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City of Alexandria

Preliminary Results of Benefits Study

February 13, 2009

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Description of the Study

- Watson Wyatt solicited data from the following five comparator jurisdictions, selected by City of Alexandria:
 - Arlington County
 - Fairfax County
 - Montgomery County
 - Prince George's County
 - Prince William County
- Watson Wyatt received benefits information from Arlington, Fairfax, Prince William and Montgomery Counties for all groups
- For the General Employees report, Watson Wyatt is using Prince George's County data from data submitted previous to this study

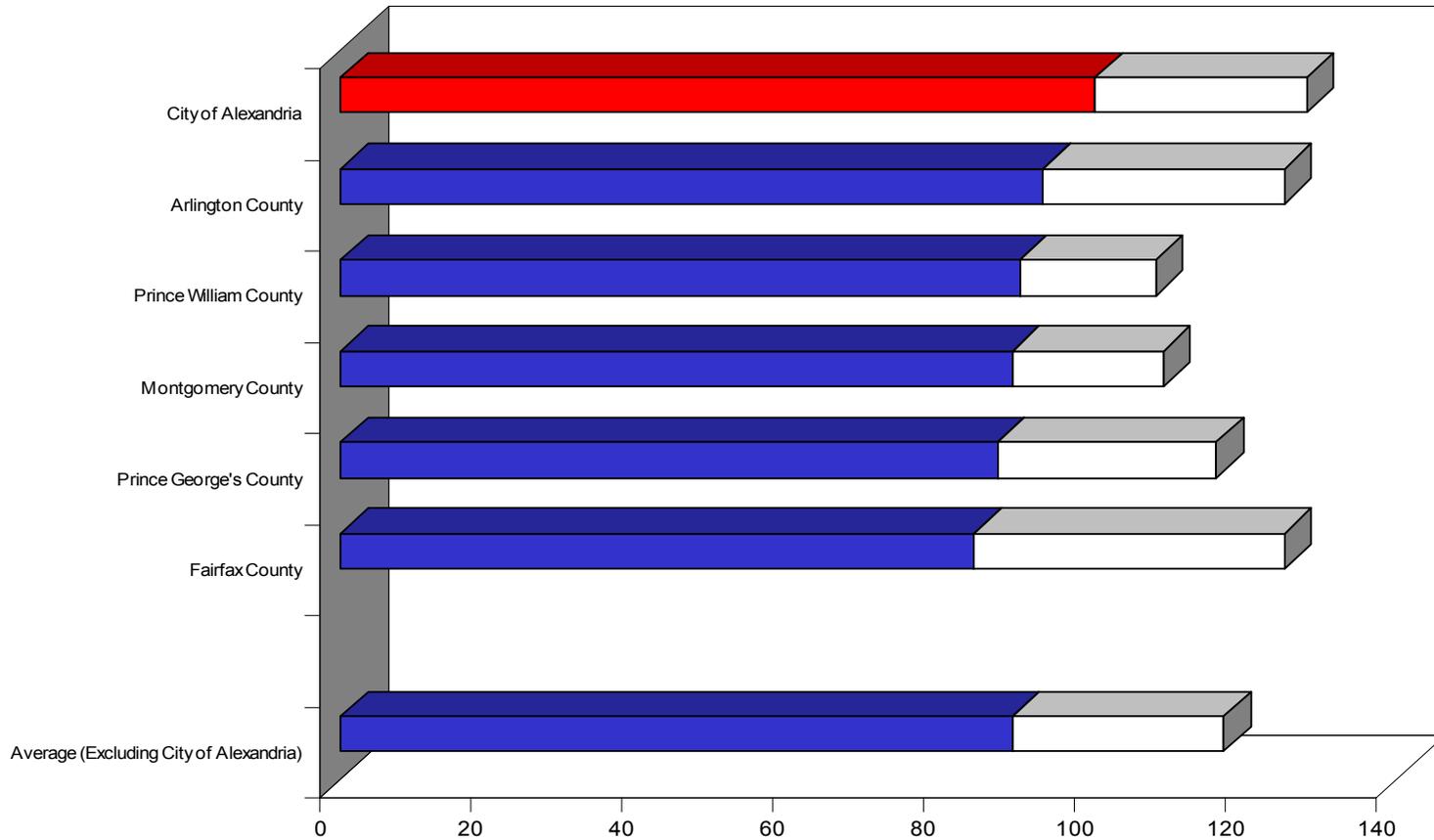
Description of Reports

- Watson Wyatt has produced four comprehensive COMPARISON™ reports based on the valuation of benefits for four subgroups of employees, as follows:
 - Sworn Police
 - Sworn Fire/ERT
 - Sheriff
 - General Employees
- Each of the four reports values benefits for medical, dental, life insurance, paid sick leave and disability, vacation and holiday, defined benefit, defined contribution, postretirement medical and postretirement life plans
- For each benefit subsidized by City of Alexandria, the employer-provided value of the benefit is set to 100. The comparative value of each other employer's program is then established, using City of Alexandria as a baseline. For example, if another employer's employer-provided health insurance is 2 percent more valuable than City of Alexandria's program, it will receive a score of 102
- This presentation provides summary data from each of the four reports

