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TO: Benefits Administrators of State Agencies NY12-27

FROM: Employee Benefits Division

SUBJECT: Management/Confidential Group Life Insurance Plan Annual Update

DATE: August 14, 2012

We are preparing the 2012 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 request in writing from them indicating that they wish to cancel.

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

RATE SCHEDULE

Personal life insurance premium rates have increased 13.8% for the plan year September 1, 2012 through August 31, 2013. There has been a decrease to the administrative charges for the plan which has resulted in a slight decrease in the dependent and spouse rates. The rates for Accidental Death and Dismemberment, as well as the Accident and Sickness benefit remain at zero.

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, 2012
- Any enrollee whose age as of September 1, 2012, 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 03, 2012

Institution Payroll checks dated July 12, 2012

Enrollees whose salaries change between the dates above and September 1, 2012 should request an adjustment in their coverage to reflect the salary change. Once the agency listing has been received, the Benefits Administrator should review the complete listing and report any incorrect salaries to the Employee Benefits Division. The Benefits Administrator must forward the request to the Employee Benefits Division, ATTN: M/C Life Insurance Unit, no later than October 31, 2012.

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 as well as retirees under age 70, will be covered for Accidental Death and Dismemberment (AD&D) benefits equal to their life insurance coverage but not above \$250,000. Retired enrollees, 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, 2011, 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, 2012 and forwarded to and received by the M/C Life Insurance Unit by October 31, 2012.

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 6, 2012; coverage will become effective at 12:01 a.m. September 6, 2012;

Administration Lag Payroll checks dated September 12, 2012; coverage will become effective at 12:01 a.m. September 13, 2012; and

Administration Current Payroll checks dated August 29, 2012; coverage will become effective at 12:01 a.m. September 13, 2012.

AGENCY AND INDIVIDUAL UPDATE NOTICES

In mid-August 2012, 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) 474-2780 and choose the *life insurance* option.

Enclosure: Notice to Enrollees