Wisconsin Department of Employee Trust Funds

The Wisconsin Public Employers Group Life Insurance Plan

ET-2101, Rev. 4/2003

Basic Facts About Your Group Life Insurance

How much coverage is available?

State employees may choose insurance coverage on their own lives at up to 5 times their prior year Wisconsin Retirement System (WRS) earnings. The Basic and Supplemental insurance plans each provide coverage equal to 1 times WRS earnings rounded to the next higher $1,000. The additional plan provides coverage up to 3 times WRS earnings.

- The Basic Plan = 1 times WRS earnings.
- The Supplemental Plan = 1 times WRS earnings.
- The Additional Plan = up to 3 times WRS earnings.

For **local government employees**, the amounts of coverage available depend on which plans (Basic, Supplemental, Additional, Spouse and Dependent) are offered by the employer.

All employees (both state and local government) must elect Basic coverage in order to elect Supplemental, Additional, or Spouse and Dependent coverage. Coverage on the life of the employee includes an Accidental Death, Dismemberment and Loss of Use benefit.

Employees may also enroll for 1 or 2 units of coverage for their spouse and dependents. Each unit of Spouse and Dependent coverage provides $10,000 of coverage for a spouse and $5,000 for each dependent child.

What are the requirements for coverage to be in effect?

There are two requirements for coverage to be in effect: 1) a valid application must be on file; and 2) premiums must be paid when due.

What coverage do I have?

If you are an active employee, your employer can tell you what coverage you have. You should also check your pay stubs and statements of fringe benefits to be sure that appropriate premiums are being deducted since coverage lapses after 60 days if premiums are not paid. Inactive or retired employees may contact the Department of Employee Trust Funds (ETF) with questions regarding coverage or premiums.

How can I add more coverage?

If you did not enroll for all available coverage when you were first eligible, you can apply for any of the remaining coverages offered by your employer by submitting an evidence of insurability form. You must be an active employee and meet the age requirements explained in Section 4B.

Does the policy build cash value?

No. This is term insurance, payable only at your death. There is no cash or loan value. However, persons with serious medical conditions may qualify for Living Benefits and retired employees who have an ETF-sponsored health insurance plan may convert their life insurance coverage to pay premiums for health insurance. See Section 8.

What if I take a leave of absence without pay from my job?

You may continue your coverage during an approved leave of absence by paying premiums to your employer in advance. Otherwise, coverage will terminate, and you will only be eligible to reapply for coverage if and when you return to work.

What if I become disabled?

If you go on unpaid medical leave or terminate employment due to a disability which is *total* and permanent or of unknown duration, your group coverage can be continued without any premium payments. Since your employer must complete the premium waiver form on your behalf, you must provide your employer with a general description of your disability.

Can I keep this insurance if I change jobs or retire?

Usually yes. If you move to a different participating Wisconsin public employer, you will be eligible to enroll for coverage at your new job. If you meet certain service requirements, you may keep your group coverage after you retire or terminate employment. Most coverages terminate when you reach age 65 (or age 70 if you are still working), but a reduced amount of Basic coverage will continue for your lifetime if you meet the service requirements.

Even if you do not meet the requirements to continue group coverage, you will be eligible to convert your coverage to an individual policy with the insurer, Minnesota Mutual, if you are insured for the six full months before group coverage ends. Coverage for your spouse or dependent child can also be converted.

How much does the insurance cost?

Premiums for coverage are set annually depending on your age and the Program's experience. See Section 2 for current premium rates. The monthly cost for Spouse and Dependent coverage for state employees is $2 per unit of coverage and for local government employees is $3 per unit. No premiums are required for retired employees over age 65.

Your employer also contributes premiums for the Basic Plan, and in some cases, the Supplemental Plan.

> Example: A state employee is age 36 and earned $22,378 last year. She is enrolled for Basic, Supplemental and 3 units of Additional coverage, plus two units of Spouse and Dependent coverage. Her coverage is $23,000 x 5 = $115,000.

Her monthly premium is:					
Basic	23	x	$ 0.05	=	$ 1.15
Supplemental	23	x	0.05	=	1.15
Additional - Unit 1	23	x	0.08	=	1.84
Additional - Unit 2	23	x	0.08	=	1.84
Additional - Unit 3	23	x	0.08	=	1.84
Spouse and Dependent					4.00
Total Employee Premium		$11.82			
Her employer pays:					
Basic	63%	x	$1.15	=	$ 0.72
Supplemental	35%	x	1.15	=	0.40
Total Employer Premium	$ 1.12				

When will the policy pay benefits?

Death benefits for the Basic, Supplemental and Additional coverages are payable to your beneficiary upon your death from any cause if coverage is in force on the date of death.

