



## Legislation Text

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**File #:** 16-1292, **Version:** 1

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Consider and take action on a resolution authorizing an agreement with Mutual of Omaha for Employee life, long term disability, short term disability and voluntary life insurance (Director of Human Resources and Civil Service)

Approval of this item will adopt the employee life, long term disability, short term disability and voluntary life insurance benefit program and authorize the City Manager to execute all contracts related to the program, and establish employee contribution levels for the program.

The City's current life, voluntary life, short and long term disability with Mutual of Omaha, was reviewed by staff with IPS Advisors (benefits consultant for the City) with the following goals in mind: to continue to provide coverage for employees similar to benchmark programs provided by similar employers, and add long term disability insurance that is fully funded by the City. After meeting with the City Council on July 26 and reviewing these goals, the City conducted a request for proposals (RFP) for all elements of the life insurance benefit program. Proposals were received on September 9.

After evaluating responses from ten plans, IPS selected four proposals as "finalists" Mutual of Omaha, Lincoln, Municipal Pool, and Symetra. These plans all had the same benefit levels as the current plan and quoted costs ranged from zero to 19.5 % increase for basic life, zero increase to current voluntary life and a 15% decrease for current voluntary short term disability.

### **Current Plan**

The current benefits are as follows:

- Basic life and Accidental Death and Dismemberment at twice earnings with \$100,000 cap, costs \$0.05 per \$1,000 with 100% employer contribution
  - a. Voluntary life & Accident with \$300,000 cap for employee costs \$0.050 per \$1,000 for age 24 to \$2.380 per \$1,000 for age 95 paid entirely by employee
  - b. Voluntary life for spouse/children \$150,000 cap for spouse and \$10,000 cap for children paid entirely by employee
- Long term disability 60% monthly percentage of eligible employee income costs \$0.040 per \$1,000 for age under 24 to 99 \$0.980 per \$1,000 for ages 70 and above paid entirely by employee
- Short term disability 60% monthly percentage of eligible employee income costs \$0.460 per \$1,000 for ages under 20 to \$1.050 per \$1,000 for ages 70 and above and paid entirely by employee

### **Proposed Plan**

The proposed plan with Mutual of Omaha will provide the following:

- Basic life and Accidental Death and Dismemberment at twice earnings with \$100,000 cap costs \$0.05 per \$1,000 with 100% employer contribution
  - a. Voluntary life & Accident with \$300,000 cap for employee costs \$0.050 per \$1,000 for age under 24 to \$2.380 per \$1,000 for ages 70 and above paid entirely by employee
  - b. Voluntary life for spouse/children \$150,000 cap for spouse and \$10K cap for children paid entirely by employee
- Long term disability 60% monthly percentage of eligible employee income costs \$0.176 per \$1,000 for all age brackets with 100% employer contribution
- Short term disability 60% monthly percentage of eligible employee income costs \$0.460 per \$1,000 for ages under 20 to \$1.050 per \$1,000 for ages 70 and above and paid entirely by employee

Basic life and long term disability will be provided to employees at no cost. Voluntary life for employee and dependents and short term disability rates paid by the employee will remain the same as the current plan. (See Attachment A).

**Life Insurance**

Mutual of Omaha is recommended. Rates for basic life and AD&D are \$0.05 per \$1,000 and are cost neutral. Basic life and AD&D coverage provided by the City. These rates \$33,537 remain the same and are guaranteed for three years.

**Voluntary Life Insurance**

Mutual of Omaha is recommended. Current rates are matched with a three-year guarantee. This voluntary life insurance option is paid entirely by the employee.

**Long Term Disability**

Mutual of Omaha is recommended. Rates for long term disability are \$0.176 per \$1,000 with an estimated cost of \$44,891 with a three-year guarantee. This long term disability benefit is paid entirely by the City.

**Optional Short Term Disability**

Mutual of Omaha is recommended. Current rates are matched with a three-year guarantee. This short term disability option is paid entirely by the employee.

**Budgetary Impact**

The FY 2016-2017 budget, as adopted by City Council on September 13, included \$36,000 for employee life insurance. These recommendations will result in a net program decrease of \$ 2,463 for basic life and an increase of \$44,891 adding City paid long term disability for total budgetary increase of \$42,428.

**Attachments**

1. Data Sheet
2. Proposed Resolution
3. Attachment A

**FUNDING**

{ } NOT APPLICABLE at this time.

{X} Funds are available from account # 40301650-54653 (Life and Accidental Death & Dismemberment)  
40301650 - 54648 (LTD)\_\_\_\_\_

{ } Requires Budget Amendment to transfer from Account # \_\_\_\_\_ to Account # \_\_\_\_\_