

**LCTCS CENTRALIZED PEOPLESOFT PAYROLL
MEMORANDUM
#2008-13**

TO: All PeopleSoft Users

FROM: Lura A. Kamiya
LCTCS Human Resources Director

DATE: January 9, 2008

RE: Annual Reminder: Effective Date of Life Insurance Coverage

Birth Date Change (age 65 and 70)

When an employee has a birth date (age 65 or 70) that reduces the amount of group life insurance coverage, the reduction takes place at the beginning of the plan year following the age change (July 1st).

Increase in Basic Plus Supplemental Life Insurance Coverage as a Result of Salary Increase

When an employee has a salary increase change and this employee has basic plus supplemental life, determine if the coverage amount needs to be increased as a result (remember, the maximum coverage is \$50,000). The premium adjustment for the increased coverage is effective for the month following the salary increase. Ex: A salary increase is effective for July, the increase in coverage is effective for the month of August (remember that premiums are deducted a month in advance).

PeopleSoft Record Change for Change in Coverage Amount of Basic Plus Supplemental Life Insurance

When you attach the group life insurance to an employee record, you must key in the coverage amount. The amount you key in will calculate the premium. When an employee's salary increases or the amount of coverage decreases due to age, you must insert an effective dated row and adjust the coverage amount to the correct coverage that should be in place for the employee.

If the employee is at the maximum \$50,000 coverage amount and his/her salary increases, nothing needs to be done to the life insurance record as a change in salary at this point will not generate additional coverage.

Office of Group Benefits (OGB) Monitoring Reports

If you fail to make the age change reduction, the OGB system monthly monitoring report that you are required to reconcile will show a reduced premium amount due and indicate an overage amount due to lack of reduction in coverage/premium. This indicates that a record set up change is required to reflect the reduced coverage and premium.

Each institution should have in place as part of your business practice relating to salary increases a step that verification is made of any possible need to adjust life insurance coverage as a result of any salary change.