



# Corporate Policy Manual

Sub Topic:	Benefit Coverage for Early Retirement	Policy No. HR 6-02
Topic:	Benefits	Employees Covered: All eligible Non-Union Regular Full-time, Salaried and Hourly Employees
Section:	Human Resources	Council Adoption Date: August 31, 2009
Effective Date: January 31, 2000	Revision No: 001	Date: September 1, 2010

## Policy Statement & Strategic Plan Linkages

The Town of Newmarket recognizes and values the contribution and long service of employees. The Town considers support for the health and wellbeing of employees during early retirement to be reflective of the Corporate Vision and Mission.

In keeping with the goal of being an employer of choice, although there is no legal requirement, the Town of Newmarket provides benefits as a supplement to government benefit programs.

Early Retirement Philosophy: While the goal is to retain efficient and effective employees for as many productive years as possible it is recognized that some employees will choose to retire under the OMERS benefit plan as early as 55 years of age. In an effort to ease the transition from full time employment to early retirement the Corporation is prepared to subsidize health care in a fiscally responsible manner.

## Purpose

To outline a consistent form of benefit subsidization offered to employees choosing to retire between the ages of 55 and 65.

## Definitions

### Insurance Carrier/Insurer/Benefit Provider:

A company, outside the employer, who underwrites and provides benefit coverage and customer service on behalf of their benefit products.

### Third Party Benefit Administrator:

A company, outside the employer, which processes, provides or advises on benefits administration on behalf of the employer.

### Health Care Spending Account:

Health Care Spending Accounts operate like a bank account. Each plan member has a separate account, and receives an allocation of Health Care Spending Account dollars each year into their account. These dollars remain tax-free for the plan member provided they are ultimately used to reimburse eligible health-related expenses. Throughout the year, plan members can claim reimbursements from their Health Care Spending Account to cover the cost of any eligible medical expense that qualifies as a tax credit, as defined in the Income Tax Act. As the dollars are spent, the account balance declines

### Regular Full Time Continuous Service

Regular Full Time Continuous Service for the purpose of this policy is service as a regular full time employee with the Town of Newmarket on a continuous basis without breaks in service. For purposes of continuous service, paid sick leave, vacation time, pregnancy leave and parental leaves are not considered breaks in service. If the Town authorizes an unpaid leave of absence and the employee pays the benefit premiums, the unpaid leave will not constitute a break in service. The unpaid leave is not

considered for Regular Full Time continuous service for the purpose of calculating early retirement benefits.

## **Provisions**

### **Eligibility**

Employees are eligible for benefit coverage at an early retirement age if they meet the following criteria:

- The employee must be in receipt of an OMERS pension; and
- The employee must have a minimum of 15 years of regular full time continuous service with the Town of Newmarket.

### **Benefits**

Upon early retirement, a Health Care Spending Account is available for a maximum of 10 years or to OMERS normal retirement date of age 65 whichever comes first.

Employees will be provided with access to an electronic Benefits Booklet provided by the insurance carrier on the Town's Intranet as well as the carrier's website. Copies of these documents can be printed as needed. The Benefits Booklet documents in more detail the plan design and requirements required to access the plan in each area. In the event of a discrepancy between the Benefit Policy, the detailed Benefit Booklet and the contract held by the Town of Newmarket with the insurance companies, the contract shall be the governing document. The Town of Newmarket may amend any of its benefit plans at any time and will endeavor to provide notification to employees, as appropriate.

### **Termination of Benefit**

The coverage is terminated if the retired employee:

- Attains age 65 OR
- Reaches the maximum of 10 years of coverage OR
- Obtains employment elsewhere and becomes eligible for benefit coverage in their new employment

The employee must advise the Human Resources Department of any changes to benefit coverage.

## **RESPONSIBILITIES OF EMPLOYEES**

Employees are responsible to:

- Complete detailed forms as applicable.
- Contact Human Resources with any changes to dependent status within 31 calendar days of the effective date of the change.
- Contact Human Resource immediately upon obtaining coverage through another benefit plan.
- Submit claims within allowable periods or per the benefit provider's requirements.
- Contact the benefit provider customer service centre if they have questions with regard to their claim(s).
- Use available on-line benefit services.

## **RESPONSIBILITIES OF EMPLOYER**

Chief Administrative Officer is responsible to:

- Inform Council of potential issues concerning benefit plans.
- Ensure reports are submitted to Council to ensure changes to benefit plans are in line with demographic and market shifts.
- Exercise discretion relative to changes in benefit plans as a result of unusual circumstances

Human Resources is responsible to:

- Recommend changes to benefits as identified through benchmark surveys, market trends and comparators for review and approval through the CAO to Council.

- Maintain employee and benefit information in a confidential manner and to ensure compliance with privacy information legislation.
- Manage the group benefit program in a fiscally responsible manner.
- Coordinate with insurance carriers to disseminate information and benefit updates to eligible employees.
- Consult with the Chief Administrative Officer on matters affecting benefit plans and market competitors.
- Work with employees to resolve benefit related issues.
- Maintain Human Resources Information System (HRIS) related to benefit plan(s).
- Coordinate benefit initiatives with Third-Party Benefits Administrator.
- Coordinate the payment of appropriate premiums, in full or in part, as outlined in the benefit contract with the insurer.
- Retain benefit related documentation.

### **Cross-References**

Definition of Non-Union Employee Status Policy HR.1-01

Benefits Policy HR.6-01

Retirement Policy HR.6-03

Personal Leave of Absence Policy HR 11-01

Part 1 Income Tax Act - Division E Computation of Tax - Medical Expense Credit Subsection 118.2(2)

Medical Expense and Disability Tax Credits and Attendant Care Expense Deduction bulletin (IT-519R2) as produced by the Canada Revenue Agency

Provincial legislation such as but not limited to Employment Standards Act and Regulations, as amended from time to time.