

Memo

To: Honorable Mayor and City Council
From: Joe Kohlmann, City Administrator
Date: September 28, 2012
Re: Health Care Savings Plan

The Minnesota State Retirement System (MSRS) requires cities to adopt an agreement regarding Post Retirement Health Care Savings Plans (HCSP). Several years ago, the City adopted language that directed all "Termination Pay" (accumulated unused sick and vacation hours) to be contributed towards the non-union employees HCSP. In addition, all non-union employees are to contribute a minimum of \$25 to HCSP biweekly. However, per our policy, non-union employees are supposed to contribute \$500 biweekly to the HCSP if they have 9-16 years of service. This accommodated an employee at the time this policy was enacted who was near retirement.

The City can make changes to the policy that will need to be adhered to for two years. With unanimous consent of the non-union employees, termination pay will be paid directly to the employee and not contributed to the HCSP. In addition, the non-union employees with 9-16 years of service wish to have the contribution reduced from \$500 to \$50.

Attached is the revised language making the changes described above. This language is taken directly from our personnel policy and there will not need to be an ordinance amendment (the original language was never inserted into the personnel policy). The MSRS has confirmed this language is acceptable.

There are no PERA contributions that will need to be made to the Termination Pay, consistent with the current policy in place.

Council Action Requested:

Adopted the proposed changes in the City's Post Retirement Health Care Savings Plan Contract Language.

**CITY OF TONKA BAY
POST RETIREMENT HEALTH CARE SAVINGS PLAN
CONTRACT LANGUAGE**

Non-union employees of the City of Tonka Bay are eligible to participate in the Minnesota Post Retirement Health Care Savings Plan (PRHCSP) established under Minnesota Statutes, Section 352.98 (Minn. Supp. 2001) and as outlined in the Minnesota State Retirement System's Trust and Plan Documents. All funds collected by the employer on the behalf of the employee will be deposited into the employee's post retirement health care savings plan account.

Employees have agreed to contribute an ongoing percent of pay as set out below:

- Employees with 0-3 years of service will contribute \$25 per pay period.
- Employees with 4-8 years of service will contribute \$25 per pay period.
- Employees with 9-16 years of service will contribute \$50 per pay period.
- Employees with over 16 years of service will contribute \$100 per pay period

Deleted: 500

Severance/Wellness Pay Outs:

5. Termination Pay. Regular non-union employees who die or otherwise leave the City shall receive:

- a.** Pay equal to the amount of accumulated, unused vacation leave;
- b.** Exempt employees shall receive pay equal to the amount of accumulated, unused compensatory time;
- c.** Each regular employee who terminates employment with the City in good standing, shall receive a one-time, lump-sum severance payment. Each regular employee shall receive severance pay in an amount equal to 50% of the employee's individual accumulated sick leave balance at the date of termination and calculated at the employee's normal straight time rate of pay in effect on the employee's termination date.
- d.** Termination pay of deceased employees shall be paid to the beneficiary designated in the life insurance policy provided by the City.

Deleted: All employees who are eligible for termination pay outlined in the City of Tonka Bay Personnel Policy will contribute 100% of their termination pay to the PRHCSP. The employer will contribute an amount equal to the FICA liability on the termination pay at the time of employee termination.

Joe Kohlmann

From: Kirk Soland [Kirk.Soland@msrs.us]
Sent: Wednesday, September 19, 2012 8:26 AM
To: Joe Kohlmann
Subject: RE: HCSP Agreements

Joe,

The new language is acceptable. Send in the final copy with a HCSP Contract Approval/Renewal form to Joy Sperger (joy.sperger@msrs.us) once it's passed. Contact me if you have any questions about this.

V/R
Kirk Soland
Field Representative
MSRS
651-247-1980

From: Joe Kohlmann [jkohlmann@cityoftonkabay.net]
Sent: Thursday, September 13, 2012 11:55 AM
To: Kirk Soland
Subject: RE: HCSP Agreements

Kirk,

Please see the attached plan amendment language. Our goal is to have unused vacation and sick leave paid out to the employee and not contributed to the HCSP. This language is consistent with our Personnel Policy. Please let me know if the language is sufficient to accomplish this. Also, we want to adjust the amount contributed for employees for 9-15 years of service.

I will be bringing this to the City Council for approval on 9/25. Please advise me on any other documentation you may need.

