



Legislation Details (With Text)

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Title: A substitute ordinance relating to group life insurance benefits for city employees.

Sponsors: THE CHAIR

Indexes: INSURANCE BENEFITS, LIFE INSURANCE

Attachments: 1. Fiscal Impact Statement, 2. Hearing Notice List, 3. Notice Published on 1-8-14

Date	Ver.	Action By	Action	Result	Tally
11/26/2013	0	COMMON COUNCIL	ASSIGNED TO	Fail	
12/5/2013	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
12/6/2013	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
12/6/2013	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
12/6/2013	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
12/6/2013	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
12/9/2013	0	FINANCE & PERSONNEL COMMITTEE	HEARING NOTICES SENT		
12/9/2013	1	CITY CLERK	DRAFT SUBMITTED		
12/11/2013	1	FINANCE & PERSONNEL COMMITTEE	RECOMMENDED FOR PASSAGE	Pass	4:0
12/17/2013	1	COMMON COUNCIL	PASSED	Pass	14:0
12/23/2013	1	MAYOR	SIGNED		
1/8/2014	1	CITY CLERK	PUBLISHED		

131030
SUBSTITUTE 1
121686, 130207
THE CHAIR

A substitute ordinance relating to group life insurance benefits for city employees.

- 350-25-1 rc
- 350-25-2 rc
- 350-25-3 rc
- 350-25-4 rc
- 350-25-5 rc
- 350-25-6 rp
- 350-25-7 rn

350-25-8 rn
350-25-9 rn
350-25-10 rn
350-25-11 rn
350-25-12 rn

This ordinance establishes a new benefit design for group life insurance benefits for active general city employees and new retirees as approved in Common Council Resolution Number 121686, adopted April 30, 2013, associated with a new contract approved in Common Council Resolution File Number 130207, adopted July 23, 2013. The new benefit design includes the following features:

1. Separate rates for base benefit coverage for active employees and retirees.
2. A base benefit amount of \$50,000 for active general city employees paid entirely by the city.
3. An option for active general city employees to purchase up to 300% of the value of their salaries in additional supplemental insurance paid entirely by employees at age-banded rates.
4. An option for general city employees who retire on or after January 1, 2014 to receive \$10,000 in coverage paid entirely by the city after employees attain the age of 65 if they continue a minimum of 50% of their final annual salary in coverage as retirees under age 65 at their own cost.
5. Continuing current benefit levels for retirees who are over 65 and retired on or before December 31, 2013 with premiums paid entirely by the city.
6. Continuing current benefit options for retirees who are under age 65 and retired on or before December 31, 2013 with premiums paid entirely by retirees.

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 350-25-1 to 5 of the code is repealed and recreated to read:

350-25. Group Life Insurance.

1. **DEFINITIONS.** Unless specified otherwise in a labor contract between a certified bargaining unit and the city that is in force and effect, in this section:
 - a. "Annual salary" means an employee's biweekly pay rate multiplied by a leap year correction factor of 26.089.
 - b. "City" means the city of Milwaukee.
 - c. "City agency" means a city agency as defined in s. 36-02-8 of the city charter which has voted to participate in the city's group life insurance program with the approval of the common council.
 - d. "Employee" means employee who appears on a regular payroll of the city.
 - e. "Fireman" means fireman as defined in s. 36-02-16 of the city charter.
 - f. "General employee" means a general city employee as defined in s. 36-02-17.
 - g. "Policeman" means policeman as defined in s. 36-02-24 of the city charter.
 - h. "Retiree" means a member of the Employees' Retirement System who is receiving for his or her own service a service retirement allowance as defined in s. 36-05-1, or an ordinary disability retirement allowance under 36-05-2, or a duty disability retirement allowance as defined in s. 36-05-3. Retirees shall also include members of the Employees' Retirement System who are receiving group life insurance benefits through the city as of December 31, 2013.
2. **ELIGIBILITY.** Unless otherwise defined in a labor contract between a certified bargaining unit and the city that is in force and effect:
 - a. An employee shall be eligible for benefits under this section if the employee appears on a regular payroll at full basic pay for more than 20 hours a week on a year-round basis.
 - b. An employee shall complete 6 consecutive months of service with the city on the day preceding the day the person first becomes eligible for coverage; for the purpose of this requirement, an authorized leave of absence without pay for more than 5 consecutive days shall be considered a

termination of employment.

