



Employer *Bulletin*

Employer Communication Center (608) 264-7900 Toll free: 1-888-681-3952 <http://etf.wi.gov>

Employee Life Insurance Premium Rates Reduced

The claims experience for local government employees insured under the Wisconsin Public Employers (WPE) Group Life Insurance program has continued to be very favorable. Therefore, the Group Insurance Board (GIB) has approved reducing the premiums for Basic, Supplemental, and Additional insurance at ages 45 through 64.

The rate change will be effective July 1, 2011. The GIB also approved continuing Spouse & Dependent premium rates at their current levels.

Employee Basic, Supplemental & Additional Insurance (Monthly Premium Rate Per \$1,000 of Insurance)		
Age	2010 - 2011 Rate per \$1,000	2011 - 2012 Rate per \$1,000
Under 30	\$.05	\$.05
30 - 34	\$.06	\$.06
35 - 39	\$.07	\$.07
40 - 44	\$.09	\$.09
45 - 49	\$.15	\$.14
50 - 54	\$.23	\$.22
55 - 59	\$.43	\$.41
60 - 64	\$.53	\$.51
65 - 69	\$.60	\$.60

The Spouse & Dependent plan premiums will remain at \$1.75 per unit of coverage.

The rates for local government employers are as follows: The cost to employers offering a final post-retirement benefit in the amount of 25% of an employee's pre-retirement Basic coverage is 20% of the total employee premium. Employers offering a final benefit of 50% of an employee's pre-retirement Basic coverage pay 40% of the total employee premium.

Premium Rates for Active Employees Over Age 70

The GIB has approved changing the premium rates for additional coverage for ages 77 and older to be equal to the Internal Revenue Code (IRC) Table I rates. See the rates, effective January 1, 2011, on the next page.

Additional Age 70 and Older			
Age	Rate per \$1,000	Age	Rate per \$1,000
70	\$1.00	80	\$2.06
71	\$1.15	81	\$2.06
72	\$1.25	82	\$2.06
73	\$1.45	83	\$2.06
74	\$1.60	84	\$2.06
75	\$1.80	85	\$2.06
76	\$1.95	86	\$2.06
77	\$2.06	87	\$2.06
78	\$2.06	88	\$2.06
79	\$2.06	89	\$2.06

The Cost of Group Life Insurance Over \$50,000 (Imputed Income)

IRC Section 79 provides an income tax exclusion for the first \$50,000 of group-term life insurance coverage provided under a policy that is carried directly or indirectly by an employer. The cost of life insurance coverage must be included in income and is subject to social security and Medicare taxes if coverage exceeds \$50,000 and the policy is considered carried directly or indirectly by the employer. A policy is considered carried directly or indirectly by the employer if:

1. The employer pays any cost of the life insurance, or
2. The employer arranges for the premium payments and the premiums paid by at least one employee subsidize those paid by at least one other employee (the “straddle” rule).

Whether the premium rates meet the “straddle” rule is based on how the WPE Group Life premium table compares to the Internal Revenue Service (IRS) Premium Table I. If the WPE Group Life premium table “straddles” the IRS Premium Table I, then the employer is considered to be affecting the premium cost through its subsidizing and/or redistributing role. As a result, there is a benefit to employees, which the IRS considers to be a taxable benefit. Even if employees are paying the full cost, they are charged. Employers must calculate the taxable portion of the premiums for coverage that exceeds \$50,000 and add it to an employee’s taxable income.

Due to the premium rate changes provided above, the premium rates for local government employees will no longer straddle IRS Premium Table I. The WPE Program for local government employees is not considered carried directly or indirectly by the employer and has no tax consequences to the employee. The rate change for Additional coverage for those employees age 77 and older will be effective January 1, 2011. This will eliminate the extra administration involved with imputed income starting in 2011.

For more information on the rate structure of the WPE Group Life Insurance program, contact Marcia Blumer at (608) 266-2640 or e-mail at marcia.blumer@etf.state.wi.us.

Employers with billing questions should call the plan administrator, Minnesota Life Insurance Company, toll free at (866) 295-8690 or locally at (608) 277-8690.