

Memo

To: Mayor McFarland & Finance Committee

From: Lisa Schwartz, Human Resources Generalist

Date: August 3, 2022

Re: Expanding Employee Benefit Offering to Include Long Term Disability Option

Please find the following agenda item for your consideration and recommendation.

The Finance and Human Resource Offices have met with two insurance brokers to investigate the possibility of expanding our benefit offering for our employees.

R& R Insurance and Cottingham Buttler were asked to provide a Long-Term Disability quote for a minimum of \$5,000 monthly benefit after 180 days of a qualifying event. The City is working towards enrolling into the Income continuation program with ETF which applies to permanent disability. In comparison, LTD would be for situations where employees intend to return to work after a long illness such as cancer or surgery for example. LTD insurance would be paid by the employer and include an Employee Assistance Program as part of the offering.

To make the proposal palatable for consideration, the brokers were also asked to include life insurance options at one time the employee annual salary with a voluntary option for employees to purchase more. Voluntary benefits such as additional life, spouse/dependent life, or cancer products were also provided as part of the presentation.

Two quotes were returned comparing basic life insurance which proved that our current offering is most cost effective compared to switching to a new vendor.

The Long-Term Disability insurance quotes are below for comparison. Both plans include an EAP that would provide a cost savings due to this product being currently purchased through Advocate Aurora.

Long-Term Disability based on 190 employees		
	Cottingham Buttler	R&R Insurance
Monthly	\$ 2,001.00	\$ 2,656.02
Annual	\$ 24,012.00	\$ 31,872.24
Less separate EAP cost	\$ 4,125.60	\$ 4,125.60
Additional incurred cost	\$ 19,886.40	\$ 27,746.64

The quoted companies also provide voluntary benefits that would allow for consolidation of our current vendor Aflac into one of these programs.



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Should the City pursue a course of action for 2024 to expand benefits Cottingham Butler's proposal for Long Term Disability, Voluntary Benefits and the consolidation of the EAP plan would minimize the number of vendors that we currently have. Please review and recommend the next step in pursuing a long-term disability option for the employees of the City of Watertown.