



# MEMBER

# BRIDGING

Summer 1999 Online

## Who's getting your benefits?

**H**ave you checked your life insurance certificate recently to see who is named as your beneficiary? It's a detail you may not often consider, but it can mean a great deal to your loved ones in the event of your death.

Imagine the following scenario. John Smith has had USBA insurance for years. At the time he purchased it, he named his wife, Mary, as his beneficiary. They had no children, so he didn't name a secondary beneficiary.

A few years later, John and Mary were divorced. Then John married Alice, but never got around to changing the beneficiary on his life insurance. John and Alice had three children. But when John was killed in a car accident, all the USBA insurance money went to Mary as the named beneficiary. Alice and the children received nothing.

Or, suppose John changed his beneficiary to Alice, but she died before he did. John would need to select another beneficiary. (He might want to create a trust for the benefit of their three minor children.)

If John wants the insurance money to be used for the children in equal shares, he should put it in writing on the beneficiary form or through the use of the trust. If John chooses not to create a trust, he may consider naming a guardian for the minor children and naming the guardian the beneficiary.

If no guardian is named and both John and Alice are deceased, the court will appoint a guardian for the children. If no living beneficiary exists when John dies, his Last Will and Testament or the laws of his state will determine who receives the benefits.

If benefits are to be shared among two or more beneficiaries, John should specify whether they are to be paid *per capita* (only named beneficiaries still living at John's death would receive a share) or *per stirpes* (if one of the beneficiaries died before John, but had children, that beneficiary's share would be paid to his or her children).

John could also name a *secondary beneficiary*. If he had named Alice as



### President's Remarks

#### Summer Reminders

I always look forward to celebrating our nation's birthday each year. On July 4, I was eating hot dogs and watching fireworks like millions of other Americans... and trying to stay cool in Kansas City!

With the warm weather, many of us are enjoying outdoor activities like softball, boating, fishing, county fairs, and picnics. While you're out in the fresh air, don't forget to protect yourself and your family from sunburn and accidents.

If you're traveling by car, buckle up and make sure children are buckled in the back seat.

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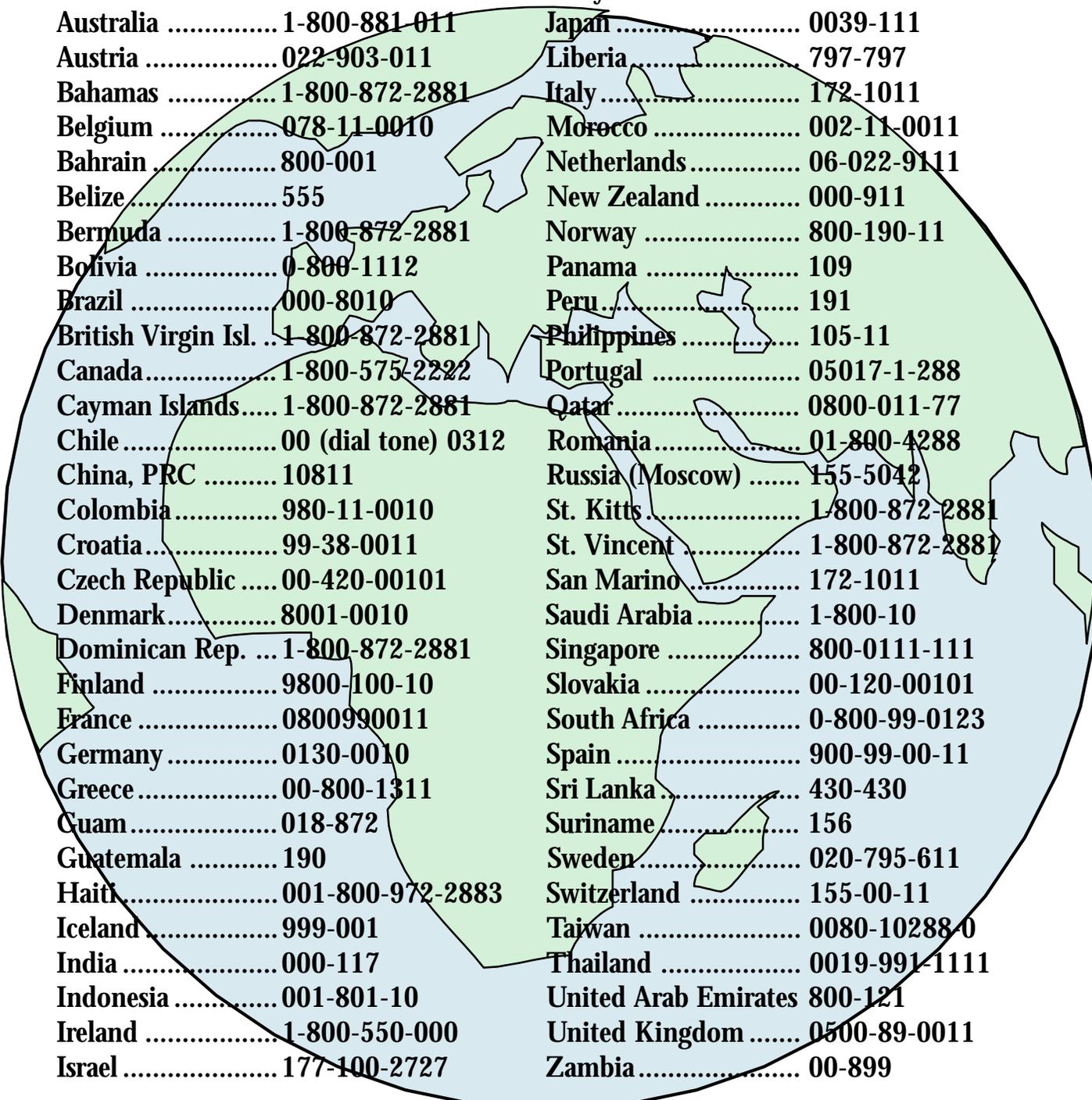
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# Call USBA toll-free—from anywhere!

