

Local Life Insurance Proposed Change Survey Results

Survey Snapshot:



757
local
employers



367
survey
responses



48%
response
rate

Conclusion: Overall, changing the Life Insurance billing dates to take effect three calendar months earlier on April 1, will not cause an unfavorable impact to local employers, or result in a termination of benefits.

Background:

- With the implementation of the Insurance Administration System (IAS), the process of reporting and updating any local employers' life insurance changes will become more automated and align more closely with the calendar year
- When employees' annual earnings increase above the current level, life insurance coverage increases go into effect January 1. For billing purposes, premium increases, as well as age changes for the ensuing one-year period, become effective July 1
- To be consistent and coordinate dates with the calendar year, beginning in 2025, it has been proposed to change the billing effective and age change dates to April 1

Objective:

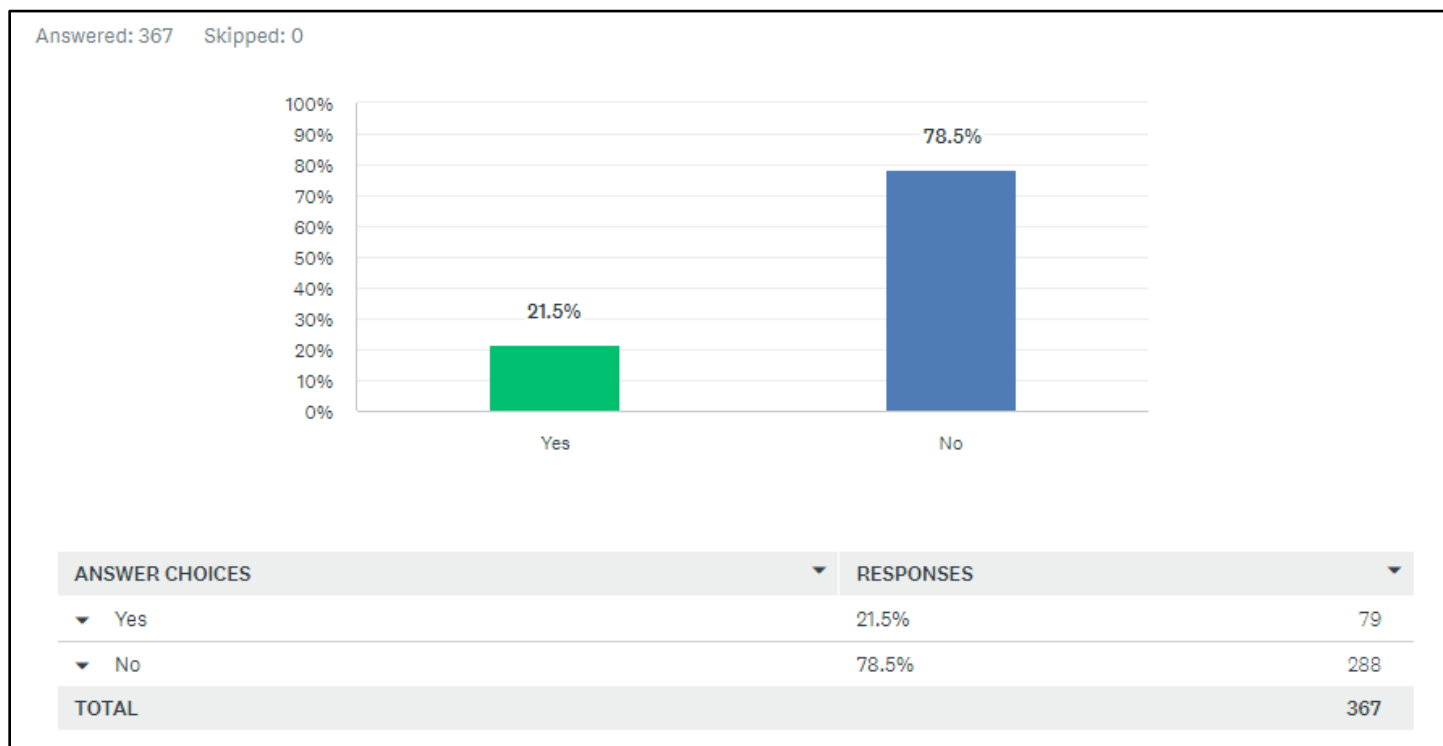
- The objective of this survey was to offer local employers an opportunity to provide their feedback on the proposed change to the life insurance billing effective dates and to report on their responses

