

TO: All State Agencies, Boards, Commissions and Universities

FROM: Steven L. Valasek, Director of State Accounting

DATE: August 27, 1999

SUBJECT: Revised Tables for Group-Term Life Insurance

NUMBER: 2-99

The Internal Revenue Service has issued final regulations under IRS Code Sec. 79 that revises the uniform premium table used to calculate the cost of group-term life insurance coverage provided to an employee by an employer. IRS Code Sec. 79 permits an employee to exclude the cost of \$50,000 of group-term life insurance coverage from gross income. The remaining cost of the group-term life insurance is included in the employee's gross income to the extent it exceeds the amount, if any, paid by the employee for coverage.

The method for calculating the amount of premium cost has not changed. The only changes were to the cost per \$1,000 of protection and a new age bracket was added. The revised table is shown on the next page.

The effective date for the change was July 1, 1999, however due to the timing of the notice, the IRS has allowed extra time to generate the changes. Therefore, effective October 1, 1999, all payrolls submitted to the Comptroller's Office must be in compliance with the new tables. Early implementation of this change is encouraged.

Adjusting entries for the pay period July 1/99 until implementation of this bulletin must be made by the December 1/15, 1999, pay period. **NO ADJUSTMENTS CAN BE SUBMITTED AFTER THAT PAY PERIOD.**

If you have any questions regarding this bulletin, please contact Nancy Smith at (217) 782-4758.

Group-Term Life Insurance Premium Table

If the age of the employee
on the last day of the
tax year is:

The cost per \$1000 of
protection for one
month period, if the
employee is paid:

| | MONTHLY | SEMI- MONTHLY | BI- WEEKLY |
|-------------------|---------|------------------|---------------|
| Under 25..... | \$0.050 | \$.025 | \$.023 |
| 25 to 29..... | .060 | .030 | .028 |
| 30 to 34..... | .080 | .040 | .037 |
| 35 to 39..... | .090 | .045 | .042 |
| 40 to 44..... | .100 | .050 | .046 |
| 45 to 49..... | .150 | .075 | .069 |
| 50 to 54..... | .230 | .115 | .106 |
| 55 to 59..... | .430 | .215 | .148 |
| 60 to 64..... | .660 | .330 | .305 |
| 65 to 69..... | 1.270 | .635 | .586 |
| 70 and above..... | 2.060 | 1.030 | .951 |