



## MEMORANDUM

**To:** Newmarket Public Library Board

**From:** Todd Kyle

**Date:** May 20, 2015

**Re:** Long Term Disability Reserve

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The Library participates in employee benefit programs through the Town of Newmarket's providers. For 2015, the Town has converted its mostly provider-funded benefits programs (in which premiums are paid to a provider, who administers and pays out claims) to a fully self-funded program (in which the employer pays a fee to the provider to administer claims, which are paid directly by the employer). The Library's programs are therefore being converted.

For their Long Term Disability programs, the Town and the Library have long had a largely self-funded program. Under this system, the Library paid an administrative fee to a provider, as well as setting some funds aside annually for a Long Term Disability Reserve to assure our ability to pay large claims. With the switch to a fully self-funded LTD program, a corporate-wide LTD Reserve has been set up. The Town has suggested that the Library participate in this, which is to the Library's advantage, as it provides a larger pool to mitigate the impact of future claims.

What this means is that the Library would begin to pay into the Town's reserve instead of our own, and transfer the balance of our current reserve (approximately \$325,000 at the end of 2014, unaudited) to the shared Town reserve. In order to transfer this balance and close out the reserve account the Library Board's approval is required.

**The following motion is recommended:**

**THAT the Library Board approve the closure and transfer of the current balance of the library's Long Term Disability Reserve Fund to the Town of Newmarket's equivalent reserve.**