Methodology:

- A three-question survey was emailed in December 2023 to 757 local employers
- The ask: Would a change in the premium billing effective date from July 1 to April 1:
 - cause an unfavorable impact
 - initiate a termination to life insurance benefits
- A reminder email was sent 4 days after the survey launch to any recipient who did not complete the survey
- Survey closed on Friday, December 22 after 2 weeks in the field

Detailed Results: Impact to Local Employers

Q.1: “Would changing the premium billing effective date from July 1 to April 1 in 2025, cause an unfavorable impact to you as a local employer?”



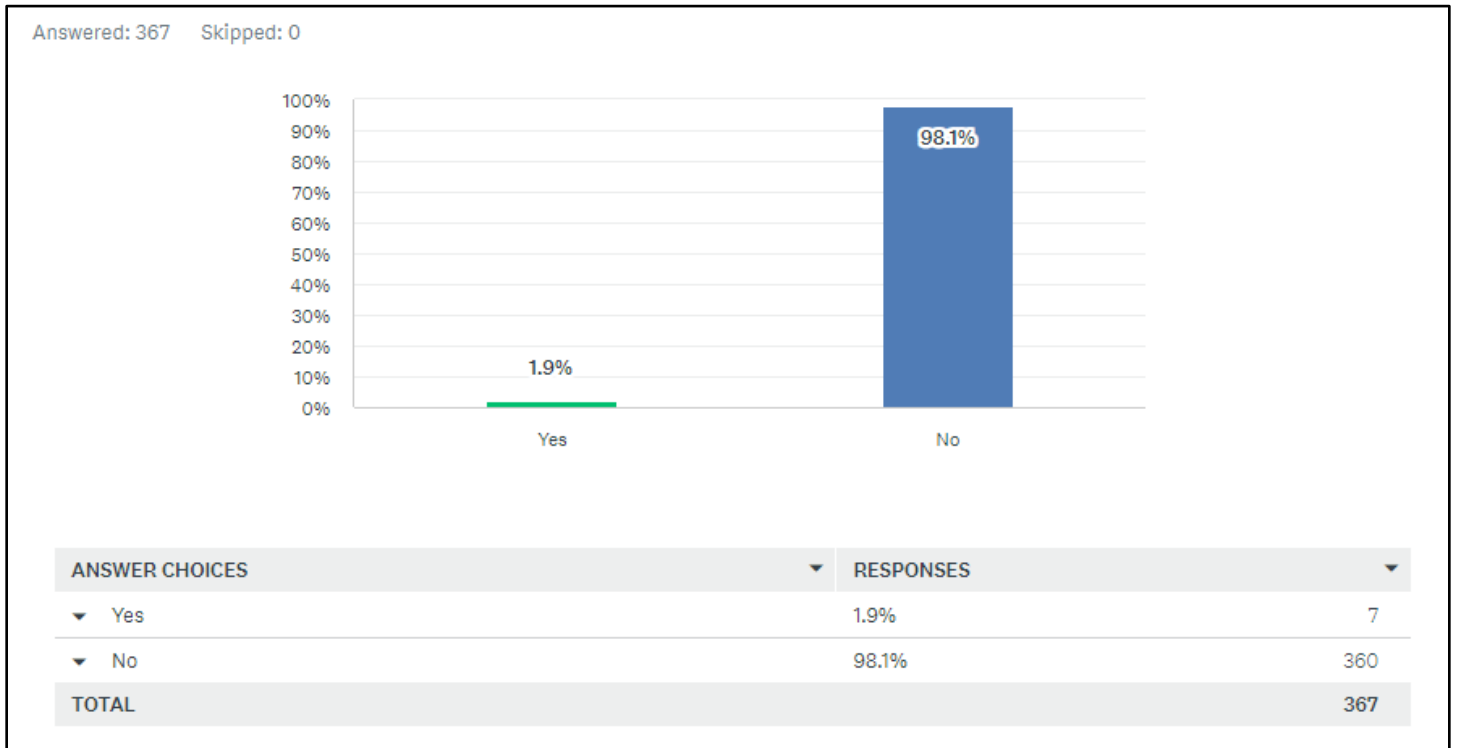
A significant number of local employers (79%) indicated that changing the premium Life Insurance billing effective date, from July 1 to April 1, would not cause an adverse impact or impact employers detrimentally.

