

Category: 300

Number: 346

Subject: **RETIREMENT**

1. **PURPOSE:** It is the purpose of this policy to assist County employees by providing for their health and well-being during their retirement years.
2. **AUTHORITY:** The Saginaw County Board of Commissioners.
3. **APPLICATION:** The rules and regulations herein set forth apply to all employees paid by Saginaw County pursuant to Policy #301.
4. **RESPONSIBILITY:** The Controller/CAO shall be responsible for the implementation and administration of this policy.
5. **DEFINITIONS:** None
6. **POLICY:**
  - 6.1 Retirement Benefit Plans. Retirement benefit plans vary depending upon employee classification and hire date. Said plans are modified from time to time by the direction of the Board of Commissioners. Eligible employees hired prior to June 1, 1994 were required to become members of the defined benefit plan administered under the rules established by the Michigan Municipal Employees Retirement System (MERS). Eligible employees hired on or after June 1, 1994 are required to become members of the defined contribution plan. There is no mandatory retirement age.
  - 6.2 Defined Benefit Plan (MERS). The County currently pays the entire cost for this plan without any employee contribution required, unless otherwise set forth in a collective bargaining agreement. Benefits are based on a formula, including final average compensation, years of service and benefit program. In addition, an employee must reach a minimum age and/or complete a minimum number of years of service in order to be eligible for the particular MERS pension benefit under which they are covered. Benefit payment options allow for beneficiary coverage and may also include cost of living adjustments. Credit may be given for previous county service, military service, and generic service. Employees may purchase "generic service" up to five (5) years in accordance with MERS policies and procedures with the employee paying one hundred percent (100%) of the cost. Employees may purchase qualified "governmental service" in accordance with MERS policies and procedures with the employee paying one hundred percent (100%) of the cost.

Employees may purchase "military service" in accordance with MERS policies and procedures, if the employee was hired prior to May 17, 1994, with the employee paying one hundred percent (100%) of the cost. In order to receive credit for generic, governmental or military service, the employee must pay their cost share in full at the time of purchase.

6.3 Defined Contribution Plan. For employees hired prior to March 1, 2005, a pre-tax employee contribution of 3% of compensation is currently required for participation in this plan. The County currently matches this contribution at the rate of 9%. For employees hired on or after March 1, 2005, a pre-tax employee contribution of 6% of compensation is currently required for participation in this plan. The County currently matches this contribution at the rate of 6%. Benefits are based on the dollar amount in an employee's account at the time of separation and the selection of one of several pay out methods approved by the United States Department of Treasury, Internal Revenue Service. The amount in the employee's account accumulates from a combination of the above described contributions and self directed investment earnings. Upon separation, employees may choose to begin using the entire amount of their contribution plus a percentage of the County's contribution based on their months of services as provided below.

MONTHS OF SERVICE	PERCENTAGE
0-35	0%
36-47	25%
48-59	50%
60-71	75%
72 or more	100%

As soon as practical after approval of the policy: (1) those employees in the six percent (6%) employer contribution and zero percent (0%) employee contribution shall complete the appropriate paperwork to transition into the nine percent (9%) employer contribution and three percent (3%) employee contribution option, (2) those employees in the three percent (3%) employer contribution and zero percent (0%) employee contribution will complete the appropriate paperwork to transition to the six percent (6%) employer contribution and six percent (6%) employee contribution option.

6.4 Re-employment of Retired County Employees. To ensure a more representative workforce and provide employment opportunities, an employee who retires from Saginaw County in accordance with MERS guidelines and/or IRS regulations, will not be rehired into the County as a regular full-time, regular part-time, or on-call employee or pursuant to a contract, except (1) as a seasonal laborer in the Parks & Recreation Department, Maintenance Department, or Mosquito Abatement Commission which is not to exceed six (6) months; (2) to train a successor which is limited to 90 days without the prior approval of the Board of Commissioners for a longer period; and (3) to temporarily fill a vacant position while the department is actively searching for a permanent replacement, provided the department head requests a waiver of the hiring freeze and which is limited to 90 days without the prior approval of the Board of Commissioners for a longer period. The County Controller/CAO will be responsible for providing a report to the Labor Relations Committee identifying the rehiring of County retirees. The report shall include date of rehire, length of re-employment, purpose of re-employment, and name of rehired retiree.

