**Paid Health Insurance Coverage 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 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 PAID HEALTH INSURANCE COVERAGE FOR \_\_\_\_\_ AS A RETIREMENT INCENTIVE**

*In the blank, list the period of time, for example, five years*.

*This program could probably also be handled as a lump sum payment to the employee (as a taxable event) or to the employee’s post-employment health plan. 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. The city should 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

*Use the blank to define employee group(s), 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:

An employee who has been with the City for at least **\_\_\_\_\_** and has met age and service requirements necessary to be eligible for full PERA retirement benefits may retire and receive the city’s contribution toward single health coverage for the lowest cost provider offered by the city to its active employees for **\_\_\_\_\_.**

*In the first blank insert the number of years, for example, ten years. In the next blank insert the timeframe, for example, five years (60 months).*

Employees can choose to continue family health coverage by paying for the difference between the cost of family coverage and the city’s contribution toward single coverage.

Retired employees may have the City reimburse them for health coverage that they obtain on their own. The reimbursement rate will be the same amount that the city would have paid toward its own group insurance plan. The reimbursement will be made on a quarterly basis. Retirees who choose this option will not be able to return to any of the City's health plans.

Eligibility for health insurance coverage or reimbursement will cease if the retired employee is covered under another employer's group health plan or the City terminates group insurance coverage for all its employees.

This early retirement incentive program is only available to employees who retire between \_\_\_\_\_ and \_\_\_\_\_.

*Insert the full dates for the window of opportunity, including month, day and year.*

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

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

Mayor

Attested:

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

City Clerk