

**RESOLUTION
ROCK COUNTY BOARD OF SUPERVISORS**

Finance Committee
INITIATED BY

Finance Committee
SUBMITTED BY



Amy Spoden, Asst. Human Resource Director
DRAFTED BY

June 12, 2020
DATE DRAFTED

**APPROVING ROCK COUNTY, WI 401(A) PLAN AS A COMPLETE RESTATEMENT OF THE
PRIOR PLAN**

- 1 **WHEREAS**, Rock County has maintained the Rock County, WI 401(a) Plan ("Plan") since 1-1-2003 for the
- 2 benefit of eligible employees; and
- 3
- 4 **WHEREAS**, Rock County has decided to amend the Rock County, WI 401 (a) Plan. To accomplish this
- 5 amendment, the above referenced Plan is being completely restated as a new Adoption Agreement; and
- 6
- 7 **WHEREAS**, Section 14.01(b) of the Plan authorizes the Employer to amend the selections under the Adoption
- 8 Agreement; and
- 9
- 10 **WHEREAS**, Rock County has reviewed and evaluated the proposed amendments to the Plan, and;
- 11
- 12 **WHEREAS**, Rock County wished to appoint Pelion Benefits, Inc.-Christine L. Chnupa 888-532-7526
- 13 www.pelionbenefitsinc.com as Trustee(s) of the Plan, effective 9-1-2019; and
- 14
- 15 **WHEREAS**, Rock County is authorized to execute the restated Plan document and perform any other actions
- 16 necessary to implement the adoption of the Plan restatement. Rock County may designate any other authorized
- 17 person to perform the actions necessary to adopt the Plan restatement. A copy of the Plan shall be retained in
- 18 the business office of Rock County; and
- 19
- 20 **WHEREAS**, Rock County will act as administrator of the Plan and will be responsible for performing all
- 21 actions necessary to carry out the administration of the Plan. Rock County may designate any other person or
- 22 persons to perform the actions necessary to administer the Plan; and
- 23
- 24 **WHEREAS**, Plan participants shall be provided with a summary of the Plan provisions within a reasonable
- 25 period of time following the adoption of the Plan; and
- 26
- 27 **NOW, THEREFORE, BE IT RESOLVED**, that Rock County Board of Supervisors assembled this 25th
- 28 day of June, 2020 does hereby adopts the Rock County, WI 401(a) Plan as a complete
- 29 restatement of the prior Plan, to be effective 9-1-2019.

Respectfully Submitted,

FINANCE COMMITTEE

/s/Mary Mawhinney
Mary Mawhinney, Chair

/s/Wes Davis
Wes Davis, Vice Chair

/s/Stephanie Aegerter
Stephanie Aegerter

/s/Brent Fox
Brent Fox

/s/Kara Purviance
Kara Purviance

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FISCAL NOTE:

The County makes contributions to individual PEHP accounts for eligible employees. The administration of the plan is funded by participant fees charged to the individual accounts by the plan administrator.

/s/Sherry Oja

Sherry Oja
Finance Director

LEGAL NOTE:

The County Board is authorized to take this action pursuant to secs. 59.01 and 59.51, Wis. Stats.

/s/ Richard Greenlee

Richard Greenlee
Corporation Counsel

ADMINISTRATIVE NOTE:

Recommended.

/s/Josh Smith

Josh Smith
County Administrator

Proposed Post Employment Health Plan Executive Summary

Retirement Plan Advisors (RPA) is an independent financial services firm that specializes in providing 457 deferred compensation plans and Post Employment Health Plans (PEHP) for public sector employers. RPA began working with Rock County in 2011 to administer the Security Benefit PEHP as well as a 457 deferred compensation provider.

The PEHP is funded differently based on the separate employee groups collective bargaining agreements or personnel policies. The employee groups have monthly contributions deposited into their individual accounts and upon retirement, their accumulated unused sick leave also gets contributed to their account. The contributions are tax-free for the county and the employees. The result is a savings of 7.65% FICA cost on the sick leave for the County that would otherwise be paid out as taxable earnings. After separation of service, retirees can then use the funds tax-free to pay for medical expenses or health insurance premiums.

We are proposing to change the administrator of the PEHP from Security Benefit to the PrimeChoice Plan which is administrated by Pelion Benefits Inc. There are three main reasons:

1. More flexible use of account balances.

The new plan would provide more flexibility in how the funds can be used in retirement. Currently, the accumulated sick leave that is funded at retirement can only be used for health insurance premiums – not general medical expenses. The PrimeChoice plan allows for these funds to be used for both health insurance premiums and general medical expenses.

2. Accumulated sick leave pay out options.

The Security Benefit plan requires accumulated sick leave only be used for health insurance premiums. The PrimeChoice plan allows another payout option at retirement for accumulated sick leave. The new plan would provide an optional pay out of the accumulated sick leave into a Special Pay 401(a) plan instead of the PEHP. This is a benefit for a retiree who has health insurance coverage through Medicare, a spouse, or other employer. Since they do not need their accumulated sick leave to pay for health insurance premiums, it can be put into the 401(a) plan. The benefit for the retiree is that he or she can use the funds for any purpose. However, the distributions are taxable to the retiree. The county and retiree still save the 7.65% FICA cost on contributions to the 401(a) plan.

3. Participant fees are lower.

Currently, Security Benefit charges an asset fee of .85% of the participant account balances. For example, a \$10,000 account balance would be charged \$85 over the course of a year. There is also a \$2.50 charge for each claim submitted for reimbursement. The PrimeChoice plan does not charge an asset fee. Instead, they charge a \$2.50 monthly account charge. Once a retiree starts requesting reimbursements, the monthly account charge changes to \$5.50. The reimbursement costs are higher but overall the participant total fees are lower because there is no plan level asset fee.

Thank you for considering this proposal and we would also like to thank you for allowing RPA to partner with you to provide these retirement benefits for your employees.