Segal Consulting

City of Joplin

Long Term Disability Bid Analysis

January 13, 2015

This bid analysis report is for the sole use of plan sponsor and its authorized representatives involved in the competitive bid. Some material provided by the bidders may be deemed proprietary and confidential to the bidder and may not be disclosed or shared with any third parties other than the authorized employees, directors, or Trustees of the plan sponsor, unless required by public disclosure laws or other legal requirements.

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Introduction

- On behalf of the City of Joplin, Segal Consulting solicited proposals for a Long Term Disability for employees of the City of Joplin.
- The current disability benefit for non-sworn personnel is administered through MOLAGERS, the Missouri Local Government Employees Retirement System, and provides employees a lifetime benefit based on service credit to date for total and permanent disabilities as a result of non-occupational injuries or illnesses after a vesting period of 5 years of service.
- We requested that all bidders quote on the inforce plan, as well as an alternative plan design that duplicated the full-time active public safety employees' Long Term Disability plan.
- We requested that all bidders quote the inforce disability plan on an Administrative Services Only (ASO) basis and the plan option that duplicated the full-time active public safety employees Long Term Disability plan on a fully insured basis.

Introduction *continued*

- Segal Consulting requested Long Term Disability insurance quotes from Guardian, Hartford, Standard, Sun Life, Symetra, and UNUM. A '◆' in the chart below indicates that the carrier submitted a quote in response to our request.

Company Name	Submitted Proposal
Guardian	◆
Hartford	◆
Standard	◆
Sun Life	◆
Symetra	◆
UNUM	◆

- All vendors declined to quote the Long Term Disability on an Administrative Services Only (ASO) basis.
- The following pages summarize our analysis of the fully insured Long Term Disability quotes we received.

Financial Analysis

	Guardian	Hartford	Standard	Sun Life	Symetra	UNUM
Covered Members			**308**			
Long Term Disability Covered Payroll			**$934,025**			
			90 Day Waiting period Option			
Rate per $100 covered payroll	$0.27	$0.33	$0.32	$0.27	$0.335	$0.52
Annual Premium	**$30,262**	**$36,987**	**$35,867**	**$30,262**	**$37,548**	**$58,283**
Rate Guarantee	2 Years	3 Years	2 Years	2 Years	3 Years	3 Years
			180 Day Waiting period Option			
Rate per $100 covered payroll	$0.23	$0.305	$0.24	$0.202	$0.24	$0.39
Annual Premium	**$25,779**	**$34,185**	**$26,900**	**$22,641**	**$26,900**	**$43,712**
Rate Guarantee	2 Years	3 Years	2 Years	2 Years	3 Years	3 Years

All quotes are net of commissions.

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Plan Designs

	Current Plan	Requested Plan	Guardian	Hartford	Standard	Sun Life	Symetra	UNUM
Eligibility	Full-time non-sworn employees of the City of Joplin	Full-time non-sworn employees of the City of Joplin	All Eligible Active Employees	All full-time active employees working minimum of 30 hours per week. Excludes all temporary and seasonal employees	A regular employee of the Employer working 30 hours per week	All Full-Time US Employees working in the US who are scheduled to work a minimum of 20 hours per week	All full-time active employees working minimum of 30 hours per week. Excludes all temporary and seasonal employees.	All active full-time employees working 30 hours per week in the United States with the employer.
Waiting Period	Must be vested with at least 5 or more years of service	To be determined by City of Joplin	To be determined by City of Joplin	To be determined by City of Joplin	To be determined by City of Joplin	To be determined by City of Joplin	To be determined by City of Joplin	To be determined by City of Joplin
Benefit / Benefit Percentage	**2% * Final Average Salary * Years of Service for Life**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**
Monthly Benefit Maximum	**None**	**$5,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**	**$5,000**
Benefit Duration / Maximum Period of Payment	Lifetime	SSNRA	SSNRA	SSNRA	SSNRA	SSNRA	SSNRA	SSNRA
Minimum Monthly Benefit	N/A	Greater of $50 or 15%	Greater of 15% or $100	Greater of $50 or 15%	$100	Greater of $50 or 15%	$100	Greater of $100 or 15%
Elimination Period	**None - Must be totally and permanently disabled**	**Option of 90 Days or 180 Days**	**Option of 90 Days or 180 Days**	**Option of 90 Days or 180 Days**	**Option of 90 Days or 180 Days**	**Option of 90 Days or 180 Days**	**Option of 90 Days or 180 Days**	**Option of 90 Days or 180 Days**
Definition of Disability	**Totally and permanently disabled as a result of non-occupational injury or illness**	**24 Month own occ, any occ thereafter**	**24 Month own occ, any occ thereafter**	**24 Month own occ, any occ thereafter**	**24 Month own occ, any occ thereafter**	**24 Month own occ, any occ thereafter**	**24 Month own occ, any occ thereafter**	**24 Month own occ, any occ thereafter**
Integration	N/A	Family	Family	Family	Primary and Family	Family	Family	Primary and Family
Recurrent Disabilities	N/A	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months	6 Months
Definition of Earnings	N/A	Salary	Salary	Salary	Salary	Salary	Salary	Salary

