



City of Austin

Recommendation for Action

File #: 26-1765, **Agenda Item #:** 27.

5/28/2026

Posting Language

Authorize an amendment to a contract for continued long-term disability insurance for Austin Human Resources with Life Insurance Company of North America, to increase the amount by \$2,700,000 for a revised total contract amount not to exceed \$16,068,000. Funding: \$900,000 is available in the Employees Benefit Fund. Funding for the remaining contract term is contingent upon available funding in future budgets.

Lead Department

Austin Financial Services.

Client Department(s)

Austin Human Resources.

Fiscal Note

Funding in the amount of \$900,000 is available in the Fiscal Year 2025-2026 Employees Benefit Fund.

Funding for the remaining contract term is contingent upon available funding in future budgets.

Procurement Language:

Contract Amendment.

MBE/WBE:

This contract was awarded in compliance with the City Code Chapter 2-9B (Minority-Owned and Women-Owned Business Enterprise Procurement Program). For the services required for this contract, there were no subcontracting opportunities; therefore, no subcontracting goals were established.

Prior Council Action:

June 10, 2021 - Council approved a contract for long-term disability insurance with Life Insurance Company of North America.

For More Information:

Direct questions regarding this Recommendation for Council Action to Austin Financial Services - Central Procurement at: FSDCentralProcurementRCAs@austintexas.gov or 512-974-2500.

Additional Backup Information:

The increase in authorization will fund the current contract for long-term disability (LTD) insurance for City employees. The contract was extended in 2023 to continue the guaranteed rates. Due to increasing participation, the contract now requires additional funding for the remaining year. The LTD benefit is paid entirely by employees as a pass-through within the Employee Benefits Fund of Austin Human Resources. The benefit covers on and off-the-job disabilities caused by illness, injury, or pregnancy. Employee premiums for LTD are based on annual salary and age. LTD rates are guaranteed for the life of the contract.

If authorization is not increased, the City will not be able to offer LTD insurance plans through 2027 at the guaranteed rates.

Contract Details:				
Contract Term	Length of Term	Contract Authorization	Requested Additional Authorization	Revised Total Authorization
Initial Term	2 years	\$13,368,000		\$13,368,000
Contract Amendment	3 years			
Proposed Amendment			\$2,700,000	\$2,700,000
Optional Extension	1 year			
Total	6 years	\$13,368,000	\$2,700,000	\$16,068,000

Note: Contract Authorization amounts are based on the City's estimated annual usage.