

RESOLUTION NO. R-14-29

A RESOLUTION ADOPTING CHANGES TO THE STRUCTURE AND TO ALLOW ENHANCEMENTS OF THE BENEFITS OF THE CITY OF GLADSTONE'S FLEXIBLE BENEFITS PLAN.

WHEREAS, amendments to the Internal Revenue Code have been enacted that require changes to the structure and to allow enhancements of the benefits of the City of Gladstone's flexible benefits plan; and

WHEREAS, the City of Gladstone has established a flexible benefits plan for employees to provide reasonable health insurance options for its employees by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel, and

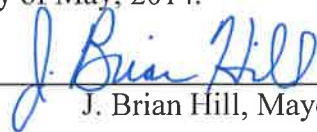
WHEREAS, the City of Gladstone has determined that the continuance of the flexible benefits plan, as modified in accordance with IRS requirements, will serve these objectives.

NOW, THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, AS FOLLOWS:

THAT the City of Gladstone hereby amends and restates the City's flexible benefits plan to allow up to \$500.00 of unused amounts remaining at year end of participating employees accounts— instead of forfeiting - to roll-over from the 2014/2015 plan year to the 2015/2016 plan year.

FURTHER, THAT the City Manager is hereby authorized to execute an amendment to provisions of the City of Gladstone Flexible Benefits Plan to include the \$500.00 roll-over provision to the Health Care Reimbursement Plan Component (Medical FSA).

INTRODUCED, READ, PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, THIS 12th day of May, 2014.



J. Brian Hill, Mayor

ATTEST:



Ruth E. Bocchino, City Clerk



**GENERAL ADMINISTRATION
Human Resources Division**

TO: Kirk Davis, City Manager
FROM: Charlene Leslie, HR Administrator *Charlene*
DATE: May 6, 2014
SUBJECT: Amendment to and Restatement of the
City of Gladstone Flexible Benefits Plan

The City of Gladstone is a member of Midwest Public Risk – a public entity self-insurance pool providing health, dental and vision insurance to its membership of local governments and school districts. Midwest Public Risk (MPR) has recently expanded the employee health care plan options to include a partnership with a flexible benefits plan, also known as “flexible spending account” (Section 125 Plan) vendor. We wish to move our flexible benefit plan to this new vendor, effective July 1, 2014.

With this movement, we also wish to respectfully request an amendment to the provisions of the City of Gladstone flexible benefits plan to include the \$500.00 roll-over provision to the Health Care Reimbursement Plan Component (Medical FSA). The US Department of Treasury and the IRS issued a notice modifying the long standing “use it – or – lose it” rule for flexible spending account arrangements. This current rule requires that unspent contributions in a FSA at the end of the plan year be forfeited. For the first time, at the City’s option (as the plan sponsor), employees participating in health FSAs will be allowed to carry over – instead of forfeiting – up to \$500 of unused amounts remaining at year-end. With this provision, employees may participate in a health FSA without the risk of losing all of their unused contribution. Plan sponsors now have the choice of either allowing the employees to carryover up to \$500 or allow them a grace period of up to two and half months to spend down the unused amounts. However, a health FSA cannot have both a carryover provision and enact a grace period rule. As you may recall, earlier this year we surveyed employees currently participating in the health FSA plan. The majority preferred the \$500 roll-over provision.

In accordance with the Internal Revenue Service, we must amend our Flexible Benefits Plan to allow the \$500 roll-over provision. Attached please find a resolution, supporting the adoption of changes to the structure of our flexible benefit plan, for your review and consideration. I would respectfully request that Council authorize you to execute the provisions of this amendment to include the \$500 roll-over provision and to restate the City’s flexible benefits plan through the MPR partnership. Thank you for the opportunity to present this important employee benefit enhancement.