Thanks!

Joe Kohlmann
City Administrator
City of Tonka Bay
4901 Manitou Road
Tonka Bay, MN 55331
(952) 474-7994
jkohlmann@cityoftonkabay.net

From: Kirk Soland [mailto:Kirk.Soland@msrs.us]
Sent: Tuesday, July 17, 2012 10:41 AM
To: 'Joe Kohlmann'
Subject: RE: HCSP Agreements

Hi Joe,

Just send me a copy of the proposed new agreement language. As long as it abides by Plan policy and applicable laws (e.g. doesn't violate age, race, creed, etc. EEO laws, doesn't allow individual choice), it

9/20/2012

Please review page 2 of this form to learn more about the Health Care Savings Plan (HCSP) contract approval and renewal process.

1. General information

Employer name City of Tonka Bay	MN tax ID number 6008060
Your name and title Joe Kohlmann	E-mail address jkohlmann@cityoftonkabay.net
Phone number 952-474-7994	Date 9/19/12

2. HCSP contract details

This HCSP contract is for:

- New employer enrollment - employer has not previously participated in HCSP
- Enrolled employer - employer is adding new employee group/unit
- Change to/renewal of existing contract - select the appropriate option below: *
 - This language supersedes the previous contract language
 - This language is in addition to the existing contract language

* MSRS requires a minimum 2-year commitment before modifying the existing HCSP contract language

Effective dates of contract _____ / _____ / _____ to _____ / _____ / _____
Start date End date

3. Bargaining unit/group information

- AFSCME Teamsters Other Union _____
- Education MN IUOE Non-Union Non-union employees
- LELS

Local/Chapter # _____

Approximate number of employees in this group/unit _____

4. Funding source(s):

- Severance (vacation and/or sick) Excessive leave balance
- Payroll deductions Incentive pay
- Employer contributions Other _____

Internal Use Only

ER ID: _____ Approved: _____ Declined: _____ Reviewer: _____

Emailed ER: _____ Field Rep: _____ ACH on file: _____ Date entered: _____

Folder GR: _____ MN: _____

Contract Approval/Renewal Information

Important! Each employer and each employee group must be approved by MSRS before participating in the Plan. A copy of new or revised contract language must be submitted to MSRS for review and approval.

A. Program guidelines

Please complete this form to:

- Enroll in the HCSP
- Revise/renew your existing HCSP contract language
- Add a new employee group/unit

Attach a copy of the collective bargaining agreement or personnel policy that describes how the employer or group will participate in HCSP.

Highlight the section of your agreement or personnel policy that refers to your participation in HCSP.

Complete and return the *ACH Debit Authorization* form, if it is not already on file with MSRS.

MSRS requires a minimum 2-year commitment before modifying the existing HCSP contract language.

Please do not remit contributions for a group/unit until you have received written notice of the contract approval from MSRS.

B. Employer enrollment process

1. Draft your HCSP contract language for your employer/bargaining unit. For suggested funding options, please review *Sample Contract Language* located online at www.msrs.state.mn.us
 2. Once you have drafted your HCSP contract language, review with your local MSRS Representative before submitting to MSRS for final approval. The local MSRS Representative can determine whether the language qualifies under the Plan rules and provide suggestions if it does not.
 3. If this is a new enrollment, complete and submit the following to MSRS:
 - *Employer Contact Information* form
 - *ACH Debit Authorization* form
 - *ACH Contract Approval/Renewal* form
 - A copy of your HCSP contract language
- Important!** Highlight the section(s) of the agreement or personnel policy that refers to your participation in HCSP.
- We encourage you to keep a copy of all forms for your records.
4. MSRS will review your contract language to ensure it qualifies under the Plan rules. The payroll contacts indicated on your *Employer Contact Information* form will be notified by email whether the contract has been approved or denied.
 5. Any changes or additions to your HCSP contract language should be reported to MSRS by completing this form and providing a copy of the new HCSP contract language.



60 Empire Drive | Suite 300 | St. Paul, MN 55103-3000
Telephone: 651-296-2761 | Toll-free: 1-800-657-5757 | Fax: 651-297-5238
www.msrs.state.mn.us

Teletypewriter users and telecommunications-device-for-the-deaf (TDD) users call the Minnesota Relay Service at 1-800-627-3529 and ask to be connected to MSRS at 651-296-2761.