

# Memorandum



CITY OF DALLAS

DATE April 10, 2020

TO Honorable Mayor and Members of the City Council

SUBJECT **Basic Life Insurance Increase**

At the November 13, 2019 Council meeting, City Council approved an increase in the benefit for employer provided basic life insurance for full time active employees from \$50,000 to \$75,000. This benefit increase is scheduled to become effective on May 1, 2020.

The initial announcement communicating this change to employees is scheduled for Monday, April 13, 2020, a copy of which is attached.

This benefit increase is an opportunity for the City to align with the market's basic life insurance benefit offerings and assist us in attracting and retaining the talent needed to achieve organizational goals.

Should you have any questions or need additional details, please contact me at [k.bizortolbert@dallascityhall.com](mailto:k.bizortolbert@dallascityhall.com) or 214.670.3302.

Putting service first,

A handwritten signature in black ink, appearing to read 'Kimberly Bizer Tolbert'.

Kimberly Bizer Tolbert  
Chief of Staff to the City Manager

- c:
- |                                            |                                                                              |
|--------------------------------------------|------------------------------------------------------------------------------|
| T.C. Broadnax, City Manager                | Joey Zapata, Assistant City Manager                                          |
| Chris Caso, City Attorney                  | Nadia Chandler Hardy, Assistant City Manager                                 |
| Mark Swann, City Auditor                   | Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services |
| Biliera Johnson, City Secretary            | M. Elizabeth Reich, Chief Financial Officer                                  |
| Preston Robinson, Administrative Judge     | Laila Aleqresh, Chief Innovation Officer                                     |
| Majed A. Al-Ghafry, Assistant City Manager | M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion            |
| Jon Fortune, Assistant City Manager        | Directors and Assistant Directors                                            |



## **BASIC LIFE INSURANCE COVERAGE INCREASING FROM \$50,000 TO \$75,000 ON MAY 1, 2020!**

The City of Dallas is proud to announce our Basic Life Insurance coverage amount that is paid for by the City is increasing from \$50,000 to \$75,000 on May 1, 2020. That's a 50 percent increase in the benefit available to you!

### **Who Gets This New Benefit Coverage Amount?**

All City of Dallas employees who are in active, full-time employment status on May 1, 2020 will be eligible for this increased coverage. Temporary employees, part-time employees, seasonal employees, full-time members of the armed forces, leased employees, and independent contractors are not eligible for this benefit.

### **What Do I Need To Do?**

Nothing! This change will happen automatically for you on May 1, 2020.

### **Are My Taxes Affected?**

Yes. The IRS requires that individuals pay tax on the **value** of any life insurance coverage amount that exceeds \$50,000. However, the tax calculation is based on the **premium** paid for the coverage, not the coverage amount itself. In other words, if you have \$75,000 of Basic Life Insurance coverage, you will see a new "imputed income" line item and some additional withholding in your pay stub for Social Security and Medicare taxes. But remember, this imputed income amount is based on the per-pay-period premium for \$25,000 worth of coverage, not on the entire coverage amount. Imputed income will also appear on your annual W-2 form.

## How Is the Inputted Income Calculated?

Divide \$25,000 by 1000, and then multiply it by the monthly cost, according to the price table.

Cost per \$1,000	
Age	Cost
Under 25	0.05
25 - 29	0.06
30 - 34	0.08
35 - 39	0.09
40 - 44	0.10
45 - 49	0.15
50 - 54	0.23
55 - 59	0.43
60 - 64	0.66
65 - 69	1.27
70 and older	2.06

### Example:

City of Dallas's Basic Group Life Insurance Plan provides Tom, who is 45 years old, with group-term life insurance coverage of \$75,000. For purposes of this calculation, the \$75,000 of coverage is reduced by \$50,000. The total cost of \$25,000 of coverage is \$25 ( $\$.15 \times 25$  units of \$1,000  $\times 12$ ). City of Dallas must add \$45.00 monthly in imputed income to Tom's taxable wages.

### How will it appear on my check?

The City will "off-set" the taxable amount of your increased basic life coverage. The term "off-set" simply means that you will see a Group Term Life Insurance (GTL) deduction as well as a Group Term Life (GTL) earnings on each paycheck. For example: if your GTL is \$0.75, the City will add a GTL earning of \$0.75 to "off-set" the taxable amount. Additional information can be found [here](#).

### What Happens If I Purchased Supplemental Life Insurance?

There are no changes to your Supplemental Life Insurance policy at this time. If you purchased Supplemental Life Insurance during open enrollment, you will be able to make changes at the next open enrollment including increasing or decreasing coverage.

### Can I Purchase Additional Life Insurance?

You will be able to purchase Supplemental Life Insurance during open enrollment.

### What If I Have Questions?

**Phone:** (214) 671-6947

**E-mail:** [hrbenefits@dallascityhall.com](mailto:hrbenefits@dallascityhall.com)

**In Person:** Dallas City Hall, Room 1DS, M-F 8:15 AM – 5:15 PM