

	City of Cedar Park Human Resources Policy Manual		
	Retirement Benefits		
	Number: D-2	Revision: 3	Effective Date: 12/06/2018

1.0 Policy

The City participates in the Texas Municipal Retirement System (TMRS) and its Supplemental Death Benefits Fund to provide future security for its regular full-time employees and for employees who work more than 1,000 hours in a calendar year. The City has elected not to participate in the federal Social Security program (FICA), except as required for employees who work less than 1,000 hours in a calendar year.

2.0 Procedure/Rule

2.1 Participation. Each employee who works, or whose position is budgeted to work, more than 1,000 hours per year shall be a member of the Texas Municipal Retirement System.

An employee whose position is budgeted for 1,000 hours or less per calendar year is not eligible for participation in TMRS and is subject to Social Security or FICA taxes. Such employee shall make contributions as required by the federal government for Social Security and Medicare benefits. The City makes a matching contribution.

2.2 A participating employee shall contribute to TMRS at the rate of seven (7%) of his/her annual salary per calendar year. The City contributes to TMRS an amount based on actuarial calculations to ensure that benefits are provided on a sound basis, which is equivalent to the City contributing at a rate of 2 to 1 (the City contributes 2% for every 1% of salary the employee contributes). An employee is vested after 5 years of service.

2.3 Benefits are payable in accordance with the rules and regulations of the Texas Municipal Retirement System. An employee may receive a retirement benefit at any time after 20 years of service or at age 60 and 5 years of service.

2.4 The City has elected not to participate in the federal Social Security program. However, all employees hired after March 31, 1986 are subject to Medicare taxes. Such employees shall make contributions as required by federal law for Medicare benefits. The City makes a required matching contribution.

2.5 Retiree Medical Insurance Benefits. A City of Cedar Park employee who retires from the City under the Texas Municipal Retirement System and is enrolled in the City medical insurance plan may be able to retain his/her medical insurance coverage under the City-provided programs.

2.5.1 Employees Who Retired Prior to April 1, 2004: The City shall contribute to the retiree’s medical insurance premium at the same level at which it contributes towards an active, full-time employee’s premium, provided the retiree had at least 10 years of continuous service with the City and was enrolled in the City medical insurance plan immediately prior to retirement.

2.5.2 Employees Who Retired Between March 31, 2004 and October 1, 2010 and Employees Who Were Eligible to Retire With At Least 15 Years of Service with the City of Cedar Park as of October 1, 2010: The City shall contribute to a retiree’s medical insurance premium at a percentage of what it contributes to an active, full-time employee’s premium, based on the number of years of continuous service and enrollment in the City medical insurance plan immediately prior to retirement with the City of Cedar Park.

Contribution Structure

Years of Service with the City of Cedar Park Preceding Retirement	City’s Percentage of Contribution to Retiree’s Premium, Based on The City’s Contribution Level for Active Employee Only Coverage
25 years or more	75%
20 yrs – 24 yrs	50%
15 yrs – 19 yrs	25%

2.5.3 Employees Hired After October 1, 1995, With at Least 10 Years of Continuous Service With the City of Cedar Park at Time of Retirement: The City shall contribute to a retiree’s medical insurance premium at a percentage of what it contributes to an active, full-time employee’s premium, based on the number of years of continuous service and enrollment in the City medical insurance plan immediately prior to retirement with the City of Cedar Park.

Contribution Structure

Years of Service with the City of Cedar Park Preceding Retirement	City’s Percentage of Contribution to Retiree’s Premium, Based on The City’s Contribution Level for Active Employee Only Coverage
25 years or more	25%
10 yrs – 24 yrs	0%

2.5.4 Employees Hired After October 1, 1995, With Less Than 10 Years of Continuous Service With the City of Cedar Park at Time of Retirement: The City shall allow access to the medical insurance plan at the full unblended cost of retiree medical insurance, provided the employee was enrolled in the City medical insurance plan immediately prior to retirement with the City of Cedar Park.

2.5.5 Conditions for receiving benefit.

- A retiree must be receiving a monthly annuity payment from the Texas Municipal Retirement System. (Also refer to *Retirement Process* Policy.)
- Enrollment into the retiree coverage must be completed NO LATER than 30 days after the date of separation. Later enrollment shall not be permitted.
- The City's policy shall be a secondary policy only for retirees who have other group insurance coverage after retiring.
- A dependent who is enrolled on the City's medical plan at the time of an employee's retirement is eligible to continue on the plan at the retiree's expense. Cost for dependent coverage is not subsidized by the City and is the responsibility of the retiree.
- Premiums shall be paid by the 1st of each month, with a 30-day grace period. Non-payment or late payment will result in termination of coverage, with no re-enrollment rights.
- If coverage for retiree or eligible dependent(s) is cancelled or the retiree discontinues coverage, there is no re-enrollment right.
- A retiree who elects continuation of coverage through the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), 29 U.S.C. §§1161, et seq., as amended, or through Continuation of Coverage, Texas Insurance Code Chapter 1251, as amended, cannot later elect retiree coverage.
- A retiree who is unable to qualify for post-employment health benefits upon retirement shall be offered continuation of coverage under COBRA and Continuation of Coverage guidelines.
- Upon death of retiree, a surviving dependent shall be given the option to continue coverage under COBRA and Continuation of Coverage.
- Upon reaching Medicare Age, a retiree's or dependent's eligibility for coverage under the City Medical Insurance Plan will cease. However, the City will provide access for the retirees and dependents to purchase Medicare Supplement Health Benefits Coverage through the City's provider.

Retirees or their dependents must elect to purchase Medicare Supplement Health Benefits Coverage through the City within Thirty (30) days of reaching Medicare Age. Retiree Must elect supplemental coverage within the required timeframe in order for their dependent(s) who is(are) not Medicare Age to remain in the City's medical insurance plan.

- All conditions of retiree's medical insurance may be subject restrictions imposed by an insurance carrier.
- The City of Cedar Park, with approval of the City Council, reserves the right to amend or cancel this policy.