

**City of Peoria
Voluntary Separation Incentive
Plan Outline**

General Program Description: The City of Peoria will offer eligible employees who retire on or before August 31, \$25,000 toward health insurance premiums for the City sponsored health plan. This incentive is offered in exchange for early separation which will aid in implementing organizational and functional changes within the City and assist in reducing the number of anticipated layoffs that are expected due to the City's fiscal restrictions.

Program Offering: The benefits of this ERISA designated program are a maximum of \$25,000 toward the cost of the City's health insurance premiums, chargeable at the same rates being charged to retirees, beginning at the time of separation until the funds are exhausted. Employees who remain on the plan after the exhaustion of funds are required to pay the entire applicable retiree premium in effect at that time. The employee retains the flexibility to change coverage options, within the requirements of the City's normal plan guidelines. If an employee who elects this benefit passes away during the benefit period, the surviving spouse shall be entitled to continue under the same terms. The City retains the right to change the health insurance plan design.

Eligibility Group: Full-time non-sworn employees who have at least twenty (20) years of service are eligible for this incentive. Employees who submit a notice of separation or retirement which has been accepted by the City prior to the effective date of this incentive are not eligible. Employees who were not eligible for health benefits prior to applying for this incentive would not be eligible for this incentive.

Employees participating in the incentive are not eligible to continue employment nor can they be re-hired for future positions at the City unless an exception is authorized by the City Manager.

Employees' participation in the incentive is not an entitlement. Participation decisions for this temporary incentive program are at the sole discretion of the City.

Request and Approval Process: All decisions to request participation in the program are voluntary by each eligible employee.

All decisions concerning approval of participants are within the discretion of the City. The City Manager may declare an employee or categories of job classifications ineligible based on financial considerations or the business needs of the City. The decision of the City Manager is final.

Employees must sign a voluntary separation/retirement form and submit to the Human Resources Department by 5:00 p.m. on August 14, 2020. Forms received by the Human Resources Department past the deadline shall not qualify for the program.

To receive the \$25,000 incentive, employees who sign up for this program must retire or otherwise separate from employment between **July 7, 2020 and August 31, 2020**. The City Manager has the sole discretion to determine, based on the financial considerations or the business needs of the City, any amendments to the retirement/separation date of employees electing this program.

Individual meetings will be available with Gerald Barnett, Benefits Administrator, to assist the employees in reviewing VSI, available health plan options and potential coordination with any other retirement benefits.

Incentive Effective Date: June 29, 2020

Retirement Effective Date: To receive \$25,000 towards health insurance premiums, employees choosing this incentive must retire no later than August 31, 2020.

The City Manager has the sole discretion to determine, based on the financial considerations or the business needs of the City, any amendments to the retirement/separation date of employees electing this program.

Retirement Incentive Window: As any employee who elects this incentive will be asked to sign a release in exchange for incentives, the window period must be held open for at least 45 days (29 U.S.C. 626(f)). The effective date of this incentive is **June 29, 2020**. **Employees must submit their request for participation to the Human Resources Department no later than August 14, 2020 at 5:00 p.m.**

The date of retirement must be specified in the Request to Participate, but to receive \$25,000 towards health insurance premiums, employees must retire no later than August 31, 2020. After submission, once the 7-day revocation period has passed, the Request to Participate will constitute an irrevocable decision.

Restrictions: This program is restricted to full-time non-sworn employees who have at least twenty (20) years of service. The employee will be asked to sign an agreement outlining the full details of the program and which releases the City from any and all liability associated with the offering.

Illustration of VSI Usage:

Below is an illustration of how the VSI will be used, depending on the level of coverage selected by the employee.

\$25,000 Incentive:

Age: <65
Health Plan: Low Deductible - Single
Net Monthly Premium: \$605.86
Annual Net Premium: \$7,270.32

Assuming that premiums remain constant:

	\$25,000.00
2020	(\$2,423.44)
2021	(\$7,270.32)
2022	(\$7,270.32)
2023	(\$7,270.32)
Balance after 12/23	\$765.60

Age: <65
Health Plan: High Deductible - Single
Net Monthly Premium: \$547.16
Annual Net Premium: \$6,565.92

Assuming that premiums remain constant:

	\$25,000.00
2020	(\$2,188.64)
2021	(\$6,565.92)
2022	(\$6,565.92)
2023	(\$6,565.92)
Balance after 12/23	\$3,113.60

Savings to Retirees: Pursuant to Section 106(a) of the Internal Revenue Code, gross income does not include contributions by an employer to accident or health plans for compensation (through insurance or otherwise) to employees for personal injuries or sickness. Employees will receive this benefit tax-free.