

THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore
Long Beach, California 90802-4210
(562) 951-4411

Date: January 25, 2000

Code: TECHNICAL LETTER
HR/Benefits 2000-02

To: Human Resources Directors
Benefits Officers

From: 
Cathy Robinson, Senior Director
Human Resources Administration

Subject: CSU-Paid Basic Term Life Insurance

Effective January 1, 2000, the California State University (CSU) awarded the basic term life insurance contract to Standard Insurance Company. The Plan Levels for eligible employee groups remain unchanged from the prior carrier. Basic term life insurance is paid by the CSU on behalf of the following employee groups for the plan level identified:

Plan Level

50K Life only
10K Life & 10K AD&D
25K Life & 25K AD&D
50K Life & 50K AD&D

100K Life & 100K AD&D
150K Life & 150K AD &D

Employee Groups

Teaching Associates
Public Safety (08)
Academic Support (04)
Confidential (C99), Faculty (03), MPP (M80)*
and Executive (M98)*
MPP (M80)
Executive (M98)

*MPP and Executive employees who waived the additional insurance under HR/Benefits 96/18.

Please refer to Technical Letter HR/Benefits 99-09 for premium rates.

Beneficiary Designation Forms

The CSU is requiring that all covered employees complete a new beneficiary designation form that will be provided by Standard Insurance Company. Also, if an employee has filed a Declaration of Domestic Partnership with the Secretary of State, the basic term life insurance contract includes domestic partner as a beneficiary under the definition of spouse. Please note: If an employee does not complete a beneficiary designation form, benefits will be paid out in the order specified in the Certificate under "Benefit Payment and Beneficiary Provisions."

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Distribution:

CSU Presidents	Without Attachments
Vice Chancellor, Human Resources	Without Attachments
Executive Vice Chancellor/CFO	Without Attachments
Vice Presidents, Administration	Without Attachments
Payroll Managers	With Attachments
Budget Officers	Without Attachments

Notification of Change in Carrier to Employees

Campuses will be responsible for communicating the change in carrier to covered employees. Attachment A is a draft letter to the employee that may be used by campuses to communicate the change. Standard Insurance Company will send campuses the certificates of coverage along with beneficiary designation forms to be included in the communication to employees. (Campuses will receive these documents the week of January 31.) **Because of the requirement to complete new beneficiary designation forms, campuses should collect the beneficiary designation forms from employees and forward them to Standard Insurance Company at the address listed on the form clearly identifying your campus.** For new hires, the normal practice of the employee forwarding the beneficiary designation form directly to Standard should be followed.

Option for MPP and Executive Employees to Increase Insurance

The IRS permits an employer to provide tax-free life insurance of up to \$50,000 to employees. CSU provides Executive and MPP employees with life insurance coverage of \$150K and \$100K, respectively. Additional employer-paid life insurance has an income tax impact on the employee based upon the amount of insurance in excess of \$50,000 and the employee's age.

Technical Letter HR/Benefits 96-18 provided the option to Executive and MPP employees to waive the extra life insurance coverage and avoid taxation. As part of our agreement with Standard, the CSU is providing employees who waived the extra insurance the option to increase their coverage at this time. Instructions on how to change insurance back to the allowable coverage level are provided in Attachment B. Life Insurance Enrollment Authorization forms are provided for campus use. Employees may take advantage of this option up to February 29, 2000. The CSU does not plan to offer this option in the future. This option does not preclude employees from waiving the additional insurance under HR/Benefits 96-18.

If you have any questions, please contact Pamela Chapin at 562/951-4414 or Felice Bakre at 562/951-4410.

