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TO: Benefits Administrators of State Agencies NY10-25

FROM: Employee Benefits Division

SUBJECT: Management/Confidential Group Life Insurance Plan Annual Update

DATE: July 15, 2010

We are preparing the 2010 annual update of the Management/Confidential (M/C) Group Life Insurance Plan enrollment records. The update will be processed through NYBEAS.

Parts of the update process are automatic, while others require your action. It is important that you inform your enrollees of the annual update and of any changes in their coverage and/or payroll deductions. Equally important is that you encourage enrollees to review their beneficiary designation(s), the continued eligibility of dependents (particularly child coverage), and smoker/nonsmoker status. This is also an opportune time to inform enrollees planning to retire in the near future that their life insurance benefits are not cancelled automatically at the time of their retirement. Their coverage will continue at the same level unless we receive a written request from them indicating that they wish to cancel.

A sample notice is enclosed to give to employees or post on bulletin boards.

### **RATE SCHEDULE**

**Life insurance premium rates have remained stable from 2010. There will be no life insurance premium rate increase for the 2010 plan year.**

### **AUTOMATIC CHANGES**

The annual update will automatically produce a change in payroll deductions for:

- Any enrollee who has reached a higher five-year premium age bracket as of September 1, 2010
- Any enrollee whose age as of September 1, 2010, requires a reduction in coverage, and
- Any enrollee covered at a multiple of annual salary whose salary has changed by an amount sufficient to affect the total amount of coverage.

## **SALARY/COMPENSATION USED IN CALCULATIONS**

Updated life insurance coverage for enrollees who have chosen a multiple of salary option for their coverage amount is based upon the annual salaries as reported by the Office of the State Comptroller (OSC) on the following payrolls or by the Benefits Administrators:

### **Administration Payroll checks dated July 07, 2010** **Institution Payroll checks dated July 1, 2010**

Enrollees whose salaries change between the dates above and September 1, 2010 should request an adjustment in their coverage to reflect the salary change. The enrollee must submit a copy of his/her paycheck stub to the Benefits Administrator showing the new annual salary no later than September 30, 2010. The Benefits Administrator must forward the request, with a copy of the payroll stub, to the Employee Benefits Division, M/C Life Insurance Unit no later than October 31, 2010.

Additional compensation paid on a permanent basis, such as location pay, geographic differential, or special allowance, will be included in the annual salary. However, items such as shift differential, overtime pay, and maintenance adjustments may not be considered salary for life insurance purposes.

#### **Please Note:**

Enrollees requesting to increase or decrease their multiple of salary option must fill out a PS-934, M/C Life Insurance Transaction Form, check the "Change in Coverage" box in item 14, and select one of the options in item 15 that is either greater or less than their current option choice. (The maximum allowable coverage option is five times salary, with a maximum of \$500,000). Any increase in coverage request requires that the enrollee mail a completed Statement of Health form to MetLife.

## **AGE-RELATED REDUCTIONS IN COVERAGE FOR ACTIVE EMPLOYEES**

For active employees who are insured for a multiple of salary,

At age 65-69, the coverage available will be 65% of the coverage available to the enrollee if the enrollee were under 65;

At age 70-74, the coverage available will be 45% of the coverage available to the enrollee if the enrollee were under 65;

At age 75-79, the coverage available will be 30% of the coverage available to the enrollee if the enrollee were under 65;

At age 80 and over, the coverage available will be 20% of the coverage available to the enrollee if the enrollee were under 65.

However, in no case will the coverage be reduced below \$15,000.

## **AGE-RELATED REDUCTIONS IN COVERAGE FOR RETIREES**

For retired enrollees who are insured for a multiple of salary,

At age 65-69, the coverage available will be 65% of the coverage available to the enrollee if the enrollee were under age 65 (but not less than \$15,000).

At age 70 and over, the coverage will be reduced to \$15,000.