Other respondents mentioned the new proposed change would not matter to chronological requirements to the budget and overall, would be considered a small dollar variance within the budget. School districts in particular did note that it would be favorable to receive new premiums before the end of February, as payroll maintenance is required by March 1 for employees who are off for the summer.

In contrast, about one fifth of the respondents (21%) feel the proposed change to move the billing effective date earlier in the calendar year by three months would cause an unfavorable impact. Local employer expressed their concern that the proposed date change will require additional work or resources and/or impact budgets and school district-specific schedules and their budgets. In addition, they would prefer a date change go into effect on January 1 instead, as it will impact fiscal year planning and will require additional cost/expenses to implement.

Life Insurance Termination

Q. 2: “Would changing the premium billing effective date from July 1 to April 1 in 2025 cause you to terminate your life insurance benefit?”



Virtually all, (98%) of this survey’s respondents stated that changing the premium billing effective date from July 1 to April 1 in 2025 would not cause them to terminate their life insurance benefit.

Those very few who indicated the proposed change would cause them to terminate this benefit, mentioned they are bound to a July 1 to June 30 system and need to continue to align with that time-period for their employees. Others who run on a school year calendar would need to look at other options as an April to May date is not favorable for employees with last payroll deductions on May 15th.

	<i>"I see no adverse effects to changing the date from July 1st to April 1st."</i>
	<i>"No issues with changing the age/billing effective date."</i>
	<i>"As long as insurance continues, I don't believe this will be an issue. I am newer to this so the answers given should be taken with a grain of salt."</i>
	<i>"It's not a HUGE issue as most other contracts renew at different times throughout the year."</i>
	<i>"We would need to have the new premiums before the last week of Feb in order to get the new rates inputted into payroll by the first March payroll – which pays for April. If this is possible then it's fine – so it depends on when we would get our census for the new rates."</i>
	<i>"This change is not significant and should not have a negative impact on insured persons or the municipality. Thanks for asking."</i>
	<i>"I do not know how much the change in dates would impact our municipality. I would guess the change would be minimal so it should not have a great impact to us."</i>
	<i>"Either way doesn't matter to me as I set my budget in August the previous year for the 1/1-12/31 year. At least with July, I have only a ½ year with the potential incorrect amount."</i>
	<i>"As long as we have advanced notice for budgeting, we can make anything work. I appreciate the questionnaire!"</i>

	<i>"I turn 55 soon and plan to reduce my coverage from 3x to 1x salary, so this change has little to no effect on me or my employer."</i>
	<i>"Our calendar year runs from January 1 to December 21, so, either way our budget is difficult and changing will not affect us that much."</i>
	<i>"In the grand scope of the budget, it is a small dollar variance that can easily be explained."</i>
	<i>"Change won't make a difference."</i>
	<i>"I do not think the changes will make that big of a difference for us."</i>
	<i>"Would not impact us detrimentally."</i>
	<i>"No problem."</i>
	<i>"Summer is very busy at School Districts. I think moving to an April 1 date is favorable."</i>
	<i>"Changes in April, before the end of the school year would help with collecting the correct amounts for summer months before employees are gone for the school year."</i>
	<i>"As I am new to the position in 2023, I do not have a lot of experience with the ETF site, yet. However, from what I know, I do not believe that the proposed changes will have an adverse effect on our agency. Thank you."</i>
Will require additional resources to implement:	