Some of our members have asked how they can use our toll-free direct dial Member Service line (800-821-7912) from outside the U.S. We hope this information will be helpful to you. (It also works for any other number in the U.S.)

1. Enter the AT&T Access Number for the country you are in (see below).
2. An operator or voice prompt will ask you for the telephone number you are calling.
3. Dial the area code and number you wish to reach.

## AT&T Access Numbers



American Samoa ...	633 2-USA	Ivory Coast.....	00-111-11
Australia .....	1-800-881-011	Japan .....	0039-111
Austria .....	022-903-011	Liberia.....	797-797
Bahamas .....	1-800-872-2881	Italy.....	172-1011
Belgium .....	078-11-0010	Morocco.....	002-11-0011
Bahrain.....	800-001	Netherlands.....	06-022-9111
Belize.....	555	New Zealand.....	000-911
Bermuda.....	1-800-872-2881	Norway.....	800-190-11
Bolivia.....	0-800-1112	Panama.....	109
Brazil.....	000-8010	Peru.....	191
British Virgin Isl. ..	1-800-872-2881	Philippines.....	105-11
Canada.....	1-800-575-2222	Portugal.....	05017-1-288
Cayman Islands.....	1-800-872-2881	Qatar.....	0800-011-77
Chile.....	00 (dial tone) 0312	Romania.....	01-800-4288
China, PRC.....	10811	Russia (Moscow).....	155-5042
Colombia.....	980-11-0010	St. Kitts.....	1-800-872-2881
Croatia.....	99-38-0011	St. Vincent.....	1-800-872-2881
Czech Republic.....	00-420-00101	San Marino.....	172-1011
Denmark.....	8001-0010	Saudi Arabia.....	1-800-10
Dominican Rep. ...	1-800-872-2881	Singapore.....	800-0111-111
Finland.....	9800-100-10	Slovakia.....	00-120-00101
France.....	0800990011	South Africa.....	0-800-99-0123
Germany.....	0130-0010	Spain.....	900-99-00-11
Greece.....	00-800-1311	Sri Lanka.....	430-430
Guam.....	018-872	Suriname.....	156
Guatemala.....	190	Sweden.....	020-795-611
Haiti.....	001-800-972-2883	Switzerland.....	155-00-11
Iceland.....	999-001	Taiwan.....	0080-10288-0
India.....	000-117	Thailand.....	0019-991-1111
Indonesia.....	001-801-10	United Arab Emirates	800-121
Ireland.....	1-800-550-000	United Kingdom.....	0500-89-0011
Israel.....	177-100-2727	Zambia.....	00-899

Questions? Call Toll Free 1-800-821-7912

# What's right for you?

## The Term Life/Whole Life dilemma

If you've ever bought life insurance (and we certainly hope you have), you're probably familiar with the Term Life/Whole Life dilemma.

### Price

It goes something like this. If you're young and buying your first life insurance coverage, you may compare Term premiums with Whole Life premiums and immediately choose Term, which is much cheaper at younger ages. But it never develops cash value, and the price usually gets higher as you enter each successive age range, so it may not be a practical solution when you reach older ages. You may have to re-qualify for coverage when the specified term ends. And it may not last for your entire life.

### Permanence

If you're a little older and want to lock in permanent coverage with a cash value, you may choose Whole Life. It can last as long as you live, and it usually won't increase in price. You'll never have to re-qualify as long as you keep your coverage in force. You can take loans against the cash value as it accumulates. But the price of Whole Life may be higher than many families can easily afford.

### What does USBA suggest?

USBA is proud to offer you the best of both worlds: a permanent plan with low term-like rates. Generation 3<sup>sm</sup> is a unique blend of Decreasing Term and Whole Life coverage. The plan provides permanent protection at a fraction of the cost of a Traditional Whole Life plan, and the rates (although not guaranteed) are expected to remain level for as long as you keep your coverage. You also develop a small cash value over time.



### Six reasons our members love Generation 3

You get peace of mind because Generation 3 is underwritten by New York Life Insurance Company—one of the nation's oldest and strongest insurers. But here's what else you get...

