

**Sarasota County School Board
50K OPTION PROPOSED RATES 10.1.13**

Coverage	Number of Lives	Volume	Rate per \$1,000 per month		Proposed Annual Premium
Basic Life - Actives	4,765	\$ 238,250,000	\$0.07		\$ 200,130
Basic Life - Actives (Age Reduced)*	60	\$ 1,500,000	\$0.07		\$ 1,260
Basic Life - Retirees	1,737	\$ 8,685,000	\$0.07		\$ 7,295
Supplemental Life Employee and Spouse	1,498	\$ 115,044,000	Age	Rate	\$ 427,661
			Under 25	\$0.06	
			25 - 29	\$0.06	
			30 - 34	\$0.08	
			35 - 39	\$0.09	
			40 - 44	\$0.12	
			45 - 49	\$0.19	
			50 - 54	\$0.31	
			55 - 59	\$0.54	
			60 - 64	\$0.84	
			65 - 69	\$1.41	
			70 - 74	\$2.48	
75 & Over	\$2.48				

Total Annual Premium: \$ 636,346

* Active employees over age 70 have benefits reduced by 50% down to \$2

Rate Coverage Period: January 1, 2014 through December 31, 2018

As a result of the current rate structure and the competitive bid process, we have proposed a rate structure similar to what is currently in place, where the non-elective basic life rate is partially supported by the participant-elected supplemental life rate.

To satisfy your responsibilities under ERISA and state law, each of your plan documents and related communications with plan participants should be consistent with the following, either currently or following acceptance of the enclosed rates:

- basic and supplemental coverages are structured as a single ERISA plan;
- participants who elect supplemental coverages are required to contribute specified premiums which are not necessarily equal to the expected cost of coverages elected by the participant and premiums paid by the plan for one coverage may cover some or all of the cost of another plan coverage;
- you do not promise to pay the full cost of any coverage, but instead agree to pay the difference between the total premium for all plan coverages and amounts contributed by participants; and
- plan assets, including participant contributions, may be used to pay any benefit or expense under the plan, including insurance premiums for any coverage.

We obtained a legal opinion on this general topic from a major law firm, which we would be willing to share with you.

In addition, your requested rate structure may impact the tax treatment of the coverages under Section 79 of the Internal Revenue Code.

Since this is your plan design decision, we encourage you to consult your own legal and tax counsel to ensure your desired result.