

***Personnel Committee Meeting
January 14, 2025***

Briefing Material



Personnel Committee Meeting Agenda

Tuesday, January 14, 2025; 9:00 A.M. Central Time

Video/Audio Conference Call Only

Audio Toll Free Dial In Number: 1.346.248.7799

Meeting ID: 222 212 7774 Password: 537081973

1. Consideration and possible action on consent agenda items:
 - A. Summary of the official minutes of the July 16, 2024, meeting*
2. Consideration and possible action on the benefits, compensation, and training components in the 2025 Operating Budget:
 - A. Employee compensation (employee-specific details in Executive Session)
 - B. Health and dental insurance plans
 - C. Health reimbursement arrangement
 - D. Long-Term Disability insurance
 - E. Term Life and AD&D insurance
 - F. 401(k) retirement plan
 - G. 457(b) retirement plan
 - H. Leave time, including sick, vacation, and personal PTO
 - I. Paid holidays
 - J. Parking
3. Consideration and possible action on annual performance evaluation of the Executive Director
4. Consideration and possible action on various elements of the Executive Employment and Deferred Compensation Contract for the Executive Director:
 - A. Other employment and activities engaged in by the Executive Director
 - B. Cost of Living Adjustment (COLA) for 2025
 - C. Discretionary 457(b) contribution in 2025*
5. Consideration and possible action on compensation study report*
6. Consideration and possible action on succession plans*

* denotes items the Executive Director recommends actions be taken at this meeting

All Texas Life and Health Insurance Guaranty Association Board of Directors and Committee meetings will be conducted in accordance with its Antitrust Compliance Policy and applicable laws.
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7. Executive Session:
 - A. Discussion of recommended adjustments in employee compensation and benefits
 - B. Discussion of the confidential aspects of the Executive Director's performance evaluation
 - C. Discussion of the confidential elements of the Executive Employment and Deferred Compensation Contract for the Executive Director
 - D. Discussion of confidential elements of compensation study report
 - E. Discussion of confidential elements of succession planning
 - F. Advice from Counsel
8. Consideration and possible action on items discussed in Executive Session*
9. Consideration and possible action regarding the Committee's 2025 Calendar of Activities and next meeting date

* denotes items the Executive Director recommends actions be taken at this meeting

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Open Meeting Information

Agency Name: Texas Life and Health Insurance Guaranty Association
Date of Meeting: 01/14/2025
Time of Meeting: 09:00 AM (Local Time)
Board: Texas Life and Health Insurance Guaranty Association
Committee: Personnel
Status: Accepted
Street Location: 1717 West 6th Street
City Location: Austin
Meeting State: TX
TRD: 2025000017
Submit Date: 01/02/2025
Emergency Mtg: No
Additional Information Obtained From: Bart A. Boles, Executive Director
1717 West 6th Street, Suite 230
Austin, TX 78703
Tel: 800-982-6362

The Personnel Committee Meeting will be held as a videoconference/teleconference. Attendees also have the option to attend the meeting in-person at 1717 West 6th Street, Suite 230, Austin, TX 78703.

Teleconference meeting access information:
Dial in Number (Toll Free): 1.346.248.7799
Meeting ID: 2222127774
Password: 537081973

Additionally - to obtain a complete PDF copy of the meeting material please go to www.txlifega.org.

Agenda:

- Consideration and possible action on:
- 1) Consent agenda;
 - 2) Benefits, compensation, and training components in the 2024 Operating Budget;
 - 3) Annual performance evaluation of the Executive Director;
 - 4) Elements of the Executive Employment and Deferred Compensation Contract for the Executive Director;
 - 5) Compensation study report;
 - 6) Succession plans;
 - 7) Executive Session;
 - 8) Items discussed in Executive Session;
 - 9) Committee's 2025 Calendar of Activities and next meeting date.

Item 1

Consideration and possible action on consent agenda items:

- A. Summary of the official minutes of the July 16, 2024, meeting



January 14, 2025 Personnel Committee Meeting

CONSENT AGENDA

The following routine, recurring item has been placed on the consent agenda and the associated materials distributed in advance to the Personnel Committee for its review:

1. The summary of the official minutes of the July 16, 2024 Personnel Committee meeting shown on pages 1-2 through 1-5.

The following is a draft resolution to approve the consent item.

RESOLVED, that the Personnel Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association approves the written summary of the official minutes of the July 16, 2024 Personnel Committee meeting.



**SUMMARY OF THE OFFICIAL MINUTES OF THE
 JULY 16, 2024 MEETING OF THE
 PERSONNEL COMMITTEE OF THE BOARD OF DIRECTORS**

A meeting of the Personnel Committee (the “Committee”) of the Board of Directors (the “Board of Directors” or the “Board”) of the Texas Life and Health Insurance Guaranty Association (the “Association” or “Guaranty Association” or “TLHIGA”) was called to order by its Chair, David Sommer, at 9:01 AM Central Time on July 16, 2024. The meeting was held as a videoconference and teleconference meeting in accordance with Section 463.059 of the Texas Insurance Code and was conducted in accordance with the Texas Open Meetings Act.

The Personnel Committee members whose names are set forth below were present for all or part of the meeting and a quorum was present for all votes:

David Sommer James Lewis Frank Beaman

Also, in attendance for all, or part, of the meeting were the following employees of the TLHIGA or contractors of the TLHIGA:

Employees: Bart Boles Jarett Terry Topping Haggerty Brandy Nichols
 General Counsel: Jacqueline Rixen

Also, in attendance for all, or part, of the meeting was:

Shawn Martin, Texas Department of Insurance (“TDI”)
 Mandy Vasquez, TDI

Chair Sommer noted that proper notice of the meeting was filed on July 3, 2024, and published in the Texas Register in accordance with the Texas Open Meetings Act. He directed a copy of such notice be attached hereto and be made a part of this written summary of the official minutes of the meeting. Chair Sommer declared a quorum of the Committee was present in accordance with the Texas Open Meetings Act.

