



Board of County Commissioners Agenda Request

5H
Agenda Item #

Requested Meeting Date: 1/07/2020

Title of Item: LTD Policy Update

<input type="checkbox"/> REGULAR AGENDA	Action Requested:	<input type="checkbox"/> Direction Requested
<input checked="" type="checkbox"/> CONSENT AGENDA	<input checked="" type="checkbox"/> Approve/Deny Motion	<input type="checkbox"/> Discussion Item
<input type="checkbox"/> INFORMATION ONLY	<input type="checkbox"/> Adopt Resolution (attach draft)	<input type="checkbox"/> Hold Public Hearing* <i>*provide copy of hearing notice that was published</i>

Submitted by: <i>Bobbie Danielson</i> Bobbie Danielson	Department: Human Resources Dept.
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Presenter (Name and Title): Bobbie Danielson, HR Director	Estimated Time Needed: 3-5 minutes
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Summary of Issue:

Please find the proposed long-term disability (LTD) insurance policy update attached. Seeking consistency so employees at the wage scale maximum will receive the same tax-free benefit if a LTD claim is filed, as employees within range. (When a LTD claim is filed, the benefit payment to the employee is taxed if the employer paid the premium. With this policy change, all premiums will be paid by the employee through payroll deduction and therefore the LTD benefit will not be taxed to the employee if a LTD claim is ever filed.)

Alternatives, Options, Effects on Others/Comments:

Recommended Action/Motion:
Motion to approve the LTD policy update as proposed, to be effective 1/1/2020.

Financial Impact:

Is there a cost associated with this request? Yes No

What is the total cost, with tax and shipping? \$

Is this budgeted? Yes No *Please Explain:*

Section D. Long Term Disability Insurance

Subd. (1) All employees covered by a collective bargaining agreement shall follow the LTD provisions contained in the applicable union agreement.

Subd. (2) Part-time, seasonal and temporary employees are not eligible for LTD insurance.

Subd. (3) The County shall provide Long Term Disability Insurance for full-time non-union employees based on current salaries. Said insurance shall take effect for new employees upon completion of the Probationary Period. LTD monthly premiums will be paid by the employees via payroll deduction.

(a) Non-union employees whose annual wages are below the maximum salary range will be reimbursed for the monthly premium.

(b) Non-union employees whose annual wages are at the maximum of the salary range shall select one of the following two options:

(i) The employee shall not be reimbursed for the monthly premium and instead shall receive 1 personal day per year, provided that their wage remains at the maximum of the salary range. Said personal day shall be separate from vacation and PTO and shall not be cumulative; or

(ii) in lieu of receiving the 1 additional personal day per year (as described in option a), the county will provide long-term disability insurance at no cost to the employee, provided that their wage remains at the maximum of the salary range.

(c) In option (i), the premiums are paid with after tax dollars, so the LTD benefit would not be taxable income to the employee. In option (ii), with the county paying the premiums, the LTD benefit would be taxable income to the employee.

Section D. Long Term Disability Insurance

Subd. (1) All employees covered by a collective bargaining agreement shall follow the LTD provisions contained in the applicable union agreement.

Subd. (2) Part-time, seasonal and temporary employees are not eligible for LTD insurance.

Subd. (3) The County shall provide Long Term Disability Insurance for full-time ~~non-union~~ employees based on current salaries, subject to the provisions of this Article and limitations, benefits and conditions established by the contract with the insurance carrier. Said insurance shall take effect for new employees and elected department heads upon completion of the Probationary Period on the 1st of the month following date of hire. LTD monthly premiums will be paid by the employee via payroll deduction and then reimbursed by the employer.

(a) ~~Non-union employees whose annual wages are below the maximum salary range will be reimbursed for the monthly premium.~~

(b) ~~Non-union employees whose annual wages are at the maximum of the salary range shall select one of the following two options:~~

(i) ~~The employee shall not be reimbursed for the monthly premium and instead shall receive 1 personal day per year, provided that their wage remains at the maximum of the salary range. Said personal day shall be separate from vacation and PTO and shall not be cumulative; or~~

(ii) ~~in lieu of receiving the 1 additional personal day per year (as described in option a), the county will provide long-term disability insurance at no cost to the employee, provided that their wage remains at the maximum of the salary range.~~

(c) ~~In option (i), the premiums are paid with after tax dollars, so the LTD benefit would not be taxable income to the employee. In option (ii), with the county paying the premiums, the LTD benefit would be taxable income to the employee.~~

(File note regarding strike through above – it's not explicitly clear, but we believe this provision may have been inserted years ago so the benefit did not push wage earnings over the wage scale Maximum for P.E. reporting. It is not currently reportable. Plus, with our uniform wage scale, this amount will not throw us out of P.E. compliance if it becomes reportable in future years.)