

**BOARD OF PENSIONS  
ADMINISTRATIVE RULES**

<b>Section:</b>	4 (Optional Coverages)	<b>Subject:</b>	Alta Optional Death Benefits
<b>Rule Number:</b>	407		
<b>Reference:</b>		<b>Resource:</b>	Healthcare
<a href="#">Article XVI, Section 16.6</a>		<b>Original Date:</b>	<b>July 2002</b>
<a href="#">Administrative Rule 401</a>			

**Background:**

Prior to the development of the Board of Pensions' (the Board's) Optional Death Benefits (ODB) Program, optional coverage (life insurance by itself or life insurance plus accidental death and dismemberment (AD&D) coverage) was offered to members of the Benefits Plan and their spouses and dependent children. This was done through Home Life (subsequently known as Anthem, Alta, and Great West). After the development of the Board's own ODB program in 1987, the Home Life coverage was no longer marketed actively, although members could still enroll.

Great West notified the Board in February 2002 of its intent to terminate the trust through which voluntary life and accidental death and dismemberment (AD&D) insurance was provided, with coverage discontinuing (for most people) midnight June 30, 2002. The Board of Directors approved the recommendation that we offer comparable death benefits protection (Alta ODB) through the Board's ODB program but not offer to provide an AD&D replacement. No medical underwriting applied.

*(Note: Certain differences in the Alta ODB coverage provisions exist in order to mirror as closely as possible the coverage these individuals had with Great West.)*

**Eligibility:**

People under age 80 who had obtained their coverage with Great West (and its predecessors) through the Board of Pensions and had paid for their coverage with Great West through June 30, 2002 were eligible to enroll themselves, and their dependent children in the Board's ODB program.

*(Note: There was no waiting period to enroll for the coverage with Great West, nor did it terminate if the member's relationship with the Board of Pensions ended. Consequently, some of the covered individuals may have had a short relationship with the Board and now may have no relationship with us. This group is small in number and there are no legal concerns about including them for Alta ODB.)*

### **Great West Coverage Levels:**

The coverage levels offered were \$25,000, \$50,000, or \$100,000. Upon conversion to the Board's ODB program (Alta ODB), members were given the option to maintain the levels of coverage they had, or to select lower levels.

Under Great West, the coverage reduced:

- to 50% of the current face amount on the first day of the calendar year following the year in which the participant reaches age 70
- to 30% of the original face amount in effect prior to age 70 on the first day of the calendar year following the year in which the participant reaches age 75
- to \$0 upon the participant's attainment of age 80 or the failure to pay current dues.

*(Note: This reduction factor is a major difference between the Board's ODB program and the coverage offered by Great West).*

The traditional ODB coverage amount when combined with the Alta ODB amount selected during this offering will equal or exceed the maximum \$200,000 coverage level for 6 members. These 6 people will be allowed to continue the full amount of coverage, but will not be allowed to increase their traditional ODB coverage in the future. Additionally, individuals enrolled for less than the maximum level of traditional ODB will not be allowed to increase that coverage if the increase will result in combined coverage greater than \$200,000.

### **Billing:**

Subscription dues parallel the traditional ODB program and are based on the participant's age on January 1, 2002 (*not the participant's age at the date of enrollment*). In subsequent years, the charges are recalculated based on the participant's age as of January 1 of that year. Dues will reduce with the benefits as the member reaches age 70 and then age 75.

- **If the participant is retired and receives a retirement pension from the Benefits Plan of the Presbyterian Church (U.S.A.),** the Alta ODB subscription costs for the participant, and if applicable, the spouse, are deducted from the pension check. If the check amount is insufficient, the Board will bill the participant monthly, in advance, at the home address. This mirrors the arrangement for the traditional ODB.
- **If the participant is an active member of the Benefits Plan of the Presbyterian Church, (U.S.A.),** the Board will bill monthly, in advance, at the home address.
- **If the participant is in neither of the above categories,** the Board will bill the participant monthly, in advance, at the home address.

### **Tobacco/ Non-Tobacco Usage Rates**

The tobacco/non-tobacco usage rates were determined using the tobacco user/non-user status for each participant provided by Great West. No research was done to determine if the status matched the traditional ODB status on the Board's system. However, if a participant calls to report he/she is no longer using tobacco and requests the lower subscription dues, we verify whether or not we have an existing declaration on file for the traditional ODB. If we do not, we request that a new one be filled out. We then update our information accordingly. There may be more individuals that have different tobacco user statuses that we do not know about.

### **Beneficiary Selection:**

For members: Members may name beneficiaries by filling out the Optional Death Benefit Special Group Offering Beneficiary Designation Form. (ODB-005).

For spouses: Unlike traditional ODB, the spouse with Alta ODB coverage through this special offering is able to designate beneficiary (ies) by filling out ODB-005.

For dependent children: Upon the death of a covered dependent, the dependent coverage amount will be paid to the participant or participant's estate should the participant not survive the dependent.

Upon the death of the participant, this current coverage amount will be paid in one lump sum to the designated beneficiary (ies) named by the participant on the Board of Pensions' beneficiary designation form. If the participant fails to designate a beneficiary or no named beneficiaries survive the participant, this coverage amount will be paid to the participant's estate.

### **Determination of Benefit Payable:**

The age of the member on January 1 of each year will determine the benefit payable and whether any reduction should be factored into the calculation.

### **Disability Waiver**

If the participant becomes totally disabled during active employment while covered, future dues for this coverage may be waived for the participant only. This is due to the fact that while this group had coverage with Great West and its predecessors, each participant had their own policy. Eligibility for a spouse to participate was not contingent on the participation of the Member of the Benefits Plan of the Presbyterian Church (U.S.A). We will also mirror the policy Great West and its predecessors followed regarding dues for coverage of dependent children. In no cases will dues for coverage for dependent children be waived.

To qualify for this waiver of participant dues, after a 90-day waiting period, the participant must be certified by the Board as totally disabled and unable to work. The Disability Administrator has separate Disability Benefit applications for this group to complete when applying for Disability Benefits. Coverage continues without further dues payment for the participant, until the participant is no longer disabled, but not beyond the date or duration as specified below:

- the first day of the month following the date on which the participant reaches age 65 if the disability waiver commences before the participant reaches age 62;
- if the disability waiver commences on or after the participant reaches age 62, the waiver will apply as follows:
  - for 3.5 years if disabled at age 62;
  - for 3 years if disabled at age 63;
  - for 2.5 years if disabled at age 64;
  - for 2 years if disabled at age 65;
  - for 1.75 years if disabled at age 66;
  - for 1.5 years if disabled at age 67;
  - for 1.25 years if disabled at age 68;
  - for 1 year if disabled at age 69 or above.

As with traditional ODB coverage, once a disabled participant retires, he/she will be responsible for premiums for this coverage.

**Termination of Coverage:**

Coverage will terminate on the earliest of these events:

For the participant:

- the last day of the period for which a premium payment has been made if the subsequent payment is not made on the date required;
- the last day of the month in which the participant reaches age 80;
- the date the Optional Death Benefits program is discontinued.

For the dependent:

- the last day of the month in which a dependent is no longer classified as an eligible dependent;
- the date the coverage terminates for the participant.