<p><i>This is a written summary of the proceedings of the meeting of the Personnel Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association on July 16, 2024. The official minutes are recorded digitally. The compact disc(s) or digital recordings relating to the open portion of the meeting and all related non-confidential written materials provided to the Committee for such meeting are kept in secure storage at the Association’s office. The compact disc(s) or digital recordings relating to the Executive Session portion of the meeting and all related confidential written material related to the Executive Session portion of the meeting are custodied with the Association’s bank. Details regarding matters described in this summary can be obtained by reviewing the official minutes. The non-confidential written material related to the meeting provided to the Committee should be deemed an attachment to this summary.</i></p>

Item 1 Consideration and possible action on consent agenda items

Regarding the Minutes for the January 9, 2024 Personnel Committee Meeting, Ms. Rixen suggested a revision to state what the “suggested edit” was to the resolution adopting the Minutes of the July 18, 2023 meeting. With the revision (in bold) the paragraph would read: “Upon a motion made by Director Sommer and Seconded by Director Lewis, with the suggested edit **to item 7 to reflect the correct date of January 9, 2024 rather than 2023**, the Committee unanimously adopted the following resolution:”

Upon a motion made by Director Lewis and seconded by Director Beaman, with the insertion of the revised language stated above, the Committee unanimously adopted the following resolution:

RESOLVED, that the Personnel Committee of the Board of Directors of the Texas Life and Health Insurance Guaranty Association approves the written summary of the official minutes of the January 9, 2024 Personnel Committee meeting.

Item 2 Consideration and possible action on the non-salary benefits provided to the TLHIGA’s employees, including insurance plan renewals

Mr. Boles reviewed the renewal quotes recently received for the employees’ insurance plans for staff. Mr. Boles noted an increase in renewal premium for the current health insurance plan. Mr. Boles reported there were no changes to the dental insurance plan, and slight change in premium cost to the Long-Term Disability insurance and the Term Life and Accidental Death & Dismemberment insurance due to last year’s TLHIGA employee compensation changes. Mr. Boles did not recommend changes to the health insurance plan or to the other insurance benefit plans provided to TLHIGA employees.

Mr. Boles reported there were no changes to the 401(k) plan and the 457(b) Retirement Plan. He stated vacation leave, sick leave, personal leave, paid holidays, and the health reimbursement benefits remain the same.

Item 3 Consideration and possible action on various elements of the Executive Employment and Deferred Compensation Contract for the Executive Director

Mr. Boles stated the Executive Employment and Deferred Compensation Contract for the Executive Director (“EEDCC”) was signed and executed on January 1, 2018, and is in place until January 1, 2027.

Mr. Boles reviewed with the Committee the EEDCC and noted specific items that will require actions before, or on, the Committee’s next meeting in January 2025. Mr. Boles presented the mid-year review of the EEDCC to keep the Committee apprised of all aspects of the contract.

Mr. Boles reported there will be a slight change to the Annual Performance Evaluation of the Executive Director because the TLHIGA no longer has a General Counsel and a Board Counsel. He stated the General Counsel will distribute the evaluation to all directors, and either the General Counsel or Personnel Committee Chair will assemble an anonymous compilation of the individual director's evaluations. Mr. Boles stated that the compilation and his self-evaluation will be distributed to all directors in advance of the January 2025 board meeting.

Item 4 Consideration and possible action on compensation study proposals

Mr. Boles reported the Committee recommended, and the Board agreed, to distribute a Request for Proposals ("RFP") in 2024 for a compensation study. He stated that compensation studies were done in 2004, 2012, and 2020 and, because of the current competitive market in Austin, it was agreed to have another study conducted in 2024.

Mr. Boles reported the RFP was distributed to ten firms on May 10, 2024, with a June 28, 2024 deadline for submissions. He stated there were three proposals submitted before the deadline. Mr. Boles reported the three proposals, along with a comparison compilation he assembled, were posted to the Board Portal before this meeting for the Committee's review.

Mr. Boles stated that the names of the firms that submitted proposals will remain confidential until the Board of Directors takes action on this issue.

Chair Sommer directed further discussion on this item be conducted in Executive Session.

Item 5 Consideration and possible action on succession plans

Mr. Boles reported on the General Counsel Search Committee work to identify a candidate for General Counsel because Ms. Rixen is retiring at the end of this year. He stated the General Counsel Search Committee has met four times and is meeting again today and may have a recommendation to provide to the Board at its July 23, 2024 meeting.

Mr. Boles reviewed with the Committee the initial outline of possible chronological steps for selecting a new Executive Director because he will be retiring at year end 2026. Mr. Boles reviewed with the Committee several possible ways to identify qualified Executive Director candidates.

Item 6 Executive Session

Chair Sommer stated the time to be 9:24 A.M. on July 16, 2024, and that he was recessing the regular session of the meeting in order for the Committee to meet in Executive Session, pursuant to the Texas Open Meetings Act.

Chair Sommer stated the time to be 9:33 A.M. on July 16, 2024, and the Executive Session of the Committee meeting had concluded and that he was reconvening the regular session of the Committee pursuant to the Texas Open Meetings Act.

Item 7 Consideration and possible action on items discussed in Executive Session

Upon a motion made by Director Lewis and seconded by Director Beaman, the Committee recommended the following resolution be presented for the adoption by the Board of Directors:

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Personnel Committee to engage Firm C to conduct a compensation and benefits study for the TLHIGA's employees.

Item 8 Consideration and possible action regarding the Committee's 2024 Calendar of Activities and next meeting date

The Committee confirmed that its next meeting will be held on Tuesday, January 14, 2025.

There being no further business, Chair Sommer stated the time to be 9:37 A.M. Central Time and that the regular meeting of the Personnel Committee was adjourned.

Certification

The undersigned hereby certifies the foregoing is a true and accurate written summary of the proceedings of the July 16, 2024 meeting of the Personnel Committee, approved by the Committee at its meeting held on January 14, 2025.