Methodology

- The cost of providing each benefit is calculated for every employee in the City of Alexandria workforce. The total cost of each benefit is the sum of the costs calculated for each employee. Employee costs based on actual employee contributions are subtracted from the total cost to produce an employer cost. The exception to this is defined contribution plans, where the employee contribution is the amount that the employee has contributed, and the employer match is calculated based on that contribution.
- This calculation is repeated for each of the comparison employers, using City of Alexandria's workforce. That is, we are calculating the cost of the benefit plans of the comparison employers as if City of Alexandria had adopted the benefit provisions of each of the comparison employers. The costs calculated reflect the demographics and the assumptions of City of Alexandria. These values reflect the cost of the benefit, not the value "perceived" by employees.
- The values are "normalized" to City of Alexandria's cost by dividing the cost calculated for each comparison employer by the cost calculated for City of Alexandria's benefit plans. The results are thus presented relative to City of Alexandria's results. If there is no employer cost for some of City of Alexandria's benefits, then those benefits are presented as relative to the average employer-provided value.

Overall Benefits Ranking – General Employees



Summary of Results for Retirement Plans – General Employees

The retirement plans group consists of the defined benefit plan, defined contribution plan, retiree medical plan and retiree life insurance plan for each employer.

Benefit	City of Alexandria's Value	Comparison Group Average Benefit Value	City of Alexandria's Ranking in Comparison Group	Benefit Value as a Percentage of City of Alexandria's Total Program
Retirement	100	73	1st	38
Defined Benefit	100	47	1st	35
Defined Contribution	0	100	Tied for 4th	0
Retiree Medical	100	195	4th	2
Retiree Life	100	40	1st	1

Summary of Results for Health Plans - General Employees

The health plans group consists of the medical plan and dental plan for each employer

Benefit	City of Alexandria's Value	Comparison Group Average Benefit Value	City of Alexandria's Ranking in Comparison Group	Benefit Value as a Percentage of City of Alexandria's Total Program
Health	100	95	Tied for 2nd	24
Medical	100	89	1st	24
Dental	0	100	Tied for 5th	0

Summary of Results for Paid Time Off Plans – General Employees

The paid time off plans group (PTO) consists of the vacation plan, the holiday plan and the sick leave plan for each employer

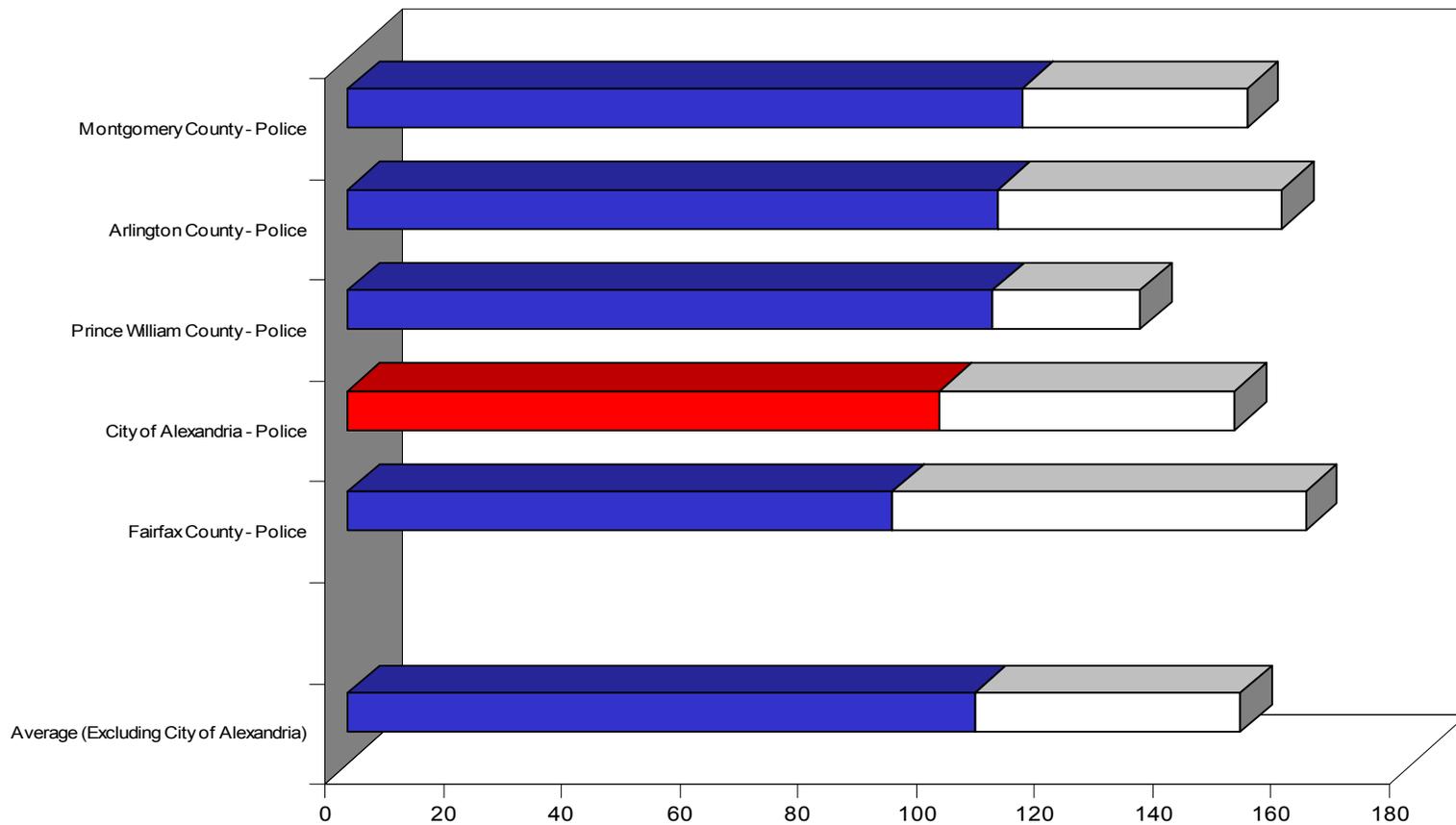
Benefit	City of Alexandria's Value	Comparison Group Average Benefit Value	City of Alexandria's Ranking in Comparison Group	Benefit Value as a Percentage of City of Alexandria's Total Program
Paid Time Off	100	107	6th	33
Vacation	100	104	6th	20
Holiday	100	112	6th	11
Sick	100	107	6th	3