c. For determining group life insurance eligibility, mandatory furlough time shall be considered as time of active service on the payroll.

d. A terminated employee who is reemployed shall be considered as a new employee, unless that employee is receiving retirement benefits as a retiree as defined under sub. 1-h.

e. An employee who is eligible for coverage under this section shall receive the city-paid portion of the coverage at no cost to the employee. An employee may elect additional voluntary life insurance coverage during open enrollment; such election will be in effect until the next open enrollment period at which time the employee will have the option to elect voluntary coverage subject to limitations applied by the city and the life insurance carrier.

f. A retiree, as defined in sub. 1-h, who is receiving a monthly annuity from the Employees' Retirement System shall be eligible to participate in the city's group life insurance if the retiree had voluntary coverage in effect as an active employee on the day preceding his or her retirement date in an amount equal to at least 50% of his or her annual salary rounded up to the nearest thousand. For a retiree with a retirement date before January 1, 2014, the eligibility rules and period of coverage that was in effect at the time of retirement continue to be in effect, unless the retiree selected a new option defined in sub. 3-b-2.

3. AMOUNT OF INSURANCE. a. **Basic Coverage.** The amount of basic coverage shall be the amount of life insurance coverage that the city will pay for on behalf of its active and eligible employees at no cost to the employees. As of January 1, 2014, this amount shall be \$50,000 for an employee who is not a fireman or policeman. For firemen and policemen, this amount shall be based upon and subject to the terms of the labor contract between the employee's certified bargaining unit and the city that is in force and effect.

b. **Optional Voluntary Coverage.**

b-1. Optional voluntary coverage shall be the amount of life insurance coverage that an employee or retiree elects to purchase and for which the employee or retiree pays the premium. As of January 1, 2014, for an active general employee, this amount shall be a multiple of the annual salary of the primary position that the employee works in at the end of a pay period and shall be 50%, 100%, 150%, 200%, 250% or 300% of the salary rounded up to the nearest thousand not to exceed a maximum amount to be determined by the city. Effective January 1, 2014, the maximum amount of the optional voluntary coverage an employee or retiree may carry shall be \$300,000.

b-2. As of January 1, 2014, until the 1st of the month in which the person attains age 65, a retiree who retired on or after January 1, 2014, or a retiree who retired prior to January 1, 2014 and who elected to reduce his or her coverage amount effective January 1, 2014, this amount shall be a multiple of the annual salary of the primary position at the time of retirement and shall be 50%, 100%, 150%, 200%, 250% or 300% of the salary rounded up to the nearest thousand not to exceed a maximum amount to be determined by the city. Effective January 1, 2014, the maximum amount of the optional coverage an employee or retiree may carry shall be \$300,000.

b-3. As of January 1, 2014, effective the 1st of the month in which the person attains age 65, a retiree who retired on or after January 1, 2014, or a retiree who retired prior to January 1, 2014 and who elected to reduce his or her coverage amount effective January 1, 2014, the voluntary coverage amount shall be a multiple of the annual salary of the primary position at the time of retirement and shall be 50%, 100%, 150%, 200% or 300% of the salary rounded up to the nearest thousand not to exceed a maximum amount to be set by the city. Effective January 1, 2014, the maximum amount of the optional coverage an employee or retiree may carry shall be set to \$290,000. If a retiree defined in this subdivision, on the 1st of the month in which he or she turned age 65, or on the last day as an active employee if retirement occurred after attaining age 65, carried at least 50% of his annual salary in optional coverage, an employer-paid policy of \$10,000 shall be provided to the retiree at no

cost to the retiree regardless of any optional coverage the retiree may elect.

b-4. Notwithstanding the provisions of the section, for a fireman or policeman, the optional coverage amount shall be based upon and subject to the terms in the labor contract between the employee's certified bargaining unit and the city that is in force and effect.

b-5. As of January 1, 2014, an active general employee may elect family coverage for his or her spouse, domestic partner, and dependent children, based upon terms to be established by the city and its insurance carrier; this coverage shall not be available to retirees.

b-6. A general employee who retired prior to January 1, 2014, and who did not reduce his or her coverage as provided in subds. 2 and 3, and who is under age 65, shall continue to pay for his or her optional coverage he or she elected at the time of retirement and shall continue to do so until the 1st of the month in which he or she attains age 65.

