

RESOLUTION NO. R-15-25

A RESOLUTION ADOPTING CHANGES TO THE ADMINISTRATION OF THE CITY OF GLADSTONE'S FLEXIBLE BENEFITS PLAN

WHEREAS, the City of Gladstone has established a Section 125 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, 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 restates the City's flexible benefits plan to allow pre-tax salary redirection under the Plan to General Purpose Health Care/Medical Reimbursement Plan or Limited Purpose Health Care Reimbursement Plans, and/or to the Dependent Care Reimbursement Plans within the maximums set forth by the IRS.

FURTHER, THAT the City Manager of the City of Gladstone, Missouri, is hereby authorized to execute a contract with American Fidelity Assurance Company via the partnership with Midwest Public Risk for the administration of the City's Flexible benefits plan for the FY 2016 plan year.

INTRODUCED, READ, PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, THIS 27th DAY OF APRIL 2015.



Mayor Bill Garnos

ATTEST:



Ruth E. Bocchino, City Clerk



**GENERAL ADMINISTRATION
Human Resources Division**

TO: Kirk Davis, City Manager
Randall Thompson, City Attorney
FROM: Charlene Leslie, HR Administrator
DATE: April 20, 2015
SUBJECT: City of Gladstone Flexible Benefits Plan

A handwritten signature in cursive script, appearing to read "Charlene", is written over the "FROM:" line of the memo.

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. As you may recall, Midwest Public Risk (MPR) expanded the employee health care plan options to include a partnership with a flexible benefits plan vendor, also known as “flexible spending account” (Section 125 Plan) vendor. Last year, we moved our flexible benefit plan to this new vendor, American Fidelity Assurance Company (AFA), effective July 1, 2014. The Flexible Benefits Plan allows employees to deduct select healthcare premiums from gross earnings before taxes are computed. A Flexible Spending Account (FSA) provision allows employees to elect an amount to be withheld from their paycheck each month and held in a separate account. The funds are then made available to eligible employees to use their contributions to pay for eligible out-of-pocket expenses (medical, dependent care and limited health). Generally, this gives employees more spendable income because current after-tax expenses, such as health care expenses and benefits, can be paid for with pre-tax dollars.

Last year, we also amended the flexible benefit plan to allow for the \$500 rollover provision. The IRS modified the “use it or lose it” rule to allow plans to rollover up to \$500 of unused funds to the next plan year. In late 2014, the IRS announced an increase in the amount that may be deducted from an employee’s paycheck for Flexible Spending Accounts (FSAs). The limit for years beginning in 2015 will be \$2,550, which is an increase of \$50 from the previous year’s limit of \$2,500. Amounts counted towards the \$500 rollover do not count towards the maximum amount of \$2,550.

We wish to restate the current provisions of the City of Gladstone’s Flexible Benefit Plan through an agreement with AFA for administration recognizing the new IRS maximum on the paycheck deductions.. Therefore, we respectfully request authorization from the Council to execute the restated plan through an agreement with AFA. Thank you for the opportunity to assist with this important employee benefit.