

Wisconsin Retirement System (WRS)

New Employee Orientation

**Life Insurance
Benefits**



February, 2011

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Department of Employee Trust Funds (ETF)

***Wisconsin Public Employers
Group Life Insurance Program***

Group *term life* insurance plan offered to
employees of

- State of Wisconsin
- Participating local government employers

**Underwritten by:
Minnesota Life Insurance Company**

Eligibility



- ◆ May enroll if:
 - ◆ Employer participates in the program and
 - ◆ Employee is under age 70 and
 - ◆ Has been a member of the WRS for six months
 - ◆ Exception: some employees are eligible for immediate enrollment - check with employer

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Enrollment (1)

Open Enrollment

- ◆ Submit completed application to employer anytime after date of hire
 - ◆ Must be received within 30 days of eligibility date:
 - ◆ The date you complete 6 months employment
 - or**
 - ◆ Date of hire
- ◆ Application form (ET-2304) available from employer and ETF's website

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Enrollment (2)



Evidence of Insurability (EOI) Enrollment

- ◆ If not enrolled at open enrollment, may apply by providing EOI (must answer health questions)
 - ◆ *EOI Application* form (ET-2305) available from employers and ETF's website
 - ◆ You and your employer receive written verification of approved or denied coverage

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When is Coverage Effective?

- ◆ If application is received within 30 days of the eligibility date, coverage is effective
 - ◆ On the first of the month after employer receives the application
- or**
- ◆ If providing evidence of insurability, on the first of the month following written approval from the insuring company

Eligibility & effective dates are always on the first of a month

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Coverage Options

Wisconsin Public Employers Group Life Insurance Program

Must be WRS member for 6 months (exceptions apply)

Coverage Type	Coverage Amount		Enrollment Options	
Basic	1 x annual earnings		<u>State employees</u> may choose up to 5 x annual earnings and 2 units of spouse and dependent coverage	
Supplemental	1 x annual earnings			
Additional	1, 2, or 3 x annual earnings			
Spouse and Dependent (includes Domestic Partners and their eligible children)	1 Unit	Spouse	\$10,000	<u>Local employees</u> enrollment choice depends on coverage offered by the employer
		Each Child	\$ 5,000	
	2 Units	Spouse	\$20,000	NOTE: Annual earnings are estimated for new employees
		Each Child	\$10,000	
All coverage includes <i>Accidental Death & Dismemberment</i> and <i>Loss of Use</i> except:				
<ul style="list-style-type: none"> • Additional coverage over age 70 • Retired over age 65 • Members on a Disability Premium Waiver • Spouse and Dependent Coverage 				

Employee Cost (2011 Sample Rates)

Monthly Employee Premium Rates per \$1,000 of Insurance

Attained Age	State Employees		Local Employees
	Basic and Supplemental	Additional	Basic, Supplemental and Additional
Under 30	\$.04	\$.06	\$.05
30-34	\$.04	\$.07	\$.06
35-39	\$.04	\$.07	\$.07
40-44	\$.06	\$.09	\$.09
45-49	\$.10	\$.15	\$.14
50-54	\$.16	\$.24	\$.22
55-59	\$.25	\$.37	\$.41
60-64	\$.33	\$.50	\$.51
65-69 *	\$.44	\$.66	\$.60
70+ **	**	**	**

Each unit of Spouse/Dependent (S/D) coverage is:

\$2.50 per month for state employees; \$1.75 per month for local employees

Rates effective as of April 1 each year (State) and July 1 each year (Local)

* Premiums for age 65-69 are required as long as employment continues

** Active employees age 70: Basic coverage reduced with no premiums, Supplemental and S/D coverage ceases, Additional coverage continues (separate rates apply)

Employer Cost

Employer Cost Effective January 1, 2011				
Plan	Basic	Supplemental	Additional	Spouse and Dependent
State	Amount equal to 65.25% of employee premium	Amount equal to 37.25% of employee premium	Not required	Not required
Local	Amount equal to 40% of employee premium (50% retirement benefit)	Not required	Not required	Not required
	or Amount equal to 20% of employee premium (25% retirement benefit)			

Employer Cost is in *addition* to the employee premium

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Life Insurance Coverage/Premium Sample

