

Life Insurance

Why Employers Need to Offer Life Insurance Coverage:

- In an environment in which the labor force is shrinking and becoming more diverse, employers need a well-rounded benefit package to attract and retain top talent, and stay competitive
- Gone are the days when life insurance salesmen went door to door. In today's environment, coverage made available through the workplace is often the only life insurance employees have.

Why Employees Need Life Coverage:

Life insurance is protection against untimely death. It is those who are still alive after the death of an employee that ultimately will benefit in the event of a claim. Life insurance is extremely important if:

- Paying for funeral and other final expenses will cause a financial burden for loved ones.
- Debt you have incurred will create a financial hardship for your family.
- The financial future of your family is dependent on your ability to continue contributing income.
- It is important to you that your children are left with money for their continued education.

Group Vs. Voluntary

- Group
 - Employer pays the premiums, i.e. employees may not contribute to cost
 - Generally least expensive because the risk of loss to carrier is spread across a larger population
 - A single bill is sent to the employer that covers all eligible employees
- Voluntary
 - Employee pays some portion, up to 100%, of premiums
 - Each employee pays a different amount. Rates are based on age and coverage selected
 - Billing will show amounts for each individual, and will be sent to the employer

Life Insurance Definitions

- *Face Amount*-The amount paid to your beneficiary in the event of your death. This is generally sold in increments of \$10,000 up to a maximum benefit amount.
- *Primary Beneficiary*-The person you choose to receive the face amount of your policy if you should die. This can be split between more than one person.
- *Contingent Beneficiary*-The person you choose to receive the face amount of your policy if the primary beneficiary is no longer living at the time of your death.
- *Term Insurance*- Life insurance that provides protection for a defined period of time. There are many types of life insurance coverage, however, term coverage is most common as a workplace benefit.
- *Portability*-The ability for your employees to continue coverage after employment. Group policies are generally not portable, and voluntary policies generally are portable.
- *Convertible*-The ability for your employees to change their term policy to a policy that is permanent after employment. A permanent policy provides coverage as long as the premiums are paid.

Funding Options

- *100% Employer Paid*-Applies to group policies. Benefits are not taxable to employees if the face amount does not exceed \$50,000
- *100% Employee Paid*-Applies to voluntary policies. If deductions are taken after-tax, benefits are tax free to employees
- *Partial Employer Paid*-Also available for voluntary policies. Employers fund a specified amount for each employee. If provided as taxable income, then deducted post-tax, benefits will be tax free to employees
- *100% Employer Paid with Buy-Up*-This applies when an employer buys a base level group policy for employees and employees then elect voluntarily to buy additional coverage