

## MEMORANDUM

TO: Chief Administrative Officer

FROM: City Comptroller

RE: Amendments to Employee's Medical Retirement Savings Accounts Plan

DATE: October 9, 2006

Since 2000, the City of Urbana employees have participated in a post-employment health savings account benefit. The current plan allows employees in the plan to elect to contribute all or a portion of their accrued sick leave payment they would otherwise receive in cash when they leave City employment. This is beneficial to the employee in that they do not have to pay any taxes on these contributions or interest earnings as long as the monies are used to pay for health care costs (insurance, prescriptions, co-pays, etc.) and also provides a savings for employees to pay for health care.

I am recommending an amendment to the plan that will allow employees to elect to contribute all or a portion of any payments for accrued vacation that they would otherwise receive in cash when they leave City employment. This will save the employee the cost of taxes they otherwise would have to pay on these amounts. This action does not impose any cost on the City.

I recommend approval of the attached plan amendment.

RESOLUTION NO. 2006-10-025R

**A RESOLUTION AMENDING A POST EMPLOYMENT HEALTH SAVINGS PLAN FOR CERTAIN EMPLOYEES OF THE CITY OF URBANA**

Plan Numbers 800006 and 800021, City of Urbana, Illinois

WHEREAS, the City of Urbana has established a retiree health savings plan in the form of the Vantage Care Retirement Health Savings Plan ("Plan") for certain employees of the City of Urbana that are not subject to previously approved collective bargaining agreements; and,

WHEREAS, said "Plan" provides reasonable security regarding employee's health needs during retirement, provides increased flexibility in the personnel management system of the City of Urbana, and assists in the attraction and retention of competent personnel; and ,

WHEREAS, the City of Urbana has determined that the continuance of the "Plan" serves the above objectives;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, THAT THE CITY OF URBANA HEREBY:

1. Amends and restates the "Plan" as outlined in the attached SUPPLEMENTAL AMENDMENT TO THE CITY OF URBANA VANTAGECARE HEALTH SAVING PLAN".

PASSED by the City Council this \_\_\_\_\_th day of \_\_\_\_\_, 2006.

AYES:

NAYS:

ABSTAINS:

\_\_\_\_\_  
Phyllis D. Clark, City Clerk

APPROVED by the Mayor this \_\_\_\_\_th day of \_\_\_\_\_, 2005.

\_\_\_\_\_  
Laurel L. Prussing, Mayor

SUPPLEMENTAL ATTACHMENT TO THE CITY OF URBANA VANTAGECARE  
HEALTH SAVING PLAN

Section B1c. Irrevocable Election for Pre-Tax Contributions of Accrued Vacation Pay.

An eligible employee shall have an election to contribute into their universal reimbursement account, the value of the employee's accumulated and unused vacation leave at the time an employee leaves employment in good standing. These employee elected contribution amounts are in addition to any other contributions made by the employer.

In order to elect to contribute during the period November 1 to December 31, 2006, an eligible employee shall have an initial election period from October 23, 2006 to October 31, 2006. Thereafter, an eligible employee shall have an annual election period of November 1 to December 31 to elect to contribute amounts for the following calendar year period.