

(Excerpt from Personnel Policy Adopted by the City Council on May 13, 2008)

6. POST RETIREMENT HEALTH INSURANCE BENEFITS – The City is not required to provide post retirement health benefits but presently provides such benefits as set forth herein subject to modification or elimination of such benefits at anytime in the sole discretion of the City Council and without notice to affected employees, retirees or others.

The City will make available post retirement health insurance benefits to all eligible employees hired before January 1, 2005 and as set forth below.

A. Definitions.

For purposes of this Section the following definitions shall apply:

- i. Eligible Employee – a regular full-time employee of the City of Essexville who participates in the City's retirement plan.
- ii. City's Retirement Plan – the retirement plan properly adopted by the City of Essexville and administered by the Municipal Employee's Retirement System.
- iii. Spouse – the husband or wife of the eligible employee who is legally married to and living with the eligible employee on the date of the employee's retirement from the City of Essexville.
- iv. Retirement – to be considered to have retired under the City's retirement plan the eligible employee must have applied for and must have been granted retirement benefits from the City's retirement plan prior to the eligible employee's last day of work for the City. Employee's who are otherwise eligible to receive retirement benefits but leave the employ of the City of Essexville for any reason other than retirement as defined above shall not be eligible for post retirement health insurance benefits even if the eligible employee is "vested" at the time the eligible employee leaves the employ of the City.
- v. Credited Service – the amount of service time that the eligible employee is credited with at the time of the eligible employee's retirement from the City and that is used in calculation of the eligible employee's retirement benefit from the City's retirement plan.
- vi. Post Retirement Health Insurance Benefit – the health insurance benefits provided by the City for its eligible employees and/or their spouses following the eligible employee's retirement from the City with such benefits subject to modification by action of the City Council from time to time.

B. Eligible Persons.

The City shall pay premiums for post retirement health insurance benefits for the following persons:

- i. An eligible employee who retires from service to the City.
- ii. The spouse of an eligible employee who retires from service to the City.

C. Length of Service and Premium Paid.

The portion of the premium for post retirement health insurance benefits that will be paid by the City shall be prorated based on the eligible employee's credited service at the time of the eligible employee's retirement from the City as follows:

Length of Credited Service At Time of Retirement	Portion of Non-Medicare or Medicare Supplemental Insurance Premium Paid By Employer
Less than 10 years	0%
At least 10 Years	50%
At Least 15 Years	65%
At Least 20 Years	80%
At Least 25 Years	100%

D. Payment of Post Retirement Health Insurance Benefits.

The maximum amount of time that the City will pay the premium for the post retirement health insurance benefits shall be limited as follows:

	Maximum Length of Time Non-Medicare Insurance Benefit	Maximum Length of Time Medicare Supplemental Insurance Benefit
Eligible employee	120 Months	Life of Employee
Spouse	120 Months	Life of Spouse

E. Continuing Eligibility for Post Retirement Health Insurance Benefits.

An eligible employee's spouse may continue to participate in the City's post retirement health insurance plan except the City shall no longer pay any of the premiums for such post retirement health insurance benefit under the following circumstances:

- i. If the eligible employee predeceases his or her spouse following the eligible employee's retirement and the spouse remarries; or

- ii. If the eligible employee is divorced from his or her spouse following the eligible employee's retirement; or
- iii. Should an eligible employee's spouse at any time following the eligible employee's retirement from the City receive post retirement health insurance benefits from his or her employer.

At no time will the City be responsible to pay the premium for health insurance benefits of any kind for the husband or wife of an eligible employee if such husband or wife was not legally married to and living with the eligible employee on the date of the eligible employee's retirement and last day worked for the City.

F. Duty Related Disability.

If an eligible employee becomes disabled due to a work related illness or injury and retires from the City as a result of such disability and the eligible employee has less than 10 years of credited service the eligible employee's post retirement health insurance benefit will be determined as though the eligible employee had 10 years of credited service.

G. Payment of Premiums for Post Retirement Health Insurance Benefits.

The amount that the City shall pay toward the premium for post retirement health insurance benefits for an eligible employee or spouse shall be subject to paragraph C above and the following limitations:

	Non-Medicare Insurance Benefit	Medicare Supplemental Insurance Benefit
Eligible employee or spouse - employee retired prior to 1/1/2002	Premium amount limited to the City's obligation to pay the cost of the "Base Plan" for active employees	Actual Cost of Benefit
Eligible employee or spouse - employee retired after 1/1/2002	Capped at premium amount in effect at time of eligible employee's retirement	Actual Cost of Benefit

The eligible employee or his or her spouse shall be responsible to pay to the City any difference between the actual premium paid by the City for the post retirement health insurance benefits for the eligible employee and/or his or her spouse and the limitations on the payment by the City for such benefit as set forth in this Section.

Such payment must be made to the City not later than the 10th of the month in which the premium is due and paid by the City. Failure to make timely payment to the City, as set forth above will result in termination of the post retirement health insurance benefit for the eligible employee or his or her spouse.

H. Employees hired after January 1, 2005.

The City shall not pay any part of the premium or other expenses related to post-retirement health insurance benefits for employees hired after January 1, 2005.

Subject to insurance provider rules and law; employees upon their retirement, may continue such coverage at the employee's sole expense.

Subject to availability, applicable regulation and law, the City may establish a mechanism to allow employees hired after January 1, 2005 to contribute, through payroll deduction, to a plan that the employee could use to pay toward his or her post-retirement health insurance benefits.