

# Life Insurance



# How much life insurance do you need?

- What would happen to your family's financial security if you were gone?
- Most experts recommend 3 to 5 times your salary in coverage
- But individual circumstances differ. If you are married or have children, you may need more coverage than someone who is single.
- Almost 40% of deaths occur to people between ages 25 and 64, which are the prime working years

# Basic Life Insurance

- **FREE!** UAMS provides this coverage automatically for you.
- Coverage is 1 times your base annual salary, up to \$50,000 (coverage reduced at ages 70 and 75)
- **Be sure to indicate your beneficiary(ies) on the benefits enrollment i-form**
- Benefits are payable to your designated beneficiary in the event of your death. We recommend that you do not list minor children as your primary beneficiaries.
- Fully insured plan through Standard Insurance Company

# Optional Life Insurance

- You may increase your life insurance coverage by enrolling in **Optional Life** (also fully insured through Standard)
- See rate sheet for your age-based premium
- Coverage is available up to four (4) times your base annual salary, up to \$500,000 maximum

# Optional Life Insurance

- Combined with Basic Life, you could possibly have 5 times your salary in life insurance
- **Indicate your beneficiary(ies) on the benefits enrollment i-form**
- Your premium, as well as amount of your insurance benefit, will automatically update as your salary changes. Your rate will also automatically increase when you reach a new age bracket.

# Calculating Optional Life Premium

**Example:** 41 year old employee earns \$34,350 per year, is paid monthly

First, multiply salary by 1, 2, 3 or 4, then round up.

Then apply \$0.084 cost per \$1000 of coverage

(\$0.084 is rate for age bracket 40 but less than 45).

- 1x coverage of **\$35,000** is **\$2.94** (.084 x 35)
- 2x coverage of **\$69,000** is **\$5.80** (.084 x 69)
- 3x coverage of **\$104,000** is **\$8.74** (.084 x 104)
- 4x coverage of **\$138,000** is **\$11.60** (.084 x 138)

# Calculating Optional Life Premium

**Example:** 44 year old faculty member earns \$174,500 per year, is paid monthly

First, multiply salary by 1, 2, 3 or 4, then round up.

Then apply \$0.084 cost per \$1000 of coverage

(\$0.084 is rate for age bracket 40 but less than 45).

- 1x coverage of **\$175,000** is **\$14.70** ( $.084 \times 175$ )
- 2x coverage of **\$349,000** is **\$29.32** ( $.084 \times 349$ )
- 3x or 4 x coverage of **\$500,000** (the max) is **\$42.00** ( $.084 \times 500$ )

# Dependent Life Insurance

- Benefits would be payable to you in the event of death of your spouse or child (under age 26)
- See rate sheet for your premium
- Coverage available: **\$10,000, \$15,000 or \$20,000**
- 100% benefit payable on spouse, 50% on each eligible child
- Insured through The Standard



## More on Life Insurance

All three plans – Basic Life, Optional Life, and Dependent Life:

- Offer **Accelerated Death Benefits**, whereby partial benefits can be paid prior to death in event of terminal illness
- Are **group term life policies**, meaning the “term” of your coverage is your UAMS employment. There are options to port or convert to private policies when you leave UAMS (30 day window).

## AD&D

- AD&D = Accidental Death and Dismemberment
- Insured through the Standard Insurance Company
- Benefits are payable in the event of accidental death or dismemberment
- Coverage is available for **Employee Only** or **Employee & Family**. See rate sheet for your premium.

## AD&D

- Coverage is available in increments of \$25,000 up to a **maximum of \$300,000**
- In event of accidental death, 100% benefit is payable on employee, 60% on spouse (spouse benefits are reduced starting at age 70), 20% on each eligible child (up to \$25,000 max paid for a child)
- Partial benefits are also payable for different types of dismemberment (e.g. loss of eye or limb)

# Your Life Insurance Coverage

- Optional Life, Dependent Life and AD&D take effect the first day of the **NEXT** month after you enroll
- If you miss your 1-month new employee enrollment window, you may apply for coverage through the carrier. Must pass an “evidence of insurability” health screening. Annual open enrollment is not offered.
- However, you may sign up for or increase your AD&D coverage at any time, even beyond your 1-month enrollment window. Accidents are not predictable.

TIP: Consider signing up for increased AD&D coverage the month before you plan to take a trip, as your “travel insurance.”

# Benefit Questions?

- Call HR/Employee Services at (501) **686-5650**
- Visit the Office of Human Resources Monday-Friday, 7:30 - 4:30 located on 4<sup>th</sup> floor, wing C of Central Building
- Send an email to **AskHR@uams.edu**
- Visit our web site at **www.hr.uams.edu**