Death benefits from Spouse and Dependent coverage are payable to you upon the death of your spouse or dependent.

Accidental Death, Dismemberment and Loss of Use benefits are payable upon death or covered accidental injury provided the coverage is in force on the date of death or accident. Some exclusions may apply. See Section 6.

See Section 8 for benefits payable during your lifetime.

1
Introduction

This Brochure Is Your Certificate Of Participation

The Wisconsin Public Employers Group Life Insurance Program is authorized under Wis. Stats. 40.70 and 40.72. It is offered to employees of the State of Wisconsin and participating local government employers. Each local government employer is a separate employer. The State of Wisconsin, including all agencies, is one employer.

Employees who enroll when first eligible are not required to provide evidence of insurability. A "participating" local government employer is one that has filed a resolution with ETF to participate in the Basic group life insurance plan and all or some of the other group life insurance plans.

The Program offers the following benefits:

- Basic coverage based on your prior year’s annual earnings as reported to the WRS.
- Accidental Death, Dismemberment, and Loss of Use coverage.
- Waiver of Premiums during periods of total disability.
- Living Benefits in cases of terminal illness or permanent confinement to a skilled, intermediate, or custodial care facility.
- Insurance without further premiums for eligible retired employees over age 65 (active employees pay premiums to age 70).
- Optional coverage for your spouse and dependents.
- Optional Supplemental coverage for you equal to 1 times your prior year's WRS earnings.
- Optional Additional coverage for you up to 3 times your prior year's WRS earnings.
- Optional conversion of post retirement coverage to pay premiums for ETF-sponsored health insurance.

2
Cost Of Insurance

Cost To You

Your monthly payments are determined as of March 1 of each year if you are a state employee and as of July 1 of each year if you are a local government employee, based on your age on that date and your amount of insurance. The monthly rates for Basic, Supplemental and Additional insurance are shown below. They could change annually.

Monthly Rates Per $1,000 of Insurance

2003

		STATE		LOCAL
Attained Age	**Basic**	**Supple-mental**	**Addi-tional**	**Basic, Supplemental and Additional**
Under 30	$ .05	$ .05	$ .06	$ .05
30 - 34	.05	.05	.07	.06
35 - 39	.05	.05	.07	.07
40 - 44	.08	.08	.11	.10
45 - 49	.12	.12	.16	.16

50 - 54	.20	.20	.27	.30
55 - 59	.32	.32	.43	.48
60 - 64	.40	.40	.54	.53
65 - 69*	.55	.55	.74	.60
70 and over	**	**	**	**

* Premiums for age 65 - 69 are required as long as employment continues.
** When an active employee reaches age 70:

- Basic coverage continues at a reduced level without further premiums.
- Supplemental and Additional coverages cease.
- The employee may apply for Over Age 70 coverage if the employer offers the Plan. See rates below for Over Age 70 Additional coverage.

Spouse and Dependent coverage - For State employees, each unit of coverage costs $2.50/month; for local government employees, $2.00/month. Up to two units of coverage may be elected.

The 2003 premium rates are effective March 1, 2003, for State employees, July 1, 2003 for local government employees.

Monthly Rates For Over Age 70 Additional Coverage
2003

Attained Age	Rate
70	$1.05
71	1.20
72	1.35
73	1.55
74	1.75
75	1.95
76	2.15
77	2.35
78	2.65
79	2.95
80	3.25
81	3.55
82	3.85
83	4.30
84	4.75
85	5.20
86	5.65
87	6.10
88	6.75
89	7.40
90 +	Available upon request

Premiums are due for each month or part of a month during which your group coverage is in force. For employees under age 65, this includes the month following the month in which employment terminates. When a retired employee turns age 65 or an active employee turns age 70 (except for Over Age 70 Additional coverage) no premiums will be deducted from the employee's earnings or annuity. If you are between age 65 and age 69 when you retire, your last premium is due for the month in which you retire.

Coverage lapses if required premiums go unpaid for 60 days. You are strongly encouraged to review your payroll records and statements of fringe benefits regularly to be sure that premiums are being deducted. Discrepancies should be reported to your employer immediately.

Cost To Your Employer

Basic

If you are a state employee your employer pays an additional 63 percent of the employee Basic premium. If you are a local government employee whose employer has chosen to provide continued post retirement coverage at the 50 percent-of-Basic level, your employer pays an additional 50 percent of the employee Basic rate. All other employers pay an additional 20 percent of the employee Basic rate. This provides post retirement coverage at the 25 percent-of-Basic level.

Supplemental

If you are a state employee, your employer pays an additional 35 percent of the employee Supplemental rate. No employer contribution is required of local government employers.

Additional and Spouse and Dependent

No employer contribution is required.