David Sommer, Chair, Personnel Committee

Item 2

Consideration and possible action on the benefits, compensation, and training components in the 2025 Operating Budget:

- A. Employee compensation (employee-specific details in Executive Session)
- B. Health and dental insurance plans
- C. Health reimbursement arrangement
- D. Long-Term Disability insurance
- E. Term Life and AD&D insurance
- F. 401(k) retirement plan
- G. 457(b) retirement plan
- H. Leave time, including sick, vacation, and personal PTO
- I. Paid holidays
- J. Parking



**BENEFIT, COMPENSATION AND TRAINING COMPONENTS
IN THE 2025 OPERATING BUDGET**

The Personnel Committee has two regularly scheduled meetings each year in conjunction with the Board of Directors’ first and third quarterly meetings. The meeting that is held each January or February includes an item related to the benefits provided to employees and the incorporation of these benefits into the proposed Operating Budget for the calendar year.

This report will provide the benefits, compensation, and training elements in the proposed 2025 Operating Budget that will be considered by the Board of Directors during its January 28, 2025 meeting.

Non-Salary Benefits to Employees

The following is a summary of the non-salary benefits the TLHIGA provides to its employees.

1. Health Insurance Plan –The following tables summarize the benefits and premiums under the Blue Cross Blue Shield of Texas (BCBS of TX) employee group health insurance plan.

Plan #	Plan Type	Individual Deductible In/Out	Office Copay	Coin % In/Out	Individual Out of Pocket Max In/Out	Pharmacy Copays
G653CHC	Gold	\$1,500/\$3,000	\$30/\$50	80%/60%	\$6,000/Unlimited	See below

Specialty Office Visits Copay	Urgent Care Center Copay	Monthly Premium	Annual Premium
\$60	\$60	\$ 4,880.01	\$ 58,560.12

	Tier 1 Preferred Generic	Tier 2 Non-Preferred Generic	Tier 3 Preferred Brand	Tier 4 Non-Preferred Brand	Tier 5 Preferred Specialty	Tier 6 Non-Preferred Specialty
Pharmacy (in-network)	\$10	\$20	\$70	\$120	\$150	\$250

2. Dental Insurance Plan – The dental insurance plan was changed on October 1, 2020 to a group policy with Lincoln Financial under which the TLHIGA pays 100% of the employee premium. The current rate is \$47.37 monthly per employee for a total annual cost to the TLHIGA of \$2,273.76. This PPO plan provides:
 - ❖ Calendar Year deductibles of \$50 per individual/\$150 per family
 - ❖ X-rays covered at 100%
 - ❖ Fillings, periodontics, and endodontics are covered at 80% after the deductible
 - ❖ General anesthetics, crowns, bridges, and dentures are covered at 50% after the deductible
 - ❖ Annual maximum benefit is \$1,500

3. Long Term Disability Insurance - The TLHIGA pays for a long-term disability policy for each employee provided through Lincoln Financial. The policy pays 60% of salary after a 90-day elimination period with a maximum monthly benefit of \$10,000. The current monthly premium for all employees totals \$207.70 for a total annual premium cost to the TLHIGA of \$2,492.40. Cost is based on current salaries and will increase as salaries increase.

4. Term Life and AD&D Insurance – The TLHIGA carries a group term life policy for all employees, also through Lincoln Financial, which pays two times the employee’s salary up to a maximum of \$250,000 benefit, subject to benefit limitations based on attained age. The current monthly premium for all employees totals \$266.76 for a total annual premium cost to the TLHIGA of \$3,201.12.

5. 401(k) Plan Matching and Vesting Schedule – The TLHIGA has a 401(k) safe harbor retirement plan. An employee becomes eligible to participate in the plan on the next enrollment date after six months of employment. Enrollment dates are January 1, April 1, July 1, and October 1. Effective January 1, 2016, the TLHIGA began making a non-discretionary contribution of 4% of an employee’s annual salary, irrespective of whether the employee makes any contribution, and then matching 50% of the first 6% an employee’s contribution. If an employee contributes 6% of salary, the TLHIGA contributes a total of 7%, 3% of which is matching. An employee is always 100% vested in his/her contributions and employer contributions are vested in the following manner:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 1 year	0%
1 but less than 2 years	20%
2 but less than 3 years	40%
3 but less than 4 years	60%
4 but less than 5 years	80%
5 years or more	100%

6. 457(b) Retirement Plan – In 2018, the Board of Directors accepted the Personnel Committee’s recommendation to implement a 457(b) retirement plan for the Executive

Director. The discretionary annual contributions to the plan are detailed in the Executive Employment and Deferred Compensation Contract for the Executive Director (“EEDCC”) and are dependent on the combined ratings in each category of the Executive Director’s annual job performance evaluation by the Board of Directors. If such performance measures are met, the Board may contribute an additional amount to the \$18,500 payment to the 457(b) retirement plan for the Executive Director. The discretionary, annual payment is limited to the maximum annual amount permitted by the Internal Revenue Service and that amount for 2025 is \$23,500.

7. Annual Accrual and Carryover of Sick, Vacation and Personal Leave - Each employee accumulates 8 hours per month of sick leave and there is no limit on the amount of sick leave that may be carried over at the end of the calendar year. Until the end of the second year of service, the employee accumulates 8 hours of vacation leave each month. After the second year and until the fifth employment anniversary, an employee accumulates 9 hours of vacation leave each month. After five years of service, an employee accumulates 10 hours of vacation leave each month. An employee may carry over up to 40 hours of vacation leave at the end of the calendar year. In addition, each employee is offered two paid personal leave days each calendar year. Unused personal leave cannot be carried over.
8. Paid Holidays Annually – The TLHIGA’s offices are closed and the employees are paid for twelve days of holiday leave each year.
9. Parking – Provided garage parking is \$155 monthly for each TLHIGA employee.
10. Health Reimbursement Arrangement - The TLHIGA provides a Health Reimbursement Arrangement that defines the expenses eligible for reimbursement to include out of pocket expenses, copayments and deductibles under the medical insurance and dental insurance plans, including copayments for prescription drugs, and to allow 50% of the unused portion of an annual \$1,500 reimbursement amount to be rolled over at year-end into the next year up to a maximum balance of \$4,500.
11. Education Expense Reimbursement - The TLHIGA has an Education Reimbursement Policy that promotes employees to take additional courses in pursuit of a bachelor’s or master’s degree or a review/training course for a professional designation. The courses must be preapproved by the Executive Director and be applicable to the employee’s current or future job, and the TLHIGA’s field of work. The Policy reimburses an employee 75% of eligible expenses, up to \$5,000 per year, upon successfully passing a course. The Policy also contains a reimbursement repayment agreement if the employee terminates TLHIGA employment within 24 months after the reimbursement.

