



To: Faculty and Staff  
From: Human Resources  
Re: Benefits Review  
Date: November 10, 2008

**Introduction**

This memo provides you with some information about Drake University Benefits. To gauge whether employee benefits are competitive when compared to other employers and, in particular, institutions of higher education, Human Resources routinely participates in formal benefit surveys. The results of these surveys provide one resource for Human Resources and the University Benefits Committee when evaluating benefit program design. One such survey is the *David P. Lind & Associates Benchmark Benefits Survey* (“The Lind Survey”)<sup>1</sup>. The purpose of this memo is to share the results of the Lind Survey with the campus community and to make all employees familiar with the benefit options available to Drake University employees.

**Overall Summary of Results**

The survey results show Drake’s benefit plan to be both competitive and comprehensive. Examples of benefits that are particularly competitive when compared to other Iowa employers are life insurance, time off benefits and certain medical plan coverage provisions. As we would expect, another point of distinction when compared to other Iowa employers is Drake’s educational benefits: tuition rebate and tuition exchange. Areas that require additional monitoring are medical plan premiums and whether a short term disability plan would be desirable, rather than self-funding short term disabilities through Drake sick-leave programs.

**Life Insurance**

Drake University provides a life insurance benefit equal to two times (2x) the employee’s base annual salary, up to age 65 (a reduction factor applies beginning at age 65 for active employees). Other employers in the state, on average, provide a life insurance benefit of one point six times (1.6% x) of base annual salary.

	Drake University	Overall Study	Colleges/Universities
Average Salary Multiple	2.0x salary	1.6x salary	1.8x salary

<sup>1</sup> **Survey Scope**

The Lind survey is an annual study of Iowa employers. Every three years Drake also participates in a survey offered by the College and University Professional Association for Human Resources (CUPA-HR). This survey is specific to higher education; allowing us to analyze our benefits package when compared to our peer group, as well as aspirant institutions of higher education. We plan to participate in this survey and share the results with you later this academic year.

### ***Voluntary Life Insurance***

Drake also offers a life insurance option for employees wishing to purchase additional life insurance for themselves, their spouses or children. Group rates and payroll deductions make this an attractive way to purchase additional life insurance.

	Drake University	Overall Study	Colleges/Universities
Supplemental Life	Yes	55%	89%
Dependent Life	Yes	49%	92%

### ***Medical Plan***

Over the past several years, Drake has focused on providing comprehensive benefits in an environment of rising health care costs. Not only is the cost of the coverage important, but the quality of coverage is critical when comparing employer sponsored plans. The total cost of Drake's plan is higher than others within the state. The higher cost may be reflective of coverage provisions, such as vision coverage, lower deductibles and lower out of pocket maximums, as illustrated in the tables below.

Monthly Total Cost (includes both the Drake and Employee contributions)

	Drake	Overall	Colleges/Universities
Single	\$434	\$355	\$422
Family	\$1,084	\$962	\$952

Monthly Employee Contribution

	Drake	Overall	Colleges/Universities
Single	\$108	\$66	\$68
Family	\$369	\$321	\$203

In-Network Deductible

	Drake	Overall	Colleges/Universities
Single	\$250	\$920	\$761
Family	\$500	\$1924	\$1588

Out-of-Pocket Maximum

	Drake	Overall	Colleges/Universities
Single	\$1,250	\$2107	\$1,504
Family	\$2,500	\$4,436	\$2,872

Prevalence of Vision Benefits by Employer Size

# of employees	10-19	20-49	50-249	250-999	1000+
% offering vision	11%	26%	33%	55%	74%

A key challenge for Drake University is providing quality health insurance at competitive rates. Drake currently contributes 75% of the cost of individual coverage and 60% of the family portion of medical plan coverage. Because the Drake plan is self insured, we all share in the costs together. Drake University has paid careful attention to keeping our administrative costs low and securing strong network discounts in an effort to contain rising costs. Ultimately, however, it is the experience of our group and health care cost trend that drives the cost of the plan.

**Dental**

Survey results show Drake’s dental plan similar to other employers in the state. The Drake plan also costs about the same as other employers, while less of that cost is passed on to participants as with other Iowa employers.

