

TOWN OF PALM BEACH

Information for Town Council Meeting on: April 12, 2022

To: Mayor and Town Council

Via: Kirk Blouin, Town Manager

From: Gillian Barth, Director of Human Resources

Re: Request for Approval of Payment under Town's Supplemental Life Insurance Program

Date: March 23, 2022

STAFF RECOMMENDATION

Staff recommends that the Town Council approve a payment of \$49,200 from the Health Insurance Fund Contingency account to his sister, Ms. Anna Marie Stanley, as appointed personal representative of the estate and beneficiary of the Town's supplemental life insurance program.

GENERAL INFORMATION

As part of the benefit improvement suggested in the WMS study conducted in FY2005, staff proposed offering life insurance for all employees in the amount of \$100,000. Thankfully, it is a rare occurrence that an employee dies while still in service with the Town. Therefore, it was decided by Town Council to self-insure the program rather than purchase a fully insured package at an additional approximate cost of \$55,500 per year. This program is self-insured for the difference between the employee's salary and \$100,000 rather than paying on-going additional cost for purchased insurance.

On September 14, 2021, Mr. Ives Chavez Jr., the Sanitation Supervisor within the Public Works Department unexpectedly passed away. Ives was a new and valued member of our team.

The differential between Mr. Chavez's salary and \$100,000 is \$41,000. We must withhold Federal Tax on this distribution in the amount of 20% and report it as income on a 1099R form. In keeping with past practice, and in order to ensure that Ms. Stanley receives the full \$100,000 that the Town Council intended, we will "gross up" the differential from \$41,000 to \$49,200 to cover the tax payment.

FUNDING/FISCAL IMPACT

The cost to the Town for the supplemental life insurance payment to Ms. Stanley is \$49,200. Funding for the payment will come from the Health Insurance Fund Contingency Account.

GB/jj

cc: Paul Brazil, Director of Public Works
Jane Le Clainche, Director of Finance