Benefits, Compensation and Training Amounts in the Proposed 2025 Operating Budget

The following tables compare the benefit, compensation, and training elements in the 2024 Operating Budget and the proposed 2025 Operating Budget.

GENERAL LEDGER ACCOUNT 5060 – EMPLOYEE BENEFIT (various components)	2024 BUDGET AMOUNT	2025 BUDGET ASSUMPTIONS	2025 BUDGET AMOUNT
Health Insurance Plan	\$ 51,780	Renewal	\$ 59,504
Health Reimbursement Arrangement	6,000	4 employees	6,000
Dental Insurance	2,842	Renewal	2,274
Long Term Disability	2,450	Based on Salary	2,518
Term Life Insurance and AD&D	3,134	Based on Salary	3,236
Retirement Plan Contributions	60,641	Based on Salary	64,850
	\$ 126,278		\$ 138,382

GENERAL LEDGER ACCOUNT	2024 BUDGET AMOUNT	2025 BUDGET ASSUMPTIONS	2025 BUDGET AMOUNT
Salaries – 5150	\$558,700	3.5% Increase for Staff Plus Range Adjustments and Bonuses	\$ 618,796
Payroll Taxes – 5115	\$ 34,880	Based on Salaries	\$ 40,015
Education & Training – 5055	\$ 9,250	Additional training	\$ 9,250

Item 3

Consideration and possible action on annual performance evaluation of the Executive Director



ANNUAL PERFORMANCE EVALUATION OF THE EXECUTIVE DIRECTOR

In January 2018, the methodology for the Executive Director's annual performance evaluation was altered so it would be conducted at the first Personnel Committee and Board of Directors meetings of each calendar year and the evaluation period would coincide with the calendar year period used to evaluate the other TLHIGA staff. This was intended to make budgeting simpler and to increase the timeliness of the payment of any amounts under the Executive Employment and Deferred Compensation Contract for the Executive Director ("EEDCC").

Section 2 of the EEDCC contains the following language related to the annual performance evaluation of the Executive Directors,

The Personnel Committee shall at its first meeting following receipt of such report [of the Board Counsel's compilation of the comments and numerical average rating on each of the performance factors in the Executive Director's annual job performance questionnaires by all Board members] review all findings in the report to assure compliance with this Contract.

On November 4, 2024, General Counsel Jacqueline Rixen distributed the form to evaluate the 2024 performance of the Executive Director to all Board members. Ms. Rixen assembled a compilation of the individual director's evaluations. This compilation and the Executive Director's self-evaluation were confidentially distributed to the Committee and the full Board of Directors in advance of the January 14 & 28, 2025 meetings, respectively.

The Committee will review the compilation and the self-evaluation during the confidential Executive Session of its January 14, 2025 meeting and prepare any recommendations to the full Board of Directors it feels are warranted. The Committee will then discuss the evaluation materials, and any recommendations, with the full Board of Directors during the confidential Executive Session on January 28, 2025.

The Board of Directors will take appropriate action based on the Personnel Committee's recommendations, their consideration of the performance evaluations, and the Executive Director's compliance with the provisions of the Executive Employment and Deferred Compensation Contract.

Item 4

Consideration and possible action on various elements of the Executive Employment and Deferred Compensation Contract for the Executive Director:

- A. Other employment and activities engaged in by the Executive Director
- B. Cost of Living Adjustment (COLA) for 2025
- C. Discretionary 457(b) contribution in 2025



VARIOUS ELEMENTS OF THE EXECUTIVE EMPLOYMENT AND DEFERRED COMPENSATION CONTRACT FOR THE EXECUTIVE DIRECTOR

The Board of Directors negotiated and implemented the Executive Employment and Deferred Compensation Contract for the Executive Director (“EEDCC”) in 2018. In addition to the annual performance review of the Executive Director that is included as agenda item 3 for the Committee’s January 14, 2025 meeting, the EEDCC contains the annual review of additional elements that will be conducted by the Personnel Committee prior to reporting on these items to the full Board of Directors. Specifically, these activities include the Committee’s review of (1) other employment and activities engaged in by the Executive Director and (2) the compensation elements of the EEDCC.

OTHER EMPLOYMENT AND ACTIVITIES ENGAGED IN BY THE EXECUTIVE DIRECTOR

Section 2 of the EEDCC, in addition to the Committee’s responsibilities related to the Executive Director’s annual performance review, requires the Committee to “review any other employment or activities engaged in by the Executive Director for which approval is required pursuant to Section 7 of this Contract to confirm that such other employment or activities are not interfering with the Employee’s ability to perform his job functions and duties.”

These activities, if any, will be discussed by the Committee during its January 14, 2025 meeting.

COMPENSATION ELEMENTS OF THE EEDCC

The EEDCC contains various automatic and discretionary compensation elements. The following will report on one automatic element that has been implemented pursuant to the EEDCC and one discretionary item for the Committee to consider.

Cost of Living Adjustment - Section 3(A) of the EEDCC reads, “From January 1, 2025 until January 1, 2026 (“Year 8”), the Employee’s annual base salary shall be the sum of Year 6 Salary, plus the product of the percentage equal to the cost-of-living adjustment applicable to Social Security general benefits (the “COLA”) for Year 8 multiplied by the Year 7 Salary.”

Attached, beginning on 4-3, is the Social Security Administration’s October 10, 2024 Press Release which states the COLA for 2025 will be 2.5%. Mr. Boles sent this information to the Personnel

Committee on October 10, 2024. Consistent with prior instructions from the Committee, Mr. Boles implemented the 2.5% COLA increase to his annual base salary on January 1, 2025 and is including this as a reporting item for the Personnel Committee.