3
Eligibility

You may enroll if your employer participates in the program and you have been participating in the WRS (whether you are part-time or full-time) for at least six months, not including any periods of leave of absence without pay, or are included under any private retirement system with a participating local government employer.

Any state employee who is a member or employee of the Legislature, a state constitutional officer, a justice of the supreme court, court of appeals judge, or circuit court judge, district attorney, or the chief clerk or sergeant-at-arms of the Senate or Assembly is immediately eligible.

Any blind employee qualifying under Wis. Stats. 40.02 (25) (a) (3), is eligible.

Employees who reach age 70 before becoming eligible for the coverage may be insured under the Additional Plan only, subject to evidence of insurability, and only if the employer offers the coverage.

Rehired annuitants who have continued coverage during retirement, who subsequently return to WRS-covered employment and elect to participate in the WRS, may choose between retaining the annuitant coverage or enrolling for active coverage, based on their age and the plans their employer offers.

4
Enrollment

A. **Open Enrollment**
If you are under age 70, you obtain coverage by completing an application provided by your employer and submitting it to your employer within 30 days of:
    a. Hire, if you are immediately eligible or if you have previously served six months under the WRS

    and have not withdrawn your retirement money.

    b. The first of the month following the date you complete six months under the WRS if you are a new employee or previously withdrew your retirement money.
    c. Your return to active employment after a leave or layoff without earnings if, during that absence, insurance coverage was discontinued. In this case you may not elect any plan which you previously declined or cancelled.

For Spouse and Dependent coverage, you must submit your application within 30 days of the date specified above if you have a spouse or dependent child to insure. If you do not, then you must submit an application within 30 days of the date you first have a spouse or dependent child to insure.

If you apply within the deadline, your coverage will be effective on the first day of the calendar month on or after the date the application is received by your employer.

B. **Enrollment Under Evidence Of Insurability**
If you do not enroll during your open enrollment period, you may obtain coverage by providing the insurer, Minnesota Mutual, with satisfactory evidence of insurability at your own expense. The Evidence of Insurability application form (ET-2305) must be received by Minnesota Mutual prior to your 55th birthday for the Basic and Supplemental insurance coverages. Evidence of insurability for Additional coverage and Spouse and Dependent coverage must be received prior to your attaining age 70. Employees over age 70 may apply for the Over Age 70 Additional Plan. Evidence of insurability is required if you wish to increase your Spouse and Dependent coverage from one unit of coverage to two units of coverage.

The Evidence of Insurability application form is available from your employer. You and your employer will receive written notice when the coverage becomes effective or if it is denied. Minnesota Mutual may contest payment of any benefit for up to two years after coverage begins if statements on your application appear inaccurate.

5
Amount of Life Insurance During Active Employment

When you first become insured, your amount of insurance shall be an estimate as determined by your employer. The estimate will be based upon the employer's projection of your earnings for the next twelve months rounded to the next higher $1,000 if not already an even $1,000. Estimated insurance amounts shall remain in effect until you have been employed for one full calendar year. Once you have been employed for a full calendar year, the amount of insurance will be based upon the prior year's earnings.

"Earnings" means the total salary or wages paid to you by your employer during the previous calendar year and reported to the Wisconsin Retirement System. This includes deferred compensation, tax shelter arrangements and allowances provided for you in lieu of money. For employers that provide employes a private pension plan, "earnings" means the total salary and wages paid to you by your employer during the previous calendar year and reported to Minnesota Mutual.

For the purposes of determining amount of insurance, each local government employer is a separate employer and each state agency is a separate employer. However, the State of Wisconsin is considered one employer for purposes of enrollment eligibility, eligibility to continue coverage, and eligibility to transfer coverage.

If you were on leave of absence without pay for 3 consecutive months or longer in the previous calendar year, upon your return to work, your insurance amount will be based on your employer's estimate just as if you were becoming insured for the first time. This estimated amount will remain in effect until you have a full calendar year of earnings.

If your earnings increase above the current level of coverage, your insurance coverage will increase January 1 of the following year. If your earnings decrease, your insurance coverage will not decrease unless you request a reduction of insurance in writing or unless your calendar year earnings are less than the coverage amount that was based upon the prior year's estimate.

Basic Plan

Except as provided above, under the Basic Plan you will have insurance equal to the WRS earnings paid to you by your employer during the previous calendar year rounded to the next higher $1,000.

When you reach age 65, your Basic insurance coverage will continue in a reduced amount for life and without cost to you if you qualify. See Section 12, Maintaining Coverage After You Terminate Employment.