Summary of Results for Insurance and Disability Plans – General Employees

The security plans group consists of the life insurance plan, short term disability plan (STD) and long term disability plan (LTD) for each employer

Benefit	City of Alexandria's Value	Comparison Group Average Benefit Value	City of Alexandria's Ranking in Comparison Group	Benefit Value as a Percentage of City of Alexandria's Total Program
Insurance & Disability	100	49	1st	5
Life Insurance	100	64	2nd	3
STD	100	170	6th	0
LTD	100	2	1st	2

Overall Benefits Ranking - Police



Summary of Results for Retirement Plans - Police

The retirement plans group consists of the defined benefit plan, defined contribution plan, retiree medical plan and retiree life insurance plan for each employer.

Benefit	City of Alexandria's Value	Comparison Group Average Benefit Value	City of Alexandria's Ranking in Comparison Group	Benefit Value as a Percentage of City of Alexandria's Total Program
Retirement	100	118	4th	32
Defined Benefit	100	107	4th	30
Defined Contribution	0	100	Tied for 3rd	0
Retiree Medical	100	331	3rd	1
Retiree Life	100	36	1st	1

Summary of Results for Health Plans - Police

The health plans group consists of the medical plan and dental plan for each employer

Benefit	City of Alexandria's Value	Comparison Group Average Benefit Value	City of Alexandria's Ranking in Comparison Group	Benefit Value as a Percentage of City of Alexandria's Total Program
Health	100	99	3rd	24
Medical	100	91	1st	24
Dental	0	100	5th	0

Summary of Results for Paid Time Off Plans - Police

The paid time off plans group (PTO) consists of the vacation plan, the holiday plan and the sick leave plan for each employer

Benefit	City of Alexandria's Value	Comparison Group Average Benefit Value	City of Alexandria's Ranking in Comparison Group	Benefit Value as a Percentage of City of Alexandria's Total Program
Paid Time Off	100	106	5th	41
Vacation	100	106	5th	24
Holiday	100	108	5th	13
Sick	100	106	5th	3

Explanation of Disability Calculations

- Values for all disability benefit programs (sick leave, STD and LTD) are calculated together and then allocated to individual benefit areas based on the definitions in the chart below:
- Sick leave results are included in the Paid Time Off group. This breakdown is used in order to eliminate differences in plan values that result from terminology. For example, Employer A might have up to six months of sick leave, but not have an STD program. Employer B might have two weeks of sick leave, but offer an STD benefit after the expiration of sick leave. Applying the employer definitions of disability would show Employer A with a generous sick leave plan, but the STD value would be zero. Employer B would have a substantially lower sick leave value, but would have an STD value. Applying the functional definitions listed above eliminates this variance in values that is solely due to the terminology a particular employer uses to describe benefits.
- The one-year term cost for disability values is calculated based on a Society of Actuaries table that provides rates based on the age and sex of each employee. The benefit value is reduced by the value of the individual or family Social Security benefit starting at 26 weeks. Plans offset by individual Social Security typically rank higher than plans offset by family Social Security since the employer must pay a greater share of the allowed benefit.