457(b) Payments – Section 3(B) of the EEDCC contains two items related to the annual 457(b) payment. The two paragraphs related to these items are as follows:

During the period from January 1, 2018 until January 1, 2027, the Employer shall make pursuant to Section 457(b) of the United States Revenue Code (“Section 457(b)”) payments to the Employee provided that the Employee remains serving as the Executive Director of the TLHIGA on the applicable payment date, has complied with all terms and conditions of this Contract for the calendar year preceding the calendar year of such payment date, has received at least an average rating of 4 for all job performance factors combined for his annual performance review for the evaluation period immediately prior to such payment date, and the annual audit of the TLHIGA’s financial statements for the calendar year preceding the calendar year of such payment did not reveal material misstatements or significant deficiencies.

[Schedule of Annual Payments intentionally not displayed]

If the maximum annual contribution amount permitted under Section 457(b) increases above \$18,500 for any year after 2018, the Board has the discretion, but not the obligation, to fund up to the new maximum amount for such year with the result that one or more of the annual payments described above, and the aggregate amount of all nine annual 457(b) payments, could be increased.

Attached as pages 4-5 and 4-6 is an IRS notice entitled “Internal 401(k) limit increases to \$23,500 for 2025, IRA limit remains \$7,000.” Within this document, there is a disclosure that the 457(b) contribution limit for 2025 increased to \$23,500.

The Committee will need to determine if (1) the contractual requirements to make the 2025 457(b) payment have been met by the Executive Director and (2) should the payment be increased above \$18,500, not to exceed the 2025 maximum annual amount of \$23,500 permitted by the IRS. A draft resolution is provided on page 4-7 for the Committee to consider completing and recommending to the Board of Directors regarding this discretionary element of the EEDCC.

Press Release

Thursday, October 10, 2024
For Immediate Release



Mark Hinkle, Press Officer
press.office@ssa.gov

News Release

SOCIAL SECURITY

Social Security Announces 2.5 Percent Benefit Increase for 2025

Social Security benefits and Supplemental Security Income (SSI) payments for more than 72.5 million Americans will increase 2.5 percent in 2025, the Social Security Administration announced today. On average, Social Security retirement benefits will increase by about \$50 per month starting in January.

Over the last decade the COLA increase has averaged about 2.6 percent. The COLA was 3.2 percent in 2024.

Nearly 68 million Social Security beneficiaries will see a 2.5 percent cost-of-living adjustment (COLA) beginning in January 2025. Increased payments to nearly 7.5 million people receiving SSI will begin on December 31, 2024. (Note: Some people receive both Social Security benefits and SSI).

"Social Security benefits and SSI payments will increase in 2025, helping tens of millions of people keep up with expenses even as inflation has started to cool," said Martin O'Malley, Commissioner of Social Security.

Some other adjustments that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) is slated to increase to \$176,100 from \$168,600.

Social Security begins notifying people about their new benefit amount by mail starting in early December.

This year, for the first time, Social Security beneficiaries will receive a newly designed and improved COLA notice that makes it easier for customers to find the information they need most. The simplified COLA notice is now only one page, uses plain and personalized language, and provides exact dates and dollar amounts of a person's new benefit amount and any deductions.

Individuals who have a personal [my Social Security](#) account can view their COLA notice online, which is secure, easy, and faster than receiving a letter in the mail. People can set up text or email alerts when there is a new message--such as their COLA notice--waiting for them in [my Social Security](#).

People will need to have a personal [my Social Security](#) account by Nov. 20 to see their COLA notice online. To get started, visit www.ssa.gov/myaccount.

Information about Medicare changes for 2025 will be available at www.medicare.gov. For Social Security beneficiaries enrolled in Medicare, the 2025 benefit amount will be available via [my Social Security's](#) Message Center starting in late November. Those who have not opted to receive messages online will receive their COLA notice by mail in December.

The Social Security Act provides for how the COLA is calculated. The Social Security Act ties the annual COLA to the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) as determined by the Department of Labor's Bureau of Labor Statistics.

To read more, please visit www.ssa.gov/cola.

NOTE TO CORRESPONDENTS: Here is a [fact sheet](#) showing the effect of the various automatic adjustments.

To get more Social Security news, follow the Press Office on X [@SSAPress](#).



401(k) limit increases to \$23,500 for 2025, IRA limit remains \$7,000

IR-2024-285, Nov. 1, 2024

WASHINGTON — The Internal Revenue Service announced today that the amount individuals can contribute to their 401(k) plans in 2025 has increased to \$23,500, up from \$23,000 for 2024.

The IRS today also issued technical guidance regarding all cost-of-living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2025 in [Notice 2024-80](#) [PDF](#), posted today on IRS.gov.

Highlights of changes for 2025

The annual contribution limit for employees who participate in 401(k), 403(b), governmental 457 plans, and the federal government's Thrift Savings Plan is increased to \$23,500, up from \$23,000.

The limit on annual contributions to an IRA remains \$7,000. The IRA catch-up contribution limit for individuals aged 50 and over was amended under the SECURE 2.0 Act of 2022 (SECURE 2.0) to include an annual cost-of-living adjustment but remains \$1,000 for 2025.


The catch-up contribution limit that generally applies for employees aged 50 and over who participate in most 401(k), 403(b), governmental 457 plans, and the federal government's Thrift Savings Plan remains \$7,500 for 2025. Therefore, participants in most 401(k), 403(b), governmental 457 plans and the federal government's Thrift Savings Plan who are 50 and older generally can contribute up to \$31,000 each year, starting in 2025. Under a change made in SECURE 2.0, a higher catch-up contribution limit applies for employees aged 60, 61, 62 and 63 who participate in these plans. For 2025, this higher catch-up contribution limit is \$11,250 instead of \$7,500.

The income ranges for determining eligibility to make deductible contributions to traditional Individual Retirement Arrangements (IRAs), to contribute to Roth IRAs and to claim the Saver's Credit all increased for 2025.

