**Health Plan Contribution Early Retirement Incentive, LMC Model Resolution**

*League models are thoughtfully developed by our staff for a city’s consideration. Models should be customized as appropriate for an individual city’s circumstances in consultation with the city’s attorney. Helpful background information on this model may be found in* [*Chapter 3*](https://www.lmc.org/resources/hr-reference-manual-chapter-3-discipline-termination/) *of the Human Resources Reference Manual discussing discipline and termination.*

**This icon marks places where the city must customize the model. They offer additional provisions, optional language, or comments for your consideration. The icon, and language you do not wish to include, should be deleted from this model before use. Make other changes, as needed, to customize the model for your city.**

**RESOLUTION NO.** \_\_\_\_\_

**A RESOLUTION TO OFFER A LUMP SUM DEPOSIT INTO A POST-EMPLOYMENT HEALTH PLAN ACCOUNT AS A RETIREMENT INCENTIVE TO \_\_\_\_\_ FROM \_\_\_\_\_ THROUGH \_\_\_\_\_.**

*****In the first blank, define the employee group, for example, police officers. Then insert a beginning and ending date in the remaining blank.*

*This program proposes a lump sum deposit into a post-employment health plan account but could probably also be handled as a lump sum payment to the employee (as a taxable event).* *Lump sum payments to highly compensated employees is governed by* [Minn. Stat. §465.722](https://www.revisor.mn.gov/statutes/?id=465.722) *Another alternative would be to offer an across-the-board increase in sick leave/severance payout. For example, if the city’s usual policy is to pay off 1/3 of all accumulated sick leave up to a certain maximum amount, the city could offer to pay off a higher percentage of sick leave or to increase the maximum. Be sure to contact the City Attorney when drafting any employee retirement incentives. The city should also consult its post-employment health plan provider for information about what constitutes an acceptable payment to that plan. Be aware of required tax withholdings. In general, lump sum amounts not tied to an eligible program will be taxable income for the employee.*

**WHEREAS**, this retirement incentive will assist \_\_\_\_\_ who want to retire but cannot do so because of medical insurance concerns; and

*Define employee the group(s) in the blank. For example, police officers.*

**WHEREAS**, this retirement incentive will save the City money by reducing salary costs

**NOW THEREFORE**, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF \_\_\_\_\_, MINNESOTA AS FOLLOWS:

1. Each qualifying employee shall receive monthly deposits into his/her Post Employment Health Plan (PEHP) account.
2. The amount of the deposit shall be the sum of \_\_\_\_\_.

*Insert the amount in the blank, for example, $200/month for 60 months.*

*Note that pursuant to Minn. Stat. §465.722, highly compensated employees may not be paid more than six months of wages under Minnesota statutes (except under certain circumstances).*

1. To qualify for this early retirement incentive, an employee must a) have met age and service requirements necessary to collect a pension benefit from PERA; b) have at least **\_\_\_\_\_** years of continuous service with the City, c) retire between **\_\_\_\_\_** and **\_\_\_\_\_,** and d) begin receiving a PERA pension benefit immediately upon retirement.

**

*Enter an amount of time in the first blank, for example, 20 years. Then insert a beginning and ending date in the remaining blanks*.

1. The qualifying employee’s written notice of retirement must be received by the City Administrator no later than **\_\_\_\_\_** on **\_\_\_\_\_**.

*Place a time of day in the first blank, and a day and date in the next blank. For example, 4:00 p.m. on Wednesday, October 14, 2020.*

1. The deposits into the qualifying employee’s PEHP account shall be begin within **\_\_\_\_\_** days of the effective date of retirement.

*In the blank, insert the number of days. For example, thirty (30).*

1. The provisions of this resolution shall expire on the close of the business day on **\_\_\_\_\_**

*Insert the day and date.*

Passed by the City Council of \_\_\_\_\_\_\_, Minnesota this \_\_\_\_\_ day of Month, Year.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Mayor

Attested:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

City Clerk