

Service Request 80091

UC Paid Life Insurance Salary Base Derivation

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1.0 Introduction

A change to the EDB salary base values derivation was implemented in 1986 for University Paid Life Insurance (Basic Life). The University Paid Life plan was improved from a flat \$5,000 plan to a one times earnings plan with a maximum of \$50,000. The covered salary rate is to be the same definition used for Employee Paid Life Insurance (Supplemental Life) with the coverage amount adjusted by the appointment percentage. In 1996, a change was made to the EDB salary base values derivation to Employee Paid Life but the same change was not made to the derivation of University Paid Life. Since then the salary base value for University Paid Life has been calculated differently than the salary base value for Employee Paid Life. The salary base for University Paid Life is calculated as the sum of regular pay distributions and ALL the shift differentials, whereas the salary base for Employee Paid Life is calculated as the sum of regular pay distributions and the HIGHEST shift differential.

The Administration unit is requesting a change be made to PPS to correct the calculation of salary base values for University Paid Life. The calculation currently used to derive the Employee Paid Life base should be used for both Employee Paid Life and University Paid Life.

2.0 Modifications

2.1 Selection Process

The derivation of the EDB salary base values for University Paid Life is performed by three processes in the Payroll/Personnel System:

EDB Explicit Maintenance
EDB Monthly Periodic Maintenance
Annual Benefits Premium Audit (PPP570)

In each of these processes, the selection of employees for whom the derivation is done and the selection of the set of distributions to be examined are slightly different. **No change is required for the selection process.**

2.2 Calculation Process

The calculation process uses the selected distributions in 2.1 to develop three annualized amounts.

Regular Salary
Annual Additional Salary
Annual Differential Salary

These three amounts are added together to get the Annual Salary Total to be used for the salary base.

No change is required for the calculation process for the Regular Salary and the Annual Additional Salary.

For the Annual Differential Salary, currently the system calculates the differential salary base by taking in to account ALL shift differentials.

The calculation is to be changed to take the HIGHEST calculated annual distribution pay amount associated with Differential Payments from the distributions selected to get the Annual Differential Salary.

The Annual Salary Total is then calculated by adding the Annual Regular Salary, Annual Additional Salary and Annual Differential Salary.

The Salary Base is calculated by dividing the Annual Salary Total by 1000 and rounding up to the next whole thousand if there is a remainder.

NOTE: The existing University Paid Life bases will NOT be recalculated until the Annual Benefits Premium Audit. Until the annual update takes place, the Benefits Office will need to manually verify the covered salary figures identified by the PPS.

3.0 Implement

Release should be implemented as soon as possible.