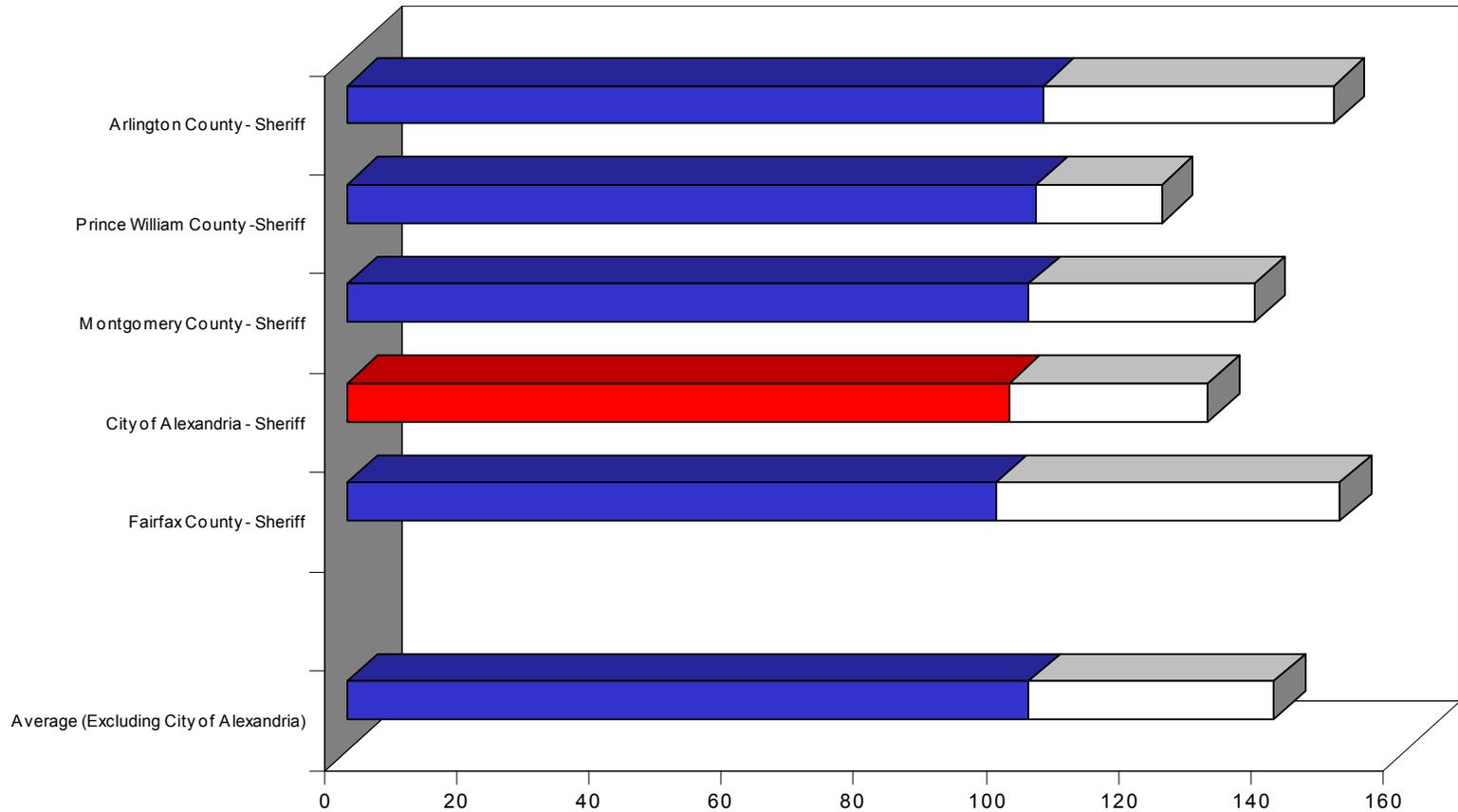
Type of Disability	Duration
Sick Leave	First 10 working days
STD	From day 11 through the sixth month
LTD	After the sixth month

Summary of Results for Insurance and Disability - Police

The security plans group consists of the life insurance plan, short term disability plan (STD) and long term disability plan (LTD) for each employer

Benefit	City of Alexandria's Value	Comparison Group Average Benefit Value	City of Alexandria's Ranking in Comparison Group	Benefit Value as a Percentage of City of Alexandria's Total Program
Insurance & Disability	100	53	1st	4
Life Insurance	100	69	2nd	2
STD	100	197	5th	0
LTD	100	11	1st	1

Overall Benefits Ranking - Sheriff



Summary of Results for Retirement Plans - Sheriff

The retirement plans group consists of the defined benefit plan, defined contribution plan, retiree medical plan and retiree life insurance plan for each employer

Benefit	City of Alexandria's Value	Comparison Group Average Benefit Value	City of Alexandria's Ranking in Comparison Group	Benefit Value as a Percentage of City of Alexandria's Total Program
Retirement	100	107	Tied for 3rd	37
Defined Benefit	100	100	4th	34
Defined Contribution	0	100	Tied for 3rd	0
Retiree Medical	100	226	3rd	2
Retiree Life	100	36	1st	1

Summary of Results for Health Plans - Sheriff

The health plans group consists of the medical plan and dental plan for each employer

Benefit	City of Alexandria's Value	Comparison Group Average Benefit Value	City of Alexandria's Ranking in Comparison Group	Benefit Value as a Percentage of City of Alexandria's Total Program
Health	100	99	Tied for 2nd	24
Medical	100	90	1st	24
Dental	0	100	5th	0