If you are actively employed when you reach age 70, your premiums will be discontinued and the amount of your Basic insurance will be adjusted as shown in the Continuing Coverage Table in Section 12A. The adjustments shown in the Continuing Coverage Table do not apply to active employees under age 70.

Supplemental Plan

You must have Basic coverage to be eligible for the Supplemental Plan. This plan provides life insurance coverage in addition to the Basic Plan at 100 percent of your previous year's earnings, rounded to the next higher $1,000. If you are actively employed when you reach age 70, your premiums will stop and your Supplemental insurance coverage will terminate.

Additional Plan

You must have Basic coverage to be eligible for the Additional Plan. This plan provides life insurance coverage in addition to the Basic Plan at up to 3 times your prior year's WRS earnings. If you are actively employed when you reach age 70, your premiums will stop and your Additional insurance coverage will terminate.

Over Age 70 Additional Plan

This plan provides coverage up to 3 times of the previous year's earnings for active employees over age 70 whose employers offer the Additional Plan. The plan does not include Waiver of Premium or Accidental Death and Dismemberment benefits. Coverage terminates when the employee retires. Employees can obtain Over Age 70 Additional coverage under the following conditions:

1. Active employees who have Additional coverage when they turn age 70 may enroll without evidence of insurability by filing an application within 30 days before their 70th birthday.
2. All other active employees who are over age 70, including those who are first covered under the WRS after age 70, may apply for coverage under evidence of insurability. Basic coverage is not a prerequisite.

Examples Of Amount Of Coverage

Previous calendar year earnings = $19,867

	Coverage	**Coverage Doubles In Case of Accidental Death**
Basic Plan coverage for the current year	$20,000	$40,000
Supplemental Plan	$20,000	$40,000
Additional Plan - Unit 1	$20,000	$40,000
Additional Plan - Unit 2	$20,000	$40,000
Additional Plan - Unit 3	$20,000	$40,000
TOTAL COVERAGE	$100,000	$200,000

6
Accidental Death, Dismemberment And Loss Of Use Insurance

A. Benefits

The amount of Accidental Death, Dismemberment, and Loss of Use coverage is equal to the amount of your insurance under the Basic, Supplemental and Additional coverages. This amount of coverage is also referred to as the "Principal Sum." Payment of benefits under the Accidental Death, Dismemberment and Loss of Use coverage is in addition to any payment under the Basic, Supplemental and Additional coverages. If you suffer more than one of the losses listed below in Coverages A and B because of any one accident, payment will be made only for the loss for which the largest amount is payable, but not more than the Principal Sum. If you receive payment for a loss under this policy and later incur another loss, payment will be made for that loss regardless of any previous loss.

This coverage continues while your insurance is in force and:

- You are actively employed and under age 70, or
- You are retired and under age 65.

Coverage A – Loss Of Life, Limb Or Sight

Loss	**Benefit Payment**

Life	Principal Sum
Two or more members	Principal Sum
One member	One-half of principal sum
Thumb and index finger on same hand	One-fourth of principal sum

"Member" means hand, foot or eye. Loss of hand or foot means actual severance through or above the wrist or ankle joint. Loss of sight means the entire and irrecoverable loss of sight. Loss of thumb and index finger means actual severance through or above the metacarpophalangeal (close to the palm of the hand) joint.

Benefits for loss of life will be paid to your beneficiary. Benefits for any other loss will be paid to you.

Coverage B – Permanent And Total Loss Of Use

Loss	**Benefit Payment**
Each hand or foot from wrist or ankle	One-fourth of principal sum
Each arm or leg from shoulder or hip	One-half of principal sum

Permanent and total loss of use means the permanent and total loss of the ability to function because of incurable paralysis or stiffening. The requirements of your occupation or profession are not considered when determining your right to this benefit. Permanent and total loss of use of arm or leg means the permanent and total loss of use to the entire arm or leg, including loss of use of the attached hand or foot.

B. Limitations

For payment of benefits under Coverages A and B, your loss must:

1. Result from a bodily injury, as shown by a visible contusion or wound on the exterior of the body, except in the case of drowning.
2. Be suffered solely through external, violent and accidental means.
3. Be the direct result of an injury, independent of all other causes.
4. Occur within one year of the date of the accident.

No accidental death or dismemberment benefit will be paid if death or other loss results from:

5. War or any act of war, declared or undeclared.
6. Travel or flight on any type of military aircraft other than as a passenger in transport aircraft, or participation, as a passenger or otherwise, in any other form of military aviation or military aeronautic operation.
7. Participation in any attempt to commit an assault or felony.
8. Intentional self-inflicted injury, suicide or attempted suicide while sane or insane.
9. Bodily or mental infirmity, illness or disease, directly or indirectly.

