



## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** August 12, 2024

**AGENDA ITEM:** Consider Amendment to the Minnesota State Retirement System (MSRS) Health Care Savings Plan (HCSP) for non-represented employees

**PREPARED BY:** Chery Pierzina, Human Resources Officer

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### **BACKGROUND:**

Full-time non-represented employees are eligible to participate in the Minnesota Post Employment Health Care Savings Plan (HCSP) established under Minnesota Statutes, Section 358.98 (Minn. Supp. 2001) and as outlined in the Minnesota State Retirement System's Trust and Plan Documents.

The Plan for full-time non-represented employees has not been reviewed since June 2019. Under the current Plan, non-represented employees, working 2 years to 15 years contribute \$50.00 per pay period to their HCSP. Non-represented employees working 15 years+ contribute \$100.00 per pay period. In comparison, patrol officers contribute \$75.00 per pay period and sergeants contribute \$100.00 per pay period.

The City has had several requests from non-represented staff to increase the contribution amounts for their HCSP. Non-represented employees were provided with three (3) different contribution options and were asked to vote on their preference. The City has 28 employees that fall within this classification of employees, 23 of these employees are currently eligible to contribute to a HCSP. Twenty (20) non-represented employees responded to the contribution options preference request.

Our request this evening, based on the majority of the full-time non-represented employees voting on their preference, is to increase the HCSP contribution amounts for full time non-represented employees as follows:

All full time non-represented employees will contribute the following amounts based on their years of service as follows:

- 2-5 years \$75.00 per pay period
- 6-10 years \$100.00 per pay period
- 11-15 years \$125.00 per pay period
- 16+ years \$150.00 per pay period

All full-time non-represented employees with two (2) years or more of service eligible for the severance payment outlined in the Flexible Time Off policy will contribute 100% of their severance to the HCSP, and

All full time non-represented employees with two (2) years of service or more that have accumulated over 248 hours of FTO on their hire date of each year will have those hours, up to a maximum of forty (40) hours, converted into cash and deposited into their post-employment health care savings account. (The conversion is available only if the employee has used at least eighty (80) hours of FTO during the twelve (12) months preceding the hire date).

All funds collected by the employer on behalf of the employee will be pre-taxed and deposited into the employee's post-employment health care savings plan account. There is no cost to the City to implement this request.

The increase in contribution amounts for full-time non-represented employees has been reviewed and approved by MSRS on July 31, 2024, and it aligns with our Plan Document with MSRS. An updated copy of our Plan Document with MSRS is attached to the RCA and should also be updated in our Personnel Policies Handbook, Appendix C.

A copy of the June 10, 2019, RCA is attached for your review as well as the updated Plan Document.

**REQUESTED COUNCIL ACTION:**

Make a motion to approve recommended increases to the proposed Minnesota State Retirement System (MSRS) Health Care Savings Plan (HCSP) for non-represented employees.