



333 West 34th Street New York, NY 10001-2402
T 212.251.5000 www.segalco.com

MEMORANDUM

To: Board of Trustees
Industry & Local 338 Welfare Fund

From: John P. Urbank

Date: November 12, 2020

Re: **Amalgamated Life Renewal Effective January 1, 2021**
Short Term Disability and New York State Paid Family Leave Plan

We have reviewed and analyzed the Fund's Short Term Disability (Enhanced DBL) and New York State Paid Family Leave (PFL) coverage renewal provided by Amalgamated Life effective January 1, 2021. Please note that the current terms for Life and AD&D are guaranteed through December 31, 2021.

The Fund's current and renewal Enhanced DBL coverage is detailed in the chart below:

Teamsters Local 338	Current Rate through 12/31/2020	Renewal Rate Effective 1/1/2021
Enhanced DBL (\$240 per week)	\$6.805 PPPM	\$6.805 PPPM
Annual Premium *	\$9,636	\$9,636
Annual Dollar Change	Current	\$0
Percentage Change	Current	+0.0%

* Assumes 118 participants for Enhanced DBL coverage.

As illustrated above, Amalgamated Life has agreed to maintain the current rate for the Enhanced DBL coverage effective January 1, 2021. Based on Amalgamated Life's experience report (DBL and PFL combined), paid claims year to date have exceeded paid premiums. Based on the group's size and recent experience, we believe that the offer to maintain the current Enhanced DBL rate is a reasonable offer from Amalgamated Life.

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The Enhanced DBL coverage rate is guaranteed for 12 months through December 31, 2021. Note that the current Life and AD&D benefits renewed on January 1, 2020 and are guaranteed for two years through December 31, 2021.

NY Paid Family Leave (PFL) Fully-Insured Benefit

In accordance with New York state law, the Paid Family Leave (PFL) benefit payable as a percentage of a participant's average weekly wage will increase from 60 percent to 67 percent and the maximum length of leave will increase from 10 weeks to 12 weeks in any 52 week consecutive period. As a result of this benefit improvement and the State's unfavorable claim experience, the contribution rate in the state of New York will increase from 0.270 percent to 0.511 percent of a participant's gross weekly wages. Overall, this translates to an 89.3 percent increase in the monthly premium rate and, including the 3.5 percent increase in the maximum average weekly wage, leads to a maximum increase of 95.9 percent increase. This rate is set annually by New York State and unfortunately is not subject to any negotiation or appeal.

Based on current annual estimated 2020 NY PFL premiums paid of \$9,200, we estimate renewal annual 2021 NY PFL premiums amounting from \$17,500 to \$18,000.

We look forward to discussing this with you at our upcoming Trustees meeting.

cc Fund Co-Counsel
Associated-Administrators

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