

State of California

MEMORANDUM

TO: PERSONNEL MANAGEMENT LIAISONS DATE: December 18, 1996
REFERENCE CODE: 96-063

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

Personnel Officers, Personnel Transactions Supervisors,
Personnel Transactions Staff and Accounting Officers

FROM: Department of Personnel Administration
Benefits Division

SUBJECT: Group Term Life Insurance and Long Term Disability (Non-Represented
Employees)

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Basic Life Insurance

The Department of Personnel Administration recently awarded a multi-year contract to Metropolitan Life Insurance Company (MetLife) to provide the State's Group Term Life Insurance Plan.

As a result of this new contract, effective January 1, 1997, there will be a change (decrease) in the employer's contribution for the Basic Group Term Life Insurance as follows:

<u>Benefit</u>	<u>Old Rate</u>	<u>New Rate</u>
Supervisory/Confidential \$25,000 Policy	\$ 6.70 per month	\$ 6.48
Managers \$50,000 Policy	\$12.95 per month	\$12.50

An administration fee is included in the premium. The current .45 cents per month administration fee will not change.

Supplemental Life Insurance

The Supplemental Life Insurance premiums paid by individual employees will also be reduced due to this new contract. The employees enrolled in the Supplemental Life Insurance Plan will be sent correspondence from MetLife to their home addresses regarding these changes.

The new schedule of Supplemental Insurance premiums for monthly rates per \$10,000 are as follows:

<u>Attained Age</u>	<u>Old Premium</u>	<u>New Premium</u>
Under 30	\$ 1.00	\$.94
30 but less than 40	1.20	1.13
40 but less than 45	2.25	2.16
45 but less than 50	4.50	4.37
50 but less than 55	6.10	5.93
55 but less than 60	8.30	8.09
60 but less than 65	10.50	10.25
65 but less than 70	20.50	20.05
70 but less than 75	31.00	30.35
75 but less than 80	46.20	45.25

The administration fee will not change. The current fees are .20 cents per month for the supplemental plan.

Employees should be aware that the monthly premiums for supplemental insurance are based on their actual age. These premiums are adjusted by the State Controller's Office each year on January 1st. Beginning January 1, 1997 (December pay period) some employees enrolled in supplemental life insurance will experience a premium increase because they moved to a higher rate age band during calendar year 1996. For example, an employee whose age changed from 49 to 50 during 1996, will now pay a premium of \$5.93 per \$10,000 of coverage, whereas the previous premium was \$4.50 per \$10,000 of coverage.

The premiums for the \$7,500 policy for eligible dependents will not change. The premiums per family are as follows:

Employee under age 65	\$1.85
Employee age 65 & over	\$7.25

Long Term Disability

Premiums for participants in the Long Term Disability (LTD) program will be adjusted effective January 1, 1997 to reflect changes in the employee's salary and/or age. This annual salary/age update will impact the monthly premium of enrolled employees who have experienced a salary change or an age change that has moved them to a higher age factor (i.e. the formula used to compute the monthly premium).

If you have any questions regarding this memo, please contact Desi Rodrigues at (916) 324-0533 or Calnet 454-0533.


Patricia Pavone, Chief
Benefits Division