



Human Resources Department

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CONTINUATION OF LIFE INSURANCE AT RETIREMENT

Employee life insurance in place at the time of retirement may be continued. Coverage is “group term life insurance”; it does not have cash value. Coverage in place has been *Basic* or *Basic* with additional *Supplemental*.

Basic Coverage amount is for the employee’s highest annual salary rounded to the next highest thousand dollars. Minimum dollar amount of Basic Coverage is \$10,000.

Supplemental Coverage in addition to the Basic amount:

- 50% Supplemental = Basic Coverage + 50% (Basic Coverage X 1.5)
- 100% Supplemental = Basic Coverage + 100% (Basic Coverage X 2)
- 200% Supplemental = Basic Coverage + 200% (Basic Coverage X 3)

Cost for active employees to age 70 and for retired employees to Age 65 per \$1,000 of coverage by age group:

Age Group	Monthly Cost per \$1,000 of Coverage
50 – 54	\$0.23
55 – 59	\$0.43
60 – 64	\$0.57
65 – 69, if working	\$0.57
Age 70+ (if active) or Age 65+ (if retired)	Free (Reduced Basic Coverage Only)

Dependent Coverage may continue with a retiree’s continuing coverage—to a spouse’s age 65, child’s age 21 (or 25 if a full-time student in an accredited school). Two options/levels for dependent coverage are available—1 unit/level provides \$10,000 coverage for spouse and \$5,000 coverage for dependent child(ren); 2 units provides \$20,000 coverage for spouse and \$10,000 coverage for dependent child(ren). Monthly cost for one unit is \$1.75 and for two units is \$3.50.

Paying for life insurance in retirement: An employee who retires before age 65 and wants to continue coverage requests billing by the City and pays the premiums (billed by the City, sent to retiree’s home). Bills are sent quarterly for Employee’s coverage, or once a year if only Dependent coverage costs apply:

Age	Highest Pay Year	Coverage Selected	Dollar Coverage	Rate/ \$1,000	Coverage X Rate	Coverage Cost	Dependent Cost	Month Total	Quarter Total
58	\$55,000	Basic+200%	\$165,000	\$0.43	165 X .43	\$70.95	\$3.50	\$74.45	\$223.35
60	\$55,000	Basic+200%	\$165,000	\$0.57	165 X .57	\$94.05	\$3.50	\$97.55	\$292.65
60	\$55,000	Basic Only	\$ 55,000	\$0.57	55 X .57	\$31.35	\$3.50	\$34.85	\$104.55

A retiree who drops life insurance coverage or doesn’t pay the bill for premiums may not re-enroll. An employee who maintains coverage to age 65, or who retires after age 65, continues coverage at no cost.

Age	Percent of Basic Coverage	Amount of Coverage, \$55,000 Example	Cost
65	75%	\$41,250	\$0
66	50%	\$27,500	\$0
67+	25%	\$13,750	\$0

Family members need to know about continued coverage. At the time of retirement, the City provides a document for a retiree to keep with other important papers.

The beneficiary designation may be changed at any time. Beneficiary Change Forms are available from Human Resources upon request or online at

<http://www.cityofmadison.com/Human-Resources/Benefits/Life-Insurance>