Summary of Group Life Insurance (GLI) Benefits for General Retirees Under Age 65 Who Retired Prior to January 1, 2014

Eligibility

Members who retired prior to January 1, 2014, are under age 65, who were General employees, and retired from the City of Milwaukee, the Housing Authority of the City of Milwaukee (HACM), the Redevelopment Authority of the City of Milwaukee (RACM), and the Wisconsin Center District (WCD), and who currently have life insurance coverage administered through the City will continue to be eligible for coverage.

Those retirees who currently do not have life insurance through the City cannot sign up for coverage through the City.

Coverage

The coverage that is currently in effect will continue for the current General retirees and will not change. The new plan structure only impacts retirees (retired on or after January 1, 2014). The reduction schedules, etc. of coverage that were explained to the retirees at the time of retirement continue to be in effect.

Members pay for coverage based on age-banded rates. The age of the retiree on January 1 of a year will determine the rate for that entire year.

Retirees may cancel coverage at any time.

Members Who Retired Prior to January 1, 2014 and Reduced Coverage to 50% of Their Annual Base Salary

The reduction schedules that were explained at the time of retirement will be null and void. Instead, if the retiree continues with the 50% of the annual base salary at the time of retirement as voluntary life insurance coverage, the retiree will have $10,000 paid for by the City upon reaching age 65 (1st of the month in which the retiree turns age 65). The retiree will also have the option to continue to carry the 50% of annual base salary at the time of retirement in voluntary coverage (less $10,000) after age 65, but will pay for that additional coverage at age-banded rates. Regardless of whether the retiree elects to keep voluntary coverage after reaching age 65 or not, the $10,000 City-paid policy will continue to be in effect, provided the retiree kept the 50% coverage until age 65.

Example 1: Bill is a 57 year old General retiree who retired in 2012 with a birth date of August 10, 1956. He currently has 100% of his annual base salary ($40,000) at the time of retirement in voluntary life insurance coverage.

> Currently Bill is paying $0.344 per $1,000 of coverage per month. So, he is currently paying $40,000 / $1,000 x $0.344 = $13.76 per month for coverage of $40,000.

He elects to reduce coverage to 50% of his salary at the time of retirement.

Effective January 1, 2014, his coverage will be reduced to $20,000 which he will pay for at the age banded rate of $0.344 per $1,000 of coverage. So, starting with the January pension payment, he will pay $20,000 / $1,000 x $0.344 = $6.88 per month for coverage of $20,000.

He continues this coverage amount. When he turns age 60, his rate will increase to $0.528 per $1,000 of coverage. So, effective January 1, 2017 (when he will be age 60), he will pay $20,000 / $1,000 x $0.528 = $10.56 per month for coverage of $20,000.

He continues this coverage amount. When he turns age 65, he will only have to pay for $ 10,000.00 of coverage because the City will now pay for $10,000 of coverage. His premium will decrease to $ 5.28 per month. Let's say that he elects to drop the additional voluntary coverage that he was carrying. Bill will continue to get the City paid coverage of $10,000 for the rest of his life.

When he moves into a new age category, the rate for that new category will take effect on January 1st of the following year in which the change occurs. Therefore, effective January 1, 2022, your age banded rate will increase from $0.528 to $1.016 per thousand. This will increase your premium from $ 5.28 to $ 10.16 per month.

He elects to drop the additional voluntary coverage that he was carrying. Bill will continue to get the City paid coverage of $10,000 for the rest of his life.

Example 2: Anne is a 57 year old General retiree who retired in 2012. She currently has 100% of her annual base salary ($65,000) at the time of retirement in voluntary life insurance coverage.

Currently Anne is paying $0.344 per $1,000 of coverage per month. So, she is currently paying $65,000 / $1,000 x $0.344 = $34.45 per month for coverage of $65,000.

She elects to reduce coverage to 50% of her salary at the time of retirement.

Effective January 1, 2014, her coverage will be reduced to $33,000 which she will pay for at the age banded rate of $0.344 per $1,000 of coverage. So, starting with the January pension payment, she will pay $33,000 / $1,000 x $0.344 = $11.35 per month for coverage of $33,000.

She cancels her coverage the following year.

She will not get any further life insurance benefit from the City, and cannot re-enroll in the City's Group Life Insurance plan.

Example 3: Peter is a 60 year old General retiree who retired in 2011. He currently has 100% of his annual base salary ($50,000) at the time of retirement in voluntary life insurance coverage.

Currently Peter is paying $0.528 per $1,000 of coverage per month. So, he is currently paying $50,000 / $1,000 x $0.528 = $26.40 per month for coverage of $50,000.

He does not reduce his coverage in 2013.

He then wants to reduce his coverage to the 50% option in 2015.

He will not be allowed to do so. The 50% option is a one-time choice and is only being made available in 2013. His only option after 2013 would be to completely drop life insurance coverage.

If Peter does not drop his life insurance, at age 65 he will no longer pay life insurance premiums, however, his coverage will reduce to 67% of $50,000 = $33,333.33 in coverage.

Upon reaching age 70 there is a final reduction to 50% of $50,000 = $25,000 in coverage.