Taxpayers can deduct contributions to a traditional IRA if they meet certain conditions. If during the year either the taxpayer or the taxpayer's spouse was covered by a retirement plan at work, the deduction may be reduced, or phased out, until it is eliminated, depending on filing status and income. (If neither the taxpayer nor the

spouse is covered by a retirement plan at work, the phase-outs of the deduction do not apply.) Here are the phase-out ranges for 2025:

- For single taxpayers covered by a workplace retirement plan, the phase-out range is increased to between \$79,000 and \$89,000, up from between \$77,000 and \$87,000.
- For married couples filing jointly, if the spouse making the IRA contribution is covered by a workplace retirement plan, the phase-out range is increased to between \$126,000 and \$146,000, up from between \$123,000 and \$143,000.
- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the phase-out range is increased to between \$236,000 and \$246,000, up from between \$230,000 and \$240,000.
- For a married individual filing a separate return who is covered by a workplace retirement plan, the phase-out range is not subject to an annual cost-of-living adjustment and remains between \$0 and \$10,000.
- The income phase-out range for taxpayers making contributions to a Roth IRA is increased to between \$150,000 and \$165,000 for singles and heads of household, up from between \$146,000 and \$161,000. For married couples filing jointly, the income phase-out range is increased to between \$236,000 and \$246,000, up from between \$230,000 and \$240,000. The phase-out range for a married individual filing a separate return who makes contributions to a Roth IRA is not subject to an annual cost-of-living adjustment and remains between \$0 and \$10,000.
- The income limit for the Saver's Credit (also known as the Retirement Savings Contributions Credit) for low- and moderate-income workers is \$79,000 for married couples filing jointly, up from \$76,500; \$59,250 for heads of household, up from \$57,375; and \$39,500 for singles and married individuals filing separately, up from \$38,250.
- The amount individuals can generally contribute to their SIMPLE retirement accounts is increased to \$16,500, up from \$16,000. Pursuant to a change made in SECURE 2.0, individuals can contribute a higher amount to certain applicable SIMPLE retirement accounts. For 2025, this higher amount remains \$17,600.
- The catch-up contribution limit that generally applies for employees aged 50 and over who participate in most SIMPLE plans remains \$3,500 for 2025. Under a change made in SECURE 2.0, a different catch-up limit applies for employees aged 50 and over who participate in certain applicable SIMPLE plans. For 2025, this limit remains \$3,850. Under a change made in SECURE 2.0, a higher catch-up contribution limit applies for employees aged 60, 61, 62 and 63 who participate in SIMPLE plans. For 2025, this higher catch-up contribution limit is \$5,250.

Details on these and other retirement-related cost-of-living adjustments for 2025 are in [Notice 2024-80](#) , available on [IRS.gov](https://www.irs.gov).



The Personnel Committee recommends that the following resolution be presented to the Board of Directors for consideration and possible adoption.

**RESOLUTION ON 457(b) PLAN PAYMENT
TO EXECUTIVE DIRECTOR**

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association acknowledges the Personnel Committee's report that the Executive Director has fully complied with the terms and conditions of the Executive Employment and Deferred Compensation Contract during 2024 and

FURTHER RESOLVED, that the Board of Directors, consistent with the recommendation from the Personnel Committee, and pursuant to the terms of the Executive Employment and Deferred Compensation Contract, authorizes a payment in January 2025 to the 457(b) plan established for the Executive Director in the amount of _____.

Item 5

Consideration and possible action on compensation study report



CONSULTANT’S COMPENSATION STUDY

The Personnel Committee has engaged a compensation consultant on three occasions to develop salary ranges for all TLHIGA staff positions. These studies were conducted in 2004, 2012, and 2020. Between each of these studies, the Executive Director has annually adjusted the salary ranges established by the studies for each TLHIGA position based on the Cost of Living Adjustment published by the Social Security Administration.

To keep pace with the changing Austin job marketplace, and to promote stability of the TLHIGA staff during the upcoming, planned management transition, the Committee agreed to conduct another compensation study in 2024.

A Request for Proposals was conducted by the Personnel Committee. The Board of Directors accepted the Committee’s recommendation and engaged PRM Consulting Group (“PRM”) on July 23, 2024.

PRM conducted a market study comparison of the three TLHIGA staff positions, excluding the Executive Director position. A confidential report of the study’s methodologies, market findings, and recommended total compensation program changes was distributed to the Committee members by the Executive Director in advance of the meeting.

A draft, recommended resolution regarding the compensation study recommendations is presented on page 5-2.



January 14, 2025 Personnel Committee Meeting

The Personnel Committee recommends that the following resolution be presented to the Board of Directors for consideration and possible adoption.

RESOLUTION ON ACCEPTANCE OF COMPENSATION STUDY RECOMMENDATIONS

RESOLVED, that the Board of Directors of the Texas Life and Health Insurance Guaranty Association accepts the recommendation from its Personnel Committee to accept the salary range adjustments for the TLHIGA employee positions as detailed in the PRM Consulting Group compensation study.

Item 6

Consideration and possible action on succession plans



SUCCESSION PLANNING

The Executive Director served the TLHIGA for over thirty-seven years. Recently, he advised the Board of Directors of his plans to retire at year-end of 2026. This advanced notification was provided to permit the TLHIGA sufficient time to conduct a deliberate and thorough search for a successor and to implement orderly transitions.

Succession Steps

The following is an initial outline of the possible chronological steps to select a new Executive Director and transition the individual into the role. This outline describes areas where the Board of Directors has options in the search, interview, and engagement sections of the succession process. The intent is to permit time for the new Executive Director to shadow the current Executive Director in order to experience activities as they arise throughout the year. The time frames shown are preliminary and subject to adjustment by the Board of Directors.

2025

Q1 and Q2

1. Determine Board involvement – Personnel Committee? Executive Committee? Ad Hoc Committee?
2. Define the Executive Director Position
 - a. Review and adjust the Executive Director’s job description to focus on primary duties
 - b. Identify the skills and experience requirements for potential candidates
3. Determine Board involvement – Personnel Committee? Executive Committee? Ad Hoc Committee?
4. Draft Solicitation Package
5. Explore Options for Distribution of Solicitation Package/Identification of Candidates
 - a. Solicit suggestions from Board of Directors,
 - b. Utilize a search firm, and/or
 - c. Advertise the opening in the NOLHGA Wire, through TALHI, and/or the TDI.
6. Develop the format of the interview process

Q3 and Q4

7. Gather and evaluate candidates
8. Perform screening and background checks
9. Develop interview questions
10. Conduct interviews
11. Conduct follow up interviews, if necessary

2026

Q1

12. Final negotiations and engagement of new Executive Director

Q2 through Q4

13. Onboarding and transitioning, as determined appropriate

14. Allow the new Executive Director to shadow the current Executive Director to:

- a. Experience fulfilling various governance duties as they arise throughout the year,
- b. Develop a relationship with the TDI and various SDRs,
- c. Attend NOLHGA task force and MPC meetings, and
- d. Interact with TLHIGA staff.

