

## IOWA FALLS EARLY RETIREMENT AGREEMENT

### 2017 – Addendum A to the City of Iowa Falls Early Retiree Continuation Policy

1. The City will offer continuation of group health insurance to an early retiree subject to the State of Iowa Code 509A.13.
2. Employee must be at least 60 years of age.
3. Only employees who retire prior to reaching age sixty-five (65) may participate in this Continuation offer. Only those employees who have applied for, and are receiving a retirement allowance from the Iowa Public Employment Retirement System (IPERS) are eligible to participate in this Continuation offer.
4. If retiree's spouse and/or dependent children were covered on the plan at the time of the employee's retirement they may also continue with their cost paid entirely by the retiree. Coverage for spouse and/or dependent children terminate upon the plan's normal termination provisions or when the retiree is no longer eligible under the plan. COBRA provisions apply at the time of termination.
5. Employees requesting early retirement meeting the above definition are eligible to continue health insurance for themselves and family members covered on the City's health plan subject to the City's Early Retiree Health Insurance Continuation Policy, at the retiree's sole expense. If the retiree also meets the additional qualifications outlined below he/she will receive a portion of the premium toward the continuation coverage, as specified below.
6. Employee must be fully vested in IPERS
7. Employee must have at least 80% of the maximum sick time allowed at time of retirement and forgo sick time payout in lieu of health insurance coverage.
8. Employee is required to forgo a percentage of vacation payout with an additional cost outlined in the schedule below.
  - a. For 12 months of coverage or to age 65 if earlier, forgo 25% of vacation, with an additional \$100.00 paid to the City per month.
  - b. For 24 months of coverage or to age 65 if earlier, forgo 50% of vacation, with an additional \$150.00 paid to the City per month.
  - c. For 36 months of coverage or to age 65 if earlier, forgo 75% of vacation, with an additional \$200.00 paid to the City per month.
9. Above costs are for single coverage only. If retiree's spouse and/or dependent children were covered on the plan at the time of the employee's retirement they may also continue with their cost paid entirely by the retiree.
10. The City will not contribute to a Health Savings Account (HSA). The above costs are for coverage in the City's group health plan only.
11. Employee must give a 4 month notice unless notice was given prior to this package incentive.

## **CITY OF IOWA FALLS EARLY RETIREE HEALTH INSURANCE CONTINUATION POLICY**

Employees who retire from the City of Iowa Falls may elect to continue group health coverage under the City of Iowa Falls' (the "Employer") group health insurance plans as described in this Policy.

### **Eligibility**

This policy is intended to comply with Iowa Code Chapter 509A.13. If Employer is not required to extend coverage pursuant to Iowa Code Chapter 509A.13, this policy will not apply to the employee.

Only employees who retiree and are at least sixty (60) years of age and prior to reaching age sixty-five (65) may participate in this Continuation offer. Only those employees who have applied for, and are receiving a retirement allowance from the Iowa Public Employment Retirement System (IPERS) are eligible to participate in this Continuation offer.

Retirees who are on the Employer's health plan (the "Plan") at the time of retirement may continue the same coverage he/she had immediately prior to his/her retirement (including coverage for family members who were on the Plan at the time of the retiree's retirement) at the retiree's sole cost and expense until the retiree turns age sixty-five (65) and provided the retiree timely pays the total premium cost (both the employee and employer portion) for such coverage no later than the first day of the month for the applicable coverage month.

The Employer's governing board may offer certain employees the opportunity to retire early in exchange for benefits which may include an arrangement for the Employer to continue paying at some level towards the employee's cost of insurance after retirement. In the event the Employer's governing body creates a separate early retirement policy, the agreement in that policy will control and anything inconsistent in this Continuation policy will be pre-empted in favor of the Early Retirement Agreement. Refer to Addendum A of this Policy for the Employer's Early Retiree Agreement effective October 1, 2017.

If the premium is not timely paid, the coverage will be cancelled retroactively to the first of the month. Coverage cannot be reelected at a future date once it has been cancelled for non-payment.

Upon election of this Continuation offer, a retiree may choose to maintain the same coverage he/she had

immediately prior to his/her retirement, or elect a single policy covering only the retiree. If a retiree chooses to remove a spouse or dependent from the coverage they cannot later be added. A retiree cannot add benefits nor a spouse or dependent at the Plan's annual enrollment.

### **When Coverage Begins**

An employee has thirty-one (31) days following the date of retirement to elect to continue coverage as a retiree. If elected on a timely basis, retiree health coverage will begin on the first day of the month following your last day of employment. If your last day of employment occurs in the middle of a month, you will remain on the employee group health plan until the commencement of your retiree coverage on the first day of the following month. If the retiree does not elect coverage within thirty-one (31) days following retirement, the retiree is not eligible for coverage under this Policy.

### **When Coverage Ends**

Coverage for the retiree and retiree's spouse and dependents on the Plan ends on the earliest of the following dates:

1. The date upon which any required contribution for the coverage is due and unpaid; or
2. The date upon which written request has been received to cancel; or
3. The date of the retiree's death; or
4. The first day of the month the retiree turns 65 (effective date of Medicare eligibility).

### **Alternative to COBRA**

The retiree continuation coverage under this Policy and Iowa Code 509A is offered as an alternative to COBRA. Upon retirement, COBRA permits an individual to remain on the Employer's health plan for at least 18 months at the individual's sole expense, plus an extra 2% to cover administrative fees. Alternatively, Iowa Code 509A.13 permits an eligible early retiree to remain on the Employer's health plan until the retiree turns 65. Continuing coverage under 509A.13 is also at individual expense. The retiring employee may elect continuation coverage under 509A.13 by waiving coverage under COBRA.

Because this coverage is an alternative to COBRA, a retiree spouse or dependent child who loses retiree continuation coverage under this Policy due to a COBRA qualifying event can elect to continue this coverage as allowed by the COBRA regulations in effect at the time of the qualifying event. The retiree's spouse and/or dependent child remains responsible for the full cost of the coverage.

At this time, retiree continuation coverage is simply an opportunity to continue coverage after employment ends. The Employer reserves the right at any time before or after an individual retires, to change providers, networks, types, and levels of medical coverage, co-payments, deductibles, required retiree contributions toward the purchase of health care and all other aspects of the retiree coverage. Because premiums paid by the Employer are adjusted annually at the February 1st plan year, the cost to retirees and spouses may change at those times but may also change at other times as circumstances call for such changes.

*The Employer has discretionary authority to interpret this Policy, decide factual issues, construe applicable law, and resolve all issues relating to a retiree's eligibility for participation and entitlement to benefits and the Employer's decision in such matters will be final and binding.*