

**LRB-RESEARCH AND ANALYSIS SECTION**

**FINANCE & PERSONNEL COMMITTEE  
ITEM 6, FILE # 070307 – Proposed Substitute A**

**July 25, 2007  
Leslie Silletti**

**Introduction**

The City of Milwaukee DER and the Willis Corporation of Wisconsin have negotiated an extension of the current contract for long-term disability (LTD) with Standard Insurance. This resolution will authorize the City of Milwaukee DER to enter into a one-year contract extension with Standard Insurance for LTD insurance benefits for January 1, 2008 through December 31, 2008.

**Discussion**

1. The LTD program provides income continuation benefits at 60% of pre-disability earnings to eligible employees who are unable to work due to a disabling injury or illness. The LTD program supplements the City’s sick leave and pension disability program.
2. The contract includes the LTD1 plan, a 180-day waiting period paid for by the City, and LTD2 options for 120, 90 and 60-day buy down paid for by the employee.
3. All general City management and non-management/non-represented employees are covered. Represented employees are covered per provisions in the respective collective bargaining agreements. Protective service personnel are not eligible for LTD benefits.

4. Total number of participants:

	180-day (City pays 100%)	120-day	90-day	60-day
# of Employees Participating	3,452	129	366	705

5. Currently 98 current or former City employees are receiving LTD benefits.

**Summary of Fiscal Impact**

1. 2007 and 2008 LTD Rates

	2008 LTD1	2007 LTD1	% Change	2008 LTD2			2007 LTD2			% Change		
	180-day	180-day		days			days			days		
				120	90	60	120	90	60	120	90	60
Rates	\$ .45	\$ .36	+25%	\$ .09	\$ .19	\$ 1.09	\$ .09	\$ .13	\$ .68	-	+46%	+60%

2. The increase in the LTD 1 rates, from \$.36 per \$1,000 in 2007 to \$.45 per \$1,000 in 2008 (+45%), will increase the City’s cost from \$640,000 to \$801,000 (+25%).
3. The 25% increase in City costs is based on increased utilization and experience over the past 5 years.

4. Under the terms of this contract extension, and based upon utilization, employees who purchase the 60 and 90-day buy down will see an increase in their bi-weekly payroll deduction. The 60-day increases from \$.68 per \$1,000 in 2007 to \$1.09 per \$1,000 in 2008 (+60%), and the 90-day increases from \$.13 per \$1,000 in 2007 to \$.19 per \$1,000 in 2008 (+46%). There is no change in the 120-day plan.

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