State employee, Age 36, Previous Year Earnings = \$24,378

Employee Premium					
Coverage Type	Coverage (Doubles in case of Accidental Death)		Rate Per \$1,000	=	Total
Basic	\$25,000	x	\$.04	=	\$ 1.00
Supplemental	25,000	x	.04	=	\$ 1.00
Additional – Unit 1	25,000	x	.07	=	\$ 1.75
Additional – Unit 2	25,000	x	.07	=	\$ 1.75
Additional – Unit 3	25,000	x	.07	=	\$ 1.75
Total Coverage	\$125,000				
Spouse/Dependent	2 Units	x	\$2.50/unit	=	\$ 5.00
Total Premium					\$12.25
Additional Employer Premium					
Basic	65.25%	x	\$1.00	=	\$0.65
Supplemental	37.25%	x	\$1.00	=	0.37
Total Premium					\$1.02

Beneficiaries

- ◆ May designate or change beneficiary(ies) at any time
- ◆ **Maintain** a current and accurate *Beneficiary Designation* with ETF
- ◆ If no beneficiary designation on file, *Standard Sequence* applies

WISCONSIN DEPARTMENT OF EMPLOYEE TRUST FUNDS P.O. BOX 7031 Madison, Wisconsin 53707-7031 (608) 261-5000 (toll free)				BENEFICIARY DESIGNATION		COMPLETE IF APPLICABLE	
DO NOT SUBMIT TO YOUR EMPLOYER				Wis. Stat. § 40.02 (8) (a) and 40.74 REFER TO ATTACHED INSTRUCTIONS		Beneficiary of	
TYPE OR PRINT IN INK						Alternate Payee of:	
YOUR NAME - Last		First	Middle I.	Maiden	Your Social Security Number		
Address - No. and Street					Your Birthdate (MM/DD/CCYY)		
City		State		Zip Code	Your Week-day Telephone No. (include area code)		
PRIMARY Any benefits payable by the Wisconsin Retirement System and Life Insurance program at my death shall be paid in EQUAL SHARED, unless otherwise specified, to the following primary beneficiary(ies) who survive me:							
Name - Last, First, Middle	Relationship	BIRTHDATE (MM/DD/CCYY)	SOC. SEC. NO.	Address - Street, City, State, Zip			
SECONDARY In the event the primary beneficiary(ies) die before me, the death benefit shall be paid in equal shares, unless otherwise specified, to the following secondary beneficiary(ies) who survive me, if any:							
Name - Last, First, Middle	Relationship	BIRTHDATE (MM/DD/CCYY)	SOC. SEC. NO.	Address - Street, City, State, Zip			
TERTIARY In the event the primary and secondary beneficiary(ies) die before me, the death benefit shall be paid in equal shares, unless otherwise specified, to the following tertiary beneficiary(ies) who survive me, if any:							
Name - Last, First, Middle	Relationship	BIRTHDATE (MM/DD/CCYY)	SOC. SEC. NO.	Address - Street, City, State, Zip			
IF YOU WANT THIS DESIGNATION TO APPLY ONLY TO SPECIFIC BENEFIT PLAN(S) OR ACCOUNT(S), use this space to specify the benefit plan(s) or account(s) to which you want the designation to apply. See "Effective for all benefit plans and accounts" section of instructions before completing this section.							
I understand that Wis. Stat. § 943.305 provides criminal penalties for making false or fraudulent claims on this form and hereby certify to the best of my knowledge and belief, the above information is true and correct.							
SIGN		Signature (Do not print)		Date Signed (MM/DD/CCYY)		DATE	
NOTE: The date the form is signed is not the date it becomes effective. A Beneficiary Designation form does not become effective until received by the Department of Employee Trust Funds, assuming that it is approved. The person filing the designation must still be alive when the Department receives the form. An acknowledgment will be sent when this designation has been reviewed and accepted. Invalid designations will be rejected and returned to you.							
ET-2320 (REV 9/2009) MAKE A COPY FOR YOUR RECORDS. 11							

ET-2320 or ET-2321

Forms available from:

- Employer
- ETF (online/or call)

Beneficiaries: Standard Sequence

- Group 1 Spouse or Chapter 40 Domestic Partner (requires ETF approved Chapter 40 affidavit)
- Group 2 Children (natural children or legally adopted)
If child dies before participant, that child's share is divided between the deceased child's children
- Group 3 Grandchildren - If grandchild dies before participant, that grandchild's share is divided between the deceased grandchild's children
- Group 4 Parents
- Group 5 Siblings - If sibling dies before participant, that sibling's share is divided between the deceased sibling's children
- Group 6 Estate

Living Benefits



- ◆ Covered persons may apply to receive all or part of the value of their coverage while still living, if diagnosed with a terminal condition and have a life expectancy of 12 months or less
- ◆ Contact ETF to request a *Living Benefits* brochure (ET-2327) **or** obtain online

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Continuation of Insurance (during absence from work)

