

Agenda Report

August 9, 2013 City Council Meeting

June 17, 2013
Item No. 9 & 10

ISSUE: EARLY RETIREMENT INCENTIVE

Attached are Resolutions 13-0854 & 13-0855 authorizing the City's Health Retirement Accounts and an administrative services agreement with ICMA-RC to oversee the program.

BACKGROUND:

Part of the early retirement incentive adopted by the City Council is the creation of and one time funding of an ICMA-RC Health Retirement Account for those eligible employees who participated in the program. At this time, only one employee in the Public Works Department chose to participate. A one-time payment will be deposited into the HRA in Oct upon the employee's separation from the City. After that, the City will make no further contributions into the account. The entire program will be overseen and administered by ICMA-RC (Retirement Corporation).

As a reminder, employees can use HRA accounts to fund multiple health care related expenses at retirement on a tax free basis. Some of these expenses include health insurance premiums, copayments and deductibles. In the future, I will ask the Council to amend this plan to allow all employees to contribute at their own expense.

RECOMMENDATION:

Staff recommends the City Council adopt both resolutions finalizing the early retirement incentive.

STAFF CONTACTS:

Jeffrey A. Fiegenschuh, City Administrator