



POST RETIREMENT BENEFIT

Retirees may be eligible for paid-up life insurance policy

How would you like to receive a life insurance policy that's already paid in full? Certain employees who retire may be eligible for such a paid-up policy.

The paid-up policy benefit is limited to employees who have, or will have carried optional employee-paid life insurance in the State Employee Group Insurance Program for at least five consecutive years immediately preceding retirement or age 65, whichever is later. This benefit does not include basic life, which is paid by the state.

If an employee retires after January 5, 2000, the paid-up policy is equal to 15 percent of the smallest amount of employee-paid life insurance in force during the five-year period specified above. This benefit is also available for spouse life insurance in the amount of 15 percent under the same special provisions above.

Employees who retire before age 65 will remain eligible for this benefit by continuing to carry their optional life insurance and making their payments

directly to the plan until age 65. Early retirees need to remember that there is no open enrollment period after they retire during which they can increase the amount of coverage. Therefore, early retirees need to plan ahead to ensure they have the desired amount in force when they retire.

Here is an example of eligibility for the paid-up life policy: To be eligible for the paid-up life benefit, an employee who retires on January 15, 2008 at age 65 would have to have carried optional life in force continuously since January 15, 2003. If coverage in each of the five years was \$100,000, the amount of the paid-up life benefit would be \$15,000 (15 percent of \$100,000). If during one of those five years, the employee's coverage was only \$50,000, the amount of the paid-up life benefit would be \$7,500 (15 percent of the lowest amount—\$50,000).

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This is one of several handouts we've prepared to help you understand your employee benefits. For more information, see your Human Resource Representative.

This handout can be made available in alternative formats, including braille and large print, upon request.