6.5 Health Insurance.

- 6.5.1 To be eligible for retiree health insurance, an employee must satisfy both the age and continuous length of service requirements associated with retirement under the MERS Defined Benefit Plan even if they are members of the Defined Contribution Plan. An employee hired before January 1, 1993 and retiring shall be entitled to health insurance for themselves, their spouse and their dependents, as defined by County Policy. The employee must continue with the group health option in which they are enrolled (either CB1 or CB8) prior to retirement, provided proper application is made prior to retirement and the above described age and service requirements are met. Employees hired after January 1, 1993 and prior to March 1, 2005, who similarly retire, shall be entitled to continue with single coverage (employee only) in the group health option in which they are enrolled, (either CB1 or CB8) prior to retirement. Employees hired on or after March 1, 2005 and employees that made an irrevocable election to refuse retiree health insurance are not eligible for retiree health insurance.
- 6.5.2 Employees hired on or after March 1, 2005, will not be eligible for retiree health insurance. They and those employees who have previously made an irrevocable decision to refuse retiree health insurance, shall thereby be enrolled in an employer sponsored Health Care Savings Program (HCSP) or its equivalent. The County will contribute 1% of eligible employee's gross wages to the HCSP. Additionally, eligible employees shall contribute 0.25% of their bi-weekly gross wages to the HCSP. Allowable changes to employee contribution levels shall be in accordance with the HCSP participation document.
- 6.5.3 Employees who retire on or after January 1, 1991 and prior to January 1, 2014 and who are eligible for and elect to receive health insurance coverage, shall be required to pay a percentage of premiums for said coverage, as indicated in TABLE A listed below. Payment shall be in accordance with the number of continuous years of service actually worked for Saginaw County regardless of the total number of credited years of service held by the employee for the purpose of calculating the County Defined Pension Benefit through MERS.

TABLE A

CONTINUOUS YEARS OF SERVICE ACTUALLY WORKED	EMPLOYER PAYS	EMPLOYEE PAYS
6	25%	75%
7	30%	70%
8	35%	65%
9	40%	60%
10	45%	55%
11	50%	50%
12	55%	45%
13	60%	40%

14	65%	35%
15	70%	30%
16	75%	25%
17	80%	20%
18	85%	15%
19	90%	10%
20 or more	95%	5%

Employees who retire on or after January 1, 2014 and who are eligible for and elect to receive health insurance coverage, shall be required to pay a percentage of premiums for said coverage, as indicated on TABLE B listed below. Payment shall be in accordance with the number of continuous years of service actually worked for Saginaw County regardless of the total number of credited years of service held by the employee for the purpose of calculating the County Defined Pension Benefit through MERS.

TABLE B

CONTINUOUS YEARS OF SERVICE ACTUALLY WORKED	EMPLOYER PAYS	EMPLOYEE PAYS
6	10%	90%
7	15%	85%
8	20%	80%
9	25%	75%
10	30%	70%
11	35%	65%
12	40%	60%
13	45%	55%
14	50%	50%
15	55%	45%
16	60%	40%
17	65%	35%
18	70%	30%
19	75%	25%
20 or more	80%	20%

Said payment shall be due thirty (30) days after invoice date. Overdue payments will be sent notices to pay. For invoices lapsing for more than ninety (90) days, a termination of insurance letter will be sent indicating coverage will terminate commencing the first date for which coverage has not been paid, i.e., if coverage was paid through January 31, termination is effective February 1. Also enclosed with this letter, will be an election form to transfer to a monthly offset payment in lieu of said coverage. The monthly offset payment amount will be the amount in effect on the date of the election, pursuant to the applicable collective bargaining agreement and/or County policy.