Summary of Results for Paid Time Off - Sheriff

The paid time off plans group (PTO) consists of the vacation plan, the holiday plan and the sick leave plan for each employer

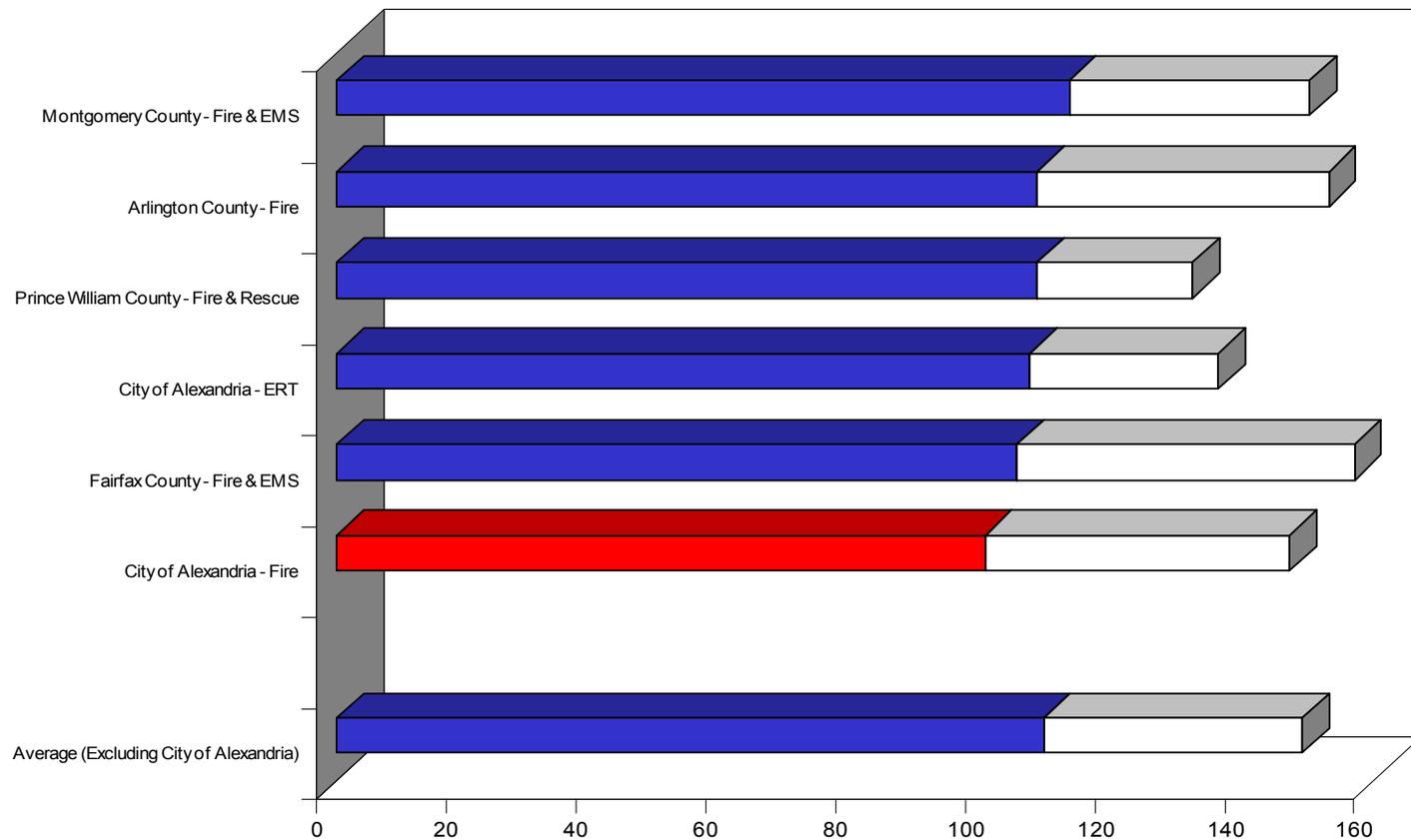
Benefit	City of Alexandria's Value	Comparison Group Average Benefit Value	City of Alexandria's Ranking in Comparison Group	Benefit Value as a Percentage of City of Alexandria's Total Program
Paid Time Off	100	106	5th	35
Vacation	100	105	5th	22
Holiday	100	108	5th	11
Sick	100	106	5th	3

Summary of Results for Insurance and Disability - Sheriff

The insurance and disability plans group consists of the life insurance plan, short term disability plan (STD) and long term disability plan (LTD) for each employer

