

Retiree life buyouts



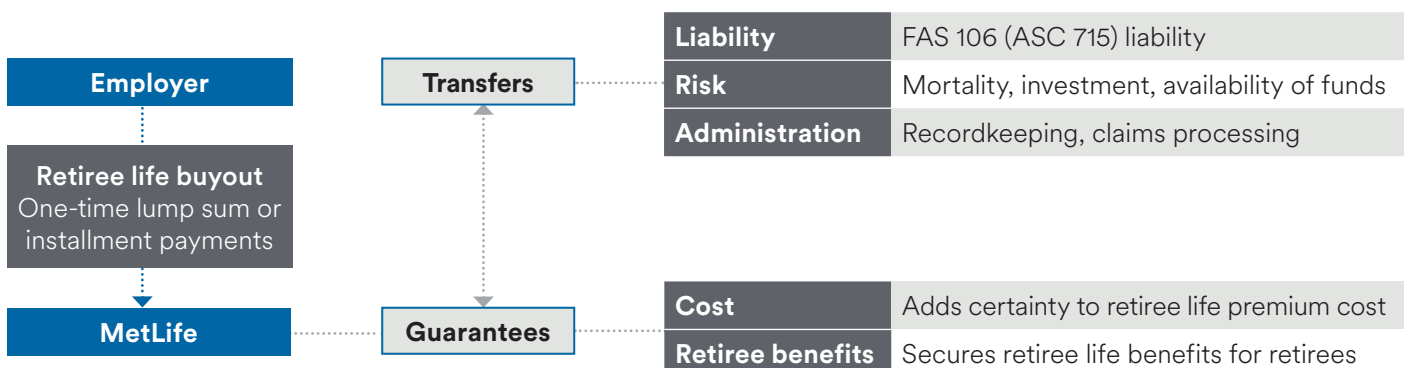
A retiree life buyout provides an employer an effective solution to transfer the existing liability and plan administration of a group term retiree life plan to an insurance carrier. Through a buyout, an employer can finance their retiree life plan in a tax-effective manner and be relieved of future cost increases associated with the plan.¹

MetLife’s retiree life buyout is called the Guaranteed Life Insurance Funding Account (GLIFA) and provides numerous benefits to an employer.

How does a retiree life buyout work?

Lump sum or installment payments

- A buyout is typically a one-time lump sum payment to transfer an employer’s retiree life liability to an insurance carrier. A leading feature of MetLife’s solution is the option to pay for the buyout in a lump sum or through periodic installment payments.
- Regardless of the payment option chosen, the employer is relieved of future cost increases and is guaranteed to never have to pay additional premium above the buyout price.²



Transfers accounting liability and risk

- A buyout generally qualifies as a settlement, so it removes that portion of an employer's FAS 106 (ASC 715) liability from its balance sheet. This action also eliminates the related FAS 106 (ASC 715) expense reported on an employer's income statement.
- In addition, all associated risks associated with the plan including mortality, investment, and funding are transferred from the employer to MetLife.

Simplifies administration

- Included in the buyout is the transfer of retiree life recordkeeping to MetLife. This includes maintaining beneficiary information, address or other changes, and claims processing.
- And because a buyout can be done for a specific plan or group of retirees, it can reduce the cost and number of programs an employer's HR staff has to administer.

Over 50 years of experience

MetLife pioneered the design and development of retiree life buyouts, and thus we are uniquely positioned to deliver on this solution. Our solution is designed to preserve the underlying group term structure of an employer's retiree life plan, provide beneficial tax treatment, and is a seamless transaction that will not affect retirees or their retiree life benefits.¹

MetLife is unique in the market for having a dedicated Post Retirement Benefits (PRB) team of professionals with over 50 years of experience in developing retiree life solutions. Long-term solutions that help employers meet the promises made to current and future retirees are only as good as the company that stands behind them. MetLife is one of the world's largest and most stable financial services companies, and our ratings reflect this.³

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1. To enjoy the tax advantages associated with this product, prefunding must be within Tax Code limits which generally limit prefunding for group term retiree life insurance to a \$50,000 maximum coverage amount over the working lives of covered employees, and actuarially determined on a level basis.
2. All guarantees are subject to the financial strength and claims-paying ability of Metropolitan Life Insurance Company.
3. For current ratings information and a more complete analysis of the financial strength of Metropolitan Life Insurance Company, please go to www.metlife.com and click on "About MetLife," "Ratings."

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