Monthly Total Cost (includes both the Drake and Employee contributions)

	Drake	Overall Study	Colleges/Universities
Single Plan	\$28	\$27	\$28
Family Plan	\$79	\$79	\$74

**Time Off**

Drake University’s paid time off benefits for staff and 12-month employees are another point of distinction for the Drake University benefits package. The tables below compare Drake’s benefit to other survey participants.

*Vacation (Days Per Year)*

Years of Service	0-1	2-3	4-5	6-10	11-15	16-20	20+
Drake*	15	15	16	17.5	20	20	25
Overall	6.6	9.8	11.5	14.2	16.5	19.2	20.5
Colleges/Universities	10	12.3	13.8	16.2	18.9	19.4	21.2

\*Vacation schedules vary for exempt and non-exempt employees. The survey asks for an average of vacation schedules.

*Personal Leave (Days Per Year)*

Drake	2.0
Overall	2.6
Colleges/Universities	2.0

*Paid Holidays (Days per year)*

Drake	13*
Overall	7.8
Colleges/Universities	8.6

\*This number varies between 11- 16 depending on the length of time designated for the **holiday week** provided for the December/New Year’s holiday.

*Sick Leave (Days per year)*

Yrs. Of Service	0-1	2-3	4-5	6-10	11-15	16-20	20+
Drake Staff	18	18	18	18	18	18	18
Drake BU*	12	12	12	12	12	12	12
Overall	9	9.5	10.3	11	11	11	11
Colleges/Universities	9	9.2	9.3	9.5	9.4	9.5	9.3

\*Bargaining Unit Employees

**A note about sick leave:** One reason that the Drake sick leave benefit is more generous than the market norm, is to coordinate with Drake’s Long Term Disability coverage. The “waiting period” for Drake’s long term disability plan is 90 days (employers Drake’s size require, on average, a 120 day waiting period). Drake’s sick leave plan is designed to allow accumulation of sick leave to cover the 90-day waiting period. This is a feasible approach so long as employees do not abuse the sick leave benefit; keeping in mind the importance of maintaining a sick leave balance in the event of a disabling condition.

### ***Retirement Savings Plan***

The Drake University Retirement Savings Plan, much like other institutions of higher education, is a 403(b) retirement savings plan. The Lind survey did not provide contribution specific data, only whether such a plan was offered. While prior survey results have shown Drake's 8% contribution to be favorable, future reviews of higher-education specific data will be necessary to ensure we remain competitive.

### **Overall Summary of Benefits Offered**

The table below shows Drake's total benefit offering when compared to other Iowa employers.

	Drake	% Offered in Overall Study	% Offered among Colleges/Universities
Health Insurance	Yes	93%	100%
Dental Insurance	Yes	68%	91%
Retirement Plan	Yes	85%	100%
Life Insurance	Yes	79%	100%
Dependent Life	Yes	49%	92%
Vision Insurance	Yes	39%	50%
Retiree Health	Yes – w/ restrictions	16%	76%
Retiree Health post 65	Yes – w/ restrictions	16%	58%
Section 125 Flexible Spending Accounts	Yes	70%	91%
Long Term Care	Yes	16%	61%
Long Term Disability	Yes	65%	97%
Educational Assistance	Yes	45%	90%
Domestic Partner Benefits	Yes	27%	65%
Child Care Assistance	No	8%	30%
Fitness Center	Yes	26%	74%
Employee Assistance Program	Yes	45%	90%
Flex Time	Yes	27%	37%

To learn more about any of the above-listed benefit plans, visit the Human Resources web page at [www.drake.edu/hr/benefits](http://www.drake.edu/hr/benefits). The web site contains extensive information about each of these benefits, along with forms and contact information for each of Drake University's third-party benefit providers.

Human Resources and the University Benefits Committee will continue to monitor benefit survey data, as well as review national trends and innovations in benefit delivery. We are proud of the extensive information provided by the Human Resources web site and hope you will take some time to review the benefits available to you. If you have questions about your benefits, please do not hesitate to contact Human Resources at 271-3133.