



News from
Interim Mayor Todd Gloria
City of San Diego

NEWS RELEASE

For immediate release: November 6, 2013

Contact: Katie Keach, 619-235-5268

Interim Mayor Clarifies Employee Benefits

SAN DIEGO, CA (November 6, 2013) – Interim Mayor Todd Gloria today distributed a memorandum to the City Council clarifying death and disability benefits for City employees, which is attached.

“The City is committed to ensuring our employees are covered should an emergency occur at the workplace. I am taking aggressive steps to ensure the death and disability benefits offered to our workers meet our moral obligations to those who protect our citizens,” said Interim Mayor Gloria. **“I appreciate the collaboration of our employees, our City Attorney, and the City Council to achieve the right result.”**

###



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: November 6, 2013

TO: Honorable Members of the City Council

FROM: Interim Mayor Todd Gloria

A handwritten signature in blue ink, appearing to read "Todd Gloria".

SUBJECT: Death and Disability Benefits

Due to several recent inquiries and concerns, this memorandum is being provided to provide clarification on the current disability benefits available to all City employees hired on or after the effective date of Proposition B (July 20, 2012) who suffer a disability or expire. These employees may be eligible to receive workers' compensation, long-term disability, death, or disability benefits through existing City programs. This memorandum also covers the current process the City is pursuing related to changes to these benefits.

On October 10, 2012, the City Council unanimously approved the Tentative Agreement with impacted employee organizations regarding the Interim Defined Contribution Plan. On June 10, 2013, the City Council unanimously approved the Fiscal Year 2014 Contract Negotiations that were agreed to by all six employee organizations and included the Reopener for Death and Disability Benefit for the Interim Defined Contribution Plan.

Proposition B

A San Diego pension reform initiative, Proposition B, was approved by voters on June 5, 2012. Proposition B mandates that all employees initially hired after July 19, 2012, except sworn Police Officers, participate only in a defined contribution plan, and not in the City's defined benefit plan. Proposition B requires that the City provide death and disability benefits for "uniformed public safety officers" covered by the new defined contribution plan who are killed or injured in the line of duty, and gives the City discretion to offer such benefits to non-safety employees. Since the new defined contribution plan cannot provide disability retirement benefits, other than an employee's fund balance, the City is considering options to provide adequate income protection to these employees who become unable to return to their job due to disability.

Workers' Compensation Benefits

In the event of an employee's death due to an industrial injury, there are Workers' Compensation benefits provided to the employee's beneficiaries pursuant to State mandate. Employees who suffer industrial injuries receive the City's Industrial Leave under Labor Code Section 4850 income replacement benefits for approximately one year. Subsequently, employees may receive additional income replacement benefits pursuant to State Workers' Compensation mandates. Medical care for the industrial injury is also provided under the Workers' Compensation mandate.

Long-Term Disability (LTD) Plan

The City of San Diego currently provides a long-term disability income plan with a 30-calendar day waiting period. It is self-funded and self-administered with a 70% benefit level of pre-disability basic bi-weekly earnings after the 30-day waiting period. The City is interested in pursuing a fully-insured product in conjunction with potential plan design changes. Any changes to plan options are subject to meet and confer.

Life and Accidental Death & Disability (AD&D) Benefits

The City of San Diego currently provides life insurance to active benefitted employees in one of two plan designs depending on the employee organization. AD&D coverage is included under the basic life insurance, and the AD&D benefit value duplicates the life benefit amount. The City also makes available additional life insurance under a portable term insurance plan. An employee's spouse or domestic partner can obtain coverage under this plan along with eligible dependents.

Request for Proposal (RFP) for Life, AD&D and LTD Products

The City will be finalizing a request for proposal to replace its current life and AD&D insurance plan, and to fully insure the self-funded LTD Plan. This RFP will provide information on current available disability plans and is anticipated to be issued within the coming weeks. Negotiations with the impacted labor organizations will begin after proposals have been received to the RFP. It is anticipated the LTD Plan will be implemented by July 2014.

Based upon responses to the RFP, the City will also consider options to create a disability benefit to provide adequate income protection to employees who become unable to return to their job due to disability. The City is required to meet and confer with its employee organizations before it implements this benefit. Once completed, this benefit will be retroactively applicable to employees hired after July 19, 2012.

Employees Hired After July 19, 2012 Who Participate In Interim Defined Contribution Plan

The City is obligated to provide death and disability benefits in the event of an industrial death or disabling injury to employees. The City will take appropriate action to provide a similar benefit

Page 3 of 3
Death and Disability Benefits
November 6, 2013

to employees hired after July 19, 2012, that is currently provided to employees hired prior to July 20, 2012.

In the event of an industrial death, the employee's beneficiaries will receive the life insurance benefit amount pursuant to their subscribed coverage, as well as any applicable Workers' Compensation benefits. An employee who is disabled due to an industrial injury may qualify for income replacement, job accommodation, or other benefits afforded pursuant to the State Workers' Compensation mandates.

Attachment: Death and Disability Benefits for Safety Employees (Police and Fire)

cc: Scott Chadwick, Chief Operating Officer
Stacey LoMedico, Assistant Chief Operating Officer
Judy von Kalinowski, Human Resources Director
Jan Goldsmith, City Attorney
Greg Bych, Interim Chief Financial Officer
Tim Davis

**Death & Disability Benefits
Safety Employees (Police & Fire)¹**

	Pre Prop B		Post Prop B	
	Police	Fire	Police	Fire
Workers' Compensation Benefits (Industrial injury or death)				
100% income replacement for the first 12 months after the date of injury.	Yes	Yes	Yes	Yes
After the first 12 months additional income replacement at varying rates per State mandates.	Yes	Yes	Yes	Yes
Death benefits to employee's beneficiaries per State mandates.	Yes	Yes	Yes	Yes
Life Insurance (Death Benefit) (For employees hired on or after 7/20/2012 current plan is in effect until the new plan is implemented.)	Yes	Yes	Yes	Yes
Long-Term Disability Plan (Non-industrial Injury)				
70% income replacement for approximately 12 months	Yes	Yes	Yes	Yes
(For employees hired on or after 7/20/2012 current plan is in effect until the new plan is implemented.)				
Disability Retirement (Industrial) Benefit for employees hired on or after 7/20/2012 is pending M&C.	Yes	Yes	Yes	TBD

¹ Excludes Lifeguards