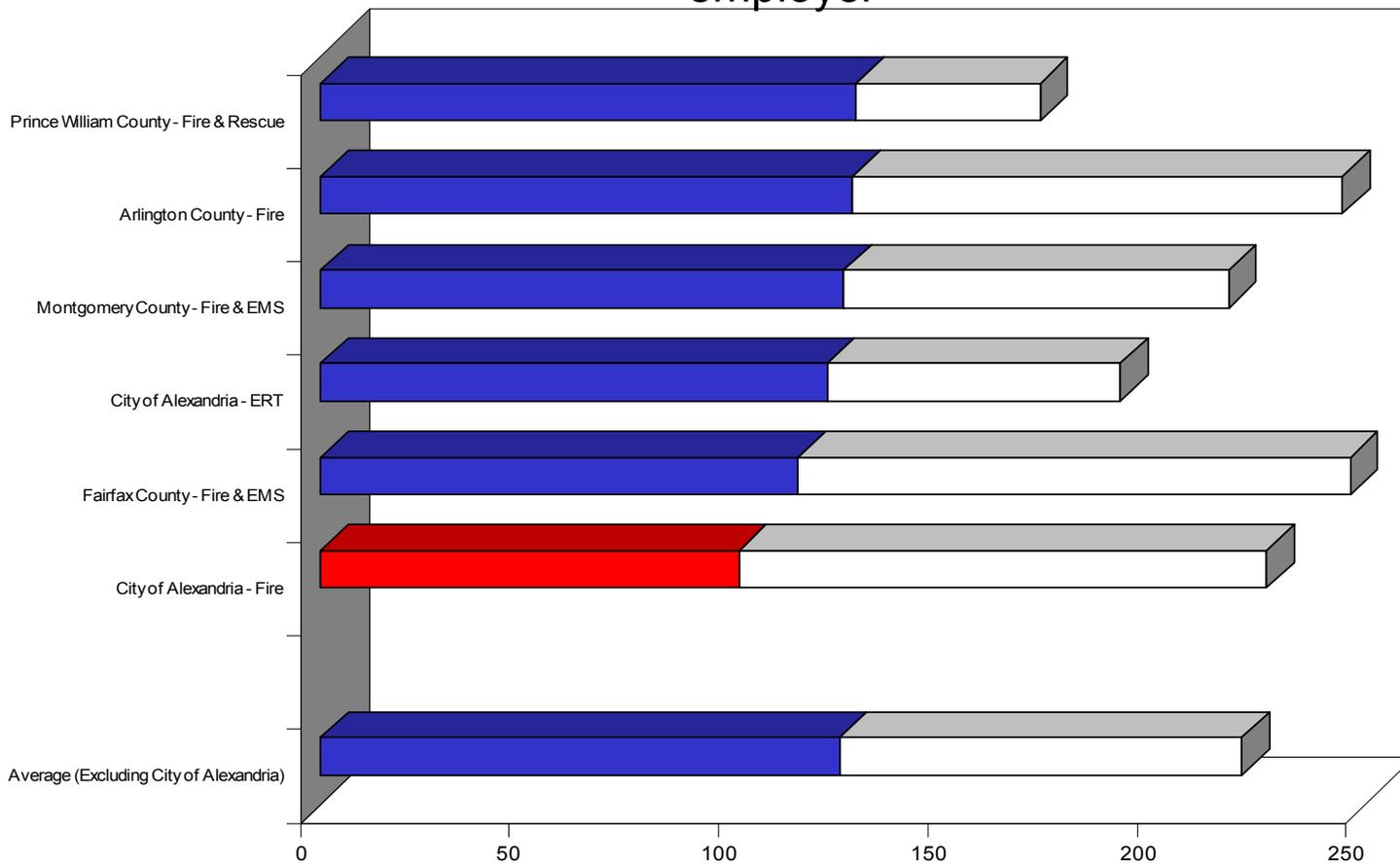
Benefit	City of Alexandria's Value	Comparison Group Average Benefit Value	City of Alexandria's Ranking in Comparison Group	Benefit Value as a Percentage of City of Alexandria's Total Program
Insurance & Disability	100	53	1st	4
Life Insurance	100	68	2nd	2
STD	100	188	5th	0
LTD	100	11	1st	1

