

# Memorandum



CITY OF DALLAS

DATE June 7, 2019

Honorable Members of the Public Safety and Criminal Justice Committee:

TO B. Adam McGough (Chair), Philip T. Kingston (Vice Chair), Jennifer S. Gates, Casey Thomas, Adam Medrano, Sandy Greyson, Kevin Felder, Carolyn King Arnold

SUBJECT **Employee Survivor Benefits and Life Insurance Benefits**

On June 10, 2019, we will brief the Public Safety and Criminal Justice Committee on the City's Employee Survivor Benefits & Life Insurance Benefits. As part of the briefing, staff will propose recommendations for Committee comment and feedback.

In the meantime, please advise if you have any questions or should you require additional information at this time.

A handwritten signature in black ink, appearing to read 'Kimberly B. Tolbert'.

Kimberly Tolbert  
Chief of Staff

Attachment

c: Honorable Mayor and Members of City Council  
T.C. Broadnax, City Manager  
Chris Caso, City Attorney (Interim)  
Mark Swann, City Auditor  
Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer  
Michael Mendoza, Chief of Economic Development and Neighborhood Services  
M. Elizabeth Reich, Chief Financial Officer  
Laila Alequresh, Chief Innovation Officer  
Directors and Assistant Directors

# **Employee Survivor Benefits & Life Insurance Benefits**

**Public Safety & Criminal  
Justice Committee  
June 10, 2019**

**Kimberly Tolbert  
Chief of Staff**

**Carmel Fritz  
Compensation Manager**

**City of Dallas**



# Agenda

- Background
  - Current Survivor Benefits for all City of Dallas employees  
Line of Duty vs. Off-Duty  
Civilian
  - Life Insurance Coverage (Basic Coverage)
- Survey/Research Results – peer cities
  - Survivor Benefits
  - Life Insurance
- Options/Proposed Recommendations
- Next Steps

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# Background – COD Survivor Death Benefits

- Survivors of COD employees are eligible to enroll in COBRA
  - Survivors have a 60-day grace period to select COBRA, after the day the death occurred
  - COBRA Premium is 102% of full active employee benefit premium
  - Premium cost depends on the benefit plan and dependents covered
  - Survivors pay full cost (no cost share with the City)
  - Survivors are eligible to stay on COBRA for 18 months
- Benefits offered to survivors are the same for all City employees except for sworn personnel **line-of-duty** death
- There are no special survivor benefits offered in the event of:
  - a non-sworn or civilian death at work
  - a sworn off-duty death

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# Background – COD Survivor Death Benefits

## Sworn Personnel Off-duty Death

- An **off-duty** death is a death that occurs while not on shift or while not working in an official capacity for the City of Dallas
- In order for an **off-duty** death to be classified as **line-of-duty**, the death has to meet certain criteria for Public Safety Officers' Benefits (PSOB) program or State of Texas, Employee Retirement System of Texas (ERS)

