

*Rescinded  
for all new hires  
starting July 1, 2018*

## **BOC POLICY #6: PAYMENT OF STIPEND FOR RETIREE HEALTH INSURANCE**

**Purpose.** Provide a stipend covering a portion of an eligible Retirees Health Insurance premium, upon completing the specified number of years of service to the town and in service to local government.

### **Definitions.**

Employee: shall mean any individual employed by the Employer;

Employer: shall mean the Town of Swansboro;

NCLGERS: refers to the North Carolina Local Government Employee Retirement System;

Retiree: shall refer to persons formerly employed by the Employer, who retired from the town service under the terms of NCLGERS

"Retiree Health Insurance Stipend": A cash payment or other provisions for health insurance for a Retiree pursuant to this policy and N.C.G.S. ch. 160A and ch. 128.

Retirement Date: shall mean the first day on which a Retiree is eligible to receive unreduced, reduced, or disability benefits from the NCLGERS.

TOS: refers to Town of Swansboro;

Local Government Years of service: As applied to "Employees" of "Employer" as of the date of enactment of this policy, a Local Government Year of Service shall mean a continuous twelve month period during which the Employee was continuously employed on a part time basis by the Employer or on a full time basis either by the Employer or by some other unit of local government. As applied to "Employees" who become employed by Employer after the date of enactment of this policy, a Local Government Year of Service shall mean a continuous twelve month period during which the Employee was continuously employed on a full time basis or a part time basis of at least 30 hours per week either by the Employer or by some other unit of local government.

TOS Years of Service: As applied to "Employees" as of the date of enactment of this policy, a TOS Year of Service shall mean a continuous twelve month period during which the Employee was continuously employed on a part time or full time basis by the Employer. As applied to "Employees" employed by Employer after the date of enactment of this policy, a TOS Year of Service shall mean a continuous twelve month period during which the Employee was continuously employed on a full time basis by the Employer.

**General.** This policy upon adoption by the Swansboro Board of Commissioners, establishes a benefit for eligible town employees. For the period between retirement and the date an eligible retiree becomes eligible for Medicare or other similar health benefit requiring minimal or no contribution from the eligible retiree, the Town shall provide the Retiree a stipend for a portion of the monthly health premiums paid by the retiree at the lesser of the Retiree's actual cost for such health insurance or the percentage rate noted in the schedule below applied to the then current pro rata employee health benefit premium paid by the Town for active employees. In the event that Retiree health benefits are available through the Town's current health benefit plan, the above obligation *may* be satisfied by providing the eligible employee with coverage under the Town's health plan; the decision to do so is at the town's option.

Once the eligible Retiree is eligible for Medicare coverage or similar plan, the Town shall reassess the amount of the Stipend. The Stipend calculation will be lesser of the product of the Retiree's eligibility criteria percentage times the Retiree's actual cost of the Retiree's Supplemental Insurance premium, or the product of the Retiree's eligibility criteria percentage times the then current pro rata employee health benefit paid by the town for active employees.

**Eligibility Criteria.** To be eligible for a Retiree Health Insurance Stipend, an Employee/Retiree must satisfy two lengths of service criteria as outlined below, prior to retiring from employment with the town of Swansboro and must be eligible for and begin receiving a retirement pension from the NCLGERS.

The percentage paid as a stipend will be based on the following years of service, which may be accumulated concurrently:

<u>Percent of Premium paid as a stipend</u>	<u>TOS years of service*</u>	<u>Local Government years of service*</u>
25%	10	25
50%	15	25
75%	20	25

The amount of monthly stipend paid by the town is based on the current value of the monthly premium being paid by the town for group health insurance to current employees, either through service contracts, through an insurer, a Broker or through some other form of purchased coverage. If the Town ever begins to provide such coverage via self insurance, then this policy shall be re-evaluated and the method of computing the amount of the stipend shall be determined by the Board of Commissioners at that time. At no time will the amount calculated and paid as a stipend to an eligible retiree exceed the value of the pro rata premium paid on behalf of current employees by the town. The stipend will be adjusted at least annually.

**Stipend.** No earlier than the first month following receipt of NCLGERS pension, the employee may apply for receipt of the Retiree Health Insurance Stipend. The Retiree's application will be made to the Finance Director, who will be charged with reviewing the application to determine the Retiree's eligibility in accordance with this policy and NCLGERS. After the Finance Director's review, she or he shall make a recommendation to the Town Manager whether to approve or deny the application. In extraordinary cases as determined by the Governing Body in its sole discretion, the Governing Body may, in its sole discretion, permit application for a Retiree Health Insurance Stipend and payment thereof prior to the dates set out in this paragraph.

Upon the Retiree's reaching the age of eligibility for Medicare, the Retiree's stipend will be reassessed for conversion to the applicable percentage of the Retiree's Supplemental Insurance Premium, not to exceed the previous Stipend payments.

The Retiree's Application for Stipend will include, (see sample letter):

- Bona fide evidence of a pension being received from NCLGRP;
- Bonafide evidence of years of service to the Town
- Bonafide evidence of years of service in local government
- Such other documentation as may be required by the Finance Director or Manager.

**Exclusions.**

A. Re-employment. A retiree who becomes employed by another local government, state or federal government, which provides health insurance to employees, shall thereupon be disqualified from receiving Stipend payments from the Town while employed by the governmental entity, and shall be permanently disqualified if the new employment provides a health insurance benefit in retirement. The retiree may request reinstatement of stipend payments once employment has been terminated with the other governmental entity. Failure to disclose re-employment will delay and may, in the discretion of the Board of Commissioners, result in forfeiture of all future payments. Prior to reinstatement the Retiree will reconcile amounts paid with those periods that the retiree would have been disqualified from receiving Stipend payments.

B. Convictions. The town will not pay a stipend nor allow a retiree to participate in any group insurance program if the retiree was convicted of or entered a plea of guilty or no contest to a criminal act which caused financial injury to the town. Subject to the employee making adequate and satisfactory restitution, the town may reinstate Stipend payments.

**Continuity and termination.** This benefit is being offered in the sole discretion of the Board of Commissioners for an undetermined period of time and is contingent upon funding in each annual fiscal year budget. The Board of Commissioners specifically disclaims any intention whatsoever to create a property right or any other entitlement to continuation of this benefit in the future and specifically and affirmatively reserves the absolute right to modify, amend and/or terminate this policy at any time and for any reason regardless of whether funds are available to provide the benefit, and with or

without notice to any Retiree or other party and neither this policy, nor the benefit provided herein, nor any representation by the Board of Commissioners nor of any other party may be construed as a pledge, promise, contractual agreement or otherwise guaranteeing the provision of Stipends for Retiree Health Insurance benefits beyond the current fiscal year, FY 2005-2006.

Adopted by the Board of Commissioners this 15<sup>th</sup> day of November, 2005.

Paul M. Edgerton  
Paul Edgerton, Mayor

Attest:  
Paula W. Webb  
Paula Webb, Clerk

