



Human Resources Department

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LIFE INSURANCE INFORMATION

Type of Coverage: Group Term Life Insurance

Enrollment: New employees have **30 calendar days** from initial date of hire in an eligible position to enroll in the group life insurance program without evidence of insurability (medical underwriting). After the initial enrollment period, an employee will be required to provide evidence of good health through the underwriting process to enroll or to increase the amount of coverage. Coverage may also be increased following an eligible qualifying life event (limitations and deadlines apply). Enrollment is voluntary, and coverage may be cancelled or reduced at any time. The form for enrollment/changes/cancellation must be returned to the Human Resources Department.

Amounts Available: **Basic Coverage** is the employee's highest annual salary of record rounded up to the next highest thousand. This coverage is subject to a minimum of \$10,000 (for employees in certain classifications with less than \$10,000 annual earnings) and a maximum of \$200,000.

Supplemental Coverage is in addition to Basic Coverage. It is calculated by multiplying the employee's highest annual salary of record (HAS) by a factor of 0.5, 1, or 2, and then rounding to the next highest thousand.

- 50% Supplemental = HAS x 0.5, rounded up to the next highest thousand; subject to a maximum of \$100,000
- 100% Supplemental = HAS x 1, rounded up to the next highest thousand; subject to a maximum of \$200,000
- 200% Supplemental = HAS x 2, rounded up to the next highest thousand; subject to a maximum of \$400,000

Employee Cost:

Age Group	Cost Per \$1000 Coverage (Basic)	Cost Per \$1000 Coverage (Supplemental)
Under 25	\$0.05	\$0.035
25-29	\$0.06	\$0.042
30-34	\$0.08	\$0.056
35-39	\$0.09	\$0.063
40-44	\$0.10	\$0.07
45-49	\$0.15	\$0.105
50-54	\$0.23	\$0.161
55-59	\$0.43	\$0.301
60-64	\$0.57	\$0.399
65-69*	\$0.57	\$0.399
over 69*	Free (basic coverage only)	\$0.399

Dependent Coverage: Designed to help with final expenses for the death of a dependent. The employee is the beneficiary for eligible dependent(s). When an employee no longer has eligible dependents, it is their responsibility to submit a new life insurance form to remove dependent coverage.

Units	Coverage	Cost
1 unit	\$10,000, spouse to age 65 and \$10,000, each dependent child to age 26	\$1.75/mo.
2 units	\$20,000, spouse to age 65 and \$15,000, each dependent child to age 26	\$3.50/mo.

Beneficiary: Benefits for loss of your life are payable to the beneficiary designated on the Enrollment Form. To change beneficiaries, you must submit a new Life Insurance Change Form to Human Resources. The form is available online or from the Human Resources Department.

Premium Schedule: Premiums are deducted from the first paycheck of the month for current month's coverage. Premiums are deducted after tax.

Annual Update: In July of each year, premiums and insurance amounts are recalculated based on the prior year's gross earnings. Changes are reflected on the first check in July. An employee's Basic Coverage will be based on the employee's highest annual salary of record.

Retirement Benefits: An employee who retires before age 65 may maintain their coverage into retirement by paying premiums billed from the City. Bills are sent quarterly for three months' premiums at a time and continue until age 65.

If an employee retires at or after age 65 (or retires before age 65 and continues life insurance coverage after retirement by paying the premium costs to age 65), coverage would continue at no cost to the retiree at a reduced percentage of Basic Only (details below). Supplemental coverage cannot be continued beyond age 65.

A retiree who drops all life insurance coverage may not re-enroll.

- **Dependent Coverage:** An employee who is enrolled in unit(s) of dependent coverage and has eligible dependent(s) at retirement may opt to continue that coverage into retirement as well. Dependent coverage premiums are billed annually, and may be continued until the last eligible dependent ages out of eligibility (age 65 for spouses, age 26 for children). Coverage cannot be continued beyond this point.

Example: An employee's highest annual salary of record is \$54,125.54 and they are enrolled in Basic + 200% Supplemental coverage. They retire at age 57 and opt to continue coverage into retirement.

Age	Basic	Rate per \$1000	Supplemental	Rate per \$1000	Monthly Cost
57	\$54,125.54, rounded up = \$55,000	\$0.43	(\$54,125.54 x 2), rounded up = \$109,000	\$0.301	\$56.46

In this example, the retiree would be billed **\$169.38** (\$56.46 x 3) each quarter until they turn 60 and enter a new age group for premium costs, at which point their premium would increase to \$0.57 per \$1000 coverage for Basic and \$0.399 per \$1000 coverage for Supplemental. They can elect to reduce coverage at any time by communicating with Human Resources and City Payroll.

If this retiree continues paying premiums to age 65, coverage would continue at no cost to the retiree at a reduced percentage of Basic Only, as outlined below:

Age	Percentage of Former Basic Coverage	Coverage (based on \$55,000 Basic)
65	75%	\$41,250
66	50%	\$27,500
67+	25%	\$13,750

If you would like additional information or have any questions, please contact the Human Resources Benefits team at (608) 266-4615 or benefits@cityofmadison.com.