SUBJECT: **BENEFITS ELECTION AT RETIREMENT/RESIGNATION**

Issued: -------- No: C-4

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I. Purpose

The City of Waukesha established this written policy regarding benefits election at thetime an employee chooses to retire or resign in order to follow a uniform set of guidelines.

II. Summary

This policy provides information on the termination of group benefits for employees upon retirement or resignation, and outlines which benefits have the option to elect to continue.

III. Definitions

A. Employee: An Employee who is employed by the City on a full-time, permanent basis, including both Non-Represented and Represented Employees.

B. Represented: An employee whose employment with the City is subject to a collective bargaining agreement.

C. Non-Represented: An employee employment with the City is not subject to a collective bargaining agreement.

D. Protective Services: Sworn employees who serve in the police and fire departments.

E. Retire/Retirement: Voluntary termination of employment after reaching a certain age. To be eligible for a WRS retirement benefit, employee must be at least 55 (for Non-Represented Employees) and have been continuously employed by the City for at least 10 years. Retirement does not include termination of employment for cause or resignation in lieu of termination for cause. Retirement of Represented Employees is defined by the applicable collective bargaining agreement.

F. Termination: Ending employment with the City due to voluntary resignation, layoff, or or job elimination. This does not include resignation in lieu of termination or termination for cause.

G. Dependent: An employee's legal spouse and/or children up to the age of 26.

H. Open Enrollment: The annual time period designated by the Human Resources Department, generally commencing in November, during which employees may enroll in, change, or cancel their benefits for the upcoming plan year.

I. Qualifying Event: A life event that may allow changes to be made to benefit elections outside of open enrollment. Qualifying events include the birth or adoption of a child, marriage, divorce, legal separation, annulment, death of a dependent, change in employment status of spouse or dependent

including termination or commencement of employment, or loss of work due to a strike or lockout. Changes due to a qualifying event must be made within 30 days of the event.

IV. Guidelines

A. Group Health Insurance

1. **Electing Continued Health Insurance Coverage.** Group health insurance benefits cease on the last day of the month in which an employee's termination of employment with the City occurs. Eligible retiring employees of the City are entitled to make an election to continue group health insurance coverage/Medicare supplement at the retirees' cost at the group rate premiums. This coverage will continue until the first of the following events occurs:

   (a) The Non-Represented retiree is accepted into a non-city sponsored program of health insurance coverage; or
   (b) The Non-Represented retiree fails to make a monthly premium payment

   All eligible retirees will be offered this option at the time of retirement.

   Retirees who choose to decline group health coverage/Medicare supplement at the time of retirement will not be eligible for such coverage thereafter.

   Employees who terminate their employment with the City for reasons other than Retirement or the terms and conditions in an applicable collective bargaining agreement are not eligible to continue health insurance coverage.

2. **Conversion of Sick Leave at Retirement.** Upon Retirement, employees may elect to have any accumulated unused sick leave converted to a dollar value for the purpose of funding continued participation in the City's group health insurance or, if age 65 or older, the City's group Medicare supplement of which the Retired employee is the primary beneficiary. The conversion formula shall be the employee's last full year's base wage, including longevity pay, divided by 2080 hours and multiplied by the number of hours of accumulated unused sick leave. The resulting amount shall then be applied to the employee's monthly premiums. After the converted sick leave is exhausted, Retired employees can continue group health insurance or group Medicare supplement pursuant to the terms of section **Error! Reference source not found.**. 1., above.

   Application of unused accumulated sick leave shall continue until the earlier of the following occurs:

   (a) The Retired employee dies;
   (b) The Retired employee becomes covered by a non-City sponsored health insurance plan or Medicare supplement; or
   (c) The Retired employee's coverage under a City group policy ends for any other reason.

   Employees Terminating employment for any reason other than Retirement are not eligible for sick-leave conversion, and all unused, accumulated sick leave is forfeited on Termination with the exception of death of an employee (details in Policy C7).

3. **Sick Leave Conversion upon Election to Office.** Employees in an appointed position who have ten (10) or more years of continuous service as appointed employees and are subsequently elected to a City office, are eligible upon retirement to continue in the City group health insurance program and convert all sick leave hours which were accumulated during the time they were an appointed employee (See Policy C-3). No sick leave shall accrue during an elected term of office.

4. **Protected Services Employees**. Upon retirement or termination only as defined in this Section, the City shall pay 50% of the total premium required for standard and major medical continuing health coverage as provided active employees, including any subsequent changes as may occur from time to time whether the changes are improvements or reductions in coverage, under the following circumstances:

   (a) Upon retirement. The employee must have at least 15 years of continuous service.
   (b) Upon termination due to disability as defined in Section 40.65(4) Wis. Stats., Laws of 1982,as amended from time to time.

   Such premium contributions by the City shall continue thereafter unless any of the following events are applicable to the employee:

   (a) The primary insured dies;
   (b) The primary insured becomes eligible to apply for Medicare; or
   (c) The primary insured is accepted into a non-city sponsored program of health insurance coverage.

5. **Adding or Removing Dependents from Coverage After Retirement**

   Retirees are able to add an eligible spouse or dependent to their health insurance coverage until December 31, 2022 under one of the following circumstances: Dependents may be added to continued health insurance coverage pursuant to the above, during Open Enrollment or upon the occurrence of a Qualifying Event, until December 31, 2022. As of January 1, 2023, Dependents may no longer be added to continued health insurance plans under any circumstances.

   (a) To add or remove Dependents on the occurrence of a Qualifying Event, the Retired employee must contact the Human Resources Department within 30 days of the Qualifying Event to obtain the required paperwork and verification forms that are needed to process qualifying event. Medical bills not covered by the City's group health plan after a qualifying event takes place due to failing to notify Human Resources in a timely manner will be the retiree's responsibility.

