 <p style="text-align: center;">INSURANCES</p>	<p style="text-align: center;">Human Resource Manual</p>
<p style="text-align: center;">Supplementary Death Benefits (SDB)</p>	<p style="text-align: center;">Section 1602</p>

SUPPLEMENTARY DEATH BENEFIT (SDB)

PURPOSE

1. The Government provides a basic life insurance policy to all employees who contribute to the superannuation plan. The supplementary death benefit (SDB) insurance is compulsory.

APPLICATION


2. These guidelines and procedures apply to all employees, except for the following:
 - those who opted out in 1954 and have been employed in the public service substantially without interruption since 1956.

DEFINITIONS

3. **Participant** is an employee who contributes to the supplementary death benefit plan.
4. **Elective Participant** is a person who retains coverage after ceasing to be employed. Employees must have five years of continuous service or five years participation in the plan, to do this.
5. **Beneficiary** is the person to whom the benefits will be paid. The following are eligible beneficiaries:
 - the estate;
 - any person 18 or older at the time of designation;
 - any charitable or benevolent organization or institution; or
 - any educational or religious organization or institution, which is supported by alms.


PROVISIONS

6. Coverage includes a benefit equal to two years salary, adjusted up to the next multiple of \$1000. The amount of the benefit automatically goes up as an employee's salary increases.
7. The SDB benefit decreases by 10% for each year beyond the age of 65. The yearly reduction takes effect on April 1 or October 1. Employees, who

 <p style="text-align: center;">INSURANCES</p>	<p style="text-align: center;">Human Resource Manual</p>
<p style="text-align: center;">Supplementary Death Benefits (SDB)</p>	<p style="text-align: center;">Section 1602</p>

have participated in SDB for five years, are entitled to special provisions when they reach age 65.

8. Contributions are at the rate of \$.15 cents a month for every \$1000 coverage. There is no provision for a return of contributions.
9. Coverage begins on the date of becoming a contributor to the Superannuation Account. Coverage continues until the date the employment ceases, unless the employee becomes an elective participant.
10. Coverage continues while on leave of absence, with or without pay, as long as contributions are made.
11. Contributors may designate a beneficiary to whom the benefit is paid in the event of their death.
12. Participants can cancel a beneficiary and assign a new beneficiary. The request must be in writing, dated and witnessed.
13. Benefits are normally paid directly to the beneficiary named. If a beneficiary is not named, the benefits are paid to the estate. The exception is married males who were participants prior to December 20, 1975. Payment is made to the widow who was married to the participant prior to December 20, 1975.
14. Under certain circumstances, all or a portion of the death benefit can be applied directly against the expenses for the final maintenance, burial or funeral of a participant.
15. Enrolment in the SDB plan is automatic upon participation in the superannuation plan.
16. Employees must designate a beneficiary. The Compensation and Benefits Division provides the necessary forms for designating and changing beneficiaries.
17. Contributions are automatically deducted from the employees' pay.

 <p style="text-align: center;">INSURANCES</p>	<p style="text-align: center;">Human Resource Manual</p>
<p style="text-align: center;">Supplementary Death Benefits (SDB)</p>	<p style="text-align: center;">Section 1602</p>

AUTHORITIES AND REFERENCES

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by the Treasury Board of Canada

- 19 Insurance Administration Manual
Supply and Services Canada
Chapter 6, Supplementary Death Benefit

CONTACTS

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