During an approved leave of absence (LOA)

You may continue coverage during any approved leave of absence (including military leave) for up to 36 months

- Contact your employer to make arrangements to pay your premiums during your leave

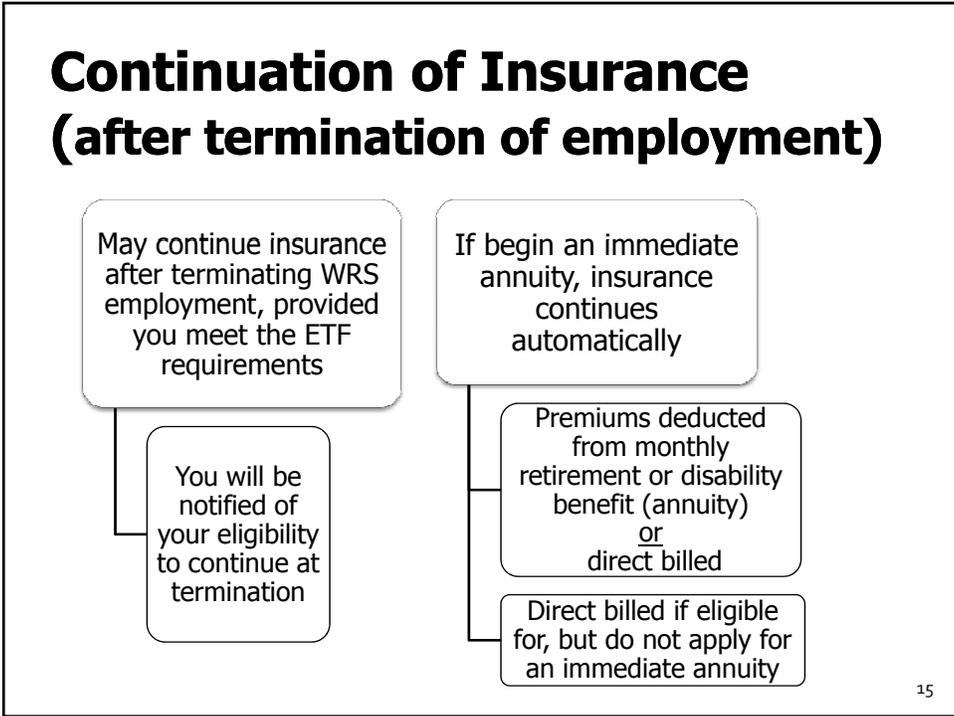
During disability

If you become disabled (under age 70), employer may file a *Request For Disability Premium Waiver* (ET-5306) to continue coverage

If waiver is approved, coverage (including spouse and dependent) remains in effect

- No premiums required as long as you remain disabled

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Continuing Coverage

Continuing Coverage Table							
Higher of current insurance - or- actual earnings in the year WRS employment ends: \$40,125							
Age	Basic	Supplemental		Additional			Spouse & Dependent
Under 65	\$41,000	\$41,000	\$41,000	1 \$41,000	2 \$41,000	3 \$41,000	2 Units \$20,000 \$10,000
65 (75%)	\$30,750	Coverage and premiums cease at age 65					
66 (50%)	\$20,500						
67 (25%)*	\$10,250						
* All State employees and some local employees stay at 50%							

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Converting Coverage To Pay Other Benefits

- ◆ Upon retirement (or later), may convert coverage to “credits” to pay for ETF health **or** long-term care (LTC) insurance
 - ◆ LTC plans available to state employees only
 - ◆ State employees must exhaust accumulated sick leave before converting to pay for health insurance
 - ◆ Must be at final insurance reduction age
- ◆ Credits equal to the *present value* of life insurance

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Conversion To Individual Policy

- ◆ If not eligible to continue *group* coverage, may apply for conversion to an individual policy
 - ◆ Must have been insured for at least six months
 - ◆ Must apply timely
- ◆ Individual policy is not term insurance and is more costly than group term insurance

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Taxability

Premiums

- ◆ If life insurance value exceeds \$50,000 may be liable for income tax on "imputed income"
 - ◆ Imputed income should be reported by employer on W2
- ◆ Consult your tax advisor for further information

Benefits

- ◆ Death benefits are not taxable by the state of Wisconsin
- ◆ For federal tax purposes, consult a tax advisor
- ◆ Death benefits from spouse or dependent coverage not taxable and not included in the deceased's estate

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Cancellation

- ◆ May cancel coverage at any time
- ◆ Submit an application to employer **OR** to ETF if cancelling after retirement
- ◆ Form available from employer and on ETF's website

Life Insurance Application/Cancellation/Refusal
Wis. Stat. § 440.70

1. APPLICANT INFORMATION

Applicant name (last, first, middle, previous) _____
 Street address _____ City, state, zip _____
 Social Security number _____ Daytime telephone number _____ Date of birth _____ Gender Male Female

2. REASON FOR APPLICATION - (check all that apply)

ENROLLMENT: I want to enroll for the life insurance coverage indicated in section 3 and I hereby authorize deductions from my earnings for premium.