	<p><i>“It would be a juggle to make the change initially but then going forward no other impact.”</i></p>
	<p><i>“All of our other insurance rates are changed on 7/1, so it would be great if it would stay as is. It could get confusing if we would have to change different rates at different times of the year.”</i></p>
	<p><i>“This change would cause extra work and we are not in favor of it.”</i></p>
	<p><i>“With this change Life Ins. will be flagged for further review by our auditors.”</i></p>
	<p><i>“We would prefer to keep our cycle July - June to follow fiscal year. Moving the year will result in mid-year recalculations for coverages.”</i></p>
	<p><i>“Our salary contracts run from July to June. We have aligned all other benefit plans to run deductions on that time frame. Changing the life insurance would result in a mid-contract calculation for the life benefit and deductions for the months of April-June and then to recalculate for the new contract year starting in July.”</i></p>
	<p><i>“April is a high Election focus, and I will have no time to do that in April, July is always off Election allowing more time to implement the changes.”</i></p>
	<p><i>“July works better since beginning of the year is extremely busy. Renewal changes will have to be reviewed earlier and deduct changes as well which would prove to be difficult to add to an already hectic time of year.”</i></p>
	<p><i>“It would make it more cumbersome calculate our budget.”</i></p>

	<i>"It would be a lot of work to change the premium for everyone when we get so many terms in June."</i>
	<i>"The turnaround from receiving the bill to when it is due is short depending on when payroll falls. It can make it difficult to make appropriate changes to ensure the correct amount is being paid."</i>
	<i>"The only issue is we have ICI major changes for ICI effective April, and dealing with year-end tasks for auditors and now making sure Life is changed."</i>
	<i>"The July renewal gives me time to process all our year-end items and complete our annual audit in March and April so adding this change would make an extreme amount of additional work when it does not with the July renewal."</i>
	<i>"While ours is a very small group of individuals, and so it would not be a big change for us, from past experience in other municipalities, March/April are generally very busy with elections and audits and so adding another thing during that same time period would be not great."</i>
	<i>"We just went to a new HRIS system, and this would cause undue hardship to change the plan."</i>
	"WE JUST NEED ADVANCE NOTICE OF THE INCREASE SO THAT WE CAN DEDUCT THE PREMIUMS AT THE APPROPRIATE TIME."
	<i>"We would need to have rates earlier than normal. We pay a month in advance to make sure the appropriate amount gets withdrawn from checks is always a challenging effort to determine when the change needs to take effect."</i>
	<i>"Please ensure updated premiums are shared by March 15."</i>
Will impact budgets:	

	<i>“Moving the updates to April would be an issue for budgeting purposes.”</i>
	<i>“It’s an issue for budgeting purposes.”</i>
	<i>“We would need to refigure our budget, but you are giving us plenty of advance warning to do this.”</i>
	<i>“Since we budget on a July 1 - June 30 fiscal year, it would be best to keep the July 1 date.”</i>
	<i>“Having the change effective July 1st makes it easier for us to budget that expense.”</i>
	<i>“Changing the insurance rates in the middle of the fiscal year (April) would create more unpredictability in budgeting, but life insurance is a relatively small expenditure compared to health insurance.”</i>
	<i>“We budget the Life Insurance premiums July - June, and changing the rates in April would impact our budgets for the year, cause the rates would be unknown at the time of budget submission.”</i>
	<i>“All budget calculations are done on a fiscal year.”</i>
	<i>“This would add a bigger increase to our budget.”</i>
	<i>“Employees expect this, and municipal budgets are established for calendar years. Your proposed schedule would conflict with these expectations and practices.”</i>

