



Benefits Enrichment

Long Term Disability/District Group Life Evaluation
Suggestions for Enrichment
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AMERICAN FIDELITY 
a different opinion



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Today's goals

- Review current employer-paid LTD and Life programs
- Discuss reallocation concept (reduce employer-paid Life and consider redirecting funds to retirement contribution)
- Identify the carrier/plan design that best balances employee value and fiscal responsibility

Current programs

- Employer-Paid Long Term Disability (LTD): 90-day elimination; 60% monthly salary; to SSNRA; all eligible enrolled; **approx. \$23,000 annually**
- Employer-Paid Group Life: 1.5× annual salary (max \$250,000); active while employed and working at least 20 hours/week; **approx. \$20,000 annually**; rates guaranteed through 2027
- Utilization: <1% on LTD; no ER-paid Life claims

Participation

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

Concept for consideration

- Consider terminating the employer-paid LTD plan due expense coupled with low utilization
- Reduce (rather than eliminate) employer-paid Group Life
- Reallocate funds to a 403(b) contribution for all benefits-eligible employees (examples: \$250 or \$500 per eligible employee)

The Current Total Cost

Disability:
~ \$23,000 annually

Group Life:
~\$20,000 annually

\$43,000

Total Investment

New Idea: Employer Retirement Contribution for All Employees

- Contribute a set dollar amount on behalf of each benefit eligible employee.
 - Could be a matching contribution.
 - No other district in Kentucky is contributing regardless of employee participation.
- Shows appreciation and commitment to current and future employees.
- Displays care and consideration for financial futures of employees.
- Gives future employees confidence and appreciation for the provision by the board for employee needs in retirement.
- Allows for flexibility in plan structure and investment in the future.
 - Contribution amounts, matching requirements, vesting, etc.

The Bottom Line for a New Investment

- Current Investment is \$43,000 annually.
- Disability is \$23,000 annually
- \$20,000 to invest in employees with group life and potential retirement contribution

Break Even

- Boston Mutual
 - \$30,000 per employee life
 - \$5,900 approximate cost
- \$500 per employee contribution
 - \$38,500 annually (based on 77 benefit eligible employees)

\$44,400

Total Investment

Break Even

- Boston Mutual
 - *1 X annual salary benefit*
 - \$11,700 approximate cost
- \$400 per employee contribution
 - \$30,800 annually (based on 77 benefit eligible employees)

\$42,500

Total Investment

Slight Cost Savings

- Boston Mutual
 - \$50,000 per employee life
 - \$9,900 approximate cost
- \$400 per employee contribution
 - \$30,800 annually (based on 77 benefit eligible employees)

\$40,700

Total Investment

Increased Investment

- Boston Mutual
 - 1 X annual salary benefit
 - \$11,700 approximate cost
- \$500 per employee contribution
 - \$38,500 annually (based on 77 benefit eligible employees)

\$50,200

Total Investment

Additional Considerations

- **Boston Mutual is more affordable for the district and employees.**
 - Administratively, they are easy to work with.
 - For the voluntary life portion, rates are based on age of entry (or issue age) and do not change based on age of employees.
 - Plan provisions are comparable.
 - Rates for the district and voluntary life will be guaranteed for 2 years.
 - This is the same as the current plan.
- **Disability**
 - There is a flexible plan that employees will be able to evaluate based on their needs and move to that plan without penalty for pre-existing conditions.