- 6.5.4 Employees who retire after January 1, 1993, and who are eligible for health insurance coverage, may elect to receive a monthly offset payment in lieu of said coverage, provided that they are not covered under a County paid health plan. A retiree may elect to discontinue his/her current health care coverage and elect to receive said monthly offset payment. The monthly offset payment will be the amount in effect at the time of election, pursuant to the applicable collective bargaining agreement and/or County policy. A retiree electing to receive the monthly offset payment in lieu of health coverage will not be eligible to opt back into the health plan. Employees hired on or after March 1, 2005, and those who have made an irrevocable election to refuse retiree health insurance, are not eligible to receive a monthly offset payment in lieu of said coverage.
- 6.6 Medicare. Upon becoming eligible for Medicare, the subscriber and his/her dependent(s) must enroll in both Part A and B of Medicare at the subscriber's expense. It is each individual's personal responsibility to contact the Social Security Administration regarding Medicare. Once enrolled, Medicare will become the primary coverage, while Saginaw County's health plan will be the secondary payor.
- 6.7 Blue Cross/Blue Shield of Michigan Savings Refund Shares – Contribution to Employee HCSP Account and Retiree Health Care Fund.

Historically, the County of Saginaw receives an annual Michigan Savings Refund (Refund) from Blue Cross/Blue Shield of Michigan (BCBSM). This annual refund has been based on physician and other medical provider settlements; pharmacy recoveries; and prescription drug rebates. For purposes of calculating a one-time County contribution to employees' HCSP accounts, the County will apportion each employee who is eligible to receive County-sponsored health benefits a pro-rata share of the annual refund on or before March 31 of the refund year. (e.g. 2013's annual Refund share, if any, will be distributed by March 31, 2014).

The pro-rata share will be based on the total number of County employees eligible to share the annual Refund amount. Eligibility for the pro-rata share of the Refund is contingent on the eligible employee having been employed the entire refund year, as no shares will be prorated. For purposes of this section only, "refund year" means the 12 month period recognized by BCBSM (historically, from December 1 through November 30).

Once determined, this pro-rata share will be contributed to the employee's HCSP account for those employees who have an HCSP account and are not eligible to receive retiree health insurance, subject to such rules governing such County contributions to the HCSP. The remaining sum of pro-rata shares (that are apportioned to those employees who are eligible for retiree health insurance) will be contributed to the County's retiree health care fund. Employees who are eligible to receive retiree health insurance shall not receive any pro-rata share of any refund.

By way of an example, if an employee left employment on November 29, after having been employed the rest of the entire refund year, he/she would not be eligible to receive any share of the Refund. The County has no control whether an annual Refund is provided by BCBSM or the amount of the annual Refund, if provided.

This section only becomes effective if all bargaining units agree to the same principle as set forth in this section. Otherwise the entire refund shall be contributed to the County's retirement health care fund.

6.8 Retiree Life Insurance. Life insurance shall be provided to eligible retirees in an amount designated by the Board of Commissioners without any cost share required from the subscriber.

7. ADMINISTRATIVE PROCEDURES: None

8. CONTROLLER/CAO LEGAL COUNSEL REVIEW: The Controller/CAO has determined that this policy as submitted to the Board of Commissioners contains the necessary substance in order to carry out the purpose of the policy. County Civil Counsel has determined that this policy as submitted contains content that appears to be legal activities of the Saginaw County Board of Commissioners.

Approved as to Substance:  
Saginaw County Controller/CAO

Approved as to Legal Content:  
Saginaw County Civil Counsel

ADOPTED: November 23, 1999

AMENDED: April 23, 2002; August 12, 2003; December 7, 2004; February 22, 2005; June 21, 2005; January 24, 2006; October 16, 2007; February 17, 2009; September 22, 2009; March 20, 2012; November 19, 2013; May 19, 2015; December 19, 2017; December 18, 2018