Overall Benefits Ranking – Fire and ERT



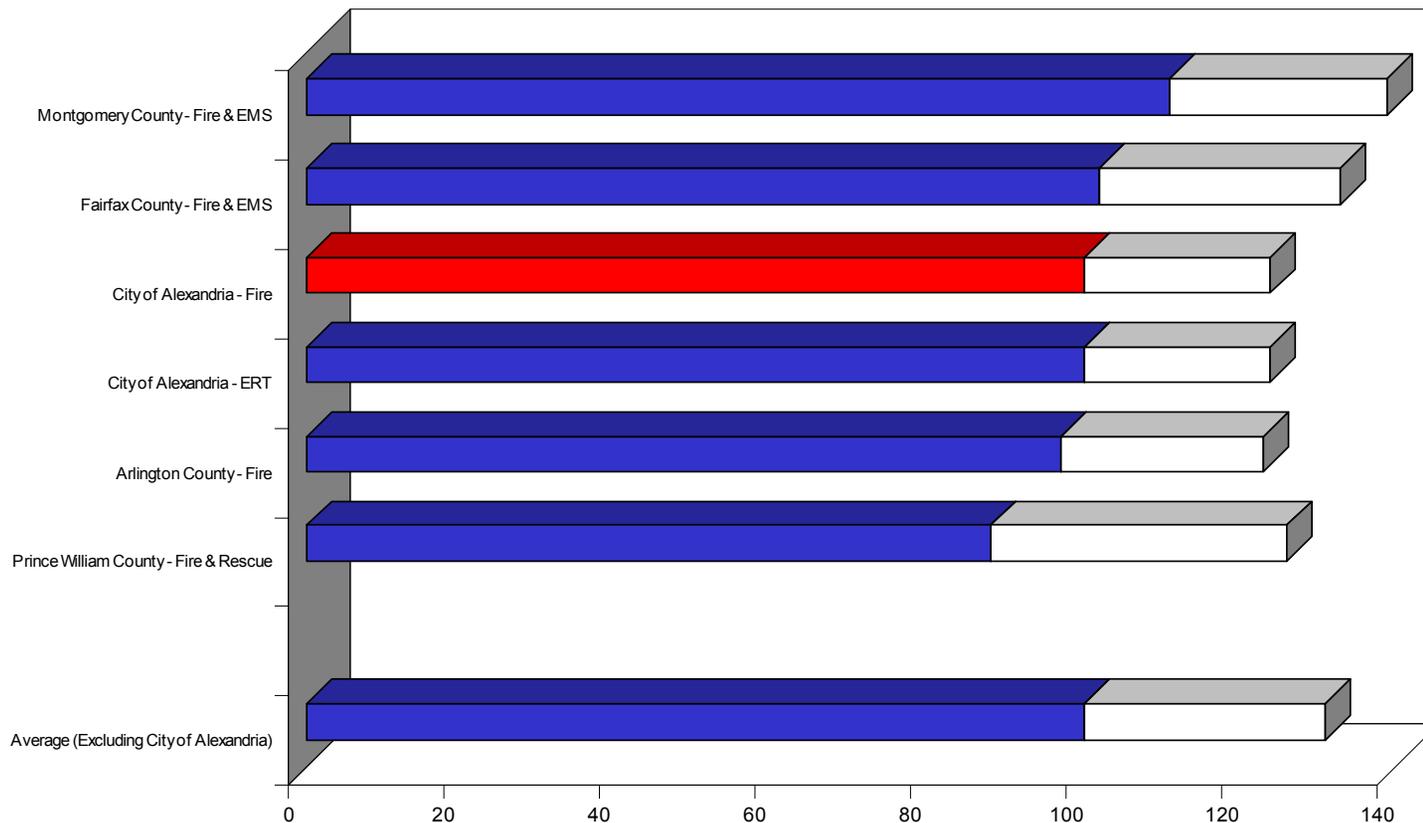
Summary of Results for Retirement Plans – Fire / ERT

The retirement plans group consists of the defined benefit plan, defined contribution plan, retiree medical plan and retiree life insurance plan for each employer



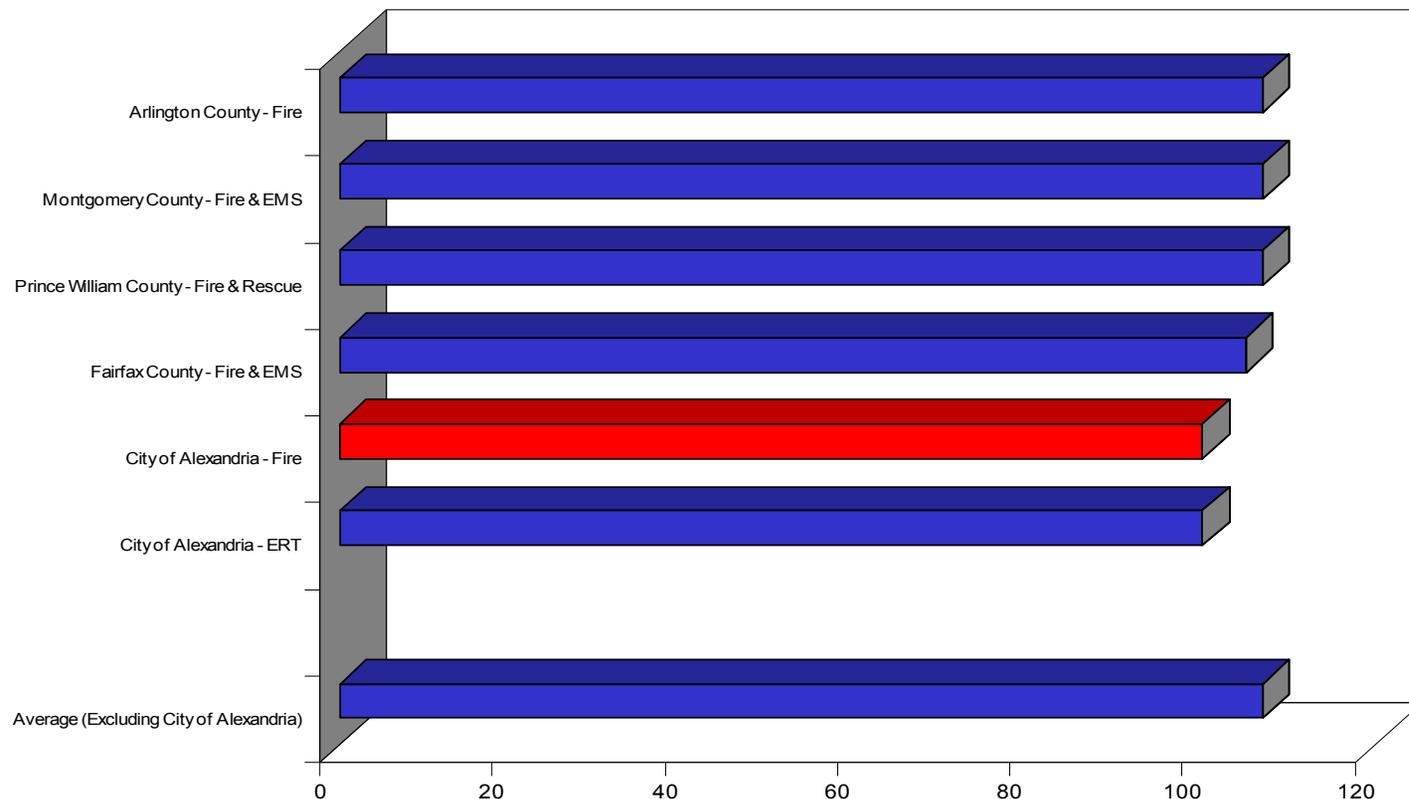
Summary of Results for Health Plans – Fire / ERT

