

City of Milwaukee Group Life Insurance Proposal General City Employees

Michael Brady,
Employee Benefits

Reasons for Proposal

- ▶ Proposal for group life insurance (GLI) benefit changes are being made for the following reasons:
 - Fair and uniform for employees and retirees
 - Consistent with other employers
 - Match rates with actual cost of benefit
 - Base benefit paid by City
 - Supplemental benefit paid by employee
- ▶ Control costs: if the City makes no changes the current City share of the GLI cost, \$3M, could increase to \$4M in 2014.

Active Employee: Proposed

- ▶ City pays for \$50,000 base amount GLI
- ▶ Member pays 100% of the cost of supplemental GLI using age banded rates
- ▶ Employees can purchase GLI benefit for spouse and dependent children

Retiree Under 65: Current

- ▶ **Current:** Retiree U65 pays cost at single blended rate. Retiree required to take 100% of their salary in GLI.
- ▶ **Proposed:** Retiree U65 pays at retiree blended rate or age banded rate. Retiree can continue with 100% of their salary in GLI, or drop to \$20,000 GLI.

Retiree Over 65

- ▶ Current: City pays 100% of cost. Retiree eligible for 67% of salary @65 and 50% of salary @70 if retiree had GLI supplemental 100% of salary under 65. No Change for current retiree over 65.
- ▶ **Proposed:** City pays 100% of cost for **future retirees** over 65 of \$10,000 GLI if retiree had at least \$20,000 of supplemental GLI upon reaching age 65.