

### Effective Date

The election will take effect on the first day of the third month after ETF receives it, provided you meet all eligibility requirements on that date. For example, if you file the election form in October, it would take effect in the January coverage month if you meet all requirements on January 1. You would still owe health or LTCI premiums for November and December.

### Administration

When you file a valid election form, ETF will stop health insurance premium payments from your annuity or via direct billing in the appropriate month. While your conversion account is open, the life insurance company will adjust your premium as needed to reflect changes in your family or Medicare status, changes in your health insurance plan through It's Your Choice or at other times, and annual changes in plan premiums.

You will be notified annually of the balance left in your account. When you have four months of premiums left, the life insurance company will notify you and ETF or your LTCI carrier. ETF will arrange for you to resume health insurance premium payments from your annuity or by direct billing. It is your responsibility to contact your LTCI carrier to continue premium payments.

### Effect on Health or LTCI Insurance

Conversion does not change your health or LTCI coverage. If you convert, you will be assigned a new health group number and receive new insurance cards from your health insurance carrier. However, your medical or LTCI coverage and your providers will remain the same.

### How Conversion Value is Calculated

Your conversion value is the face value of your life insurance coverage after the final reduction, multiplied by a conversion factor based on age.

Face value of insurance x Conversion factor = Conversion value

#### Sample Conversion Factors

Age	Factor	Age	Factor	Age	Factor
66	0.416	76	0.587	86	0.743
68	0.448	78	0.620	88	0.772
70	0.482	80	0.652	90	0.801
72	0.517	82	0.684	92	0.829
74	0.553	84	0.714	94	0.860

The factors shown above are based on current life expectancy in the Group Life Insurance Plan and could change in the future if mortality patterns change. In an actual calculation, the factor for the person's exact age in years and full months on the effective date of conversion is used.

**Example:** A retiree born March 23, 1942, has Basic coverage of \$6,000 after the final reduction. ETF receives the retiree's election form for conversion to pay health insurance premiums on October 27, 2010. The retiree has no credits in the state accumulated sick leave program. The effective date of conversion is January 1, 2011, and the retiree is age 68 years and 9 months on that date. The conversion factor for that age is 0.461. The retiree's conversion value is:

$$\$6,000 \times 0.461 = \$2,766.00$$

If coverage is converted the difference of \$3,234.00 life insurance is forfeited.

*ETF has made every effort to ensure that this brochure is current and accurate. However, changes in the law or processes since the last revision to this brochure may mean that some details are not current. The most current version of this document can be found at [etf.wi.gov](http://etf.wi.gov). Please contact ETF if you have any questions about a particular topic in this brochure.*

*ETF does not discriminate on the basis of disability in the provision of programs, services or employment. If you are speech, hearing or visually impaired and need assistance, call 1-877-533-5020 (toll free) or 608-266-3285 (local Madison). We will try to find another way to get the information to you in a usable form.*

## Contact ETF

### Visit us online at [etf.wi.gov](http://etf.wi.gov)

Find Wisconsin Retirement System benefits information, forms and publications, benefit calculators, educational offerings, email and other online resources.

Call us toll free at 1-877-533-5020 or 608-266-3285 (local Madison)

Benefit specialists are available 7:00 a.m. to 5:00 p.m. (CST) Monday-Friday

Self-Service: Order forms and brochures, change your address information or tax withholding 24 hours a day, 7 days a week.

Wisconsin Relay Service for hearing and speech impaired: 7-1-1

1-800-947-3529 (English),  
1-800-833-7813 (Spanish)

### Write or Return Forms

P.O. Box 7931  
Madison, WI 53707-7931

### Visit by Appointment

801 West Badger Road  
Madison, WI 53713  
7:45 a.m. to 4:30 p.m.



**Converting Your  
Group Life Insurance  
To Pay Health or  
Long-term Care  
Insurance Premiums**

## General Information

You may be able to convert your Basic group life insurance coverage to pay premiums for health insurance or long-term care insurance. The program is governed by Wis. Stat. § 40.72 (4r) and Wis. Admin. Code Chapter ETF 60.60, and this brochure explains who is eligible and how conversion works.

*Important: Persons with serious medical problems may be eligible to receive the entire face amount of their life insurance coverage as a Living Benefit, regardless of age.* To qualify for a Living Benefit, the person must be terminally ill. If you think you meet this requirement, **do not** convert your life insurance before investigating Living Benefits. Contact Employee Trust Funds for more information about Living Benefits.

## How Conversion Works

Under the Wisconsin Public Employers Group Life Insurance Program, insured retirees pay premiums until age 65. After age 65, the life insurance amount reduces to 50% or 25% of the previous **Basic** coverage. The premiums for this coverage are paid from an employer-owned reserve held by the insurance company. When you convert, you are directing that the money that is reserved to provide your life insurance shall instead be used to pay premiums for a qualified employer-sponsored health or long-term care insurance (LTCI) plan.

