

MEMORANDUM

DATE: December 6, 2002

TO: PERSONNEL MANAGEMENT LIAISONS REFERENCE CODE: 2002-079

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

Personnel Officers
Personnel Transactions Supervisors
Benefits Officers

FROM: Department of Personnel Administration
Benefits Division

SUBJECT: Annual Premium Review for Basic Group Term Life Insurance,
Supplemental Life Insurance, and Long-Term Disability Program

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Effective January 1, 2003, premium changes take effect for certain employees enrolled in the Basic Group Term Life Insurance, Supplemental Life Insurance, and Long-Term Disability (LTD) Program for excluded employees. These changes are based on the employees' age, salary and/or policy amount.

Basic Group Term Life and Supplemental Life Insurance

The Basic Group Term Life Insurance policy for enrolled excluded employees requires that once an active employee reaches age 70, his/her employer-paid life insurance premium and benefit will be reduced 50 percent on January 1 of the following year. Therefore, effective January 1, 2003 (December 2002 pay period), the employer-paid premium will be reduced 50 percent for employees who turned 70 during 2002. For managerial employees, the benefit will be reduced from \$50,000 to \$25,000. For confidential and supervisory employees, the benefit will be reduced from \$25,000 to \$12,500.

Premiums for employees enrolled in the Supplemental Life Insurance plan are based on age and amount of insurance purchased. Metropolitan Life Insurance Company (MetLife) conducts an annual audit to determine whether a premium increase is necessary, based on an employee's age. MetLife will notify affected employees of any premium increases, which the State Controller's Office will implement effective January 1, 2003 (December 2002 pay period).

Employees who have questions regarding these increases should call a MetLife representative at 1-800-252-8524.

Long-Term Disability (LTD) Annual Age Review

The formula for calculating premiums for employees enrolled in the LTD program is based on several factors, including the employee's base salary, age, and retirement category (e.g., Miscellaneous or Safety). On January 1, the annual age/salary update is conducted for all employees enrolled in the LTD program. The State Controller's Office will audit the payroll history files to identify employees who experienced salary/age changes during the current year (2002) that would affect their premiums. Employees who have moved to the next higher age factor (e.g., from age 39 to 40, 49 to 50, etc.) will have their premiums increased effective January 1, 2003 (December 2002 pay period).

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



Terri Westbrook, Chief
Benefits Division