



Employer *Bulletin*

Employer Communication Center (608) 264-7900 Toll free: 1-888-681-3952 <http://etf.wi.gov>

The following changes to the life insurance policy were recently approved by the Group Insurance Board.

Amount of Life Insurance

- Using estimated earnings to determine the amount of coverage will only be used for new employees or when a break in Wisconsin Retirement System (WRS) service occurs and the individual is rehired.
- During the annual census, Minnesota Life Insurance Company (MLIC) will update their system with the life insurance amount for active employees using the previous year's earnings file from the Department of Employee Trust Funds (ETF).
 - The insurance amount for a new or rehired employee who has been employed less than a full calendar year will be based on the higher of the prior year's estimated earnings or prior year's actual earnings, even if employment is only for part of the year in which the highest earnings occur.
 - If the estimated earnings are higher than the actual prior year earnings, the employee's coverage will be based on an estimate until they have been employed for a full calendar year.
 - In subsequent years, the insurance amount will be based on the highest prior year's actual earnings.
- The administrative practice of using estimated earnings for insured employees returning from a leave of absence has been eliminated. Coverage for employees returning from a leave of absence whose life insurance coverage:
 - did not lapse will continue at their current coverage amount.
 - lapsed will continue at the amount in effect prior to the lapse, or the amount that is based on actual prior year calendar year earnings, whichever is higher.
- Coverage for an employee who retires before the end of the year will be based on the higher of their current insurance amount or the amount that is based on the actual earnings for the year in which they retire.

Policy Renewal Date and State Census Process

The annual policy renewal date for state agencies has been changed from March 1 to April 1 in order to automate and improve the census process. Insurance amounts for state employees will be updated based on information provided to MLIC by ETF, eliminating the need for a data file to be sent to MLIC from State payroll processing center who previously reported earnings, i.e., DOA/Central Payroll, UWHC, and WHEDA. This eliminates several manual census reports that state agencies are currently completing. The annual premium rate changes due to earnings, premium and/or age changes will occur for the April coverage month, rather than March.

Elimination of Age 70 and Over Additional Coverage

The "Age 70 and Over Additional" coverage has been eliminated. Instead, employees who have Additional coverage when they turn age 70 will continue to have that coverage until they cancel the coverage, stop

paying premiums, or terminate employment, whichever is earliest. There is no need to file an application to continue the Additional plan at age 70. The Additional coverage does not include waiver of premium or Accidental Death & Dismemberment benefits for insured participants who are age 70 and over.

The current premium rate table for employees over the age of 70 will remain in effect. Premium amounts will change as of April 1 for State employees. Active employees who do not have Additional coverage when they turn age 70 may still apply for Additional coverage through evidence of insurability.

Change in Minimum Amount Paid Out for Living Benefits

The Living Benefit provisions in the policy have been amended to require that partial payment of living benefits be limited to whole levels of coverage. The previous minimum was \$5,000; however, MLIC system constraints do not allow for partial payment of a level of coverage. Example: if an employee has \$35,000 of Basic and \$35,000 of Supplemental coverage, the minimum that can be paid is one level of coverage. In this example, the minimum amount is \$35,000 of Supplemental coverage.

Domestic Partners

The life insurance policy will extend life insurance benefits to domestic partners. Domestic partners will have the same rights to Spouse & Dependent coverage as a married spouse. The policy will be amended to define "Domestic Partner" and the definition of "dependent" will be amended to include children of domestic partners. More information about domestic partnership benefits can be found on ETF's Internet site, under "Information for Domestic Partners", at http://etf.wi.gov/publications/domestic_partners.htm.

Children to Age 27

This provision does not apply to life insurance coverage. The only change to the definition of dependent is the addition of domestic partners and their children as noted above.

Concurrent Employment

The concurrent employment provisions have been in place for several years. State employees receive life insurance coverage for the total amount of their WRS earnings from State agencies (including the UW, UWHC, Legislature, etc.). When concurrent employment with two state agencies begins, the coverage amount remains at the initial coverage level until the annual renewal census update, when the coverage amount may increase, based on the total earnings reported by all employing State agencies for the previous year. (Chapter 5 of the Group Life Insurance Administration Manual provides a detailed description of the administration of concurrent employment situations.)

Occasionally MLIC becomes aware of situations where employees have been concurrently employed with two or more state agencies, but the earnings information for one of those agencies has not been reported to MLIC and the life insurance coverage amounts are based on the earnings at only one of the employing agencies. When this happens, MLIC will immediately increase the employee's life insurance coverage to coincide with their highest year WRS earnings and notify the employer. The life insurance coverage amount correction will be made immediately, and will be effective for future coverage. The increased coverage

amounts will not be retroactive and no past premiums will be collected.

Contact

Questions regarding the life insurance policy changes may be directed to Marcia Blumer at (608) 266-2640 or e-mail: marcia.blumer@etf.state.wi.us. Reconciliation questions may be directed to Minnesota Life at the toll-free number, (866) 295-8690, or the local Madison number, (608) 277-8690.