Attachments

January xx, 2000

Dear CSU Employee:

Effective January 1, 2000, the California State University (CSU) awarded the basic term life insurance contract to Standard Insurance Company. The Plan Levels for eligible employee groups remain unchanged from the prior carrier. Basic term life insurance is paid by the CSU on behalf of the following employee groups for the plan level identified:

<u>Plan Level</u>	<u>Employee Groups</u>
50K Life only	Teaching Associates
10K Life & 10K AD&D	Public Safety (08)
25K Life & 25K AD&D	Academic Support (04)
50K Life & 50K AD&D	Confidential (C99), Faculty (03), MPP (M80)* and Executive (M98)*
100K Life & 100K AD&D	MPP (M80)
150K Life & 150K AD &D	Executive (M98)

*MPP and Executive employees who waived the additional insurance under HR/Benefits 96/18.

Enclosed is a copy of the Standard Insurance Company certificate of coverage that summarizes the plan for each employee group. Please retain this certificate of coverage for future reference.

The CSU is requiring all covered employees to complete a new beneficiary designation form in order to update or correct beneficiary records. The one significant change is if you have filed a Declaration of Domestic Partnership with the Secretary of State, the basic term life insurance contract includes domestic partner as a beneficiary under the definition of spouse. Please note: If you do not complete a beneficiary designation form, benefits will be paid out in the order specified in the Certificate under "Benefit Payment and Beneficiary Provisions." Please complete and return your beneficiary designation form to your campus Benefits Office by February 29, 2000, so it can be forwarded to Standard by your campus. Please retain a copy for your records. Standard will send you an acknowledgement upon receipt of your beneficiary designation form.

If you are an Executive or MPP employee who waived the additional insurance that was offered in 1996, the CSU is providing you with the opportunity to increase your insurance back to the allowable coverage level. Please contact your Benefits Office for further information if you wish to take advantage of this option. Paperwork to return to the allowable coverage is to be completed and returned to your Benefits Office by February 29, 2000. Please note that the CSU does not plan to offer this option in the future.

If you have any questions, please contact the campus Benefits Office at _____.

Sincerely,

Enclosures

WAIVER OF MPP/EXECUTIVE LIFE INSURANCE OVER \$50,000

Instructions to Change Insurance back to Allowable Coverage Level

The IRS permits an employer to provide tax-free life insurance of only \$50,000 to employees. Additional life insurance will have an income tax impact on the employee, based upon the amount of insurance in excess of \$50,000 and the employee's age. MPP and Executives are eligible for life insurance coverage of \$100,000 and \$150,000, respectively.

Technical Letter HR/Benefits 96-18 states that MPP and Executives who do not want the additional tax liability may waive the extra life insurance coverage on a prospective basis. The technical letter goes on to say that this decision is irrevocable. At this time, we are rescinding those instructions and offering the \$100,000 and \$150,000 coverage to MPP and Executives who previously selected \$50,000 in coverage.

As part of our agreement with Standard Insurance Company for employer-paid basic term life insurance, effective January 1, 2000, MPP and Executives that limited their life insurance coverage to \$50,000 due to the taxable nature of life insurance coverage over \$50,000 may now choose to increase coverage back to the allowable plan level.

Eligible MPP and Executives will have the opportunity to make this change until February 29, 2000. The CSU does not plan to offer this option in the future.

For MPP and Executives requesting to make this change, a State of California Standard Form 698, Life Insurance Enrollment Authorization, must be completed by the employee and the campus and submitted to the State Controller's Office. This will change the payroll code from 250-025 to either 250-020 (MPP) or 250-026 (Executives). The change in these codes will place the employee back into their group code. In order to maintain the life insurance coverage of \$50,000, these employees were coded under confidential employees with \$50,000 coverage. A sample of how to complete the form is attached to this memorandum. The form should not be used for any other purpose, as the CSU's automated life insurance program electronically processes all other life insurance transactions. We have included a supply of Life Insurance Enrollment Authorization forms for your use.

The life insurance forms must be received by the State Controller's Office no later than the 10th of March to process the change.

This option extended to employees does not change the original intent of Technical Letter HR/Benefits 96-18. MPP and Executive employees continue to be eligible to waive their coverage over the taxable limit at any time. You may reference Technical Letter HR/Benefits 99-03 for the most recent tax rates.

Please direct questions to Ms. Felice Bakre at (562) 951-4410.