The life insurance company, currently Securian Financial Group, creates a non-interest-bearing conversion account in your name and credits the account with the conversion value of your life insurance coverage. **The conversion value is always less than the face amount.** The company then pays your monthly health or LTCI premiums from your account until the account is used up. Your conversion account may be used only for your own LTCI policy; not for a spouse or dependent.

## Eligibility

All employees must meet the the first two conditions listed below, and state employees must meet all three conditions below, to be eligible for a life insurance conversion:

1. You must be insured under the Wisconsin Public Employers Group Life Insurance Program **and** be the subscriber in one of the health or LTCI plans offered through ETF. The ETF-sponsored health insurance plans are: the State of Wisconsin Plan for state employees, the Wisconsin Public Employers Plan for employees of participating local government employers, and the Local Annuitant Health Program.

ETF has approved several LTCI plans that are available to state employees/state annuitants and their families. Contact ETF for more information about approved LTCI plans.

Other health or LTCI that you have through your spouse, your employer, or another organization or private company is not eligible for conversion.

2. Your Basic life insurance coverage must be at its final reduced amount. This means you must be at least:
  - age 66, if you are either a state retiree or a local government retiree whose final reduced coverage is 50% of the pre-retirement amount;
  - age 67, if you are a local government retiree whose final reduced coverage is 25% of the pre-retirement amount; or
  - age 70, if you are actively working and you are eligible to keep your life insurance after retirement.
3. State retirees must first use up their accumulated sick leave credits, if any, before drawing on their life insurance to pay health insurance premiums. This is not required when converting life insurance to pay LTCI premiums.

## Amount Available Through Conversion

If you choose to convert your life insurance, you will be credited with the conversion value of your Basic life insurance coverage. The conversion value, or “present value,” is the amount that must be invested **today** in order to pay the face amount of the insurance upon your death. It depends on the expected rate of interest earnings and the expected length of time the investment will continue. Conversion calculations are based on the interest rate used by the company to calculate its liabilities for retirees (currently 5%) and the life expectancy of group members at each age, as calculated by the company.

*Important: The conversion value of your coverage is always less than the face amount.* The older you are, the greater your conversion value. Conversion factors for some ages are shown later in this brochure.

## Amount Converted

You must convert all of your group life insurance, not just a portion. *Exception:* Under Internal Revenue Service rules, conversion is limited to \$50,000 in face value. Coverage exceeding that amount will not be converted. It will remain in force as group term life insurance.

## Unavailable Cash Payments

You cannot receive any cash payment as part of this conversion program. The benefits paid from your conversion account are not subject to income taxes. Therefore, under Internal Revenue Service rules, this money can never be paid directly to you. It must be paid to the health or long-term care insurance carrier or as a death benefit.

## Advantages and Disadvantages

When you elect conversion, your monthly health or LTCI premiums will be paid for you for a period of time. This will eliminate your need to pay premiums directly to your health or LTCI carrier. If health premiums are being deducted from your WRS annuity, deductions will temporarily cease.

On the other hand, when you convert your life insurance, you give up the life insurance which would otherwise be payable to your beneficiaries upon your death. If you die before using up the total converted amount, your death benefit will only be the balance in your conversion account.

Conversion account balances of \$25 or less are forfeited if your conversion account becomes inactive because you cancel your health or LTCI coverage or choose to pay premiums from other sources.

This election is permanent. It cannot be revoked unless:

- you withdraw it in writing **before** the effective date;
- ETF over-estimates your conversion amount by 11% or more, and you withdraw the election within 21 days of being informed of the error; or
- you die within 60 days after the effective date.

## How to Convert Life Insurance

If you are eligible now, or will meet all eligibility requirements within the next **12 months**, you may request an election form, ET-2324, from ETF. This form will show the face amount and estimated present value of your life insurance. Complete the election form and return it to ETF. If you elect conversion to pay LTCI premiums, the agent who sold you the policy must sign it.

Do not file your election more than five months before you want conversion to be effective. ETF will return your application to you if you file too early. You will be advised to file again at a later date.

## Discrimination is Against the Law 45 C.F.R. § 92.8(b)(1) and (d)(1)

The Wisconsin Department of Employee Trust Funds complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability or sex. ETF does not exclude people or treat them differently because of race, color, national origin, age, disability or sex.

ETF provides free aids and services to people with disabilities to communicate effectively with us, such as qualified sign language interpreters and written information in other formats. ETF provides free language services to people whose primary language is not English, such as qualified interpreters and information written in other languages. If you need these services, contact ETF's Compliance Officer, who serves as ETF's Civil Rights Coordinator.

