

July 4, 2018

To: Benefit Administrators / Human Resource Personnel

**From: Alana Shearer-Kleefeld
Director, Employee Benefits**

Re: Changes to the Group Life Insurance Volume for Employees Who Retire and Rehire

Effective July 1, 2018, the active group life volume will be frozen for retirees who have also elected to continue their group life coverage at retirement. The active group life volume will be calculated by iHRIS based on the hours worked after one full calendar month of employment. 3sHealth Benefits will override the average work week hours to freeze the group life volume. The continued group life volume is decreased by the active group life amount to ensure the employee is paying premiums for the correct total of group life at both the active and the retired position. After the annual measurement runs, the average work week hours will be adjusted based on the benefit hours worked in the previous calendar year.

If the rehired employee did not continue group life coverage at retirement, group life at the active position will not be frozen. Group life volumes will calculate automatically every month.

Example

- A retiree elects to continue \$110,000 of the basic group life insurance coverage they had at retirement. Premiums for the continued amount are collected by 3sHealth Employee Benefits.
- The employee is rehired within 30 days of their retirement and is enrolled in group life. The group life volume at the active position is calculated at \$50,000 after one full calendar month of employment based on hours worked.
- 3sHealth Employee Benefits sets the override indicator for the average work hours field (located in the positions tab) and a comment is added to iHRIS.
- 3sHealth Employee Benefits decreases the group life continuation coverage to \$60,000 (\$110,000-\$50,000) and recalculates the monthly premium. A letter is sent to notify the employee of the new monthly premium amount.
- The employee's group life volume at the active position remains at \$50,000 until the annual measure when the annual average weekly hours is calculated.
 - $1375 \text{ (annual hours)} / 52 \text{ weeks} = 26.44 \text{ average work week hours}$
- 3sHealth Employee Benefits enters 26.44 into the average work week hour's field and leaves the override indicator checked off. The employee's new frozen group life amount will be \$72,000 (calculated by $26.44 \times \$26.00 \text{ (hourly rate)} \times 52 \text{ weeks} = \$35,746.88 \times 2 = \$72,000$). This is the basic group life amount at the active position and will remain until the next annual measure.

- 3sHealth Benefits changes the early retirement coverage to \$38,000 (\$110,000 - \$72,000) and recalculates the monthly premium. A letter is sent to notify the employee of the new monthly premium amount.

For Employers who do not subscribe to 3sHealth Payroll services

3sHealth Employee Benefits will ask employers for the group life volume at the active position at the time of rehire. Employers are asked to freeze that volume until the annual measure. Every January we will contact the employer to confirm the group life volume for the next year. The employees early retirement group life coverage will be adjusted by the active group life volume at the rehire and then annually. For these employees, we ask employers to enter the same group life amount for the year in the quarterly information return (QIR) to ensure the group life volume at the active position is frozen until the annual measure. This will ensure the employee is paying premiums for the correct amount of group life insurance at both the active and the retired position.

If you have any questions regarding this bulletin, please contact Shiona Buckshaw at shiona.buckshaw@3sHealth.ca or 306-347-1715.