Item 7

Executive Session:

- A. Discussion of recommended adjustments in employee compensation and benefits
- B. Discussion of the confidential aspects of the Executive Director's performance evaluation
- C. Discussion of the confidential elements of the Executive Employment and Deferred Compensation Contract for the Executive Director
- D. Discussion of confidential elements of compensation study report
- E. Discussion of confidential elements of succession planning
- F. Advice from Counsel

Item 8

Consideration and possible action on items discussed in Executive Session

Item 9

Consideration and possible action regarding the Committee's 2025
Calendar of Activities and next meeting date



January 14, 2025 Personnel Committee Meeting

COMMITTEE'S 2024 AND 2025 CALENDAR OF ACTIVITIES AND NEXT MEETING DATE

Included on pages 9-2 and 9-3 are the portions of the 2024 Calendar of Activities relating to the Personnel Committee's meeting dates, agenda items, related activities, and completion dates. Pages 9-4 and 9-5 present the tentative Committee meeting dates and agenda items for 2025. These are subject to change at the Committee's discretion. The items shown in red are specific responsibilities for the Personnel Committee Chair.

Based on the Committee's current activities, we have tentatively scheduled the next Committee meeting for 9 AM Central on **Monday, July 21, 2025.**



2024 Calendar of Activities (PERSONNEL COMMITTEE) updated as of 12-15-24

Activity Reference No.	Board, Committee or Executive Director (BOD, A-I, PER, AUD, LEG, CORP GOV or ED)	Chair - CH (If applicable)	Activity Target Date	Activity Description	Date Completed
1	ED		12/29/23	EXECUTIVE DIRECTOR (or staff) will file the final agendas for the January 9, 2026 Personnel and A-I Committees' meetings with the Texas Secretary of State's office.	12/29/23
4	PER	CH	1/9/24 9:00 AM	Personnel Committee Meeting <ul style="list-style-type: none"> - Review of prior meeting's minutes - Review of benefits, compensation and training components in 2024 Operating Budget, including staff compensation - Engagement of a compensation consultant - Review Board Counsel's compilation of all directors' performance evaluations of the Executive Director - Evaluation and possible action on elements of Executive Employment and Deferred Compensation Contract with the Executive Director - Annual review of Committee's Charter 	1/9/24
10	BOD A-I PER	CH CH CH	1/30/24 8:30 AM	Board of Directors Meeting Consideration and possible action on the following: <ul style="list-style-type: none"> - Election of Officers - Appointment of Committee Chairs and Members - Review of Board of Directors corporate governance comments - Review the compilation of evaluations of General Counsel - Review and possible actions on various active member company receiverships - Executive Director's report on operations - Adoption of 2024 Operating and Capital Expenditure Budgets - Regular operational and financial approvals (minutes, NOLHGA invoice, future meetings, financial statements, etc.) A-I COMM CHAIR will report on the Committee's discussions regarding the necessity for Class A or Class B assessments in 2024 PERS COMM CHAIR will report on the Committee's discussion regarding: <ul style="list-style-type: none"> - Review of benefits, compensation and training components in 2024 Operating Budget, including staff compensation - Engagement of a compensation consultant - Review Board Counsel's compilation of all directors' performance evaluations of the Executive Director - Evaluation and possible action on elements of Executive Employment and Deferred Compensation Contract with the Executive Director 	1/30/24
30	PER	CH	6/28/24	PERS COMM CHAIR and counsel will be provided the draft agenda for the July 16, 2024 Committee meeting for review with the Executive Director to determine the order of the items and whether additional items should be added or deleted.	6/28/24
34	ED		7/3/24	EXECUTIVE DIRECTOR (or staff) will file the final agendas for the July 16, 2024 Personnel, A-I, and General Counsel Search Committees' meetings with the Texas Secretary of State's office.	7/3/24
35	ED		7/12/24	EXECUTIVE DIRECTOR (or staff) will file the final agendas for the 7/23/24 Board of Director meeting with the Texas Secretary of State's office.	7/12/24