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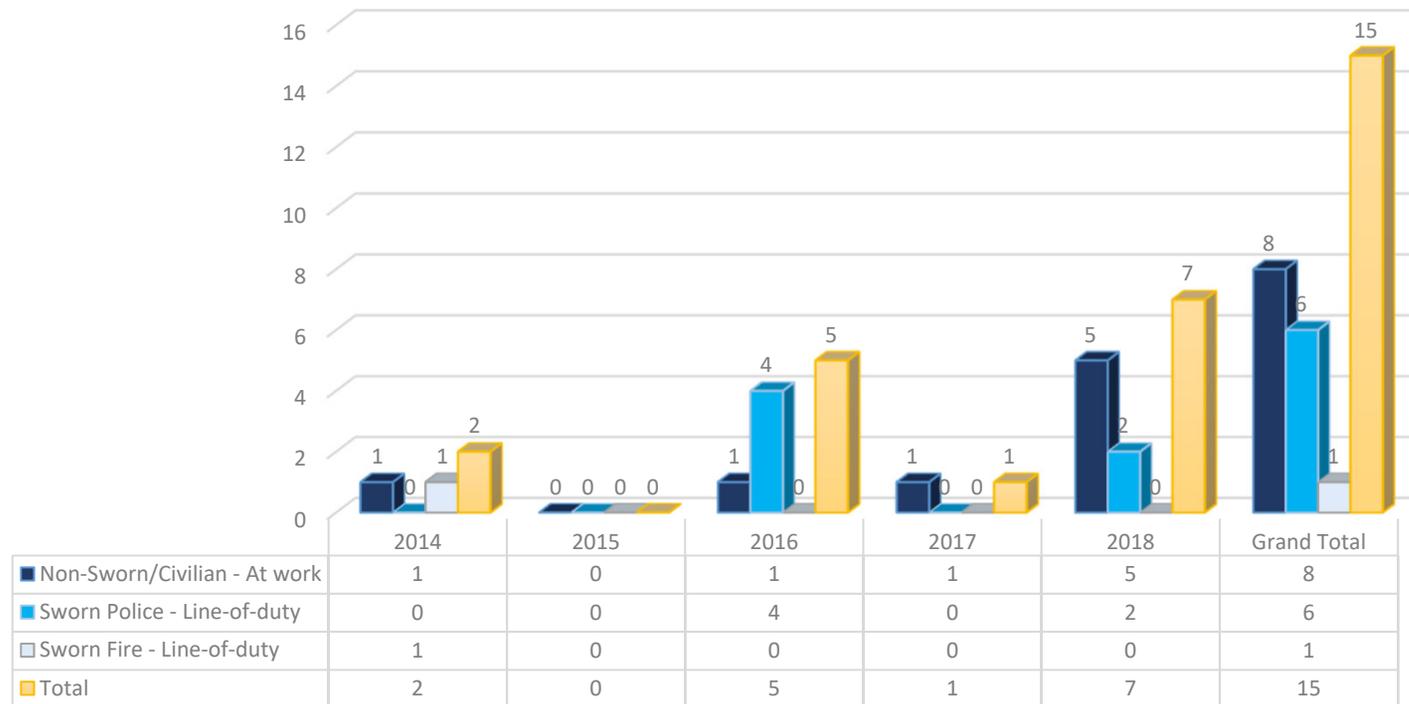
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# COD Employee Deaths at Work/Line-of-Duty

COD Employee Deaths 2014 - 2018  
Sworn Line-of-Duty and Non-Sworn/Civilian At-work



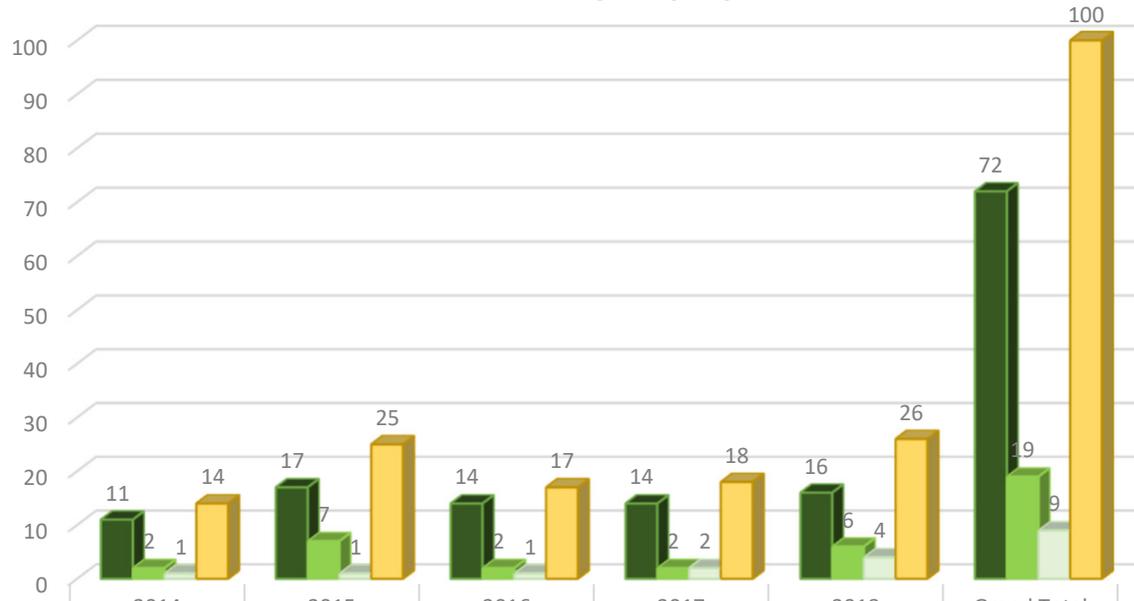
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# COD Employee Deaths NOT at Work/Off-Duty

