

**The University Senate of Michigan Technological
University
Proposal 5-24**

**Proposal to Extend Employee Benefits
Posthumously to Surviving Beneficiaries**
(Voting Units: All)

Submitted by: Senate Fringe Benefits Committee

I. Introduction

Recent life cycle events have revealed the need for clarification of University policies surrounding the distribution of benefits to the beneficiaries of university employees posthumously, including the health, dental and vision insurances, and the Tuition Reduction Incentive Program (TRIP).

II. Rationale

The start date of employment for an individual begins the coverage that they and their family, spouse or designated eligible individual (DEI) and dependent children, receive for health, dental and vision benefits, and starts the clock on their TRIP eligibility.

Access to health, dental and vision benefits cease at the end of the calendar month when an employee stops working for Michigan Tech, whether the employee stops working on the 1st or the 30th of the month.

TRIP eligibility ends for an employee's spouse or DEI and dependent children in the event of the employee's death. For employees, with a family or planning to have a family, the TRIP benefit affects their financial planning.

With unexpected life cycle events there needs to be clarification on how long these benefits are extended to beneficiaries, thereby supporting Michigan Tech community members during difficult times and not creating undue hardship.

III. Proposal

The Fringe Benefits Committee proposes that as of July 1, 2023, ~~a deceased employee's spouse, children, and DEI shall retain access to the health, dental and vision benefits they had at the time of the employee's death, for three months after the employee's death. University will provide a payment to the deceased employee's primary dependent equal to the cost of three months of continuation of health care (COBRA - Consolidated Omnibus Budget Reconciliation Act) coverage, grossed up for taxes. MTU would provide the payment to the deceased employee's qualified beneficiary equal to the entire 3-month premium for coverage (MTU's portion plus the employee's portion) plus an additional 2% (to cover COBRA administrative~~

costs), grossed up for taxes (since there are no pre-tax premium payment options available under COBRA). This payment provided by MTU to the qualified beneficiary would be for the express purpose of subsidizing the cost of COBRA coverage for three months, as distinguished from actually securing COBRA coverage on behalf of the qualified beneficiary. As such, the qualified beneficiary would in no way be bound to secure COBRA coverage with the monies provided by the University in this regard.

This committee proposes that the death of the eligible employee ~~be struck~~ from the extenuating eligibility requirements be replaced with as a disqualifying event for the TRIP benefit. Thereby ensuring the employee's surviving spouse, children, and DEI(s) retain can continue to access to the TRIP benefit they were eligible for prior to the employee's passing. "the death of the eligible employee, except that, for dependents of employees with at least two years of service and who were in good standing with the University at the time of their death, TRIP eligibility will remain available for a period of two (2) years following the eligible employee's death".