DECLINE COVERAGE: I do not wish to enroll at this time. I understand that if I wish to enroll at a later date I must apply and submit evidence of insurability.

CANCELLATION: I wish to voluntarily cancel the life insurance coverage indicated in section 3. I understand that if I wish to re-enroll at a later date, I must apply and submit evidence of insurability.
 Reason _____ Date _____
 Date of transfer: _____ To (agency): _____

TRANSFER: (State agency and UW employees only) From (agency): _____ To (agency): _____
 I understand that I am entitled to have only the coverage that is in force at the time of the transfer.

REINSTATE COVERAGE: I am reapplying for the coverage that lapsed while on an unpaid Leave of Absence (LOA). I understand I am entitled to have only the coverage that was in force at the time my unpaid leave began.
 LOA Began _____ LOA Ended _____

SPOUSE & DEPENDENT:
 COVERAGE ENROLLMENT DUE TO QUALIFYING EVENT: Enrollment must occur within 30 days of the date you first have a spouse/domestic partner or dependent child.
 Qualifying event _____ Date _____ Domestic Partnership or adoption of a child _____
 CANCELLATION: Reason _____ Date _____

3. COVERAGE SELECTION

Basic Coverage (1x earnings) **Supplemental Coverage (1x earnings)** **Additional Coverage (check one)**
Spouse & Dependent Coverage (check one)
 1 Unit (Spouse/Domestic Partner = \$10,000; Dependent = \$5,000) 1 Unit (1x earnings)
 2 Units (Spouse/Domestic Partner = \$20,000; Dependent = \$10,000) 2 Units (2x earnings)
 3 Units (3x earnings)

4. SIGNATURE - (Sign and return to employer)
 I understand that Wis. Stat. § 943.205 provides criminal penalties for knowingly making false or fraudulent claims on this form and hereby certify that, to the best of my knowledge and belief, the information is true and correct.
 Applicant signature _____ Date signed (mm/dd/ccyy) _____

5. EMPLOYER COMPLETES

ETF Employer number _____ Name of employer _____ Employee billing unit number _____
 69-036: _____ Telephone number _____
 Employer agent signature _____ Prepared by _____
 Date WIS employment began with current employer (mm/dd/ccyy) _____ Date provided to employee (mm/dd/ccyy) _____ Date received from employee (mm/dd/ccyy) _____ Coverage effective date (mm/dd/ccyy) _____
 Date new employee will have participated in WIS for 6 months _____ Calendar year earnings _____ Year _____ Earnings are Estimate Actual

1. Did employee participate under WIS prior to being hired by you? Yes No 3. Source of previous service check: Online Network for Employees (ONE) ETF
 2. Previous service check completed? Yes No 4. Has employee withdrawn their WIS contribution? Yes No

ET-2304 (REV 5/2010) **COPY AND DISTRIBUTE:** ETF Employer Employee

ET-2304 Rev 5-2010

Summary

- Eligible if under age 70 and WRS member for 6 months (exceptions apply)
- Enroll timely - within 30 days of date you complete 6 months service **or** date of hire
- Coverage Choice: Up to 5 x annual earnings, and up to 2 units spouse and dependent coverage (all depends on what employer offers)
- Continuation/Conversion Options:
 - Can *continue* during absence from work and after termination of employment
 - Can *convert* to pay health or LTC premiums
- Keep Beneficiary Designation(s) current

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Resources

Form Name	Form Number
<i>The Wisconsin Public Employers Group Life Insurance Program</i> (brochure)	ET-2101
<i>Life Insurance Application/Cancellation/Refusal</i>	ET-2304
<i>Evidence of Insurability Application</i>	ET-2305
<i>Beneficiary Designations</i>	ET-2320 - Regular ET-2321 - Alternate
<i>Living Benefits</i> (brochure)	ET-2327
<i>Converting Your Group Life Insurance to Pay for Health or Long-Term Care Insurance Premiums</i> (brochure)	ET-2325
<i>Group Life Insurance After You Terminate Employment</i> (brochure)	ET-4104

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**thank you for
watching**

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