

May 19, 2005

To the Honorable Common Council
Finance and Personnel Committee
200 East Wells Street
Milwaukee, Wisconsin 53202

RE: COMMON COUNCIL FILE REGARDING
Extension of Long Term Disability Contract with Standard Insurance

Dear Gentlemen:

Please introduce a file at the next Common Council meeting in title only to authorize the Department of Employee Relations (DER) to extend a contract for one-year with Standard Insurance to provide Long Term Disability insurance to certain City employees. DER expects to do a request for proposal process for these services in 2006. The extension of this contract will not create any additional City expenses in 2006, but there will be an increase for employees who select the 60-day buy down.

There are 3,600 City employees covered through labor contracts for Long Term Disability benefits. Under terms negotiated with Standard Insurance for an extension, the City share cost for the 180 day buy-down, .0036 per \$1,000 of payroll will not change in 2006. The employee share cost for the 120-day and 90-day buy downs, .0009 and .0013 per \$1,000 of payroll, will not change in 2006. The employee share cost for the 60-day buy down will increase in 2006 from .0023 per to .0162 per \$1,000 of payroll in 2006. The increase in the 60-day buy down is based on the experience of that plan. It is preferable that each of the four plans be self-supporting. Among the 3,600 employees, there are currently 98 employees with the 120-day buy down, 189 employees with the 90-day buy down and 750 employees with the 60-day buy down,

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

Sincerely,

Michael Brady
Employee Benefits Manager

Cc: James Owczarski
City Comptroller W. Martin Morics
Mark Ramion, LRB
Ellen Tangen, City Attorney's Office
Mark Nicolini, Budget Office
Dennis Yaccarino, Budget Office

Maria Monteagudo
Edwin Reyes