



Illinois Municipal Retirement Fund

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SPECIAL MEMORANDUM

Number: 295

Date: August 8, 2006

To: Authorized Agents of employers that do not offer NCPERS Term Life Insurance

Subject: Voluntary Group Term Life Insurance Program

Executive Summary

The IMRF Board of Trustees previously endorsed a term life insurance program which was developed by the National Conference on Public Employee Retirement Systems (NCPERS) and is underwritten by The Prudential Insurance Company of America.

The term life insurance can be offered to your IMRF members at no cost to your employer. This coverage is in addition to death and surviving spouse benefits provided through IMRF.

The monthly cost is \$16 per participating member and is paid through payroll deduction. A schedule of benefits can be found on page 3 of this memo.

I am writing to remind you of a term life insurance program that has been endorsed by the IMRF Board of Trustees. It is a program which can be offered to your IMRF-covered employees at no cost to your employer. This coverage is in addition to death and surviving spouse benefits provided through IMRF.

Unique Program

IMRF participates in the National Conference on Public Employee Retirement Systems (NCPERS). NCPERS developed this program to be low cost, high value, and easy to administer. It is underwritten by The Prudential Insurance Company of America. Day-to-day administration is provided by The American Administration Group (American). American has an office and a representative in Illinois. It has been my experience that American is easy to work with, accommodates an employer's special needs, and has been claimant friendly.

IMRF Endorsement

Since IMRF's 1989 endorsement, 1,506 IMRF employers have offered the program, covering 22,137 actively working members and 6,062 retired members. Claims paid have totaled over \$31,610,871.

In 2005, this program was endorsed by the State Employees' Retirement System for their members.

Plan Highlights

- Participation is completely voluntary.
- There is no minimum number of employees required to participate.
- Medical evidence of insurability is not required during the open enrollment period.
- The member can convert the insurance on a direct pay basis to one of a number of Prudential individual life policies within 31 days following termination of employment.
- Coverage may be continued into retirement at the member's option.
- Coverage for members' eligible dependents is automatic at no additional cost.
- The monthly cost is \$16 per participating member and is paid through payroll deduction.
- Premiums do not increase over time.
- Premiums are waived if the member becomes totally disabled prior to age 60.
- If the member is terminally ill, up to 50% of the life insurance benefits may be paid to the member before death.
- During active employment, employers make payroll deductions.
- During retirement, premiums are deducted from IMRF retirement benefits.

Conclusion

Enclosed is a schedule of benefits as it appears in the program's literature. If you would like more information on how the program works or how to set it up for your employees, please contact the Illinois Representative, William (Bill) Shannon at 847-593-6515.

I hope you find IMRF's review and endorsement of this program beneficial to you as an employer. If you have any questions or comments, please feel free to contact me.

Sincerely,



Louis W. Kosiba
Executive Director

NCPERS Voluntary Group Term Life Insurance					
Schedule of Benefits — \$16 Monthly Contribution					
<i>(Covers Member, Member's Spouse, and Member's Children)</i>					
MEMBER				DEPENDENT	
Member's Age at Time of Claim	Group Term Life Insurance	Group Accidental Death and Dismemberment	Total Benefit For Accidental Death	Spouse	Child(ren)*
Less than 25	\$225,000	\$100,000	\$325,000	\$20,000	\$4,000
25 - 29	\$170,000	\$100,000	\$270,000	\$20,000	\$4,000
30 - 39	\$100,000	\$100,000	\$200,000	\$20,000	\$4,000
40 - 44	\$65,000	\$100,000	\$165,000	\$18,000	\$4,000
45 - 49	\$40,000	\$100,000	\$140,000	\$15,000	\$4,000
50 - 54	\$30,000	\$100,000	\$130,000	\$10,000	\$4,000
55 - 59	\$18,000	\$100,000	\$118,000	\$7,000	\$4,000
60 - 64	\$12,000	\$100,000	\$112,000	\$5,000	\$4,000
65 and over	\$7,500	\$7,500	\$15,000	\$4,000	\$4,000

Rates effective 6/1/2002

Payment examples:

1. If an insured member age 38 dies of natural causes, the beneficiary would receive \$100,000. If death is due to a covered accident, \$200,000 would be payable.
2. If the spouse of a 42-year-old member dies, the member would receive \$18,000.
3. If a dependent child less than age 21 dies, the payment to the member would be \$4,000.

For your convenience, payment is made by payroll deduction.

* Unmarried children age 14 days but less than 21 years old are covered, including adopted children, stepchildren, and foster children who depend on you for support. Dependents in military service are not eligible.