### **ACCIDENTAL DEATH AND DISMEMBERMENT COVERAGE**

All active employees, regardless of age, and those retirees under age 70 who retired after September 1, 1992, will be covered for Accidental Death and Dismemberment (AD&D) benefits equal to their life insurance coverage but not above \$250,000. Individuals who retired prior to September 1, 1992, are covered for AD&D benefits equal to their life insurance coverage but not above \$250,000. Retired enrollees, at age 70 and over are not eligible for AD&D.

### **SMOKER/NONSMOKER CHANGES**

Individuals previously enrolled as “smokers” who have not smoked since September 1, 2008, may now apply for the special nonsmoker premium discount. To apply for nonsmoker status, enrollees must complete a PS-934, Management/Confidential Group Life Insurance Transaction form, check “Other” in block 14 and complete the entire application form before submitting it to their agency Benefits Administrator. These forms must be submitted to you by September 30, 2010 and forwarded to and received by the M/C Life Insurance Unit by October 31, 2010.

### **EFFECTIVE DATES OF PREMIUM CHANGES/COVERAGE AMOUNTS**

Effective dates of new payroll deductions and changes in the amount of life insurance coverage for employees on the OSC payroll system will change automatically on the Institution and Administration paychecks dated as follows:

**Institution Lag Payroll checks dated September 9, 2010; coverage will become effective at 12:01 a.m. September 9, 2010;**

**Administration Lag Payroll checks dated September 1, 2010; coverage will become effective at 12:01 a.m. September 2, 2010; and**

**Administration Current Payroll checks dated August 18, 2010; coverage will become effective at 12:01 a.m. September 2, 2010.**

### **AGENCY AND INDIVIDUAL UPDATE NOTICES**

In mid-August 2010, State agencies will receive a printout showing the updated status for each enrollee. If you have any questions please call the M/C Life Insurance Unit at (518) 473-3496.

Enclosure: Notice to Enrollees

# 2010 M/C LIFE INSURANCE ANNUAL UPDATE INFORMATION

## IMPORTANT NOTICE

The 2010 annual update of the Management/Confidential (M/C) Group Life Insurance Plan is now in progress. This information is to advise you of changes that may affect your coverage. Please review this notice carefully. If you have any questions regarding your enrollment in the plan or if you desire to make changes in your M/C Life Insurance coverage, please contact your Benefits Administrator.

## AUTOMATIC CHANGES

The annual update will result in automatic changes for:

- Any enrollee who has reached a higher five year premium age bracket as of September 1, 2010,
- Any enrollee whose age as of September 1, 2010 requires a reduction in coverage, and
- Any enrollee covered for a multiple of annual salary whose salary has changed as of June 1, 2010 by an amount sufficient to affect the amount of total coverage

**Life insurance premium rates have remained stable from 2009. There will be no life insurance premium rate increase for the 2010 plan year.**

## CHANGES THAT ARE NOT AUTOMATIC

You must contact your agency Benefits Administrator promptly if:

- You want to change your beneficiary
- You are divorced, or your marriage has been annulled. Your former spouse is not eligible to be a covered dependent under this Plan, even if a court orders you to maintain coverage. You must notify your agency Benefits Administrator and end coverage for your spouse effective the date the marriage ended. Your former spouse may continue to be or may become the beneficiary of your life insurance coverage, however, if you had previously named your spouse as you beneficiary, you would need to re-designate them indicating that they are now your ex-spouse. Due to a change in the New York State Estate, Powers and Trust Law effective July 7, 2008, a beneficiary designation made to or for a former spouse is automatically revoked at the time of a divorce or annulment. **Please note:** As amended, New York State law provides that a divorce or annulment of a marriage revokes a beneficiary designation made by the divorced individual (the M/C Life Insurance enrollee) to or for the benefit of the former spouse. There is an exception to the automatic revocation - if the terms of a legal document, such as a court order, specifically provide otherwise, the designation of the ex-spouse as beneficiary is not revoked. This law applies to marriages that end on or after July 7, 2008 or where the divorce occurred prior to July 7, 2008 and the enrollee's death occurs on or after July 7, 2008.

