



MEMO

Department

To: Finance and Personnel
From: Finance Director Van Rossum and HR Director Hodge
Date: July 14, 2025
Re: Retiree Health Savings (RHS) Plan Benefit

Background information:

The City of Kaukauna established a Retiree Health Savings (RHS) Plan, initially with Nationwide and later transitioned to MissionSquare, to provide eligible retirees with a tax-advantaged method to pay for health-related expenses using accrued leave payouts. Over time, challenges have emerged due to the Affordable Care Act (ACA) restrictions, which prohibit active or re-employed participants from accessing RHS funds. MissionSquare has confirmed that this limitation cannot be altered at the plan level. Additionally, the plan has proven to be low in utilization, complex to administer, and provides minimal cost savings to the City. For example, even under the highest-value payout scenario, the City's maximum Social Security savings would be approximately \$2,600. Discussions with internal staff, Mission Square, and the City's plan advisor have confirmed these concerns and the limited value the plan currently provides.

Strategic Plan:

Sunsetting the RHS Plan aligns with the City's strategic priorities for improving operational efficiency and financial stewardship. This action reduces administrative overhead and reclaims staff time for higher-impact tasks, supporting the broader goal of enhancing internal service delivery and effectiveness.

Budget: There is no direct financial impact associated with closing the plan. Indirectly, administrative cost savings are anticipated due to a reduction in manual processing and staff coordination related to RHS account maintenance.

Staff Recommended Action:

Staff recommends that the Finance & Personnel Committee approve the formal sunset of the City of Kaukauna's Mission Square RHS Plan by forwarding the attached resolution on the Legislation for consideration. Upon approval, staff will notify Mission Square and take necessary steps to terminate the plan in compliance with their amendment and closure procedures.

RESOLUTION NO 2025-XXX

**RESOLUTION TO SUNSET THE MISSIONSQUARE RETIREE HEALTH SAVINGS
(RHS) PROGRAM**

WHEREAS, the City of Kaukauna previously adopted the MissionSquare Retirement Health Savings (RHS) Plan under Resolution 2021-5248 to provide eligible retirees with tax-advantaged reimbursement of medical expenses; and

WHEREAS, regulatory limitations under the Affordable Care Act prohibit access to RHS funds by employees who return to active employment, even on a part-time basis, thereby significantly limiting plan flexibility and usefulness; and

WHEREAS, the administrative burden required to maintain the plan: including eligibility verification, documentation, and correspondence, is substantial and increasingly disproportionate to the number of participants utilizing the plan; and

WHEREAS, the financial benefit to the City of Kaukauna is minimal under even the most generous assumptions, and

WHEREAS, City staff have reviewed the legal, financial, and operational implications of the plan in consultation with MissionSquare representatives and the City's plan advisor and have determined that the plan no longer serves the strategic or fiscal interests of the City;

NOW, THEREFORE, BE IT RESOLVED that the City of Kaukauna does hereby sunset its MissionSquare RHS Plan and instructs staff to take all necessary administrative steps to terminate the plan in accordance with Mission Square's requirements.

APPROVED: _____

Anthony J. Penterman, Mayor

ATTEST: _____

Kayla Nessman, Clerk