

Term life insurance: A guide to adding spouses/dependents

St. Petersburg College

Step 1: Eligibility

To be eligible to purchase Term Life Insurance and AD&D for your spouse and/or dependents, you must purchase — or already be purchasing — at least “one times your salary,” rounded up to the nearest thousand, in supplemental life insurance.

What this means . . .

If Jane Employee makes \$25,000 annually and wants to increase her coverage to “one times” her salary, she’d actually be doubling the face value of her policy to twice her annual compensation. In this example, that would be to \$50,000. Because the college already is paying for the first \$25,000 of Jane’s policy, she’s paying for the other half — or \$25,000, which is “one times your salary.”

To continue the scenario:

So if Jane opted to increase her coverage by “one times,” her coverage would increase like this:

\$25,000 (provided by the College)
+ \$25,000 (one-times increase, paid for by Jane)
\$50,000 – Jane’s total life insurance coverage

Here’s how to determine Jane’s monthly cost of the increased insurance:

0.277
x 25 (the number of thousands the coverage rises)
\$6.93 monthly cost of \$50,000 coverage

Employees with supplemental life as of June 30, 2008, can increase coverage by only one salary unit up to the lesser of these without evidence of insurability: 3 x salary or \$150,000.

Employees without supplemental life as of June 30, 2008, can increase coverage by only one salary unit up to \$100,000, without evidence of insurability.

If you want to increase your life insurance two or three times (which actually means triple or quadruple your annual compensation), you will be sent a medical questionnaire to complete and forward to the underwriters at the insurance company. They will either approve or deny your request.

To purchase term life for your dependents, on the Aetna Life and Disability Enrollment/Change Request form, complete the 2nd and 3rd columns in Section A.

You will need to complete the corresponding section on the lime green Benefit Election Form.

Step 2: Employee Information:

On the Aetna Life and Disability Enrollment/Change Request, go to Section C, Employee Information. Complete Items #1-6 and #8-9.

Step 3: Employee Coverage Amounts

For item #10, which asks how much term life insurance you want, please go to the lime green Benefit Election Form, and check the box that indicates the amount of additional life insurance you want to purchase, if any.

Step 4: Beneficiary Designation:

If you only wish to name one Primary Beneficiary, Section #11 is the only section you need to complete. If you wish to name more than one Beneficiary, please use the additional form, "Aetna Life Insurance Company Designation of Beneficiary." This form allows you to name up to four beneficiaries.

Definitions:

Primary Beneficiary: The person designated as the first to receive the proceeds of a life insurance policy upon the death of the insured. If more than one Primary Beneficiary is named, the percentages that each will receive must total an even 100.00%.

Contingent Beneficiary: The person entitled to life insurance proceeds if the primary beneficiary dies before the insured. If more than one Contingent Beneficiary is named, the percentages each will receive must total an even 100.00%, **or**

You may list the Contingent Beneficiaries in order or precedence. Example: 1st contingent, 2nd contingent, 3rd contingent, etc.

For dependents who receive term life insurance, the beneficiary is automatically the employee. This is an insurance industry standard.

Step 5: Covered Dependents

If you are purchasing term life insurance for a dependent(s), list all their personal information in Section D of the Aetna Life and Disability Enrollment/Change Request. **Be sure to list the amount of term life you want each person to have.**

Step 6: Covered Dependents

Be sure to sign and date this form. Make a copy for your records.

Term life insurance for dependents		
	Spouse	Child(ren)
Amount Available	Increments of \$5,000	Increments of \$2,500
	Maximum of \$100,000	Maximum of \$10,000
	Cannot exceed 50% of employee's life coverage amount.	Cannot exceed 50% of employee's life coverage amount.
Guaranteed Issue Limit - Amounts over the Guaranteed Issue limit require a medical questionnaire which will be mailed to the employee.	\$20,000	\$10,000 is the maximum for children; therefore, no medical questionnaire required.
Accelerated Death Benefit	Yes	No
Dependent Life Age Limitations	If spouse is over age 70, they are limited to 25% of employee's life insurance election.	From age 14 days to age 19 years, or to age 25 if part-time or full-time student.
Beneficiary(ies)	According to insurance industry standard, must always be the employee	According to insurance industry standard, must always be the employee
Portable	No	No
Exclusion	Coverage is not provided for dependents in full-time military service.	Coverage is not provided for dependents in full-time military service.