

CITY PROPOSAL – RETIREE HEALTHCARE BENEFITS FOR NEW EMPLOYEES

Proposed Language:

Retiree Healthcare Benefits for New Employees

An employee who is hired on or after January 1, 2012, shall be eligible for a contribution toward the single retiree premium for a retiree medical insurance plan provided by the City in the amount of \$10 per month for each year of service (with a maximum of 30 years), if the employee meets the following criteria:

- Retires directly from City of San Jose active service (i.e., no “deferred vested” benefit); and
- Has at least twenty (20) years of retirement service credit in the Federated City Employees’ Retirement System at the time of retirement. (Service in reciprocal retirement systems shall not count towards the minimum service requirement)

The City and Plan members shall contribute to funding the Annual Required Contribution (ARC) in the ratio currently provided under Section 3.28.380 (C) (1) and (3) of the San Jose Municipal Code. Specifically, contributions for retiree medical benefits shall be made by the City and members in the ratio of one-to-one.

Note: The Normal Cost portion for employees hired on or after January 1, 2012, and covered by the new benefit will be calculated separately from the Normal Cost portion of the benefit for employee covered by the benefit applicable to employees hired on before December 31, 2011. This will result in different total City and employee contribution rates applicable to the new benefit specified above and the total contribution rates applicable to the benefit for employees hired on or before December 31, 2011. The difference in the Normal Cost for employees covered by the benefit applicable to employees hired on or after January 1, 2012, and the Normal Cost for employees hired on or before December 31, 2011, shall be determined by the Retiree Healthcare Plan actuary.

Surviving Dependents

A surviving dependent of a retiree who was eligible to receive retiree healthcare benefits shall be eligible to receive a monthly survivor benefit equal to 50% of the amount the retiree was eligible to receive at the time of death.

Disability Retirees

Employees who are granted a service connected disability shall be eligible for a contribution toward the single retiree premium for a retiree medical insurance plan of a minimum of 10 years (\$100/month), or actual years of service, whichever is greater.

Non-Duplication of Benefits

A retiree may not be simultaneously covered by City sponsored plan-provided medical benefits as a retiree, and as a dependent of another City retiree or City employee.

Retiree Dental Insurance for New Employees

Employees hired on or after January 1, 2012, shall be ineligible to receive retiree dental insurance.

Rights

This does not create any vested right to the benefits provided hereunder on the part of any Employee, Retiree or any other person. These benefits may be amended or terminated at any time, in full or in part, by the City in its sole discretion.