b-7. A general employee who retired prior to January 1, 2014, and who did not reduce his or her coverage as provided in subds. 2 and 3, shall, on the 1st of the month in which the retiree attains age 65, have an employer-paid policy that shall reduce according to term of the labor contract between the city and the certified bargaining unit that the retiree was a member of at the time of retirement and that contract was in force and effect at the time of retirement of that person.

c. Change of Optional Coverage.

c-1. An active general employee may elect to cancel, reduce or increase optional coverage subject to the terms and conditions established by the city and its insurance carrier.

c-2. An active fireman or policeman may elect to cancel, reduce or increase his or her optional coverage subject to the terms and conditions in the labor contract between his or her certified bargaining unit and the city that is in force and effect.

c-3. A retired general employee may elect to cancel coverage at any time. A retired general employee may not increase coverage at any time.

c-4. A retired general employee who has not yet attained the age of 65, and who retired on or after January 1, 2014 or who retired prior to January 1, 2014 but reduced his or her coverage as provided in subd. 2 and 3, may elect to reduce coverage to a multiple of 50%, 100%, 150%, 200% or 250% of his or her annual salary at the time of retirement rounded up to the nearest thousand not to exceed a maximum amount to be set by the city. Effective January 1, 2014, the maximum amount of optional coverage an employee or retiree may carry shall be \$300,000.

c-5. A retired general employee who retired prior to January 1, 2014 but reduced his or her coverage as provided in subds. 2 and 3, may elect, as of the 1st day of the month in which the person attains age 65, to reduce coverage to a multiple of 50%, 100%, 150%, 200% or 250% of his or her annual salary at the time of retirement rounded up to the nearest thousand not to exceed a maximum amount to be set by the city. Effective January 1, 2014, the maximum amount of optional coverage an employee or retiree may carry shall be \$290,000.

c-6. A retired general employee who retired prior to January 1, 2014 who did not reduce his or her optional coverage as provided in par. b-2 and 3, may not reduce coverage at any time.

c-7. Notwithstanding the provisions of this section, a retired fireman or policeman may reduce and increase coverage in accordance with the terms and conditions of the labor contract between their certified bargaining unit and the city that was in force and effect at that time of their retirement.

4. PREMIUM PAYMENTS. a. Costs.

a-1. General employees and all retirees shall pay for optional coverage at age-banded rates to be set by the city and the city's insurance carrier.

a-2. The employer shall pay for any employer-paid coverage at rates to be set by the city and the insurance carrier.

a-3. Fire and Police active employees shall pay for coverage in accordance with the terms and conditions of the labor contract between their certified bargaining unit and the city that is in force and effect.

a-4. All premiums shall be paid monthly. For active employees, applicable premiums shall be paid by deductions from the regular payroll payments.

b. On Leave of Absence. Employees who are on leave of absence shall be permitted to self-pay monthly premiums for a maximum period of 12 months of premium payments; however, employees on extended authorized educational leaves of absence or on extended authorized leaves of absence to work for project area committees may be permitted to make additional cash payments, provided such additional cash payments are authorized by the committee on finance and personnel on the basis of an annual review. Employees who are eligible as group life insurance participants and who have a seasonal temporary lay-off status shall be permitted to make up to 6 months of cash premium payments; however, employees on leave of absence for illness or on ordinary disability retirement shall be allowed to make cash payments for up to 24 months of premium payments. Employees on duty disability retirement shall be allowed to continue their insurance coverage by making cash payments during their disability retirement until such time as they may become covered by another employer's life insurance program. If cash payments are not made, the insurance shall lapse.

5. CONVERSION PRIVILEGES. a. If an employee leaves the service of the city, except by retirement, his or her group life insurance shall continue for a period of 31 days, during which time he or she may purchase an individual life insurance policy at standard rates subject to the terms and conditions of the insurance carrier.

b. Any conversion charges made by the insurance company shall be paid by the employee.

Part 2. Section 350-25-6 of the code is repealed.

Part 3. Section 350-25-7 to 12 of the code is renumbered 350-25-6 to 11.

APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

Department of Employee Relations

LRB150237-2

Mary E. Turk

12/9/2013