- 1. Choice**—You can choose coverage amounts ranging from as little as \$25,000 to as much as \$400,000.
- 2. Optional Children's Coverage**—You can protect your children, too. Just pennies a day can buy up to \$20,000 of term coverage on *all of your eligible children* when you add them to your Generation 3 coverage.
- 3. Emergency Death Benefit**—Upon your death, your spouse (if named as your beneficiary) can receive USBA's \$10,000 Emergency Death Benefit within 48 hours—simply by calling USBA. (All qualifications must be met; complete details are available in the brochure.) Your family is assured of money for immediate expenses when other funds may be tied up.
- 4. Flyers' Coverage**—Flight-related deaths are fully covered—at no extra cost!

**5. Wartime Coverage**—You are always protected—even in wartime. (USBA pays full benefits even for combat-related deaths.)

**6. POW/MIA Protection**—If the Department of Defense lists you as missing in action or as a prisoner of war, USBA will pay all of your USBA group life insurance premiums for coverage in force at the time for as long as your POW/MIA status continues or until it would otherwise end.

Generation 3 is a unique USBA plan you won't find anywhere else. So if you're getting a headache from dealing with the Term Life/Whole Life dilemma, just say "yes" to Generation 3 and get the best of both!

## Going... Going... Gone!

If you're going to be moving out (again) soon, don't forget to contact USBA with your new address so we can keep your membership records current.

If you're paying premiums by Checkmatic, we'll need to change to your new financial institution. And if you have coverage that pays an annual distribution, we'll need to know where to send your check.

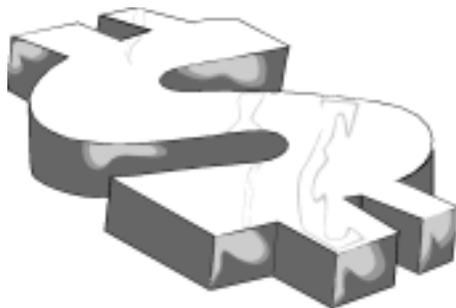
Family members need to keep in touch, and we don't want to lose track of you. We want to make sure your insurance coverage continues to protect you and your family, wherever you go.

Have a safe trip!

# Did you know?—

## Life Insurance Offers Tax Benefits

**M**ost people buy life insurance to ensure that their loved ones have enough money after their death. Depending on the amount of insurance purchased, it may also be part of an estate plan if the insured has a large estate. But besides the money paid to the beneficiary, life insurance has other advantages.



### Income Tax Exempt

If an individual simply *gives* a sum of money to a friend or relative during his lifetime, subject to legal limitations, the recipients could possibly be assessed gift or other taxes. One of the major benefits of having life insurance is that when the insured dies, his or her beneficiaries usually won't have to pay income tax on the insurance benefits.

### Cash Value

If your life insurance coverage accumulates a cash value (such as Whole Life or Generation 3<sup>sm</sup>), in most cases you also won't have to pay income tax on the cash value unless (and until) you surrender your certificate for its cash value, and the cash value exceeds your net premiums. You have options in removing your cash value in a tax-advantaged way.

### Policy Loans

If you decide to take a policy loan against all or part of your cash value, in most cases you won't have to pay income tax on the money you receive. (You may want to repay at least the interest on your policy loan in order to make sure your cash value continues to accumulate without being decreased by

the interest due on the loan.) *Caution:* if an outstanding policy loan plus interest due exceeds the cash value of your life insurance, your coverage will end.

It's important to note that insurance benefits are not necessarily free of *all* taxes. In many cases, estate taxes may apply. We recommend you consult your tax advisor if you

are unsure about what taxes apply to your individual situation.

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### *Changing your beneficiary (continued from page 1)*

his primary beneficiary and the children as secondary beneficiaries (either per capita or per stirpes), Alice would receive all the benefits if John died first. But if Alice died before John, the children would automatically become the beneficiaries.

If you'd like to change the beneficiary on your life insurance, call USBA Member Support at **1-800-821-7912** for a Change of Beneficiary form. (We'll need your selection in writing with your signature.)

Your decision should be based on your personal situation. You may want to discuss it with your attorney.

Remember, taking the time to choose the right beneficiary for your insurance can determine whether your loved ones are financially secure in the event of your death. For their sake, make sure the right people are protected.

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### *President's Remarks*

*(Continued from page 1)*

I'd also suggest you take a few minutes during summer vacation to dig out your life insurance file and make sure your USBA coverage is up to date.

If you've had an addition to your family since you bought your coverage, congratulations! We're excited for you. Besides laying in a supply of diapers, you may want to consider increasing your coverage to protect your family against the cost of raising the additional child if anything happened to you.

You might also want to consider adding children's coverage to your own plan, if you haven't already done so. It's a real bargain. For as little as \$1.50 a month, you can cover all your eligible children, regardless of how many children you have.

As we celebrate our independence, we offer a salute to the military men and women who work so hard to keep America great. Have a safe and happy summer!



Larry G. Vogt  
Rear Admiral, USN (Ret.)  
President/CEO