



RETIREMENT MEDICAL INCENTIVE AGREEMENT

On January 13, 2016, the Mayor and Council approved a retirement incentive for City employees who are eligible to retire under the Tucson Supplemental Retirement System (“TSRS”).

CITY OF TUCSON

HUMAN RESOURCES
DEPARTMENT

The retirement incentive (hereafter referred to as the “Incentive Subsidy”) will be paid to eligible employees who sign this Retirement Incentive Agreement, and will be paid in addition to TSRS pension benefits. The terms of the Incentive Subsidy are as follows:

1. Employees who retire between **December 15, 2015 and June 10, 2016** are eligible to receive a subsidy from the City equal to the following:

- \$800 per month for an employee who is not enrolled in the City's medical program on the day immediately prior to the date of retirement either under their own employment record or as a dependent of another City employee/retiree;
- \$1,000 per month for an employee who is enrolled in the City's medical program at the Employee Only coverage tier or as the dependent of another City employee/retiree on the day immediately prior to the date of retirement;
- \$1,175 per month for an employee who is enrolled in and covering one dependent under the City's medical program on the day immediately prior to the date of retirement (i.e., Employee + Spouse or Employee + one child)
- \$1,275 per month for an employee who is enrolled in and covering more than one dependent under the City's medical program on the day immediately prior to the date of retirement (i.e., Employee + Family or Employee + more than one child)

Note that if any of the employee's dependents who are covered on the last day immediately prior to the date of the employee's retirement are ineligible for medical insurance continuation, either due to age (children turning 26) or Medicare eligibility (regardless of age) or the fact that they are not eligible dependents under the terms of the City's plan, the Incentive Subsidy as described above will be reduced to the level that reflects the number of dependents who would have been eligible to continue on City medical insurance.

2. The payment will be made monthly, and will be taxable income to the retiree.

3. Payments will cease and the Incentive Subsidy will terminate upon the earlier of any of the following:

- i. After 3 years (36 months) of payments;
- ii. Upon the date the retiree qualifies for Medicare;
- iii. Upon the retiree's re-employment with the City of Tucson in a benefits-eligible position;
- iv. Upon the retiree's death; or
- v. Upon election of COBRA coverage under the City's medical program by the retiree or any of the retiree's qualifying dependents.

If the Incentive Subsidy terminates for any of the above reasons, the termination is final, and payment of the Incentive Subsidy will not resume for any reason.

4. The Incentive Subsidy replaces the retiree medical insurance premium subsidy otherwise available through the City and is not paid in addition to the standard retiree medical insurance premium subsidy. Eligible employees who retire and do not elect to receive the Incentive Subsidy will remain eligible to receive the City's standard retiree medical insurance premium subsidy for the duration of time that such a subsidy is offered.

In order to participate in this incentive program and receive the Incentive Subsidy, the employee/retiree must sign this Agreement:

1. I choose not to elect retiree or COBRA medical coverage through the City of Tucson, either as the primary subscriber or as the dependent of another City of Tucson employee/retiree, beginning the first day of the month following my last day worked in my current position; if I choose to drop City medical insurance at a date later than the first day of the month following my last day worked in my current position, I will not be eligible to receive this subsidy.
2. I understand and agree that I will not be allowed to re-join or re-enroll in the City's medical plan either as the primary subscriber or as a dependent of another City of Tucson employee/retiree at any future date, with the sole exception of #5, below (relating to re-employment by the City).
3. I understand and agree that as a condition of my receipt of the Incentive Subsidy, I will not be eligible to be covered as the dependent of another City employee or retiree under the City's medical program at any time after my last day worked in my current City position.
4. I understand and agree that if I or any of my qualifying dependents elect COBRA to continue medical coverage through the City's medical plan, the Incentive Subsidy will immediately terminate and can never thereafter be renewed.
5. I understand and agree that if I return to active benefits-eligible employment with the City at any time in the future, I may enroll in the City's medical program as an active employee; but if I do so:
 - a. The Incentive Subsidy will immediately terminate, and any rights to future payments under this Agreement are forfeited; and
 - b. I will not be eligible to continue medical insurance when I separate from re-employment except pursuant to COBRA or any other applicable federal or state law, nor will I be eligible for any future retirement incentives or subsidies related to medical coverage.
6. I understand and agree that if I elect not to continue medical coverage through the City's medical plan upon retirement but do not sign this agreement, which is required to receive this incentive, I will not be eligible to receive the Incentive Subsidy.
7. If I elect to receive the Incentive Subsidy and sign this Agreement, I understand and agree that I will receive no additional retiree medical insurance subsidy or medical benefits (except as an active employee as noted above in #5) through the City.

I have read and understand the above information. Any questions I had were answered by the Employee Benefits staff.

I, _____, desire to receive the Incentive Subsidy, and I agree to the terms of the Incentive Subsidy as provided above.

OR

I, _____, DO NOT desire to receive the Incentive Subsidy and do not agree to the terms of the Incentive Subsidy as provided above. I understand that by making this election, I will NOT be eligible to receive payment under this incentive at any time in the future, even if I waive City medical insurance at a later date.

Printed Name

Employee ID

Phone

Signature

Date

Email Address