

LRB-RESEARCH AND ANALYSIS SECTION
FINANCE AND PERSONNEL COMMITTEE
APRIL 24, 2013 ITEM , FILE # 121718

File Number 121718 is a resolution relating to City contributions for health benefits of certain employees of the Fire and Police Departments upon retirement.

Background

1. This resolution approves the continuation of a benefit for Fire and Police management employees which provides them with a discount on their healthcare premium share in retirement up to age 65 based on their sick leave balance at the time of retirement. The discount ranges from 65% to 100%.
2. This benefit is provided to Fire and Police management to be identical with the benefits provided to Local 215 and MPSO, respectively. The Department of Employee Relations believes that if it is not provided it would be a disincentive to potential job candidates from the rank and file because they would lose the benefit if they were to accept management positions.
3. The terms of this benefit for Fire and Police management was last approved July 6, 2005, in Common Council Resolution File Number 041592 for persons appointed to management positions on or after January 1, 2004, and who retired on a service allowance on or before December 31, 2006. The City continued to provide this benefit after 2006.

Discussion

1. Presently there are 42 retired Fire management retirees under the age of 65 who are receiving this benefit. Of these 42 retirees, 37 are receiving their healthcare free of charge based on the current contribution formula for this benefit. Therefore, the City is subsidizing 98.5% of the total retirees' premium shares. This represents \$911,840 annually. The average age for this group as of March 31, 2013, was 58.5 years old.
2. Presently there are 11 retired Police management retirees under the age of 65 who are receiving this benefit. Of these 11 retirees, 7 are receiving their healthcare free of charge based on the current contribution formula for this benefit. Therefore, the City is subsidizing 98.1% of the total retirees' premium shares. This represents \$268,422 annually. The average age for this group as of March 31, 2013, was 58 years old.
3. The most recent contribution formulas for this benefit are attached to the file.

Fiscal Impact

1. The Fiscal Impact Statement attached to this file states that there is no fiscal impact. This is because the benefit has continued to be provided to Fire and Police management who have retired since December 31, 2006, and is included in the 2013 Budget.
2. The cost to the City to provide this benefit to Fire and Police management employees retired as of March 31, 2013, is approximately \$1.2 million annually.

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