

AN ORDINANCE AMENDING SECTION 14-59.1 OF THE CODE OF ORDINANCES ESTABLISHING A RETIREMENT HEALTH SAVINGS PLAN FOR EMPLOYEES HIRED AFTER JUNE 30, 2010 (2009-10-28/O-11)

BE IT ORDAINED by the Council of the Town of Chapel Hill as follows:

Section 1. Section 14-59.1. of the Town Code is hereby revised to read as follows:

Sec. 14-59.1. Health care benefits for retiring employees.

- a. Employees hired prior to ~~July 1, 2010~~ ~~January 1, 2009~~ who retire from town employment without a break in service between town employment and retirement and begin receiving benefits under the local government employees' retirement system may continue medical insurance coverage for themselves under the town's group policy. The town will pay the premium for the coverage (whether on group coverage or Medicare supplement) based on the number of years of town service of the retired employee:

TABLE INSET:

| Retire with Town Service of | | Individual Medical Insurance Premium | |
|-----------------------------|---------------|--------------------------------------|---------------|
| At Least | Not More Than | Town Pays | Employee Pays |
| 5 years | 10 years | 25% | 75% |
| 10 years | 15 years | 50% | 50% |
| 15 years | 20 years | 75% | 25% |
| 20 years | | 100% | 0 |

Such employees may elect to purchase medical insurance coverage for their dependents, and shall pay the full cost of this dependent coverage. In the event of the death of a retired employee who was receiving medical insurance coverage, the spouse or dependent may elect to continue group coverage following the expiration of their COBRA benefits by continuing to pay the full cost of this coverage. A retiring employee eligible for this benefit who will reside outside the geographic area covered by the town's insurance plan may elect to receive a sum equal to that paid by the town for use in obtaining other coverage.

- b. Employees hired after June 30, 2010 will participate in a defined contribution post employment benefits plan funded with pre-tax contributions from the employee and a flat rate contribution from the Town. Employee contributions will be 1% of pre-tax pay deducted each pay period. The Town's contribution will be a flat rate payment of \$35 per bi-weekly payroll. The Town's contribution will be set each year as part of the annual budget adoption process. Accumulated funds in employee accounts may be used for reimbursement of qualified medical expenses. Employee contributions will accrue to the employee upon termination of employment, whereas Town contributions will be vested based on years of employment as follows:

TABLE INSET:

| <u>Years of Service at Termination</u> | | <u>Vesting of Contributions to Plan</u> | |
|----------------------------------------|----------------------|-----------------------------------------|------------------------------|
| <u>At Least</u> | <u>Not More Than</u> | <u>Employer Contribution</u> | <u>Employee Contribution</u> |
| <u>5 years</u> | <u>10 years</u> | <u>25%</u> | <u>100%</u> |
| <u>10 years</u> | <u>15 years</u> | <u>50%</u> | <u>100%</u> |
| <u>15 years</u> | <u>20 years</u> | <u>75%</u> | <u>100%</u> |
| <u>20 years</u> | | <u>100%</u> | <u>100%</u> |

Section 2. This Ordinance is effective upon enactment.

This the 28th day of October, 2009.