Plan Designs

	Current Plan	Requested Plan	Guardian	Hartford	Standard	Sun Life	Symetra	UNUM
Self Reported Symptoms - Limitations	N/A	None	None	None	None	None	None	24 Months
Mental Illness - Limitations	N/A	24 Months	24 Months	24 Months	24 Months	24 Months	24 Months	24 Months
Substance Abuse - Limitations	N/A	24 Months	24 Months	24 Months	24 Months	24 Months	24 Months	24 Months
Pre-Existing Condition Limitations	N/A	3 / 12	3 / 12	3 / 12	3 / 12	3 / 12	3 / 12	3 / 12
Survivor Benefit	N/A	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months
Rehabilitation Benefit	N/A	Provides testing, training, job modification and placement; Includes Dep care expense (up to $350 per Dep/month up to $2,500/year)	Additional 10% benefit; Includes Dep care expense (up to $100 per Dep up to $300/week)	Provides testing, training, job modification and placement; Includes Dep care expense (up to $350 per Dep/month up to $2,500/year)	Additional 10% benefit; Includes Dep care expense	Additional 10% benefit; Dep care expense additional load to premium	Provides assistance through services such as testing and training as well as job modification and placement	Additional 10% benefit to a max of $1,000 per month; Includes Dep care expense ($350 per month per Dep to $1,000 max per month)
Return to Work Incentive Benefit	N/A	Allows employees to receive up to 100% of indexed pre-disability earnings during partial disability for up to 12 months	Allows employees to receive up to 100% of indexed pre-disability earnings during partial disability for first 12 months of payments	Allows employees to receive up to 100% of indexed pre-disability earnings during partial disability for up to 12 months	Allows employees to receive up to 100% of indexed pre-disability earnings during partial disability for up to 12 months.	Allows employees to receive up to 100% of indexed pre-disability earnings during partial disability for up to 12 months.	Allows employees to receive up to 100% of indexed pre-disability earnings during partial disability for up to 12 months	Return to Work Incentive combined with Rehabilitation benefit; Additional 3 months of payments are provided if disability ends and the insured cannot find employment.

Plan Designs

	Current Plan	Requested Plan	Guardian	Hartford	Standard	Sun Life	Symetra	UNUM
Workplace Modification Benefit	N/A	Included - Not to Exceed the $5,000 Monthly Benefit	Included - Up to $2,500	Included - Not to Exceed the $5,000 Monthly Benefit	Included - Up to $25,000	Included - Up to $2,000	Included - Up to $2,000	Included - Up to greater of $1,000 or twice monthly benefit
EAP	N/A	Included through ComPsych*	To Be Determined	Included through ComPsych	Included	EAP options available, will increase the rate	Included through ComPsych	Included - Work-life balance EAP
Other Features		W-2 preparation and FICA support	W-2 preparation and FICA support	W-2 preparation and FICA support	W-2 preparation and FICA support	W-2 preparation and FICA support	W-2 preparation and FICA support	W-2 preparation and FICA support (employer and employee)

*Provider of EAP included in Public Safety LTD program.

Next Steps

- Question 1: Does council desire to add long-term disability for non-public safety employees to fill the disability gap provided by LAGERS?
- <u>If the answer is yes:</u>
- Question 2: Will the budget support this additional benefit?
- Question 3: Does council desire to add the 90-day waiting period or the 180-day waiting period? Public Safety implemented the 90-day waiting period.
- Question 4: When would this benefit be implemented?