	<i>"We budget for a calendar with our numbers. By changing numbers during the year, you would be making a negative impact on our budget. It would be beneficial if you are changing during the year to make the change in 2025 but let us know in early 2024 so that employers can budget accordingly."</i>
	<i>"The only adverse effect is that you won't be able to budget for this item."</i>
	<i>"An April change impacts how our deductions/benefits are calculated and budgeted."</i>
	<i>"The impact would be due to our fiscal year ending June 30 and starting July 1. Having an April change would not be earth-shattering, just outside of budget year."</i>
Will impact school district budgets/schedules:	
	<i>"School districts deal with a fiscal year budgeting process, so change would impact budget. If a change is needed, it would make sense for it to be Sept 1, since that is the start of a new school year."</i>
	<i>"Moving to April is not in align with a school districts fiscal/budget year."</i>
	<i>"An April 1 effective date does not allow for a district to budget effectively."</i>
	<i>"With school districts working on a fiscal year, July is always a better fit with benefits."</i>
	<i>"If premiums are changed during the school fiscal year, we will always be over our budgeted amount each year."</i>

	<i>"We work on a school fiscal year, so anything out of that doesn't follow anything else we do."</i>
	<i>"Our agency only pays 40% of the basic premiums as a benefit to employees. Employees must cover all of the life insurance costs if they enroll in it. This change won't have the effect for us as it may have for a school district that pays for basic coverage for all employees enrolled."</i>
	<i>"We would have to look at our other options as we run on a school year, not calendar year. It would not be a good time to make adjustments in April/May as some employees last payroll deductions are on the 5/15 payroll."</i>
	<i>"We have a lot of resignations and retirements that are effective in June at the end of the school year."</i>
	<i>"It's how they are deducted for our teachers and support staff who work modified payrolls for each school year. Their 12 months of benefits are spread over 10 months of checks."</i>
Would prefer change go into effect on January 1:	
	<i>"For budgeting purposes, January 1 would fall in line with our fiscal year better."</i>
	<i>"(1/1) makes budgeting a bit easier"</i>
	<i>"I would much rather it be January 1st but I understand that there is a lot involved with the calculation."</i>
	<i>"Can we just go with January 1 for everything?"</i>
	<i>"My preference would be a January change date if not July. Employees don't get their April retirement statement to know how this affects them yet by April."</i>

	<i>“January 1, would be the desired change effective date.”</i>
	<i>“It would be easier if the changes could be effective January 1st of each year. That's the time we are changing things in our system, it would be natural to make the change with the life insurance at that same time.”</i>
	<i>“April doesn't fall in line with budget calculation, so if change, it would make sense to be July or January.”</i>
	<i>“Not huge deal, but either make the change effective 1/1 or 7/1 as it is.”</i>
	<i>“A calendar year of Jan - Dec is better.”</i>
Will impact fiscal year planning:	
	<i>“We budget and run on a fiscal year.”</i>
	<i>“Billing changes on July 1st align with the fiscal year.”</i>
	<i>“Would prefer everything to remain on fiscal year.”</i>
	<i>“We are a July 1 - June 30 system. We would need something that would align with that time period for our employees.”</i>
	<i>“We operate on fiscal year July to June. It makes sense that the premiums change July 1.”</i>
	<i>“Our Fiscal year begins 7-1, and it is easier to make the change at that time. If the change made on 9-1 would be better, that is when our new rates start for all other deductions.”</i>

	<i>"We would prefer to keep our cycle July - June to follow our fiscal year."</i>
	<i>"Because of our fiscal year, having a July 1 change in premiums continue would be more desirable."</i>
Will require added cost/expenses:	
	<i>"Hard to answer if do not understand total cost/impact."</i>
	<i>"Because our life insurance deductions are handled with a customized program in our payroll system, would need customization modified, which may be a billable service from our software vendor."</i>

Conclusion:

- Overall, changing the Life Insurance billing dates to take effect three calendar months earlier on April 1, will not cause an unfavorable impact to local employers, or result in a termination of benefits.