

**CITY OF DAPHNE, ALABAMA
ORDINANCE 2018-01**

CHANGES TO THE POST-RETIREMENT BENEFIT PLAN

WHEREAS, The City of Daphne currently maintains certain benefits, including group health, dental care, and other benefits for full time employees of the City of Daphne and for qualified retired city employees ; and

WHEREAS, the purpose of establishing retirement benefits for qualified retirees was and continues to be to encourage and acknowledge the loyalty and devotion of employees who serve or served the City for at least twenty-five years; and

WHEREAS, the City of Daphne deems it to be in the best interest of the City to make certain modifications to the plan in order to ensure financial viability of the plan for the City; and

NOW, THEREFORE IT BE ORDAINED BY THE CITY COUNCIL OF DAPHNE, ALABAMA:

SECTION I: PLAN ADOPTION

The attached Post-Retirement Benefit Plan is hereby adopted.

SECTION II: REPEALER

City of Daphne Ordinance 1997-32 is hereby repealed. Further, any other City Ordinances or parts thereof in conflict with provisions of this Ordinance, in so far as they conflict, are hereby repealed.

SECTION III: EFFECTIVE DATE

This Ordinance shall become effective immediately and be in full force after final passage and publication as required by law.

APPROVED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF DAPHNE, ALABAMA, THIS 5TH DAY OF FEBRUARY, 2018.



Dane Haygood, Mayor

ATTEST:



Candace G. Antinarella, City Clerk

Post-Retirement Benefit Plan

Section 1: Definition: Dependents shall be defined according to the requirement set forth in the City's Health/Dental Plan.

Section 2: Plan Qualification: All age and service requirements set forth below must be met in order to be eligible for retirement benefits.

- A) Employee must meet the qualifications as set forth by the State of Alabama Retirement System.
- B) Employee must be less than sixty-five (65) years of age with a minimum of twenty-five (25) creditable years of service with the City.
- C) Written Notice of intent to continue Health/Dental and life Benefits must be given to the Human Resources Department at least ninety (90) days prior to the effective retirement date.

Employee may *elect* to extend post-retirement Health and Dental benefits to dependent(s), provided that dependent(s) have active coverage under the City's Health and Dental Plan at least six months prior to the effective retirement date.

Section 3: Health and Dental Benefit: Section

3.1: Benefit Overview:

Qualifying retirees are entitled to continue the Medical and Dental coverage in which they were enrolled as an active employee.

Section 3.2: Benefit Coverage Options:

A) *Individual Coverage:* The City will provide individual *Dental* and Health insurance for a qualified retiree under an eligible Health/Dental plan. The City will pay the retiree's individual coverage premium at the same rate as for active-full time employees. Any difference between the rate charged by the City's insurance carrier for individual retiree coverage and the rate of active full-time employees will be paid by the retiree.

B) *Dependent Coverage:* The City will make available Health and Dental coverage to qualifying dependents of the retiree under one or more plans offered by the City to employees. If dependent coverage is elected, retiree will be responsible for dependent coverage premium as charged by the City's insurance carrier less the amount of individual coverage provided to active full-time employees.

Section 3.3: Benefit Requirements:

- A) *Premium Payment:* Retiree shall be required to remit payment for the monthly premium of eligible coverage which has been elected by retiree. The premium amounts shall be determined by the City. Payment of monthly premium is due to the by the 10th of each month (the "Payment Due Date").
- B) *Continuous Benefit:* Should retiree or dependent(s) decline or withdraw from enrollment, for any reason, from the post-retirement Health/Dental Plan, such retiree and/or dependent(s) shall not subsequently be authorized enrollment or benefits under the City's plan.
- C) *Sole Insurance Group Plan Option:* Should Health and/or Dental insurance become available to retiree and/or retiree's dependent(s) under another Group Health or Dental Plan and the waiting period as described in HIPPA (Health Insurance Portability and Accountability Act) requirements are met, retiree and/or dependent(s) shall not subsequently be authorized enrollment or benefits under the City's plan.
- D) *Disqualifying events for coverage:* Any of the following events shall result in a Plan Participant not being eligible for coverage
- i) *Age 65:* Eligibility of any Plan Participant shall cease upon the Plan Participant's attainment of age sixty-five (65).
 - ii) *Medicare:* Eligibility of any Plan Participant coverage shall cease when the Plan Participant becomes eligible for Medicare.
- E) *Compliance with Plan Eligibility Requirements:* Plan Participants must meet all the requirements of the Health and Dental Plan(s), including any Dependent coverage meeting plan "dependent" eligibility requirements.
- F) *Retiree coverage required for Dependent Coverage:* Dependent coverage shall be conditioned on retiree's participation in the plan.

Section 3.4: Benefit Cancellation

Retiree's and/or dependent's Health/Dental Plan will be canceled if any one of the qualifying events occurs:

- i) *Non-payment:* After two (2) consecutive months of non-payment, all insurance benefits will be cancelled.

ii) Three Year Rule: For employees hired after January 31, 2018, retiree coverage shall cease three years from the date of retirement.

Section 4: Life Insurance Benefit:

Section 4.1: Benefit Overview:

Retirees shall receive life insurance benefits equal to \$5,000.

Section 4.2: Benefit Coverage Options:

The City will pay the retiree's premium at the same percentage as for active full-time employees.

Section 4.3: Benefit Requirements:

None.

Section 4.4: Benefit Cancellation:

Retiree's City-provided life insurance policy shall be cancelled upon retiree's attainment of age sixty-five (65) or upon retiree's death, whichever occurs first.

Section 5: Grandfather: Any Retirement Benefit plan coverage in effect for current employee, a retiree, or their dependent(s), on or before February 1, 2018 shall continue in the same manner and under the same terms and conditions in effect prior to the enactment of this Ordinance.

Section 6: Effective Date: This Plan shall be in force and effective upon the adoption and publication as provided by law of the enabling legislation which adopts this Plan.

Section 7: The City reserves the right, at its discretion, in whole or part, to amend, reduce or alter its Health/Dental Plan and Life Plan and any coverage or benefit provided at any time for active employees, dependents, and retirees.

Section 8: Should any provision(s) hereof be declared invalid or unenforceable by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect notwithstanding such determination.