The law does not affect the rights of enrollees to designate anyone they choose, including the ex-spouse, as beneficiary. Should the enrollee wish to keep their ex-spouse as beneficiary after the original designation becomes void, they may do so. To name an ex-spouse as beneficiary, the enrollee must update their beneficiary designation by completing a beneficiary designation form indicating the relationship to the beneficiary as "ex-spouse."

- You and your spouse are both enrolled as employees in the M/C Group Life Insurance Plan, and both are insuring children. Insurance industry practice allows children to be insured as dependents of only one employee under any one group insurance program. If duplicate coverage of dependent children is confirmed, coverage will be changed retroactively to comply. You must also review the continued eligibility of your dependent children. Advise your Benefits Administrator if your child is no longer eligible

to continue coverage. If you are interested in a separate conversion policy for your child, you may request a "Conversion of Group Life Benefits to an Individual Policy" form from your Benefits Administrator.

- You want to change your status as a smoker. Individuals presently enrolled as "smokers" who have not smoked since September 1, 2009, may now apply for the special nonsmoker premium discount. To be eligible for a rate reduction, you must submit your application to your Benefits Administrator by September 30, 2010.
- You want to either increase or decrease your multiple of salary option. You must fill out a PS-934, M/C Life Insurance Transaction Form, check the "Change in Coverage" box in item 14, select one of the options in item 15 that is either greater or less than your current option choice (maximum 5 times salary or \$500,000). Complete the entire form before submitting it through your agency Benefits Administrator to the Employee Benefits Division, M/C Life Insurance Unit. Any increase in coverage requires that you submit a Statement of Health form directly to MetLife.
- You are planning to retire and wish to cancel your M/C Life Insurance. Your benefits will continue in retirement at the same level unless a written request is received from you indicating that you wish to cancel your coverage. To cancel your coverage, complete form PS-932 "M/C Life Insurance Transition to Retirement Notice" and select option 3, "Cancellation of M/C Life Insurance Coverage." **Coverage is NOT automatically cancelled at the time of retirement.**

## NEW PAYROLL DEDUCTIONS AND COVERAGE AMOUNTS

New premium costs may be reflected in your paychecks sometime in September 2010 for coverage changes effective September 1, 2010.

If you think an error has occurred in your salary-based coverage, you must report it to your Benefits Administrator no later than September 30, 2010.

## REDUCTION IN COVERAGE

All active enrollees age 65 and over will have their benefits reduced by the percentages shown in the chart below. The percentage of reduction is applied to the benefit the employee would receive if he or she were under age 65. There is no reduction if that benefit is \$15,000 or less. If coverage is based on a multiple of salary, in no case are benefits reduced below \$15,000.

**Percentage of Reduction in Benefits for Active and Retired Enrollees**

<b>Status</b>	<b>Age 65-69</b>	<b>Age 70-74</b>	<b>Age 75-79</b>	<b>Age 80 and over</b>
Active	35%	55%	70%	80%
Retired	35%	\$15, 000*	\$15,000*	\$15,000*

\*Maximum benefit amount

Note: All active enrollees, regardless of age, are covered by Accidental Death and Dismemberment benefits. Retired enrollees are not eligible for Accidental Death and Dismemberment benefits on or after the September 1<sup>st</sup> which coincides with, or the next following, their 70<sup>th</sup> birthday.

## RETIREMENT SYSTEMS DEDUCTIONS

Premium changes for September coverage for retirees receiving pension deductions will occur in their pension checks dated August 31, 2010. New retirees, as they become eligible to have pension deductions, will receive information directly from the M/C Life Insurance Unit at a later date.

## FOR FURTHER INFORMATION

If you have questions concerning this update, please contact your Benefits Administrator.