COD All Not at Work and Off-Duty Employee Deaths 2014 - 2018



	2014	2015	2016	2017	2018	Grand Total
■ Non-Sworn/Civilian - Not at work	11	17	14	14	16	72
■ Sworn Police - Off-duty	2	7	2	2	6	19
■ Sworn Fire - Off-duty	1	1	1	2	4	9
■ Total	14	25	17	18	26	100

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## Survey Results – Survivor Benefits

- 18 Cities in Texas and surrounding states were surveyed (all responded)
- 16 Cities in Texas offer the same survivor benefits as the City of Dallas
- 2 Cities, Denver and Austin, reported providing different benefits specific to off-duty uniformed deaths

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# Survey Results – Survivor Benefits

- **Denver**

- The **City of Denver's Employees Retirement Pension Plan** for civilian/sheriff uniform officers continues to offer medical and dental insurance to surviving eligible dependents at a premium reduction  
*(Note: The City of Denver does not pay for this benefit)*
- Eligibility: Dependents to age 19, and surviving spouse for life

- **Austin**

- Eligible surviving dependents are able to continue health benefits with rates based on the employee's years of service at a premium reduction paid by the City of Austin (5 to 9 years – 10 to 14 years – 15 to 19 years)
- If the employee was eligible for retirement benefits, then the surviving spouse and dependents enrolled at the time of death may continue with coverage
- Eligibility: Dependents to age 26 and surviving spouse until they remarry



## Background – City of Dallas Life Insurance

- \$50,000 of life insurance coverage for all City employees
- Current annual premium for all City employees is \$260,988 (premium paid by the City)
- Employees may purchase additional supplemental coverages (additional premium paid by the employee)

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# Survey Results – Life Insurance

- 32 Cities in Texas and surrounding areas were surveyed
- 13 Cities responded
- The most consistent offering for basic coverage is 2x the annual salary up to \$300,000
- **Coverage is paid in full by the surveyed cities**



# Survey Results – Summary

## Survivor's Benefits:

- 18 Cities surveyed
- All Cities offer COBRA – Consistent with City of Dallas
- Denver and Austin offer additional benefits

### Denver

- Eligible dependents continue medical and dental insurance at a premium reduction
- Provided by the City's Employees Retirement Pension Plan, not by the City of Denver
- Dependents to age 19 and surviving spouse for life

### Austin

- Eligible dependents continue health benefits
- Rates based on years of service at a premium reduction
- If retirement benefits eligible, enrolled surviving spouse and dependents may continue with coverage
- Provided by the City of Austin
- Dependents to age 26 and surviving spouse until they remarry

## Life Insurance:

- 32 Cities surveyed
- 13 Cities responded

### Most Consistent Offering – Paid by the City

- 2x the annual salary up to \$300,000

### City of Dallas Offering – Paid by the City

- \$50,000



# Options – Survivor Benefits

Options	Cost (Annual)
<b>Option 1:</b> Maintain current benefits - <b>No Change</b>	No additional cost
<b>Option 2:</b> City provide the <b>first 2 months</b> of COBRA health insurance premium - direct payment to COBRA vendor	Based on highest premium plan and 20 deaths per year average - <b>\$58,993.00</b>
<b>Option 3:</b> City provide <b>COBRA coverage through cost share</b> , utilizing a *sliding scale, based on years of service - Cost sharing with the City similar to the cost sharing percentages for active employees coverage	Based on highest premium plan, 20 years of service, and 20 deaths per year average - <b>\$328,497.00</b>
<b>Option 4:</b> City provide <b>full COBRA premium</b> utilizing a *sliding scale, based on years of service	Based on highest premium plan, 20 years of service, and 20 deaths per year average - <b>\$530,935.00</b>

**Sliding Scale\***  
Based on Years of Employment



**5-9 Years**

3 Months of COBRA Premium Paid by COD



**10-14 Years**

6 Months of COBRA Premium Paid by COD



**15-19 Years**

12 months of COBRA Premium Paid by COD



**20 Years+**

18 months of COBRA Premium Paid by COD

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# Options – Life Insurance

Option 1:

- Maintain current coverage (\$50,000)

Option 2:

- Increase basic life insurance coverage to \$75,000 for all employees
- City annual premium increase from \$260,988 to \$685,116 - (Results in taxable imputed income on the increased \$25,000)

Option 3:

- Increase basic life insurance coverage to \$100,000 for all employees
- City annual premium increase from \$260,988 to \$1,105,020 - (Results in taxable imputed income on the increased \$50,000)