10. Poisoning or bacterial infection other than an infection caused as a result of an accident.

C. Notice And Proof Of Injury

A claim form for Accidental Dismemberment or Loss of Use of Limbs or Eyes (ET-6302) should be requested directly from Minnesota Mutual. This form or written notice of an injury on which a claim may be based, must be given to Minnesota Mutual within 30 days after the accident causing the loss unless it is shown not to have been reasonably possible to give such notice prior to the date it is presented. Instructions for filing a proof of loss will accompany the claim form. Minnesota Mutual may require a claimant to be examined at the company's expense while a claim is pending.

7
Spouse And Dependent Coverage

Definitions

"Spouse" means your lawful husband or wife.

"Dependent" means your unmarried children (including legally adopted children, children in adoptive placement under Wis. Stats. 48.837(1), stepchildren and legal wards) who are dependent upon you for at least 50 percent of their support and maintenance, and who are:

1. More than 14 days of age, but not older than the last day of the calendar year the dependent turns age 19 (or 25 if a full time student); or
2. Between the ages of 19 and 25 if a full-time student; or
3. Age 19 or older and incapable of self-support due to a physical or mental disability which is expected to be of long-continued or indefinite duration.
4. Any person who was previously insured as a dependent, under (1) through (3) above, who subsequently ceased to be a dependent, and who later qualified under (3) may again become insured as an insured dependent if the employee files an application (form ET-2333) with the Department certifying the dependent’s status

Eligibility

You must have the Basic Plan or file an application for Basic coverage at the same time you apply for the Spouse and Dependent coverage. Also, you must be an active employee under age 70 and your employer must offer this plan as part of its benefits program.

Enrollment

Your open enrollment opportunity for Spouse and Dependent coverage occurs when you are initially eligible to enroll for coverage on yourself, if you have a spouse or dependent child to insure at that time. If you have no spouse or dependent child to insure when you are first eligible, you may later obtain the Spouse and Dependent coverage by filing an application within 30 days of the date you marry or have a dependent child, whichever is earliest. Remarriage does not provide you an open enrollment opportunity if you already have a dependent child whom you did not insure when first eligible. Similarly, the birth or adoption of a new dependent child does not provide you an open enrollment opportunity if you already have a spouse or dependent child whom you did not insure when first eligible. If you are enrolled for this coverage, you do not need to file a new application when you marry or add a new dependent child to your family; coverage for these individuals is automatic. Evidence of insurability is required to increase coverage from 1 Unit to 2 Units.

Amount of Coverage

If you meet eligibility requirements, you may apply for one or two units of Spouse and Dependent term life insurance. You may not elect more than two units of coverage even if you are employed by more than one participating employer. However, you and your spouse may both elect Spouse and Dependent coverage if both employers offer it. There is no Accidental Death, Dismemberment or Loss of Use coverage in the Spouse and Dependent Plan. The amounts of coverage under each unit may be subject to changes made by the Group Insurance Board.

1 Unit	Spouse	$10,000
	Each Dependent Child	5,000
2 Units	Spouse	$20,000
	Each Dependent Child	10,000

Cost of Insurance

For state employees, **each unit** of Spouse and Dependent life insurance costs $2.50 a month and for local government employees, $2.00 a month. If you take two units of coverage, your cost would be double. This is the total cost of the insurance, regardless of the number of family members you have insured.

Coverage During Disability

If you become disabled, as explained in Section 9, "Continuation of Insurance," you can continue Spouse and Dependent life insurance coverage until age 65 without premium payments, as long as your disability continues and you continue to be covered under the Basic Plan.

Coverage During An Approved Leave Of Absence, Layoff, Or While Appealing A Discharge

Spouse and Dependent coverage may be continued during any approved leave of absence or layoff, or while employee is appealing a dismissal, subject to the conditions specified in Section 9, "Continuation of Insurance."

Conversion To An Individual Policy

When coverage on your insured spouse or dependent child terminates, he or she may convert to an individual policy. The application for conversion and first premium payment must be received by the Minnesota Mutual Life Insurance Company within 31 days after the insured is no longer eligible for coverage under the group policy. In the event of your death, your spouse and dependent(s) will have 90 days from the date of your death to convert. Spouse and Dependent coverage must have been in effect for the entire six-month period preceding termination of coverage. You may obtain the conversion application (ET-2306) from your employer, ETF or Minnesota Mutual. Completed applications for conversion should be sent to Minnesota Mutual, P.O. Box 259708, Madison, WI 53558.

Termination Of Coverage

Spouse and Dependent insurance will terminate at the earliest of:

a. The date you (the employee) attain age 70, if employed.
b. The end of the calendar month following the month in which you terminate active employment or retire (insureds covered by waiver of premium are considered retired at age 65).

c. Ninety days after the date of your death.
d. For your spouse – date of a divorce.
e. For your children – the end of the year they no longer meet the definition of dependent child or the end of the month in which they are married, whichever is earlier.

