

HUMAN RESOURCES DEPARTMENT
600 West Fourth Street
Davenport, Iowa 52801-1030

Ph: (563) 326-8767 Fax: (563) 328-3285
www.scottcountyiowa.com



Date: December 4, 2008
To: Board of Supervisors
From: Mary J. Thee, Human Resources Director/Asst. County Administrator
Subject: Retirement Health Savings Plan

Last year the IRS regulations regarding Retirement Health Saving (RHS) plans changed making the County's plan obsolete. In March, 2008 we held employee meetings to determine interest in continuing a RHS under the new IRS guidelines. An RHS account has similarities to a deferred compensation account, except it may only be used for qualified medical expenses. A determination was made to defer the process due to remaining IRS issues related to the use of beneficiaries under the plan. An employee may leave their account to dependents, but at this time the IRS is no longer allowing the money to be left to beneficiaries. If there are no dependents, the individuals account reverts to the other members in the "group". All members of a "group" must participate by choosing the same allocations for the account. In the last few months we have renewed discussions with the unions during the bargaining process.

The PPME/Secondary Roads union has expressed a desire to move forward with an RHS plan for their "group", effective January 1, 2009. A side letter has been tentatively agreed to with their union, where 100% of their sick leave accrual upon retirement (pursuant to County Policy O) would be placed into an RHS account. As such we have re-offered the program to the other unions, including those not in negotiations. The Teamsters (Corrections) have indicated a desire for 100% of the sick leave accrual (per Policy O) and 60% of employee's vacation accrual upon retirement be placed in a RHS account. The Department Heads have chosen 100% of the sick leave accrual (per Policy O). At this time the other union "groups" have not indicated a desire to participate. We will not offer it to non-represented employees until further clarification of the IRS ruling on beneficiaries is obtained and further polling on the allocation is completed.

Cc: Ray Wierson, County Administrator
Dee Bruemmer, County Administrator