

**CITY OF CANNON FALLS
GOODHUE COUNTY, MINNESOTA**

RESOLUTION NUMBER 2740

A RESOLUTION PROVIDING FOR POST-EMPLOYMENT HEALTH CARE SAVINGS PLAN (HCSP)

WHEREAS, the City Council of the City of Cannon Falls finds it desirable and beneficial to the City and to its employees to establish a Post-Employment Health Plan also known as a Health Care Savings Plan administered by Minnesota State Retirement System;

NOW THEREFORE BE IT RESOLVED BY THE CITY OF CANNON FALLS THAT there is hereby established an employee benefit program for covered members of the Minnesota Public Employees Association City of Cannon Falls Supervisors Unit known as Post-Employment Health Care Savings Plan (HCSP) with an implementation date of January 1, 2024 for the duration of January 1, 2024-December 31, 2026.

FUNDING OF THE HCSP:

Employee Contribution:

All covered employees each pay period; two percent (2%) of the pretax earnings of the employee will be deposited in their HCSP account.

Vacation Contribution:

All covered employees who have accrued three hundred forty (340) hours of vacation time, Forty (40) hours will be converted into cash at the employees current pay rate and deposited in their HCSP account, this conversion and transfer shall only occur once per calendar year.

Wellness Contribution:

On each January 2nd, employees who maintain between 384 and 664 hours of accrued sick leave will have twenty-four (24) hours removed from their balance and will be converted into cash at the employee's current pay rate and deposited in their HCSP account.

On each January 2nd, employees maintain between 665 and 944 hours of accrued sick leave will have forty-eight (48) hours removed from their balance and will be converted into cash at the employee's current pay rate and deposited in their HCSP account.

Each employee that reaches sick leave accrual of 945 hours will have seventy-two (72) hours removed from their balance and will be converted into cash at the employee's current pay rate and deposited in their HCSP account.

ADDITIONAL FUNDING:

At the termination of employment, all covered employees will have any unused vacation leave balance as determined by the last day of employment be paid as terminal leave benefit, paid at the employee's current pay rate, into the employee's HCSP account.

At the termination of employment, all covered employees will have sixty percent (60%) of unused sick leave balance as determined by the last day of employment will be paid as terminal leave benefit, paid at the employee's current pay rate, into the employee's HCSP account.

The HCSP account may be used at termination of employment for medical insurance premiums and unreimbursed medical expenses as permitted by IRS regulations. The money would be available to the former employee, a spouse or a qualifying dependent.

Death of Employee

Contributions not allowed after death of employee

MSRS cannot accept an HCSP contribution after an employee's death unless the contribution is the result of payroll deductions. The HCSP contract language should indicate how or if money will be paid upon the death of an employee. If a contribution is remitted after an employee's death, please see Contributions made in error.

Distribution of HCSP assets upon participant's death

Upon the death of an HCSP participant, the remaining account balance is always transferred to an heir to use for reimbursement of eligible health care expenses. The transfer is as follows:

- If spouse, balance is transferred to spouse to use for tax-free reimbursements.
- If no spouse, then balance is transferred to surviving legal dependents to use for tax-free reimbursements.
- If no spouse or legal dependents, the funds are transferred to designated beneficiary. Reimbursements to a designated beneficiary are subject to state and federal income taxes.
- If no spouse, legal dependents or designated beneficiary, a representative of the estate will name a person eligible to receive the remaining account balance in the form of reimbursements. Reimbursements to this person are subject to state and federal income taxes.

ADMINISTRATIVE FEES: Administrative fees imposed upon employee accounts by the plan administrator, Minnesota State Retirement System, shall be deducted from each individual participant's account.

EFFECTIVE DATE: This program shall be effective upon passage of this resolution.

AUTHORIZATION TO EXECUTE PLAN DOCUMENTS:

The Mayor and City Administrator are hereby authorized to execute and file any and all documents, subject to review by the City Attorney, necessary to implement the HCSP through Minnesota State Retirement System.

Adopted by the Council this 19th day of March, 2024.

CITY OF CANNON FALLS, MINNESOTA

Attest:

By: Matt Montgomery , Mayor

Neil L. Jensen, City Administrator