Cancellation Of Coverage

You should cancel your Spouse and Dependent coverage as soon as you no longer have a spouse or eligible dependent to insure, by filing a "Life Insurance Application/Cancellation/Refusal" form (ET-2304) with your employer. If you delay filing a cancellation, a refund of your premiums is limited to the current and the immediately prior calendar year only.

If you cancel your coverage because you no longer have an eligible spouse or dependent, you may re-enroll without evidence of insurability within 30 days of the date you remarry, or your previously insured dependents return to dependent status.

Beneficiary

You, the employee are the beneficiary in the event of death of your spouse or dependent. In the case of simultaneous deaths of you and your spouse or dependent child, payment will be made to your estate.

Payment Of Benefits At Death

Upon the death of an insured spouse or dependent, contact your employer's payroll and benefits office to report the death. They will assist you in completing the proper form for payment of the benefit and will submit it to ETF.

8
Benefits Payable During Your Lifetime

Living Benefits

Insured persons, including employees, annuitants, spouses and dependents, may apply to receive all or part of the value of their life insurance coverage while still living, if they:

1. Are diagnosed with a terminal condition caused by illness or injury and have a life expectancy of 12 months or less;
2. Are enrolled in a certified hospice care program; or
3. Have been confined for medical reasons to a skilled, intermediate or custodial care facility for six continuous months and are expected to be confined until death.

The minimum benefit that may be requested is $5,000 (or the whole value of the insurance, if less). You may request a Living Benefit more than once. Any value remaining at death will be paid to your beneficiary(ies), or to you if the coverage is the Spouse and Dependent Plan. **Living Benefits may be taxable to the recipient as regular income in the year of payment.**

Payment will be made to the insured person. If the insured person is a child under age 18 or is deemed incompetent, a legal guardian must sign the application.

To apply for a Living Benefit, contact ETF for an application (ET-2322). Medical evidence will be requested after you file the application.

Conversion To Pay Health Insurance Premiums

If you have health insurance through ETF and life insurance has been reduced to its final amount, you may elect to use the present value of your life insurance to pay premiums for your health insurance. To be eligible, you must be at your final insurance reduction age (see Continuing Coverage table in Section 12A. State employees must also exhaust their accumulated sick leave before paying for health insurance premiums through the conversion program. In exchange for payment of health insurance premiums, you give up the death benefit that would otherwise be payable to your beneficiaries. You also give up the difference between the face value and present value of your life insurance coverage. The election is permanent and cannot be withdrawn. Contact ETF to receive a brochure (ET-2325) about the program. If you are eligible for conversion now, or will be eligible within the next 12 months, you may request an application (ET-2324). You will receive an estimate of the amount available to you under the conversion program along with your application form.

9
Continuation Of Insurance During Absences From Work

A. During An Approved Leave of Absence or Layoff You may continue coverage during any approved leave of absence or layoff for up to 36 months. Coverage during a union service leave may be extended beyond 36 months. To continue coverage, you must make payments in advance for a period of at least three months. Those payments must be received by your employer within 31 days of the last date for which premiums have been paid. Initial or increased coverage will not be available during unpaid leaves or layoffs. Your premiums may increase due to changes in your age or in premium rates while you are on leave.

B. During Disability

Your insurance can be continued if you become totally disabled while you are under age 70 and actively employed or on an approved leave of absence. The disability must result from injury or disease and prevent you from performing **any work** for remuneration or profit, and your employer must certify that you are likely to remain totally disabled for an indefinite time. You are ineligible for a waiver of premium if employment was terminated for reasons other than disability.

Your employer should submit the Disability Premium Waiver form (ET-5306) to ETF within 90 days of the last day for which you are paid. If it is filed later, you must provide medical evidence showing the date of diagnosis or onset of the disability.

Do not stop paying premiums until you are notified that premiums are being waived during your disability.

If your waiver of premium is approved and you are no longer receiving earnings from your employer, the insurance coverage you have as an active employee, including Spouse and Dependent coverage, will remain in effect without any premiums being required. As long as you remain disabled, the waiver will continue until you reach retirement age.

For most people, retirement age for premium waiver purposes is assumed to be age 65. However, if you are actively employed after age 65, your retirement age is assumed to be the date you terminate employment or your 70th birthday, whichever is earlier. If you are still disabled when you reach your retirement age, your coverage will automatically continue at a reduced amount for your lifetime as shown in the Continuing Coverage Table in Section 12A.