STATE OF CALIFORNIA
LIFE INSURANCE ENROLLMENT AUTHORIZATION
STD 698 (NEW 3/84)

PLEASE TYPE OR USE BALL POINT PEN, PRINT CLEARLY—SEND COMPLETED FORM TO PERSONNEL/PAYROLL OFFICE

SECTION A		SEE PRIVACY NOTICE ON REVERSE OF EMPLOYEE COPY				
1. TYPE OF ACTION (CHECK ONE)		2. SOCIAL SECURITY NUMBER		3. NAME IN FULL		
1. <input type="checkbox"/> NEW—ENROLLING IN A PLAN FOR THE FIRST TIME (COMPLETE SECTIONS A, B, AND D)		555-55-5555		FIRST	MIDDLE	LAST
2. <input type="checkbox"/> CANCEL—CANCELLING PLAN (COMPLETE SECTIONS A, C, AND D)		4. DATE OF BIRTH		5. MARITAL STATUS		6. SEX
3. <input checked="" type="checkbox"/> CHANGE—CHANGING PLANS (COMPLETE SECTIONS A, B, C, AND D)		MO.	DAY	YEAR	<input checked="" type="checkbox"/> MARRIED <input type="checkbox"/> SINGLE	<input type="checkbox"/> MALE <input checked="" type="checkbox"/> FEMALE
		7. MAILING ADDRESS		CITY	COUNTY	STATE
		NUMBER AND STREET		LOS ANGELES		CA
		555 PLEASANT STREET				ZIP CODE
						900

SECTION B (DO NOT COMPLETE THIS SECTION IF THE CANCEL BOX IN SECTION A IS CHECKED)

1. Name of life insurance plan
STANDARD INSURANCE BASIC TERM LIFE - \$100,000

SECTION C

1. Name of life insurance plan being cancelled or changed STANDARD INSURANCE BASIC TERM LIFE - \$50,000

SECTION D

1. CHECK APPROPRIATE BOX

a. I do not wish to enroll in a life insurance plan

b. I elect to enroll in (or change to) a life insurance plan as shown above and authorize deductions to be made from my salary to cover my share of the cost of enrollment as it is now or as it may be in the future.

c. I elect to cancel the life insurance plan above.

2. EMPLOYEE'S SIGNATURE _____

3. DATE SIGNED 1/21/00

SECTION E (FOR AGENCY USE ONLY)

1. EMPLOYER DED. CODE	2. LIFE INSURANCE PLAN CODE ORG. CODE	3. (LEAVE BLANK)	4. EMPLOYEE DEDUCTION AMOUNT	5. STATE SHARE AMOUNT	6. TOTAL PREMIUM AMOUNT	7. EMPLOY CBID
<input type="checkbox"/> NON-CSU 200 <input checked="" type="checkbox"/> CSU 250	020		\$ 0	\$ 21 50	\$ 21 50	M80
8. EFFECTIVE DATE OF ACTION	9. PERMITTING EVENT DATE	10. PERMITTING EVENT CODE	11. AGENCY CODE	12. UNIT CODE	13. CHECK IF PERMANENT INTERMITTENT EMPLOYEE	14. AGENCY NAME
-1-	MO. DAY YR. (BLANK)	(BLANK)	416	999	<input type="checkbox"/>	CSU CAMPUS
15. REMARKS REINSTATEMENT OF LIFE INSURANCE OVER \$50,000					16. AUTHORIZED AGENCY SIGNATURE I hereby certify under penalty of perjury as follows: That I am the duly appointed, acting officer of the herein named agency and that I am authorized to make this certify the employee named herein is eligible for enrollment in the State life insurance program.	
					18. DATE REC IN EMPLO OFFICE	
					MO. DAY	
					17. TELEPHONE NUMBER (INDICATE IF ATSS OR GIVE AREA CODE)	
					(555) 555-5555	
					1 25	

WHITE—To Controller
YELLOW—To Carrier
PINK—To Agency
GREEN—To Employee