

CITY PROPOSAL – RETIREE HEALTHCARE BENEFITS FOR NEW EMPLOYEES

Proposed Language:

Retiree Healthcare Benefits for New Employees

An eligible full-time employee who is hired on or after April 1, 2012, shall be eligible for a contribution toward the single retiree premium for a retiree medical insurance plan provided by the City in the amount of \$20 per month for each year of service (with a maximum of 30 years), if the employee meets the following criteria:

- Retires from the Police and Fire Department Retirement Plan; and
- Has at least twenty (20) years of retirement service credit in the Police and Fire Department Retirement Plan at the time of retirement (Service in reciprocal retirement systems shall not count towards the minimum service requirement); and
- Is at least 55 years old.

Surviving Dependents

A surviving dependent of a retiree who was receiving retiree healthcare benefits shall receive a contribution toward the premium for a retiree medical insurance plan provided by the City equal to 50% of the amount the retiree was eligible to receive at the time of death.

Surviving Dependents – Employee killed in the line of duty

If an employee is killed in the line of duty, the surviving spouse or domestic partner shall receive \$600 per month toward the retiree premium for a retiree medical insurance plan provided by the City.

Disability Retirees

Employees who are granted a service connected disability retirement shall be eligible for a contribution toward the single retiree premium for a retiree medical insurance plan of a minimum of 10 years (\$200/month), or actual years of service, whichever is greater.

Non-Duplication of Benefits

A retiree may not be simultaneously covered by City sponsored plan-provided medical benefits as a retiree, and as a dependent of another City retiree or City employee.

Retiree Dental Insurance for New Employees

Employees hired on or after April 1, 2012, shall be ineligible to receive retiree dental insurance.

Normal Cost and Unfunded Actuarial Accrued Liability

The City and Plan members shall contribute to funding the Annual Required Contribution (ARC) in the ratio currently provided under Section 3.36.575 (C) (1) and (2) of the San Jose Municipal Code. Specifically, contributions for retiree medical benefits shall be made by the City and members in the ratio of one-to-one, including both Normal Cost and unfunded liabilities for all members of the Police and Fire Retirement Plan.

Note: The Normal Cost portion for employees hired on or after April 1, 2012, and covered by the new benefit will be calculated separately from the Normal Cost portion of the benefit for employee covered by the benefit applicable to employees hired on before March 31, 2012. This will result in different total City and employee contribution rates applicable to the new benefit specified above and the total contribution rates applicable to the benefit for employees hired on or before March 31, 2012. The difference in the Normal Cost for employees covered by the benefit applicable to employees hired on or after April 1, 2012, and the Normal Cost for employees hired on or before March 31, 2012, shall be determined by the Retiree Healthcare Plan actuary.

Rights

The City expressly retains its authority to amend, change or terminate any retirement or other post employment benefit provided by the City.

The retirement benefits for employees in Tier 2 shall include those described herein and shall not include any other benefits received by other members of the Police and Fire Department Retirement Plan.