You will be required to submit proof of your disability periodically. If you are receiving a disability annuity from the Wisconsin Retirement System under s. 40.63, Wisconsin Statutes, a long-term disability benefit under s. ETF 50.50, Wisconsin Admin. Code, or a special duty disability (for protective employees) under Wis. Stats. 66.191, 1981, ETF is responsible for requesting proof of disability and for terminating the benefit if the disability has ceased. Your premium waiver will cease if your benefit through ETF is terminated.

If you are not receiving one of the benefits listed above, Minnesota Mutual will send you the proper medical forms to recertify your disability. If your proof of disability is accepted by the insurer, your premium waiver will remain in effect. However, if you refuse to be examined or do not furnish proof of continued disability when requested by the insurer, your premium waiver under this group plan will cease immediately.

If your premium waiver is terminated before your retirement age because you recovered or because you failed to provide necessary medical evidence, you will be eligible for continuation or conversion of coverage as explained below. You can continue your coverage by:

1. Returning to work for a participating employer. A new application is required if your coverage lapsed or you terminated employment during your disability. Otherwise, you need only resume premium payments, beginning with the month after the month in which your premium waiver was terminated.
2. Remaining on an approved leave of absence from your employer and resuming your premium payments. Leaves of absence are limited to 36 months. See Section 9A for information on prepayment of premiums.
3. Qualifying for continuation of group coverage after termination of employment. The requirements for continuation are explained in Section 12A. If you are under age 65, you must apply for continuation and pay the required premiums. No application or premiums are required if you are age 65 or older; however, your coverage will be reduced as shown in the Continuing Coverage Table in Section 12A.

If you are not eligible to continue group coverage, you may apply for conversion to an individual policy within 31 days after your premium waiver ceases. See Section 12B.

C. While Appealing a Dismissal

You may continue your coverage after being involuntarily discharged from your employment if:

You exercise a statutory right of appeal of your removal or discharge within 30 days after it occurs; and

You pay premiums to your employer or to ETF during the appeal process. The first premium payment must be made within 31 days of the date of the removal or discharge, and must include both the employee’s and the employer’s share of the premium for a three-month period. You must continue to pay both parts of the premium in quarterly payments which are due within 31 days of the last date for which premiums have been paid.

If your appeal is successful, your employer will refund the payments you made for the employer’s share of the premium. If the appeal determination is adverse to you, coverage will terminate on the last day of the month in which the determination becomes final. Any premiums you paid for coverage after that date will be refunded to you.

10
Cancellation

You may cancel your coverage at any time by submitting a "Life Insurance Application/Cancellation/Refusal" form (ET-2304) to your employer. Coverage will cease at the end of the month following the month in which your employer receives your application to cancel. You may cancel one plan and keep the others, but if you cancel your Basic coverage, all other coverages are automatically canceled.

Annuitants who wish to cancel coverage should contact ETF.

11
Termination Of Your Insurance

Your insurance will terminate on the earliest of the following dates:

1. The last day of the calendar month following the month in which you terminate employment with the state or a participating employer if this occurs before you become entitled to insurance as provided in Section 9B or beforeyou qualify for continuation of insurance as a retired employee as provided in Section 12A.
2. Thirty days after the date of expiration of an authorized leave of absence or layoff for the period permitted in Section 9A of this booklet.
3. The last day of the calendar month following the month in which you file a cancellation of insurance with your employer, or with ETF if you are an annuitant.
4. The date to which your premiums are paid if you fail to pay the required quarterly premiums within 31 days of such date while you are on unpaid leave.
5. 60 days after you cease paying premiums while you are receiving earnings.
6. The effective date of termination of the group policy by your employer.

12
Maintaining Coverage After You Terminate Employment

A. Continuation Of Group Coverage

You may continue your group life insurance after terminating employment, providing you meet the following requirements:

1. Your WRS coverage began before January 1, 1990, or you have been covered by the group life insurance plan in five calendar years beginning January 1, 1990; *and*

2. You qualify under one of the following situations:

You are receiving an immediate WRS annuity or meet all of the requirements for receiving an immediate WRS annuity except the filing of an application; or

The sum of the years of your creditable service in the WRS on January 1, 1990 plus your years of group life insurance coverage after 1989 equals 20 years; or

You have 20 years of service on payroll with your last employer.

If you begin a WRS annuity within 31 days after your coverage terminates, your insurance will be continued for you automatically. Premiums will be deducted from your annuity or billed directly to you by Minnesota Mutual. If you do not begin an annuity, you must file a "Continuation Notice" (ET-2154) with ETF within 31 days of the date coverage terminates.

If You Terminate Before Age 65

The amount of your insurance will be the same as prior to termination or retirement. Premiums are calculated in the same manner as before and will automatically be deducted from your retirement annuity check, or you will be billed directly by Minnesota Mutual.