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# Proposed Recommendations

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# Proposed Recommendation A: Enhanced Survivor's COBRA Benefit

## Survivor Benefits Option 4:

City provide full COBRA premium utilizing a \*sliding scale, based on years of service. Annual Cost based on highest premium plan, 20 years of service, and 20 deaths per year average - **\$530,935.00**

**Sliding Scale\***  
Based on Years of  
Employment



### 5-9 Years

3 Months of  
COBRA  
Premium Paid  
by COD



### 10-14 Years

6 Months of  
COBRA  
Premium Paid  
by COD



### 15-19 Years

12 months of  
COBRA  
Premium Paid  
by COD



### 20 Years+

18 months of  
COBRA  
Premium Paid  
by COD

**Rationale:** Provide support to surviving spouses and families, while recognizing employee service to the City



# Proposed Recommendation B: Enhanced Survivor's COBRA Benefit + Life Insurance

## Survivor Benefits Option 3 + 75,000 Life Insurance:

City provide COBRA coverage through cost share, utilizing a \*sliding scale, based on years of service - Cost sharing with the City similar to the cost sharing percentages for active employees coverage

Annual Cost based on highest premium plan, 20 years of service, and 20 deaths per year average - **\$328,497.00 + \$424,128.00 (Life Insurance) = \$752,625.00**

### Sliding Scale\* Based on Years of Employment



#### 5-9 Years

3 Months of  
COBRA  
Premium Paid  
by COD



#### 10-14 Years

6 Months of  
COBRA  
Premium Paid  
by COD



#### 15-19 Years

12 months of  
COBRA  
Premium Paid  
by COD



#### 20 Years+

18 months of  
COBRA  
Premium Paid  
by COD

**Rationale:** Provide support to surviving spouses and families, while recognizing employee service to the City and aligning life insurance coverage with market

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# Proposed Recommendation C: Enhanced Survivor's COBRA Benefit + Life Insurance

## Survivor Benefits Option 2 + 75,000 Life Insurance:

City provide the first 2 months of COBRA health insurance premium - direct payment to COBRA vendor

Annual cost based on highest premium plan and 20 deaths per year average -  
 $\$58,993.00 + \$424,128.00 \text{ (Life Insurance)} = \$483,121.00$

**Rationale:** Provide support to surviving spouses and families through the COBRA grace period and align life insurance coverage with market

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# Proposed Recommendations Summary

## Recommendation A

Survivor Benefits Option 4

- Full COBRA premium paid by the City utilizing a \*sliding scale, based on years of service
- Annual Cost - **\$530,935.00**
- Support to surviving spouses and families, while recognizing employee service to the City

## Recommendation B

Survivor Benefits Option 3  
+ \$75,000 Life Insurance

- COBRA coverage through cost share, utilizing a \*sliding scale, based on years of service
- Annual Cost \$328,497.00 + \$424,128.00 (Life Insurance) = **\$752,625.00**
- Support for surviving spouses and families, while recognizing employee service to the City and aligning life insurance coverage with market

## Recommendation C

Survivor Benefits Option 2  
+ \$75,000 Life Insurance

- City provide the first 2 months of COBRA health insurance premium
- Annual cost - \$58,993.00 + \$424,128.00 (Life Insurance) = **\$483,121.00**
- Support to surviving spouses and families through the COBRA grace period and align life insurance coverage with market

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# Employee Survivor Benefits & Life Insurance Benefits

**Public Safety Committee**  
**June 10, 2019**

**Kimberly Tolbert**  
**Chief of Staff**

**Carmel Fritz**  
**Compensation Manager**

**City of Dallas**



# Proposed Options – Cost 2 Month’s of COBRA

Plan	Spouse	Spouse and Children
HRA	\$2,273	\$2,949
Co-Pay	\$2,240	\$2,922
HSA	\$2,102	\$2,742



# Proposed Options

- Provide COBRA premium reduction (Cost sharing with the City) similar to the cost sharing percentages for active employees coverage
- City pays full COBRA premium based on sliding scale years of service

Years of Service	Coverage	Plan Name	Spouse	Spouse/Children
5-9 years	3 months	HRA	\$3,343.23	\$4,337.70
		Co-Pay	\$3,295.08	\$4,297.80
		HDHP	\$3,091.89	\$4,032.72
10-14 years	6 months	HRA	\$6,686.46	\$8,675.40
		Co-Pay	\$6,590.16	\$8,595.60
		HDHP	\$6,183.78	\$8,065.44
15-19 years	12 months	HRA	\$13,372.92	\$17,350.80
		Co-Pay	\$13,180.32	\$17,191.20
		HDHP	\$12,367.56	\$16,130.88
20+ years	18 months	HRA	\$20,059.38	\$26,026.20
		Co-Pay	\$19,770.48	\$25,786.80
		HDHP	\$18,551.34	\$24,196.32

