

Number 13.12 - WHEN AN EMPLOYEE DIES IN ACTIVE SERVICE

Effective Date: July 1, 1999

Applicable To: All classified employees, as well as exempt and appointed, with the Executive Branch of the State of Vermont.

Issued By: Department of Personnel

Approved By: Kathleen C. Hoyt, Secretary of Administration

PURPOSE AND POLICY STATEMENT

The purpose of this policy is to describe the procedures that should be followed when an active employee dies. The State, as an employer, owes all necessary information, help and service to the immediate family of an employee who dies in active service. Agencies and departments should respond compassionately and humanely to the family's needs.

GENERAL GUIDELINES

All managers and supervisors should be aware that they must immediately inform the agency/department personnel officer of the death of an employee. The Personnel Officer will determine whether the employee was a member of the State's life insurance plan, and, if so, identify the beneficiary(ies) is, and the amount of any insurance benefit to be paid.

The Personnel Officer should contact beneficiary(ies) as soon as possible after the death to inform them about life insurance benefits. A telephone call is preferable to sending a letter to the beneficiary(ies). **No information about life insurance benefits should be provided to anyone except the beneficiary(ies).** Personnel Officers should also coordinate with the family about the employee's final pay check, accounts at the credit union, retirement, VSEA, health insurance, etc. Please be sure to read this entire section even if there is no life insurance coverage. There are procedures to be followed.

CONFIDENTIALITY

The amounts of insurance, names of beneficiaries, retirement benefits, and other information are **personal and confidential and must be treated as such.** This information must not be divulged to anyone in the office, or any family member other than the beneficiary(ies).

PROCEDURES TO FOLLOW UPON AN EMPLOYEE'S DEATH

1. Paycheck: A personnel action must be completed that terminates the employee from State government. The fact of the employee's death and the total number of accrued annual leave days should be specified on the action. This will ensure an accurate and prompt final paycheck. Compensatory accruals will be paid in the last check. Unused personal leave and sick leave accruals are not payable. Deductions will be made only for federal and State taxes and retirement (if applicable) from the final pay check.

The Personnel Officer should also check with the immediate supervisor to determine if an expense account needs to be submitted to the Department of Personnel Payroll Division.

2. Life Insurance: To determine whether the employee was covered by the life insurance plan, the Personnel Officer should call the Employee Benefits and Wellness Division in the Department of Personnel at (802) 828-3670. They can verify that the employee was covered and provide claim information.

The face amount of the insurance is two times the employee's current base annual salary, rounded to the next lower \$100. For example, \$15,729 in base salary equals \$31,400 life insurance benefit. Exceptions: if the employee's salary is less than \$20,000 annually, the amount of life insurance will be \$20,000. There are a few employees who have \$3,000 of life insurance from previous benefits arrangements.

If the covered employee died from bodily injury caused by an accident, the insurance plan will pay double the amount of the employee's life insurance coverage. This additional amount is called accidental death and dismemberment coverage or AD&D. The fact of accidental death will usually be noted on the death certificate. It is always a good idea to attach supporting documentation to the insurance claim report such as a police report to a newspaper clipping describing the accident. In obvious cases, the accidental death benefit will be paid at the same time as the ordinary death benefit. When death by accident is questionable, the decision whether or not to pay the additional benefit would be made after an investigation by the insurance carrier. The basic death benefit would be paid in the meantime. Suicide is specifically excluded from the AD&D coverage, but the basic amount of life insurance will be paid.

3. Filing the Claim: The Benefits Division of the Department of Personnel will file the claim for death benefits with the insurance carrier. To do so, the following are needed from the family: 1. a certified copy of the death certificate and 2. a W-9 Request for Taxpayer Identification Number and Certification, signed by the beneficiary(ies).

The Benefits Division staff will forward the W-9 form(s) to the beneficiary(ies) for completion as soon as addresses are known. When the certified death certificate and the completed W-9 forms are received, the Benefits Division staff will complete the claim form and forward all needed information to the insurance carrier. No action by the beneficiary (ies) is needed to file the claim. The insurance carrier will process the claim and forward the benefit check(s) to the Benefits Division who, in turn, will mail it to the beneficiary(ies) by certified mail.