The health plans group consists of the medical plan and dental plan for each employer



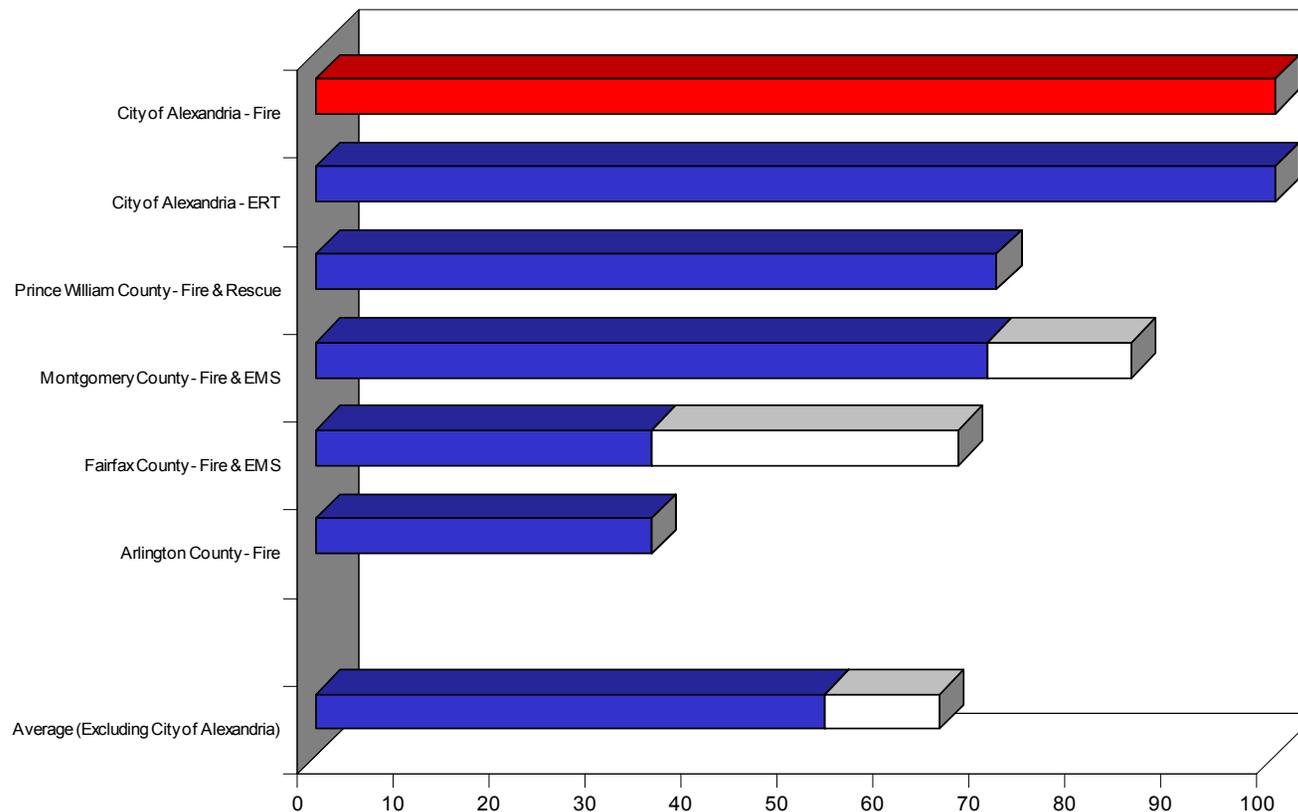
Summary of Results for Paid Time Off – Fire / ERT

The paid time off plans group (PTO) consists of the vacation plan, the holiday plan and the sick leave plan for each employer



Summary of Results for Insurance & Disability – Fire / ERT

The security plans group consists of the life insurance plan, short term disability plan (STD) and long term disability plan (LTD) for each employer



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