



MEMORANDUM

TO: ALL TOWN OF CAROLINA BEACH EMPLOYEES
FROM: SHEILA MALLARD, HUMAN RESOURCES OFFICER
SUBJECT: BENEFIT SUMMARY – FY 2008/2009
DATE: 07/01/08
CC: MAYOR AND COUNCIL; AND TOWN MANAGER

As we begin the new fiscal year, let's take a moment to review our benefits and the changes that occurred. During this year's open enrollment we advised all employees that The Town will renew its Group Insurance plans with Blue Cross and Blue Shield, Guardian, UNUM Life Insurance, and Municipal Insurance Trust effective July 1, 2008. Due to the utilization rate of our group plan, it was necessary to change the health insurance carrier to minimize rate increases. The benefits offered by Blue Cross and Blue Shield are comparable to our former carrier. We renewed our dental plan with no change to benefits and only a slight rate increase. We were successful in renewing short-term and life insurance policies with no increase in premiums. Due to the utilization rate of our group plans we renewed our health insurance plan with a 4.5% rate increase in premiums; the dental plan was renewed with a 5% rate increase in premiums. We advised that employees would be responsible for the increase of their dependent premiums.

All employees had the opportunity to add and/or drop dependent coverage and to change their personal information during the open enrollment period. During the fiscal year employees may make changes to their group insurance during a qualifying life event. Employees who intend to make changes to their group insurance must do so within 30 days of a qualifying event. Please see Sheila Mallard as soon as you are aware that you may need to make changes.

Listed below are the renewal rates for the town including employee payroll deductions.

Health Insurance	Monthly Cost Paid by Town	Employee Bi-weekly Payroll Deduction
Employee Only	\$398.14	\$0
Add Child/Children	\$716.72	\$105.87
Add Spouse	\$921.23	\$173.83
Add Family	\$1294.21	\$297.77

Dental Insurance Monthly Cost Paid by Town	Employee Bi-weekly Payroll Deduction
Employee Only	\$25.69
Add Child/Children	\$68.89
Add Spouse	\$53.08
Add Family	\$96.29

Council and Mayor also approved the renewal of the town's Short-term Disability and Group Life Insurance plans. These benefits are provided at no cost to the employee.

During open enrollment all employees had the opportunity to enroll in the Flexible Spending Account Program. The maximum election amount was increased to \$1500.00 for 2008/2009 benefit year. This program issues a debit card to the employee that will allow a direct debit from their flexible spending accounts. Employees who re-enrolled will continue to use the same card issued last year. New members will receive their new debit card via mail mid July 2008. Employees enrolled in flex spending may access funds effective July 1st. If you incur a medical expense prior to receiving your automatic debit card please see Sheila Mallard for a reimbursement form.

Does the town contribute to employee retirement benefits?

Yes, the town contributes 4.8% to the NC local government retirement system for each general position and 4.86% for law enforcement positions. It is important to note that the employer contribution funds the NC retirement pool or bank and is not considered a contribution to an employee's account.

The town is also required to contribute 5% into the NC 401k accounts for law enforcement officers.

What other benefits does the town provide to employees?

The town provides sick, vacation, and holiday leave to all permanent full and part time employees.

A new hire can expect to accrue approximately 12 days of sick and 12 days of vacation per calendar year. An employee earning \$30,000 per year or \$14.42 per hour will accrue approximately 192 hours per year which costs the town approximately \$2,768.64 per year per employee.

The town currently provides 11 paid holidays per year to all employees. If we consider that the town has 103 employees in FY 07/08 who together took 1133 paid holidays at an average of \$14.42 per hour, the approximate cost to the town for this benefit was \$130,703.

Does the town contribute towards employee professional development?

Yes, the town has a tuition assistance program. Full-time regular employees are eligible to apply for reimbursement of related course work as approved in advance by the Town Manager up to \$500 per fiscal year.

Does the town have a service recognition program?

Yes, the town does a couple of things to recognize employee years of service. Towards the end of each calendar year the town provides a longevity award of \$50-\$750 for years of service. At 5 years of service the Town of Carolina Beach recognizes employees by contributing \$20 per pay period into the NC 457k retirement fund.

How are employees compensated in terms of cost of living and merit?

The town provides each employee with an opportunity to achieve a merit increase for each year of service which is applied on the employee's anniversary date. In addition each year, Council and Mayor consider the need for a cost of living increase or COLA. We are pleased to communicate that Council and Mayor approved a Cost of Living Increase of 2.0% for FY 2008/2009. Similar to merit increases, COLA is applied on the employee anniversary date.

Taking all things into consideration what is the average total cost to the town for an employee who has 5 years of service and who earns approximately \$35,000 per year?

Annual Salary	\$	35,000
COLA (at 2%)	\$	700
Merit (at 2.5%)	\$	893
FICA (at 7.65%)	\$	2,800
Retirement (at 4.8%)	\$	1,756
Health Insurance (\$398.14 per month)	\$	4,778
Dental Insurance (\$25.69 per month)	\$	308
Work Comp Insurance (at 6.754%)	\$	2,471
Longevity Pay (\$250 at 5 yrs)	\$	250
Incentive Pay (\$20 per pay at 5 yrs)	\$	520
Tuition Assistance (\$500 per yr)	\$	500
Total Payroll Expense:	\$	49,976

In summary, we hope this information provides you with an explanation of the value of town benefits and an understanding of the commitment that the Town of Carolina Beach makes to all employees.

Here's to a great FY 2008/2009!