



Benefits Enrichment Fact Sheet

Objective: Evaluate current Anchorage-Paid benefits for potential reallocation of resources and further enrichment for employees

Current Employer Provided Benefits:

- Employer Paid Long Term Disability
 - Coverage begins after 90 calendar days of non-work related covered disability
 - Benefit payments are 60% of monthly salary.
 - Payments may continue up to Social Security Normal Retirement Age
 - ALL benefits eligible employees are enrolled.
 - Current cost to district is ~ \$23,000 annually
 - No recent increase and no anticipated increase in costs.
- Employer Paid Group Life Insurance
 - Coverage per employee is equal to 1.5 times annual salary (not to exceed \$250k)
 - Coverage is in effect as long as employed by APS and working at least 20 hours per week.
 - Current cost to district is ~ \$20,000 annually
 - No recent increase and current rates are guaranteed through 2027.

Utilization:

- Less than 1% on the ER paid LTD.
 - Avg. length of claim is 1-2 months beyond the 90 day waiting period.
- No claims on ER Paid Life.

Participation:

- All benefits eligible employees are enrolled in the LTD as well as the group life.
- Employees can purchase additional group life. There are currently 9 employees and 5 spouse/dependent policies.



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Reallocation Proposals

Proposed reallocations include considering termination of the employer paid long term disability plan.

The board could also consider terminating the employer paid group life, but it may be best to consider a reduction in benefits, not terminating that benefit altogether.

Reasoning for Consideration of Reallocating Resources:

- Low Utilization
- ALL eligible employees must be insured which includes employees who may not need coverage AND may be higher compensated employees, which increases costs.
- Employees can tailor a disability plan specific to their needs with an employee paid group plan--including not purchasing disability coverage at all.
- Employees will be able to move disability plans with no concern for pre-existing conditions limitations or exclusions.
- By reducing the employer paid group life, employees will still have access to a guaranteed issue life policy in addition to the group life offered by the state of Kentucky.
- (See next page for more info.) **No other district in the state is making a contribution to a 403b for employees with no requirement for them to contribute.** However, this creates an opportunity for many options that would increase opportunity for retirement education, employer matching, vesting, etc. which can/will provide for potential future recruiting and retention for the district (should the need ever arise).



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The overall proposal is to reduce the employer paid group life cost and reallocate funds spent on employer paid long term disability to a contribution for all benefits eligible employees to a 403b retirement plan.

Reallocation Proposals

Example #1:

- Reduce employer paid group life to \$50k benefit
- \$250 per eligible employee contribution to 403b plan.

This example would likely be a cost savings.

Example #2:

- Reduce employer paid group life to \$50k benefit
- \$500 per eligible employee contribution to 403b plan.

This type of scenario would likely be closer to breakeven.

There are many combinations of how the district could structure maintaining an employer paid group life plan along with a retirement plan contribution. Once quotes from the group life carriers have been received, we will be able to illustrate what is a cost savings vs. breakeven and where the most exclusivity for the district and most “benefit for your dollar” fits. We will have those numbers for you by or at the board meeting on April 22nd.