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# City of Dallas Deaths 2014 through May 2019

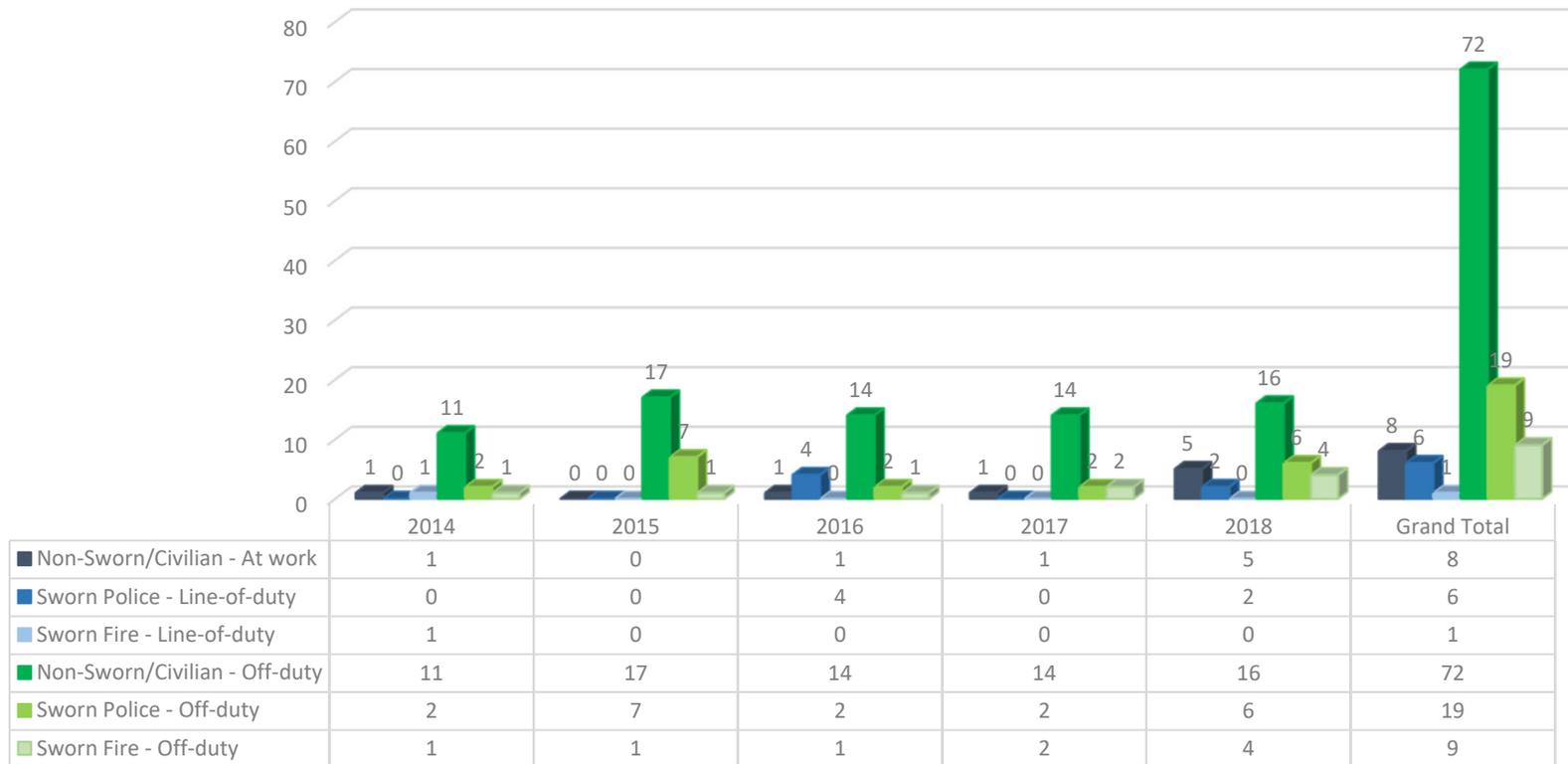
Count of Name	Column L	2014	2015	2016	2017	2018	2019	Grand Total
<b>Row Labels</b>								
<input type="checkbox"/> <b>Non-Sworn/Civilian</b>		<b>12</b>	<b>17</b>	<b>15</b>	<b>15</b>	<b>21</b>	<b>6</b>	<b>86</b>
Line-of-duty		1		1	1	5		8
Off-duty		11	17	14	14	16	6	78
<input type="checkbox"/> <b>Sworn-Fire</b>		<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>11</b>
Line-of-duty		1						1
Off-duty		1	1	1	2	4	1	10
<input type="checkbox"/> <b>Sworn-Police</b>		<b>2</b>	<b>7</b>	<b>6</b>	<b>2</b>	<b>8</b>		<b>25</b>
Line-of-duty				4		2		6
Off-duty		2	7	2	2	6		19
<b>Grand Total</b>		<b>16</b>	<b>25</b>	<b>22</b>	<b>19</b>	<b>33</b>	<b>7</b>	<b>122</b>

