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## Employer Provided Life Insurance

### General Information

State employees appointed to positions that are eligible for either the KPERS Retirement Plan or the Regents Mandatory Retirement Plan are provided with group life insurance coverage. The entire cost of the coverage is paid by the employer. Coverage is effective on the first day the employee is actively at work in a benefits-eligible position.

### Coverage Amounts

Employer-provided life insurance provides an insured death benefit which is currently 150% of the employee's annual rate of compensation. The annual rate of compensation is determined by either the total salary earned for benefits-eligible appointments in the 12 months preceding the month when the death occurred or the current annual rate of pay, whichever is greater.

The death benefit is payable to beneficiary/beneficiaries named by the employee. Beneficiary/beneficiaries may be changed at any time. To print the form to change life insurance beneficiaries, employees in KPERS positions [click here](#), and employees in Regents Mandatory Retirement Plan positions, [click here](#).

### Taxable Fringe Benefit

IRS Code Section 79 requires the cost of group term life insurance in excess of \$50,000 provided to an employee by an employer is and must be included as compensation on employee paychecks and the W-2. PSU provides employees appointed to positions covered by KPERS or the Regents Mandatory Retirement Plan with life insurance in the amount of 150% of their annual salary. IRS Code Section 79 requires the cost of the providing employees with more than \$50,000 in life insurance is included as compensation. The cost is listed on the employee's pay stub as earnings. It is also listed on the employee's W-2.

## **Accelerated Death Benefits**

If you are diagnosed by a physician as being terminally ill with a life expectancy of 24 months or less, you may request an Accelerated Benefit payment. An Accelerated Benefit is an advance (before death) payment of a part or all of your life insurance benefit. To qualify for an Accelerated Benefit you must 1) be insured for at least \$10,000; 2) be terminally ill (life expectancy of 24 months or less) and 3) send proof to Standard Insurance Company that your life expectancy, because of sickness or accident, is 24 months or less. This must include certification by a physician. Standard Insurance Company retains the right to have you medically examined at Standard Insurance Company's expense to verify your medical condition.

See your Certificate of Insurance for more details.

## **Termination of Coverage**

Whole Life - Upon termination of employment or retirement, an employee may convert the life insurance to an individual whole life policy. This conversion must be made within 31 days of termination or retirement, whichever occurs first. This individual policy is sold by Standard Insurance Company and is not available at group rates. While the cost of this insurance is competitive with other carriers, the primary advantage is that issuance of the policy does not require proof of good health of the former employee. The employee should contact HRS to receive information on converting group life insurance.

Term Life – Upon termination of employment or retirement, if the employee is under age 70, an employee may continue the life insurance to a portable term life policy. The employee is not eligible to continue the term life insurance coverage if not actively at work due to sickness or injury on the day before the termination date. This policy is sold by Standard Insurance Company. While the cost of this insurance is competitive with other carriers, the primary advantage is that issuance of the policy does not require proof of good health of the former employee. The employee should contact HRS to receive information on portable term life insurance.

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