If you believe that ETF has failed to provide these services or discriminated in another way on the basis of race, color, national origin, age, disability or sex, you can file a grievance with: Compliance Officer, Department of Employee Trust Funds, 801 West Badger Road, P.O. Box 7931, Madison, WI 53707-7931; 1-877-533-5020; TTY: 1-800-947-3529; Fax: 608-267-4549; Email: ETFSMBPrivacyOfficer@etf.wi.gov. If you need help filing a grievance, ETF's Compliance Officer is available to help you.

You can also file a civil rights complaint with the U.S. Department of Health and Human Services, Office for Civil Rights, electronically through the Office for Civil Rights Complaint Portal, available at <https://ocrportal.hhs.gov/ocr/portal/lobby.jsf>, or by mail or phone at: U.S. Department of Health and Human Services, 200 Independence Avenue, SW, Room 509F, HHH Building, Washington, D.C. 20201; 1-800-368-1019; TDD: 1-800-537-7697. Complaint forms are available at [www.hhs.gov/ocr/office/file/index.html](http://www.hhs.gov/ocr/office/file/index.html).

**Spanish:** ATENCIÓN: si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística. Llame al 1-877-533-5020 (TTY: 1-800-833-7813).

**Hmong:** LUS CEEV: Yog tias koj hais lus Hmoob, cov kev pab txog lus, muaj kev pab dawb rau koj. Hu rau 1-877-533-5020 (TTY: 1-800-947-3529).

**Chinese:** 注意：如果您使用繁體中文，您可以免費獲得語言援助服務。請致電 1-877-533-5020 (TTY: 1-800-947-3529)

**German:** ACHTUNG: Wenn Sie Deutsch sprechen, stehen Ihnen kostenlos sprachliche Hilfsdienstleistungen zur Verfügung. Rufnummer: 1-877-533-5020 (TTY: 1-800-947-3529).

**Arabic:** ملاحظة: إذا كنت تتحدث اللغة العربية، فهناك خدمة مساعدة متاحة بلغتك دون أي مصاريف: اتصل بالرقم 1-877-533-5020 (خدمة الصم والبكم: 1-800-947-3529)

**Russian:** ВНИМАНИЕ: Если вы говорите на русском языке, то вам доступны бесплатные услуги перевода. Звоните 1-877-533-5020 (телетайп: 1-800-947-3529).

**Korean:** 주의: 한국어를 사용하시는 경우, 언어 지원 서비스를 무료로 이용하실 수 있습니다. 1-877-533-5020 (TTY: 1-800-947-3529)번으로 전화해 주십시오.

**Vietnamese:** CHÚ Ý: Nếu bạn nói Tiếng Việt, có các dịch vụ hỗ trợ ngôn ngữ miễn phí dành cho bạn. Gọi số 1-877-533-5020 (TTY: 1-800-947-3529).

**Pennsylvania Dutch:** Wann du [Deutsch (Pennsylvania German / Dutch)] schwetzscht, kannscht du mitaus Koschte ebber gricke, ass dihr helft mit die englisch Schprooch. Ruf selli Nummer uff: Call 1-877-533-5020 (TTY: 1-800-947-3529).

**Laotian/Lao:** ໂປດຊາບ: ຖ້າວ່າທ່ານເວົ້າພາສາລາວ, ການບໍລິການຊ່ວຍເຫຼືອດ້ານພາສາ, ໂດຍບໍ່ເສັຽຄ່າ, ແມ່ນມີພ້ອມໃຫ້ທ່ານ. ໂທ 1-877-533-5020 (TTY: 1-800-947-3529).

**French:** ATTENTION : Si vous parlez français, des services d'aide linguistique vous sont proposés gratuitement. Appelez le 1-877-533-5020 (ATS : 1-800-947-3529).

**Polish:** UWAGA: Jeżeli mówisz po polsku, możesz skorzystać z bezpłatnej pomocy językowej. Zadzwoń pod numer 1-877-533-5020 (TTY: 1-800-947-3529).

**Hindi:** ध्यान दें: यदि आप हिंदी बोलते हैं तो आपके लिए मुफ्त में भाषा सहायता सेवाएं उपलब्ध हैं। 1-877-533-5020 (TTY: 1-800-947-3529) पर कॉल करें।

**Albanian:** KUJDES: Nëse flitni shqip, për ju ka në dispozicion shërbime të asistencës gjuhësore, papagesë. Telefononi në 1-877-533-5020 (TTY: 1-800-947-3529).

**Tagalog:** PAUNAWA: Kung nagsasalita ka ng Tagalog, maaari kang gumamit ng mga serbisyo ng tulong sa wika nang walang bayad. Tumawag sa 1-877-533-5020 (TTY: 1-800-947-3529).