



## Legislation Text

File #: 04164, Version: 2

### Fiscal Note

Establishment of these new post-retirement health plans will have no significant net cost to the City beyond the commitment of available staff resources during the period of initial conversion. Under the terms of these new plans, the City will no longer incur FICA expense associated with retiree deposits into the accounts (currently in the range of \$25,000 - \$30,000 per year) but will also forego the 1% annual administrative fee retained in the past to administer individual employee accounts (\$30,000 per year based on current account balances).

### Title

SUBSTITUTE - Establishing the City of Madison Post-Retirement Sick Leave Conversion Medical Reimbursement Plans and Trusts and a 401(a) Plan and Trust, authorizing execution of other documents.

### Body

WHEREAS, the City has offered a plan for retiring employees to convert accumulated sick leave to cash or for use in purchasing health insurance for retirees, embodied in secs. 3.36(6)(e)2. and 3.52(1)(b)3., MGO: and

WHEREAS, the City Attorney has determined that the current City plan for payment of post-retirement insurance premiums from the value of accrued sick leave should be modified; and

WHEREAS, the City Attorney, the Comptroller and the Interim Human Resources Director have interviewed four firms to offer a new Plan to the City of Madison; and

WHEREAS, it is recommended that the City choose the Prime Choice Plan offered by Precision Retirement Group, Inc. and J.D. Benefits, Inc., because it is in the best interests of the City and its employees; and

WHEREAS, the Common Council has reviewed the Report of the City Attorney, Comptroller and Interim Human Services Director dated July 12, 2006, and finds that adoption of the Plans and Trusts as described therein is in the best interests of the City of Madison and its employees; and

WHEREAS, the Plan will initially be put in place for non-represented City employees; and

WHEREAS, the Plan also will be available to employees through their collective bargaining units to be adopted through Memoranda of Understanding or changes to collective bargaining units and to existing retirees;

WHEREAS, it is intended that the new Plans be effective October 1, 2006;

NOW, THEREFORE, BE IT RESOLVED:

1. The Council hereby approves the Adoption Agreement for the City of Madison, Wisconsin, Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 1, between the City and J.D. Benefits, Inc., for employees retiring on or after October 1, 2006, and the Mayor and City Clerk are authorized to execute the Adoption Agreement, including the upon approval of the City Attorney.
2. The Council hereby approves the Trust Agreement for the City of Madison, Wisconsin, Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 1, between the City and J.D. Benefits, Inc., for employees retiring on or after October 1, 2006, and the Mayor and City Clerk are authorized to execute the Trust Agreement, including the indemnification provisions therein, upon approval of the City Attorney.
3. The Council hereby approves and adopts the Plan Document ~~the Adoption Agreement~~ for the City of Madison, Wisconsin, Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 12, and authorizes ~~between the City and J.D. Benefits, Inc., for employees retiring before October 1, 2006,~~ and the Mayor and City Clerk to sign the ~~are authorized to execute the~~ Plan Document, upon approval of the City Attorney.

4. The Council hereby approves the Adoption Agreement for the ~~Trust Agreement~~ for the City of Madison, Wisconsin, Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 2, between the City and J.D. Benefits, Inc., for employees retiring before October 1, 2006, and the Mayor and City Clerk are authorized to execute the Plan, ~~Trust Agreement~~, including the indemnification provisions therein, upon approval of the City Attorney.

5. The Council hereby approves the Trust Agreement for the City of Madison, Wisconsin, Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 2, between the City and J.D. Benefits, Inc., for employees retiring before October 1, 2006, and the Mayor and City Clerk are authorized to execute the Trust Agreement, including the indemnification provisions therein, upon approval of the City Attorney.

6. The Council hereby approves and adopts the Plan Document for the City of Madison Post-Retirement Sick Leave Conversion Medical Reimbursement Plan 2, and authorizes the Mayor and City Clerk to sign the Plan Document, upon approval of the City Attorney.

7.5. The Council hereby approves the Adoption Agreement, Plan and Trust Agreement for the City of Madison 401(a) Governmental Special Pay Plan, between the City and J.D. Benefits, Inc., for employees retiring on or after October 1, 2006, and the Mayor and City Clerk are authorized to execute the Agreement, Plan and Trust Agreement, including any indemnification provisions therein, upon approval of the City Attorney.

8. The Council hereby approves the Administrative Services Agreement and Hold Harmless Agreement to provide for administration of the above plans.

9.6. The new Plans shall be effective October 1, 2006, for all non-represented City employees and shall be offered to represented City employees. The City's current plan will terminate September 30, 2006, and any employees who retire after that date and are not covered by the new Plans will be offered only a cash payment for accrued sick leave upon retirement.

10.7. The Mayor and City Clerk are authorized to execute any other documents necessary to create and implement the above Plans and Trusts, upon approval of the City Attorney.