Summary of Group Life Insurance (GLI) Benefits for General City Retirees
(Retiring On/After January 1, 2014)

Eligibility

General employees retiring 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) on a service retirement or disability retirement are eligible for group life insurance coverage as retirees provided they had at least 50% of their annual base salary as voluntary life insurance coverage at the time of retirement.

Coverage

Retiring Before Reaching Age 65

For General employees retiring before they reach age 65, as a retiree they may carry as much voluntary life insurance after retirement as they did as an active employee at the time of retirement, or may reduce to a multiple of 50% of the annual base salary at the time of retirement. The maximum possible percentage option is 300% of the annual base salary (capped at $300,000). The retirees will pay for this coverage at age-banded rates.

As an example, for an employee who had 200% of his/her annual base salary as voluntary life insurance coverage at the time of retirement, may continue with that same amount, or may reduce to any of the following percentage options: 50%, 100%, or 150% of the annual base salary at the time of retirement, or may completely waive/cancel coverage.

Please note that the amount of coverage will not adjust based upon the active position's salary. The amount will be based upon whatever the annual base salary was for the employee at the time of his/her retirement.

If a retiree continues to carry voluntary life insurance until age 65, then the City (or last employer) will provide a policy of $10,000 to the retiree at no cost. The retiree may at that time choose to continue the voluntary life insurance coverage that he/she had prior to reaching age 65, or may cancel the voluntary coverage. The retiree will still have the $10,000 City-paid coverage. Retirees who continue to carry voluntary life insurance after 65, will get $10,000 of that coverage paid for by the City and will continue to pay for the remainder at age-banded rates.

Example: Jane, a General employee age 63 retires from the City. Jane had 300% of her annual base salary at the time of retirement as voluntary life coverage. Her annual base salary at the time of retirement was $125,000. She had no family coverage.

> **As an active employee**, Jane's election was 300% for voluntary life insurance coverage. This would be equal to $125,000 x 300% = $375,000. However, due to the cap/limit of $300,000, her coverage was $300,000.
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> At age 63, as an active employee she was paying at the rate of $0.528 per $1,000 of coverage:
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> $300,000 / $1,000 x $0.528 = $158.40 per month
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> As an active employee she also had $50,000 in basic coverage from the City (provided at no cost to her).

As an active employee Jane had $350,000 in total life insurance coverage for a total monthly premium of $158.40.

Now, she is retiring. The basic coverage of $50,000 is no longer provided for by the City. She can only carry the maximum of $300,000 (what she was carrying as an active employee) as a retiree.

At the time of retirement, she elects to reduce her coverage to 200% of her annual base salary at the time of retirement ($125,000). Her total coverage, therefore becomes $125,000 x 200% = $250,000.

She continues to pay at the same rate of $0.528 per $1,000 of coverage.

Her new premium upon retirement is $250,000 / $1,000 x $0.528 = $132.00 per month for a total coverage of $250,000.

When she turns age 65, the new rate goes into effect ($1.016 per $1,000 of coverage). However, in addition to the new rate, since she carried at least 50% of voluntary life insurance coverage through age 65, the City pays for $10,000 of coverage. Therefore, at age 65:

> Jane gets $10,000 in coverage, paid for by the City
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> She also can keep a total coverage of $250,000, but since the City is paying for $10,000 of that, she needs to pay for only $240,000, or she can reduce the coverage amount, or cancel all voluntary coverage (she would still have the $10,000 in coverage paid for by the City).

Say at age 65, she elects to reduce her coverage to 50% of her salary at the time of retirement.

> Her coverage amount is $125,000 x 50% = $62,500. This is rounded to the next full $1,000, so her voluntary life insurance coverage is $63,000.
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> Of this $63,000, the City pays for $10,000.
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> She needs to pay for $53,000 at $1.016 per $1,000 of coverage = $53,000 / $1,000 x $1.016 = $53.85 per month.

So, at age 65, Jane has a total coverage of $63,000 for a monthly premium of $53.85.

Retiring After Age 65

For employees retiring after attaining age 65, if on the last day of work the employee had at least 50% of voluntary life insurance coverage, then he/she will immediately have $10,000 of City/employer-paid life insurance coverage upon retirement. This $10,000 coverage will be provided to the retiree regardless of whether the retiree carries voluntary life insurance after the age of 65 or not.

As a retiree, the employee may elect to continue voluntary life insurance coverage which will be limited to the amount of coverage they had as an active employee at the time of retirement, or may reduce to a multiple of 50% of the annual base salary at the time of retirement. The maximum possible percentage option to elect is 300% of the annual base salary (capped at $300,000). The retirees will pay for this coverage at age-banded rates. The City (or employer) will pay for $10,000 of the elected coverage, and the retiree shall pay for the rest.

Example: Jack is an active General employee with the City with an annual base salary of $90,000. He is 67 years old. As an active employee he has 100% of this annual base salary as voluntary life insurance coverage and has a family plan. He retires at this time.

> As an active employee Jack had $50,000 in City-paid basic life insurance coverage.
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> He also paid for $90,000 of coverage at age banded rates. For this voluntary life insurance coverage, he paid the monthly rate of $1.016 per $1,000 of coverage, so he paid $90,000 / $1,000 x $1.016 = $91.44 per month.
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> As an active employee he had $50,000 + $90,000 = $140,000 in coverage, plus family coverage for which he paid $91.44 + $ 6.30 = $97.74 per month.
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> As a retiree, Jack elects to continue his voluntary life insurance coverage at 100% of his annual base salary at the time of retirement.
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> The basic $50,000 City-paid coverage ends upon retirement. His family coverage ends upon retirement as well. His voluntary life insurance coverage continues to be $90,000.
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> Since he is already over age 65 at retirement, the City pays for $10,000 of his voluntary life insurance coverage, and he pays for the rest.
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> So, upon retirement, since Jack elected to keep 100% of his annual base salary at the time of retirement in voluntary coverage, he has $90,000 in coverage, of which he pays for $80,000 of coverage at the age banded monthly rate of $1.016 per $1,000 of coverage.
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> **So, he pays $80,000 / $1,000 x $1.016 = $81.28 per month for $90,000 in coverage (remember, the additional $10,000 is paid for by the City).**
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> Six months later, Jack decides to cancel his coverage. He will no longer need to pay the $81.28 for the $80,000 of coverage (which will lapse), however, he will still continue to have $10,000 in City-paid life insurance coverage for the rest of his life.