

RESOLUTION NO. R-21-21

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.

THAT, the City of Gladstone hereby amends and restates the City's flexible benefits plan to allow unlimited dollars of unused amounts remaining at years of participating employee accounts – instead of forfeiting or limiting – to roll-over from the 2020/2021 plan year to the 2021/2022 plan year within the maximums set forth by the IRS.


THAT, the City of Gladstone hereby amends and restates the City's flexible benefits plan to allow midyear election changes for Dependent Care Reimbursement Plans for the plan ending in 2021 as set forth by the IRS.

FURTHER, THAT, the City Manager of the City of Gladstone, Missouri, is hereby authorized to execute a contract with Benefits Direct for voluntary benefits and Flex Made Easy for the administration of the City's flexible benefits plan for the FY 2022 plan year.

INTRODUCED, READ, PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, THIS 26th DAY OF APRIL 2021.


Mayor R.D. Mallams

ATTEST:


Ruth E. Bocchino, City Clerk



Request for Council Action

RES ☒ # R-21-21

BILL ☐ # City Clerk Only

ORD # City Clerk Only

Date: 4/12/2021

Department: General Administration

Meeting Date Requested: 4/26/2021

Public Hearing: Yes ☐ Date: [Click here to enter a date.](#)

Subject: City of Gladstone Flexible Benefits Plan

Background: Generally, the Flexible Benefits Plan allows employees to deduct select healthcare premiums from gross earnings before taxes are computed. More specifically, a Flexible Spending Account (FSA) provision allows employees to elect a pre-tax amount to be withheld from their paycheck each month and held in a separate account. The funds in this account are then made available to eligible employees to use their contributions to pay or be reimbursed for eligible out-of-pocket expenses (medical, dependent care and limited health). Typically, 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.

In 2016, we amended the medical and limited health flexible benefit plan to allow for the \$500 rollover provision. Under the Consolidate Appropriations Act, the IRS modified the “use it or lose it” rule to allow plans to rollover an unlimited amount of unused funds from the 2020/2021 plan year to the 2021/2022 plan year. Secondly, under the American Rescue Plan, the IRS has increased the annual dependent care flexible spending accounts (FSAs) pre-tax contribution limit to \$10,500 (up from \$5,000 for single taxpayers and married couples filing jointly) and up to \$5,200 (up from \$2,500) for married individuals filing separately. The limit applies to taxable years beginning after December 31, 2020 and before January 1, 2022. We respectfully request an amendment to provisions of the City’s flexible benefits plan to include both the unlimited rollover provision and the increased limits of the Dependent Care FSA, as noted in the attached draft resolution.

We wish to restate the current provisions of the City of Gladstone’s Flexible Benefit Plan through an agreement with Flex Made Easy for administration, recognizing the changes to the health care plans and the new IRS limits. Therefore, we respectfully request authorization from the Council to execute the restated plan. Thank you for the opportunity to assist with this important employee benefit.

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Budget Discussion: Funds are budgeted in the amount of \$ 0 from the N/A Fund. Ongoing costs are estimated to be \$ 0 annually. Previous years’ funding was \$

Public/Board/Staff Input:

Provide Original Contracts, Leases, Agreements, etc. to: City Clerk and Vendor

Charlene Leslie
Department Director/Administrator

JM
City Attorney

SW
City Manager