   (b) To add or remove Dependents during Open Enrollment, the Retired employee must contact the Human Resources Department for enrollment forms and submit all required information during the Open Enrollment period. Coverage for added Dependents will begin on the January 1 subsequent to that Open Enrollment period, and coverage for removed Dependents will end on the December 31 subsequent to that Open Enrollment period.

6. Dependent Coverage in the Event of Death of Retiree

(a) The primary insured dies; In the event of the death of a Retired employee with Dependents covered under continued health insurance coverage, the Dependents may elect continued coverage for themselves at their expense at the applicable group rate, under the guidelines of the federal COBRA law.

(b) The Dependents of a Retired employee whose death is a result of a job-related injury, illness or disease shall be provided continued coverage for a period of 12 months following the Retired employee's death, at the City's expense. Upon the end of the 12-month period, the Dependents may elect to continue group health insurance coverage for an additional 36 months, at the Dependents' expense, provided the monthly premium is paid in advance to the City.

II. Group Life Insurance

A. Group life insurance coverage ends on the last day of the month in which an employee's termination of employment with the City occurs.

B. Employees may continue their group life insurance after terminating employment, provided they meet the following requirements:

1. WRS coverage began before January 1, 1990, or they have been covered by the group life insurance plan in five calendar years beginning January 1, 1990; and

2. Employee qualifies under one of the following situations:

(a) Employee is receiving an immediate WRS annuity or meet all of the requirements for receiving an immediate WRS annuity except the filing of an application; or

(b) The sum of the years of creditable service in the WRS on January 1, 1990 plus years of group life insurance coverage after 1989 equals 20 years; or

(c) Employee has 20 years of service on payroll with their last employer.

C. If you begin a WRS annuity within 31 days after your coverage terminates, your insurance will continue automatically. Premiums will be deducted from your annuity. If you do not begin an annuity, a Continuation Application (ET-2154) must be filed with ETF within 31 days of the date coverage terminates. Securian Financial will bill you directly for the premiums. If you want to cancel this basic coverage upon retirement, you must contact Human Resources

III. Dental Insurance

A. Group dental insurance benefits cease on the last day of the month in which an employee's termination of employment with the City occurs, unless continued as described below.

B. Employees and their dependents are eligible for dental insurance coverage upon retirement under the federal guidelines of COBRA law. The elected benefit will continue until the first of the following situations would occur:

1. The City of Waukesha no longer provides group dental insurance coverage to any of its employees;

2. Retiree or dependents' failure to pay the premium for continuation of coverage;

3. Retiree or dependent becomes an employee covered under another group dental plan; or

4. The expiration of the COBRA continuation period.

IV. Vision Insurance

A. Group vision insurance will cease on the last day of the month in which an employee's termination of employment with the City occurs, unless continued as described below.

B. Employees and their dependents are eligible to continue group vision insurance coverage under the federal guidelines of COBRA. The elected benefit will continue until the first of the following situations would occur:

1. The City of Waukesha no longer provides group vision insurance coverage to any of its employees;

2. Retiree or dependents' failure to pay the premium for continuation of coverage;

3. Retiree or dependent become an employee covered under another group vision plan; or

4. The expiration of the COBRA continuation period.

V. Pension

A. Human Resources will notify the Wisconsin Retirement System of an employee's retirement date. Retirees must contact the Wisconsin Retirement System for information regarding their pension.

VI. Notice of Retirement or Resignation

A. If an employee chooses to voluntarily end their employment with the City, the employee should submit documentation to their direct supervisor or department head affirming their decision to resign or retire, as well as their intended last date of employment. Upon receipt of the documentation, Human Resources will provide the employee with a letter outlining their specific options regarding group benefits and any payout information, if applicable.

VII. Additional Benefits

A. Deferred Compensation: Employees enrolled in a City sponsored deferred compensation plan will have their last contribution processed on their final paycheck. Terminated employees should contact their plan or financial advisor directly with any questions regarding their account.

B. Disability Benefits: Long-Term and Short-Term Disability coverage will terminate on employee's last date of employment.

C. Flexible Spending Accounts: Once an employee retires, they are eligible to elect COBRA continuation of their FSA. COBRA participation may be elected for flexible spending accounts by completing the election form and returning to HR. It will be the responsibility of the retiree to contribute any remaining current year election amounts post-tax directly to the City of Waukesha via a monthly check. FSA COBRA coverage will end on December 31 of that year.

D. Supplemental Health Insurance: Coverage for city-sponsored supplemental insurance offering additional coverage such as Accident, Cancer, Critical Illness, and/or Hospital, will

cease as outlined in the policy language. Retirees should contact their supplemental insurance representative with any questions regarding options after retirement.

E. **Health and Wellness Center:** Eligible retirees who elect to continue group health coverage are able to utilize the services at the Waukesha Employee Health and Wellness Center. Retirees, spouses, and dependents who are not on the City's group health plan are not eligible to utilize the clinic.

F. **Vacation Payout:** Where applicable, an eligible retiree will receive a lump sum payment for vacation leave earned to the date of termination. Retirees may also choose to let their accrued, unused vacation leave runout following their last day of employment. In this case, the retiree would not be required to return to work on their last day of leave. Vacation leave runouts are only allowed for retirees.

G. **Compensatory Time:** Upon termination, where applicable, an eligible hourly employee will receive a lump sum payment for compensatory time earned through the date of termination. Runout periods are not allowed for this type of pay.

Adopted by the LIBRARY Board _____, 2022.