2024 Calendar of Activities (PERSONNEL COMMITTEE) updated as of 12-15-24

Activity Reference No.	Board, Committee or Executive Director (BOD, A-I, PER, AUD, LEG, CORP GOV or ED)	Chair - CH (If applicable)	Activity Target Date	Activity Description	Date Completed
36	PER	CH	7/16/24 9:00 AM virtual	<p>Personnel Committee Meeting</p> <ul style="list-style-type: none"> - Review the non-salary benefits provided to TLHIGA employees, including renewal of employee insurance benefit plans - Review elements of the Executive Director's Executive Employment and Deferred Compensation Contract - Recommendation to engage compensation consultant - Revisions to succession plans - Meet in Executive Session for the Committee to discuss confidential 	7/16/24
39	BOD A-I PER	CH CH CH	7/23/24 8:30 AM	<p>Board of Directors Meeting</p> <p>A-I COMM CHAIR will provide a report to the Board of Directors that includes the following:</p> <ul style="list-style-type: none"> - Necessity for a Class B assessment or credit refund in 2024 - Any recommended revisions to the Investment Policy - Any recommended changes to investments - Any recommended changes to the A/I Committee Charter <p>PERS COMM CHAIR will provide a report to the Board of Directors that includes the following:</p> <ul style="list-style-type: none"> - Any actions on the benefits provided to TLHIGA employees - Review elements of the Executive Director's Executive Employment and Deferred Compensation Contract - Recommendation to engage compensation consultant - Revisions to succession plans <p>GENERAL COUNSEL SEARCH COMM CHAIR will provide a report to the Board of Directors that includes the following:</p> <ul style="list-style-type: none"> - Overview of General Counsel search process - Interviews of General Counsel candidates - Engagement recommendation <p>Executive Session confidential discussion of financially troubled member insurance companies</p> <p>Review and possible actions on various active member company receiverships</p> <p>Executive Director's report on operations</p> <p>Review of IRS Form 990</p> <p>Corporate governance enhancements</p> <p>Regular operational and financial approvals (i.e. minutes, NOLHGA invoice</p>	7/23/24
51	PER	CH	11/1/24	<p>PERS COMM CHAIR will ask General Counsel, Jacqueline Rixen, to distribute the blank Executive Director performance evaluation form to all Directors and to the Executive Director. The completed evaluation forms must be returned to the General Counsel on or before Friday, January 3, 2025.</p>	11/4/24
55	PER	CH	12/20/24	<p>PERS COMM CHAIR will review the draft agenda for the January 14, 2025 Committee meeting with the Executive Director to determine the order of the items and whether additional items should be added or deleted.</p>	12/20/24
57	BOD	CH	12/27/24	<p>BOD CHAIR and counsel will be provided the draft agenda for the January 28, 2025 BOD meeting for review with the Executive Director to determine the order of the items and whether additional items should be added or deleted, including any anticipated recommendations for Board action from the Personnel or A-I Committees.</p>	



2025 Calendar of Activities (PERSONNEL COMMITTEE) updated as of 12/15/24

Activity Reference No.	Board, Committee or Executive Director (BOD, A-I, PER, AUD, LEG, CORP GOV or ED)	Chair - CH (If applicable)	Activity Target Date	Activity Description	Date Completed
4	PER	CH	1/14/25 9:00 AM videoconference	Personnel Committee Meeting - Review of prior meeting's minutes - Review of benefits, compensation and training components in 2025 Operating Budget, including staff compensation - Review of report from compensation consultant - Review succession plan for Executive Director position - Review Board Counsel's compilation of all directors' performance evaluations of the Executive Director - Evaluation and possible action on elements of Executive Employment and Deferred Compensation Contract with the Executive Director - Annual review of Committee's Charter	
8	BOD A-I PER	CH CH CH	1/28/25 8:30 AM	Board of Directors Meeting Consideration and possible action on the following: - Election of Officers - Appointment of Committee Chairs and Members - Review of Board of Directors corporate governance comments - Review the compilation of evaluations of General Counsel - Review and possible actions on various active member company receiverships - Executive Director's report on operations - Adoption of 2025 Operating and Capital Expenditure Budgets - Regular operational and financial approvals (minutes, NOLHGA invoice, future meetings, financial statements, etc.) A-I COMM CHAIR will report on the Committee's discussions regarding the necessity for Class A or Class B assessments in 2025 PER COMM CHAIR will report on the Committee's discussion regarding: - Review of benefits, compensation and training components in 2025 Operating Budget, including staff compensation - Report from compensation consultant - Review Board Counsel's compilation of all directors' performance evaluations of the Executive Director - Evaluation and possible action on elements of Executive Employment and Deferred Compensation Contract with the Executive Director	
28	PER	CH	7/2/25	PER COMM CHAIR and counsel will be provided the draft agenda for the July 21, 2025 Committee meeting for review with the Executive Director to determine the order of the items and whether additional items should be added or deleted.	
29	BOD	CH	7/9/25	BOD CHAIR and counsel will be provided the draft agenda for the July 29, 2025 BOD meeting for review with the Executive Director to determine the order of the items and whether additional items should be added or deleted, including any anticipated recommendations for Board action from the Personnel or A-I Committees.	
30	ED		7/10/25	EXECUTIVE DIRECTOR (or staff) will file the final agendas for the July 21, 2025 Personnel and A-I Committees' meetings with the Texas Secretary of State's office.	



2025 Calendar of Activities (PERSONNEL COMMITTEE) updated as of 12/15/24

Activity Reference No.	Board, Committee or Executive Director (BOD, A-I, PER, AUD, LEG, CORP GOV or ED)	Chair - CH (If applicable)	Activity Target Date	Activity Description	Date Completed
31	ED		7/17/25	EXECUTIVE DIRECTOR (or staff) will file the final agendas for the 7/29/25 Board of Director meeting with the Texas Secretary of State's office.	
32	PER	CH	7/21/25 9:00 AM virtual	Personnel Committee Meeting - Review the non-salary benefits provided to TLHIGA employees, including renewal of employee insurance benefit plans - Review elements of the Executive Director's Executive Employment and Deferred Compensation Contract - Revisions to succession plans - Meet in Executive Session for the Committee to discuss confidential personnel matters and receive advice from counsel	
35	BOD A-I PER	CH CH CH	7/29/25 8:30 AM	Board of Directors Meeting A-I COMM CHAIR will provide a report to the Board of Directors that includes the following: - Necessity for a Class B assessment or credit refund in 2025 - Any recommended revisions to the Investment Policy - Any recommended changes to investments - Any recommended changes to the A/I Committee Charter PERS COMM CHAIR will provide a report to the Board of Directors that includes the following: - Any actions on the benefits provided to TLHIGA employees - Review elements of the Executive Director's Executive Employment and Deferred Compensation Contract - Revisions to succession plans Executive Session confidential discussion of financially troubled member insurance companies Review and possible actions on various active member company receiverships Executive Director's report on operations Review of IRS Form 990 Corporate governance enhancements Regular operational and financial approvals (i.e. minutes, NOLHGA invoice, future meetings, financial statements, etc.)	
46	PER	CH	10/30/25	PERS COMM CHAIR will ask General Counsel, Dan Price, to distribute the blank Executive Director performance evaluation form to all Directors and to the Executive Director. The completed evaluation forms must be returned to the General Counsel on or before Friday, January 2, 2026.	
50	PER	CH	12/10/25	PERS COMM CHAIR will review the draft agenda for the January 20, 2026 Committee meeting with the Executive Director to determine the order of the items and whether additional items should be added or deleted.	