



City of Largo Agenda Item 5

Meeting Date
09/04/18

Presenter: Susan Sinz, Human Resources Director

Department: HR – Human Resources

TITLE:

AWARD OF RFP NO.18-P-639, GENERAL EMPLOYEES LONG TERM DISABILITY, TO FLORIDA COMBINED LIFE (FCL) FOR THE 2-YEAR PERIOD BEGINNING JANUARY 1, 2019 THROUGH DECEMBER 31, 2020 IN THE ESTIMATED AMOUNT OF \$138,829

The City of Largo has provided disability income protection to General Employees since 2002 with a fully-insured long term disability program. The term "General Employee" is an employee who is in the CWA, Professional/Technical, or Operational Management classifications.

The following is the schedule of eligibility and benefit amounts payable:

Group	Years of Service	Benefit Level
Not eligible	0 to 1 years of service	0% of average twelve month compensation
Class 1	1 to 3 years of service	40% of average twelve month compensation
Class 2	3 to 5 years of service	50% of average twelve month compensation
Class 3	5 or more years of service	60% of average twelve month compensation

Human Resources received four (4) responses to the Request For Proposal (RFP). The City's current carrier, Cigna did not respond to the RFP. Florida Combined Life proposed a 1% increase with a \$10,000 employee wellness benefit to be used towards employee wellness events such as, flu shots, health fair, and Angio Screenings. MetLife proposed a 1% decrease to current premium but does not offer the \$10,000 employee wellness benefit, Reliastar proposed a 24% increase in premium, and the fourth proposal was non-responsive. Human Resources is recommending Florida Combined Life because of the \$10,000 employee wellness benefit and minimal cost increase.

See the following chart:

(continued on page 2)

Budgeted Amount:	\$0.00	Budget Page No(s):	NA	Available Amount:	\$0.00	Expenditure Amount:	\$0.00
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Additional Budgetary Information: Not applicable

Funding Source(s):	Fund 77	Sufficient Funds Available:	<input checked="" type="radio"/> Yes <input type="radio"/> No	Budget Amendment Required:	<input type="radio"/> Yes <input checked="" type="radio"/> No	Source:	N/A
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City Attorney Reviewed:	<input checked="" type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A	Advisory Board Recommendation:	<input type="radio"/> For <input type="radio"/> Against <input checked="" type="radio"/> N/A	Consistent With:	<input checked="" type="radio"/> Yes <input type="radio"/> No <input type="radio"/> N/A	Not Applicable
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Potential Motion/ Direction Requested: I MOVE TO APPROVE/DISAPPROVE AWARD OF RFP NO.18-P-639, GENERAL EMPLOYEES LONG TERM DISABILITY, TO FLORIDA COMBINED LIFE (FCL) FOR THE 2-YEAR PERIOD BEGINNING JANUARY 1, 2019 THROUGH DECEMBER 31, 2020 IN THE ESTIMATED AMOUNT OF \$138,829.

Staff Contact: Lorraine Eastman, Benefits Supervisor | 586-7448 | leastman@largo.com

Attachments: Page 2

Vendor	Current Annual Premium	Proposed Annual Premium	Annual Difference	Wellness Benefit
Cigna (incumbent)	\$68,053.43	No Proposal		
FCL		\$69,414.50	\$1,361.07	\$10,000
MetLife		\$67,521.38	-\$532.05	
Reliastar		\$84,138.79	\$16,085.36	

The Long Term Disability Fund records all long term disability costs for general employees. The fund receives revenues from two main sources: half of all amounts forfeited from the General Employees Retirement Plan when employees leave before becoming fully vested; and investment earnings in the fund. The General Employees Retirement Plan has a five-year vesting requirement for employees to receive 100% of their account balance upon separation from employment. When an employee leaves before reaching five years of service, the employee non-vested balance is divided in half, with one-half of the forfeited amount distributed among remaining employees in the Retirement Plan and one-half of the forfeited amount transferred to the Long Term Disability Fund.

At the end of FY 2017, which reflects the latest information available, the Long Term Disability Fund's fund balance (not assets) was \$655,000. Fund balance has been used to help pay costs over the last several years, due mostly to historically low interest rates. The fund balance used annually varies based mostly on the amount of forfeitures received. Based on the existing revenue sources and available fund balance, the City of Largo has not been required to budget additional funds for the long term disability program.