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# COD Employee All Deaths by Year

COD Employee Deaths 2014 - 2018



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# Recommendation – Life Insurance

## Option 2:

- Increase basic life insurance coverage to \$75,000 for all employees
- City annual premium increase from \$260,988 to \$685,116 – Additional Cost: \$424,128.00

**Rationale:** Closer to market – more competitive



# Cities Surveyed For Off-Duty Death Survivor Benefits (All Responded)

City of Arlington

City of Austin

City of Atlanta

City of Charlotte

City of Chicago

City of Denver

City of El Paso

City of Fort Worth

City of Frisco

City of Grand Prairie

City of Garland

City of Houston

City of Irving

City of Lewisville

City of Mesquite

City of Memphis

City of San Antonio

City of Tulsa



# Cities Surveyed For Basic Life Insurance Benefits

## Surveyed

City of Arlington  
City of Allen  
City of Austin  
City of Carrollton  
City of Charlotte  
City of Chicago  
City of Denver  
City of Denton  
City of Detroit  
City of El Cajon  
City of El Paso  
City of Fort Worth  
City of Frisco  
City of Grand Prairie  
City of Garland  
City of Houston

## Surveyed

City of Garland  
City of Houston  
City of Irving  
City of Lewisville  
City of Los Angeles  
City of McKinney  
City of Mesquite  
City of Memphis  
City of New York  
City of Philadelphia  
City of Plano  
City of Phoenix  
City of Richardson  
City of San Antonio  
City of San Diego  
City of Tulsa

## Responded

Allen  
Arlington  
Carrollton  
Denton  
Fort Worth  
Frisco  
Garland  
Grand Prairie  
Irving  
Lewisville  
McKinney  
Mesquite  
Richardson



# Basic Life Insurance Survey Results

Group Life Insurance														
	Dallas	Allen	Arlington	Carrollton	Denton	Fort Worth	Frisco	Garland	Grand Prairie	Irving	Lewisville	McKinney	Mesquite	Richardson
Coverage amount*	\$50,000	1 x base salary up to \$250,000 2 x base salary up to \$350,000 for exec team	2 x annual salary up to \$300,000	2 x annual salary up to \$400,000	Class 1: 1xAE to \$300,000 Class 2: 2xAE to \$500,000	1 x annual salary	\$50,000	\$25,000	2 x annual salary to \$500,000	1 x annual salary	4 x annual salary up to \$400,000	\$50,000	2 x annual salary	2 x annual salary up to \$50,000
Employer paid*	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Cost per \$1000*	\$.50 / person enrolled	0.045	0.04	0.1	0.035	0.09	0.065	0.06	0.069	0.08	0.072	0.085	0.039	0.06
*Based on 2017-2018 comparison data														

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# Basic Life Insurance Survey Results

Rate based on 2019 HRA Premium + 10% Per Year						
	Spouse - Age 20	Spouse + Children	Spouse - Age 40	Spouse + Children	Spouse - Age 60	Spouse + Children
Per death	\$ 10,588,615.48	\$ 13,738,282.25	\$ 1,315,187.36	\$ 1,706,400.16	\$ 81,643.01	\$ 105,928.37
5 deaths/year	\$ 52,943,077.39	\$ 68,691,411.24	\$ 6,575,936.79	\$ 8,532,000.79	\$ 408,215.07	\$ 529,641.85
	Time Insured: 45 years		Time Insured: 25 years		Time Insured: 5 years	

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