• A New Executive Benefit Opportunity
• The Financial Implications of Disability
• Understanding Your Needs & Options
• Coverage Details
• What You Need to Do
• Commonly Asked Questions
• Wrap-up
Introducing a New Benefit Opportunity

- Improving your benefits with meaningful solutions
  - Introducing the Executive Disability Plan (EDP).
  - Helps to mitigate financial exposure in the event of a disability.
  - Includes a number of important features not available independently.
Have you ever taken a moment to consider the financial implications of a disability?

- Do you know how your Group Long-term Disability (LTD) plan works?
- Is your Group LTD plan enough?
Your Group LTD Plan

- Two options
  - Option 1: Replaces 50% of your Base Salary
  - Option 2: Replaces 70% of your Base Salary & Bonus.
- Maximum benefit of $12,000 per month
### How Your Group LTD Plan Works:

<table>
<thead>
<tr>
<th>Employee</th>
<th>Salary</th>
<th>Bonus</th>
<th>Total Compensation</th>
<th>Annual Group LTD Benefit 70% Option</th>
<th>% of Income Replaced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee A</td>
<td>$400,000</td>
<td>$500,000</td>
<td>$900,000</td>
<td>$144,000</td>
<td>16%</td>
</tr>
<tr>
<td>Employee B</td>
<td>$220,000</td>
<td>$130,000</td>
<td>$350,000</td>
<td>$144,000</td>
<td>41%</td>
</tr>
<tr>
<td>Employee C</td>
<td>$150,000</td>
<td>$70,000</td>
<td>$220,000</td>
<td>$144,000</td>
<td>65%</td>
</tr>
</tbody>
</table>
Understanding Your Needs

“Employee B” With Group LTD Only:

How Would You Fill the Gap?

Current Monthly Income: 100%
Group LTD Replacement: 41%
Understanding Your Needs

“Employee B” With Executive Disability Plan:

The Group LTD 70% option and EDP combine to give you maximum income protection.

Current Group LTD Replacement

Current Monthly Income  | Group LTD Replacement

100%  | 41%

100%  | 34%
Determining the Solution

- Guardian Life Insurance Company of America chosen as provider
  - Long history of financial strength – AM Best A++
- Secured a number of features due to company demographics
  - Guaranteed Standard Issue Coverage
  - Substantial Premium Discount
  - Minimal Application Requirements – no medical exams or financial underwriting
## Understanding Your Options

<table>
<thead>
<tr>
<th>FULL MEDICAL UNDERWRITING</th>
<th>Coverage through this Opportunity (Guaranteed Standard Issue -- GSI)</th>
<th>Coverage Pursued Independently (Fully Underwritten)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete Physical Exam (including Blood &amp; Urine)</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Client History Interview</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Attending Physician Statement</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Pre-existing Condition Limitation</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Avocation Questionnaire</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Motor Vehicle History Report</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>Family Medical History</td>
<td>NO</td>
<td>YES</td>
</tr>
</tbody>
</table>

| FULL FINANCIAL UNDERWRITING                                    | YES                                                                 | YES                                                 |
| Current Income                                                 | YES                                                                 | YES                                                 |
| Current & 2 previous years tax returns                         | NO                                                                  | YES                                                 |
Your New Benefit Opportunity

- **Up to $10,000 per Month of Guaranteed Standard Issue (GSI) Benefit**
  - Each eligible employee must be:
    - Age 18 to age 70
    - Continuously at work full time (at least 30 hours per week) performing the duties of his/her occupation for 90 days prior to application sign date without limitation due to injury or sickness (disregarding vacation days, normal non-working days, and any absences that total less than seven days.)
    - Not currently disabled and/or collecting disability benefits
    - A U.S. citizen or hold a permanent residence visa

Disability Income Policy Form 1200 is underwritten and issued by Berkshire Life Insurance Company of America, Pittsfield, MA, a wholly owned stock subsidiary of The Guardian Life Insurance Company of America, New NY.
Your New Benefit Opportunity, continued.

- Up to $10,000 per Month of Guaranteed Standard Issue (GSI) Benefit
  - Substantially Discounted – 25% less than if you pursued coverage on your own (based on age & unisex rates).
  - Guaranteed Renewable, Non-Cancellable Coverage.
  - Individually-owned and Portable (including discount).
  - Tax-free Benefits.
  - Extended Own Occupation Definition of Disability.
  - Elimination Period: 180 Days; Benefit Period: To Age 67.
▷ Is participation in the Cigna LTD 70 a pre-requisite for participation in the new Executive Disability Plan?

- Yes. If you are not currently enrolled in this plan, contact your HRLink representative by July 21, 2017 at HRLink@borgwarner.com or 844-4BW-LINK and ask to get enrolled in LTD 70.
If I leave BorgWarner, do the discounted premiums continue?

- Yes. You can continue coverage, including the discount, should you change employers.
- Upon notification of your departure, Guardian will contact you.
What are the most common causes of disability?

- 90% of disabilities are caused by illness not accident*
  - Musculoskeletal/Connective Tissue Disorders: 28.6%
  - Cancer: 15.1%
  - Injuries and Poison: 10.3%
  - Cardiovascular/Circulatory Disorders: 8.7%

- The average group long-term disability claim lasts 34.6 months*

*Source: Council for Disability Awareness (www.disabilitycanhappen.org)
What if I decline now? Will I have another opportunity to enroll?

- Yes, assuming participation goals are met.
- Medical underwriting may be required.
What if my incentive compensation is higher next year? Will I be able to increase my coverage.

- Again, assuming participation goals are met, policyholders may increase their coverage on an annual basis in alignment with their income.
Will my benefit decrease if I make less incentive compensation next year?

- No. This is a guaranteed renewable, non-cancellable policy. As long as you continue to pay premiums, coverage cannot be cancelled or reduced.
Next Steps

- Review the personalized kit that was mailed to your residence address and make a decision before July 21, 2017.
  - Policies will be dated October 1, 2017
  - Payroll deductions begin in September 2017

- If you need a duplicate packet or have any questions, please contact HFCB, our Executive Disability Plan administrator at 800-258-8429 or send an email to customerservice@hfcb.com.