**Early Retirement Incentive for All Employees, LMC Model Policy**

City of \_\_\_\_\_\_\_, Minnesota

**Early Retirement Incentive Offering Paid Health Insurance Coverage for Five Years**

An employee who has been with the City for at least ten years and has met age and service requirements necessary to be eligible for full PERA retirement benefits may retire and receive the city’s contribution toward single health coverage for the lowest cost provider offered by the city to its active employees for five years (60 months).

Employees can choose to continue family health coverage by paying for the difference between the cost of family coverage and the city’s contribution toward single coverage.

Retired employees may have the City reimburse them for health coverage that they obtain on their own. The reimbursement rate will be the same amount that the city would have paid toward its own group insurance plan. The reimbursement will be made on a quarterly basis. Retirees who choose this option will not be able to return to any of the City's health plans.

Eligibility for health insurance coverage or reimbursement will cease if the retired employee is covered under another employer's group health plan or the City terminates group insurance coverage for all its employees.

This early retirement incentive program is only available to employees who retire between January 15, 20\_\_ and December 31, 20\_\_.

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*NOTE: This program could probably also be handled as a lump sum payment to the employee or to the employee’s post-employment health plan. Another alternative would be to offer an across-the-board increase in sick leave/severance payout. For example, if the city’s usual policy is to pay off 1/3 of all accumulated sick leave up to a certain maximum amount, the city could offer to pay off a higher percentage of sick leave or to increase the maximum. The city should consult its post-employment health plan provider for information about what constitutes an acceptable payment to that plan. Be aware of required tax withholdings. In general, lump sum amounts not tied to an eligible program will be taxable income for the employee. If a city is contemplating alternatives to laying off employees in a bargaining unit, it should consider meeting and conferring with the exclusive representative of the bargaining unit.*