained in the group contract and certificate. MetLife's guaranteed issue limits are subject to change. Additional limitations and exclusions are described in your certificate.

IF YOUR EMPLOYMENT STATUS CHANGES

If your employment status changes and you are no longer eligible to participate in this plan, your change in employment status will have the same

effect as if you had terminated your employment with Carolinas HealthCare System.

IF YOU LEAVE CAROLINAS HEALTHCARE SYSTEM

If you leave Carolinas HealthCare System, Carolinas HealthCare System will notify MetLife. MetLife will then bill you directly for premiums. The benefit is identical, including the same low group rates.

You can view your insurance and investment information quickly and easily by logging on to the MetLife GVUL website, <https://gvuleservice.MetLife.com>. You'll need your certificate number and password to log on the website. Forgot your password? Call a MetLife GVUL Benefit Specialist at 800.756.0124, Monday-Friday, 8am-8pm ET.

FUTURE OF THE PLAN

Although Carolinas HealthCare System intends to continue to maintain this plan, it has the right to amend, modify, terminate or discontinue the plan or any part of the plan at any time without any prior notice to you. The Group Contract and Plan Agreement between Carolinas HealthCare System and MetLife may be terminated by either party upon 60 days' notice. The plan can be amended or terminated even if other plans maintained by Carolinas HealthCare System are not amended or terminated.

If the Group Contract is terminated, the insurance in force on the date of termination will remain in force on an individual basis, provided it is not surrendered by the policyholder.

TAX IMPLICATIONS

The premiums Carolinas HealthCare System pays on your behalf are taxable to you. An adjustment is made to your payroll record each month. All lump sum benefits paid upon your death are income tax-free; however, the benefits may be subject to estate tax. Earnings on any investment premiums are not subject to taxation until withdrawn, and then only when they exceed the cumulative premiums paid, including any investment premium. For additional

information about the tax consequences of your MetLife policy, refer to the current prospectus.

Carolinas HealthCare System and its representatives can make no guarantees as to what your tax treatment may be, and you are encouraged to seek advice from your own tax counsel. This summary is based on Carolinas HealthCare System understanding of the present Federal income tax laws as they are currently interpreted by the IRS. Although the likelihood of legislative or regulatory changes is uncertain, there is always the possibility that the tax treatment of life insurance could change by legislation or otherwise.

PLAN NOT AN EMPLOYMENT CONTRACT

Your participation in this plan does not establish a contract of employment between you and Carolinas HealthCare System, any subsidiary, or control group member. Neither does your participation guarantee your continued or future employment.

This summary is intended only to briefly highlight the most significant terms of this plan. It does not change or in any way affect the terms of the plan. If there is a conflict in the terms of the plan and this summary, the terms of the plan will control in all cases.

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