



**ADMINISTRATIVE
REGULATION**

ORIGINATION DATE:
January 1, 2017

DATE REVIEWED/REVISED:
July 1, 2023

NUMBER:
CC Reg: CM-57
(Formerly ASD-39)

DPR:
City Manager

RETIREMENT HEALTH SAVINGS PLAN (RHSP)

I. PURPOSE

- A. To establish a policy for the administration of the City of Chandler’s Retirement Health Savings Plan (RHSP)

II. RESPONSIBILITY

- A. Human Resources shall ensure compliance with this policy for all affected employees and retirees.
- B. Affected employees/retirees shall follow this Administrative Regulation as well as any other Administrative Regulations that pertains to benefits eligibility, enrollment, or requirements under the benefit plans.

III. DEFINITIONS

- A. See ASD-37 – City of Chandler Benefits Plans – Definitions and Required Notices

IV. PROCEDURES

A. ELIGIBILITY

1. A regular full-time budgeted Employee;
2. A regular part-time budgeted Employee;
3. An Elected Official, only while serving in their elected capacity.

B. CONTRIBUTIONS

1. The City of Chandler makes a \$15.00 contribution into each eligible employees (excluding elected officials) RHSP account each pay period;
2. An employee may contribute excess vacation leave over 240 hours annually (or the equivalent as outlined in Personnel Rule 15 Section 5) with a maximum contribution of 95 hours (Does not apply to elected officials);
3. Upon application for retirement from the City of Chandler with immediate retirement into the Arizona State Retirement System (ASRS) or Public Safety Personnel Retirement System (PSPRS):
 - a. Fifty Percent (50%) of the value of the Employee's accumulated sick leave will be deposited into the RHSP account (does not apply to elected officials);

Additionally, with five or more years of service with the City of Chandler:

- b. Employer Contribution of \$900 per each 12-month year of City of Chandler service pro-rated for any partial year.
4. Upon application for retirement from the City of Chandler with five or more years of service and immediate retirement into the Elected Officials Retirement System (EORP);
 - a. Employer Contribution of \$900 per each 12-month year of City of Chandler service pro-rated for any partial year.
5. No other contributions are allowed to this plan under Internal Revenue Service (IRS) regulations.

C. VESTING

1. The City's employer contribution will be 100% vested:
 - a. Upon completion of 5 years of City of Chandler employment;
 - b. Immediately upon the death of the employee while actively employed by the City of Chandler for any amount of time;
 - c. Immediately upon the death of an elected official while serving on Chandler City Council.

2. An employee's vacation roll-over monies and earnings are vested 100% at all times;
3. Between March 1, 2006 and December 31, 2007, certain employees were authorized to voluntarily contribute \$15.00 per pay period. Any such contributions and earnings are 100% vested.

D. ELIGIBILITY REQUIREMENTS TO RECEIVE BENEFIT PAYMENTS

1. Retirement – upon application for retirement from the City of Chandler and immediate retirement from the employee's applicable retirement system.
2. Separation of Employment – an employee who separates from the City of Chandler, prior to retirement, will be eligible to receive vested benefits upon attainment of age 50.
3. Total and Permanent Disability – An employee who separates from employment due to a total and permanent disability is eligible for the employer contributions referred to in Section B after five (5) years of service as an employee of the City of Chandler, if prior to separation or within 180 days of separation from the City of Chandler the employee is:
 - a. Approved for a disability retirement through the Public Safety Personnel Retirement System (PSPRS); or
 - b. Approved for disability retirement under the Elected Officials Retirement System (EORP); or
 - c. Approved for long-term disability benefits through the Arizona State Retirement System (ASRS) or under any Long-Term Disability policy to which the City of Chandler contributes; **and**
 - d. Is eligible to retire and receive a pension benefit from the applicable system.
4. Benefits eligible for reimbursement consists of all expenses eligible under Internal Revenue Code (IRC) 502. The plan is managed through a third-party plan administrator. Details on how to seek reimbursement, if eligible, will be provided at the time of separation or retirement.

E. BENEFICIARIES

1. Surviving Spouse and/or Surviving Dependents
 - a. As stipulated by IRS code, under the RHSP plan, an eligible dependent is one of the following:
 - i. The Employee's lawful spouse;
 - ii. The Employee's qualified dependent child, as defined by the Internal Revenue Code (IRC) Section 152(f)(1) and Internal Revenue Service (IRS) Notice 2010-38;
 - iii. Or any other individual who is a person described in IRC Section 152(a), as clarified by IRS Notice 2004-79.
 - b. An employee who does not have a dependent that meets the definition of a Surviving Spouse or Surviving Dependent will not be allowed to designate a beneficiary per IRS rules.
 - c. If there is no living spouse or eligible dependent(s) at the time of death of the Participant, the account will revert to the Plan to be reallocated on an equal dollar basis among all plan participants.

F. BENEFITS AFTER DEATH OF THE PARTICIPANT

1. Active Employee
 - a. The surviving spouse and/or surviving eligible dependents of an employee whose death occurs while actively employed, regardless of years of service, are immediately eligible to maintain the account and utilize it to fund eligible benefit expenses.
 - b. In addition, the following benefits will not be deposited into the account, but will be paid out in the employee's final paycheck:
 - i. Fifty Percent (50%) of the value of the Employee's accumulated sick; **and**
 - ii. Employer Contribution of \$900 per each 12 -month year of City of Chandler service pro-rated for any partial year.

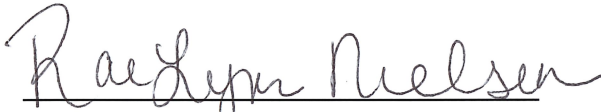
2. Elected Official

The surviving spouse and/or surviving eligible dependents of an elected official whose death occurs before completion of five years of service on the City Council shall be entitled to an employer contribution of \$900 per each 12-month year of Chandler City Council service pro-rated for any partial year. This will be paid out in a final paycheck and not deposited into the RHSP account.

V. RELATED ADMINISTRATIVE REGULATIONS

- CM-56 – City of Chandler Benefits Plans- Definitions and Required Notices

Attachments: N/A


Human Resources Director


City Manager

7-1-23
Effective Date