

July 20, 2007

Alderman Michael Murphy, Chairman
City of Milwaukee Common Council Finance and Personnel Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

File 070307, City of Milwaukee Long Term Disability Contract Extension

Dear Alderman Murphy:

The City of Milwaukee Department of Employee Relations has received a rate change from Standard Insurance for the Long Term Disability Program in 2008. The current rate for the LTD1, the 180 day buy down program purchased by the City is \$.36 percent of insured earnings. The proposed 2008 rates will increase 25% to \$.45 percent of insured earnings, resulting in an increase from \$640,000 for the 3,452 members to \$801,000 in 2008. The rate change is based on the increased utilization and the experience over the past five years. The LTD2 60 and 90 day buy downs are also increasing while the 120 day buy down is not increasing based on utilization and experience.

A letter with the 2008 rates from Standard Insurance is attached, along with a cash flow experience summary for the past five years.

There are 3,452 City employee members with LTD 1. There are 129 members who pay for the LTD2 120 day buy down, 366 who pay for the LTD2 90 day buy down, and 705 who pay for the LTD 2 60 day buy down.

A total of 98 current or former City employees are receiving long term disability benefits today.

The Department of Employee Relations is recommending approval of the contract extension with Standard Insurance.

Please contact me at mbrady@milwaukee.gov or 286-2317 if you have any questions or comments regarding this information.

Sincerely,
Michael Brady
Employee Benefits

Attachments: Letter and Cash Flow Experience Report from Standard Insurance