4. Death Certificates: It is the responsibility of the Agency/Personnel Officer to obtain copies of the death certificates for the personnel action. It should not be requested from the family. In Vermont, death certificates are originated by the doctor and given to the funeral director, who has ten (10) days to complete the certificate and file it with the Town Clerk in the town where the employee died (not where the employee lived). The Town Clerk issues certified copies, which must have a raised embossed seal on it. Photocopies of the death certificate are unacceptable as proof of the employee's death. The funeral director can assist the Personnel Officer in obtaining the death certificate. As many as eight (8) copies of the death certificate may be needed. The Town Clerk will mail the necessary copies to the Personnel Officer and may bill the agency/department a small fee for the copies.

Following is a check list to determine how many copies of the death certificate may be needed:

_____ Employee Benefits Division, Department of Personnel

_____ Retirement Office

_____ Deferred Compensation

_____ Single Deposit Investment Account

_____ Vermont State Employees' Credit Union

_____ VSEA Accident Policy

_____ Workers' Compensation/Risk Management

_____ Federal Public Safety Officer Benefits

5. Health Insurance: If the employee had coverage for dependents, the Personnel Officer must send the dependents a COBRA application. NOTE: Domestic partners are not eligible for COBRA benefits. If the dependents are eligible for Medicare, they are not eligible for COBRA coverage. For active employees, regular coverage will continue through the pay period following the pay period in which the employee died. The Personnel Officer can check with the Retirement Division to determine if the surviving spouse can continue to remain on the plan by paying the full premium.

6. Retirement: The Personnel Officer must notify the Retirement Division by telephone (802-828-2305) that the employee has died. There are three (3) benefit plans which may be involved:

(a) Retirement System

(b) Deferred Compensation Plan

(c) Single Deposit Investment Account

The Single Deposit Investment Account is the account into which many employees invested all or part of their contributions to the Retirement System when they changed from the old system to the new one.

The benefits of all three (3) systems can be complex and also may require counseling information to the beneficiary. Each account may have a different beneficiary. The Personnel Officer should notify the family that they will be contacted by the Retirement Division within 7 to 10 days to discuss these matters.

The Personnel Officer should discuss the individual circumstances with the Retirement Division to determine if there will be any impact on other benefits they may be discussing with the deceased's family. For example, if the deceased employee was eligible for early retirement, the spouse may be eligible for a survivor benefit and, therefore, eligible to remain in the health insurance plan with payment of the full premium (no State contribution). The personnel officer should work with the Retirement Division to determine the best way to handle each situation as it arises.

7. Vermont State Employees' Credit Union: The Personnel Officer must notify the VSECU of every employee's death. The employee may have an account there even though they do not currently have a VSECU deduction being made from their pay check. The VSECU will pay the amount in a savings account according to their rules and applicable laws.

8. VSEA Insurance Coverages: The Personnel Officer should advise the family to contact VSEA at (802) 223-5247 to find out if the employee was a VSEA member and covered by any of VSEA's insurance coverages. VSEA offers life, AD&D, Disability and other supplemental coverages to members.

9. Social Security: The Personnel Officer should inform the family to contact Social Security to discuss any possible death benefit.

ON-THE-JOB ACCIDENTAL DEATH

If an employee dies accidentally, on-the-job, the personnel officer, in addition to the above must notify the following:

1. VOSHA: The personnel officer should notify VOSHA immediately.

2. Workers' Compensation: The agencies/Personnel Officer should file the "First Report of Injury" form within the required 72 hours. The Department of Labor and Industry can provide more information about the benefits payable to family survivors. Departments with additional insurance and bonding requirements must also file any required notifications.

3. Federal Public Safety Officers and Benefits: The federal law provides lump sum Payments to certain dependents of public safety officers killed in the line of duty. The

term "public safety officer" includes firefighters and certain other law enforcement officers in addition to State Police.

Signed By Kathleen C. Hoyt, August 6, 1999

Approved, Secretary of Administration