The basic insurance will continue after age 65 without cost to you, subject to the Continuing Coverage Table below. However, the Accidental Death, Dismemberment and Loss of Use coverage as well as any Supplemental and Additional insurance coverage will terminate at age 65.

If You Terminate At Age 65 Or Later

Your Basic insurance coverage will continue in a reduced amount for life, without cost to you, if you retire at age 65 or later.

The amount of Basic insurance is shown on the Continuing Coverage table below. Your Supplemental, Additional and Spouse & Dependent Coverages will terminate immediately upon retirement, or age 70, if earlier.

Continuing Coverage Table

Age	Percent of Basic Coverage Continuing
Before age 65	100%
While age 65	75%
While age 66	50%
While age 67 and after	25%*

** Applies only to employees of local government employers. Local government employers may, however, elect a continuation of 50 percent of the Basic coverage if they agree to make the increased employer contributions. State employee coverage continues at the 50 percent rate from age 66 and after.*

B. Conversion To An Individual Policy

If your insurance is terminated under (1) or (2) of Section 11, "Termination Of Your Insurance," and you are not eligible to continue group coverage, you may apply for an individual policy with Minnesota Mutual. However, you must have been insured for the entire six months preceding termination of coverage. You are not eligible for conversion if you terminate employment at age 65 or later. Your Supplemental, Additional and Spouse & Dependent coverages terminate immediately upon retirement or age 70, if earlier.

No evidence of insurability is required if the following terms are met:

1. You apply for individual coverage that is less than or equal to the amount of group insurance coverage you had.
2. You apply for the individual policy on a form provided by Minnesota Mutual and pay the first premium within 31 days after your group insurance coverage terminates.

The individual policy is a type currently issued by Minnesota Mutual but cannot be term insurance. The policy will not include a Waiver of Premium or Accidental Death and Dismemberment benefit. The individual policy will be issued 31 days after your group insurance terminates. If you die during that 31-day period, the insurer will pay your beneficiary the maximum amount of insurance for which the individual policy could have been issued regardless of whether or not you actually applied for conversion to an individual policy or paid the first premium. Application forms for this conversion (ET-2306) may be obtained from your employer, ETF, or Minnesota Mutual.

13
Beneficiary

You may designate a beneficiary or change your beneficiary at any time by completing a form provided by ETF. Benefits will be paid according to the last beneficiary designation on file with ETF at the time of your death. It is your responsibility to maintain a current and accurate beneficiary designation on file with ETF. If you do not designate a beneficiary or if the designated beneficiaries are not living at the time of your death, the sequence of beneficiaries will be as follows:

1. Widow or widower.
2. Children (natural or legally adopted). If at least one child survives, the share of any deceased child will be paid to that child's spouse. If there is no surviving spouse of that child, payment will be made to any surviving children of that child. Otherwise, payment will be made to your other eligible children in equal shares.
3. Grandchildren.
4. Parents in equal shares, or to the surviving parent.
5. Brothers and sisters.
6. Estate.

See Section 7 for beneficiary information for Spouse and Dependent coverage.

14
Payment Of The Benefit At Death

At the time of an insured member's death, ETF should be contacted for information. Minnesota Mutual will then be directed to forward the appropriate claim forms. Minnesota Mutual will request a certified copy of an official death certificate. Benefits will be paid as shown under Section 13.

15
How Your Premiums/Benefits Are Taxed

Premiums

Under section 79 of the Internal Revenue Code, if the total value of your group life insurance provided through your employer(s) exceeds $50,000, you may be liable for income tax on "imputed income." The imputed income should be reported by your employer on your W-2 and is equal to:

The total "uniform premium" set by the IRS for all group term life insurance in excess of $50,000 which is provided through your employer(s)

minus

The total premiums for all group life insurance coverage that you paid with after-tax dollars (i.e., not through a tax-sheltered or cafeteria plan).

Annuitants who are permanently disabled are exempt from this rule. Other former employees are not exempt unless:

1. Employment was terminated on or before January 1, 1984; or

2. The employee was employed at any time during 1983 and had reached age 55 on or before January 1, 1984; or

3. A charitable organization is designated as the beneficiary.

Benefits

Death benefits paid by your life insurance are not taxable by the State of Wisconsin. For federal tax purposes, you should consult with a tax advisor.

Life insurance proceeds that you receive as a result of the death of your spouse or dependent are not taxable to you and are not included in the deceased's estate.

Every effort has been made to assure that the information in this booklet is accurate. In the event of conflicting information, state or federal statutes, state insurance contracts, and/or the policies and provisions established by the State of Wisconsin Group Insurance Board shall be followed.

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