



## ADMINISTRATIVE REGULATION

ORIGINATION DATE:
January 1, 2017
DATE REVIEWED/REVISED:
July 1, 2024
NUMBER:
CC Reg: CM-57
(Formerly ASD-39)
DPR:
City Manager

### POST EMPLOYMENT HEALTH PLAN (PEHP)

#### I. PURPOSE

- A. To establish a policy for the administration of the City of Chandler's Post Employment Health Plan (PEHP)

#### 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 pertain to benefits eligibility, enrollment, or requirements under the benefit plans.

#### III. DEFINITIONS

- A. See CM-56 – 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 will contribute \$25.00 into each eligible employee's PEHP account (excluding elected officials) except as may otherwise be specified by a memorandum of understanding (MOU) and is subject to change each fiscal year.
2. Employees governed by an MOU, and sworn Police and Fire personnel, as designated by the City Manager each fiscal year, will receive a per pay period contribution to their PEHP account as specified in the applicable MOU. For ranks from Police Lieutenant through Assistant Police Chief and Battalion Chief through Assistant Fire Chief, the amounts will be set by the City Manager each fiscal year. Employees governed under the MOU or those defined by the City Manager may also be required to make contributions to their PEHP.
3. An employee (excluding elected officials) may contribute excess vacation leave over 320 hours annually (or the equivalent as outlined in Personnel Rule 15, Section 5) with a maximum contribution of 95 hours.
4. Upon an Employee's application for retirement from the City of Chandler with five or more years of service to the City of Chandler and 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 PEHP account (does not apply to elected officials).
  - b. The amount for employees covered by an MOU and sworn Police and Fire employees, as designated by the City Manager each fiscal year, will be determined as outlined in the applicable MOU. For ranks from Police Lieutenant through Assistant Police Chief and Battalion Chief through Assistant Fire Chief, the amounts will be set by the City Manager each fiscal year.
  - c. Employees covered by an MOU and sworn Police and Fire employees, as designated by the City Manager each fiscal year: Employer will contribute to the employee's PEHP account based on years of service, as outlined in the applicable MOU. For ranks from Police Lieutenant through Assistant Police Chief and Battalion Chief through Assistant Fire Chief, the amounts will be set by the City Manager each fiscal year.

- d. General employees: Employer Contribution of \$1,000 per each 12-month year of City of Chandler service, prorated for any partial year.
- e. Executive employees (Appointed Staff, Assistant City Manager, Deputy City Manager, Department/Division Directors): Employer Contribution of \$1,500 per each 12-month year of City of Chandler service, prorated for any partial year.

5. 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 \$1,000 per each 12-month year of City of Chandler service, prorated for any partial year.

6. 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 five (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 total or permanent disability occurs 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 consist 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 PEHP 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 or the percentage outlined in the applicable MOU; **and**
  - ii. Employer Contribution as outlined above 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 \$1,000 per each 12-month year of Chandler City Council service, prorated for any partial year. This amount 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

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Human Resources Director

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City Manager

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Effective Date