



# City of Keego Harbor

2025 Beechmont  
Keego Harbor, Michigan 48320

April 20, 2012

Michigan Department of Treasury  
Office of Revenue and Tax Analysis  
PO Box 30722  
Lansing MI 48909

**RE: Compliance Form 4888 "Employee Compensation" for The City of Keego Harbor, MI**

The City of Keego Harbor is pleased to submit its form 4888 compliance documents as per Public Act 63, Section 951 Part 3B, Category 3, so we can continue to receive our revenue sharing under the Economic Vitality Incentive Program or EVIP.

**Listed below are the 3 elements for our EVIP "Employee Compensation Plan."**

Retirement Plans

*See attached Personnel Guidelines, amended March 15, 2012*

Pension Plans

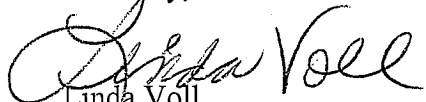
*See attached Personnel Guidelines, amended March 15, 2012*

Health Care Premiums

*See attached Personnel Guidelines, amended March 15, 2012*

I trust you will contact me if you need any further information or clarification.

Sincerely,

  
Linda Voll  
Interim City Manager

## Economic Vitality Incentive Program Certification of Employee Compensation

Issued under authority of Public Act 278 of 2011. Filing is mandatory to qualify for payments.

Each city/village/township applying for Employee Compensation payments must:

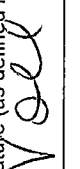
1. Certify to the Michigan Department of Treasury (Treasury) that the local unit listed below has developed an employee compensation plan that the local unit intends to implement with any new, modified, or extended contract or employment agreements for employees not covered under contract or employment agreement. The plan shall be made available for public viewing in the clerk's office or posted on a publicly accessible Internet site.
2. Submit to Treasury an employee compensation plan.

This certification, along with the employee compensation plan, **must be received by May 1, 2012** (or the first day of a payment month) in order to qualify for that month's payment. Post mark dates will not be considered. For questions, call (517) 373-2697.

### PART 1: LOCAL UNIT INFORMATION

Local Unit Name City of Keego Harbor	
Local Unit Code 36	Local Unit County Oakland
Contact Name Linda Voll	Contact Telephone Number (248) 682-1930

### PART 2: CERTIFICATION

<i>In accordance with Public Act 278 of 2011, the undersigned hereby certifies to Treasury that by May 1, 2012, the above mentioned local unit has developed an employee compensation plan and has made the plan available for public viewing in the clerk's office or posted on a publicly accessible Internet site. The employee compensation plan is attached to this signed certification.</i>	
Chief Administrative Officer Signature (as defined in MCL 141.422b) 	
Title Clerk, Treasurer, Interim City Manager	Date 4/20/2012

Completed and signed forms (including required attachments) should be e-mailed to: [TreasORTA@michigan.gov](mailto:TreasORTA@michigan.gov)

If you are unable to submit via e-mail, mail the completed form and required attachments to:

Michigan Department of Treasury  
Office of Revenue and Tax Analysis  
PO Box 30722  
Lansing MI 48909

## **INSURANCES AND RETIREMENT BENEFITS**

### **SOCIAL SECURITY**

Upon employment with the City eligible employees are automatically covered by Social Security with the required payroll deductions.

### **RETIREMENT SYSTEM**

Each regular full-time employee shall be enrolled in the city's retirement program on their first day of employment. The city's current retirement system is funded through the Michigan Employee Retirement System (MERS). The plan is effective May 21, 2009 (MERS 4 with a 2.5 multiplier, F-55, 25 years service, with an employee contribution of six percent (6%). The employee contribution is subject to change as determined by the employer. Effective May 21, 2009 new hires to receive a defined contribution MERS retirement plan.

Each regular full-time employee hired after March 1, 2012 shall be enrolled in the city's retirement program on the first day of employment. The city's current retirement system is funded through the Michigan Employee Retirement System (MERS). Employee will receive a Define Benefit Plan MERS 4 with a 1.3 multiplier, F-60, with an employee contribution of ten percent (10%), ten (10) years of service.

### **HEALTH INSURANCE**

Each regular full-time employee shall be enrolled in the current Medical Insurance coverage provided by the city for the employees spouse and dependent children including a prescription Drug Rider, Optical and Dental unless the employee declines such coverage. Coverage for children beyond the age of 18 shall be at the employee's sole expense as a sponsored dependent. Single person coverage hard cap \$5,500, two person coverage hard cap \$11,000, family hard cap \$15,000 any premium cost over these amounts are the employees responsibility (Senate Bill 7 adopted March 15, 2012)

### **WAIVER OF CITY-PROVIDED HEALTH INSURANCE COVERAGE**

Each employee who chooses to waive City provided health insurance, because they have health insurance coverage through their spouse or parent or for any other reason, shall be entitled to or provided additional remuneration. The employee shall be required to complete an applicable insurance waiver form. Effective May 20, 2010, the incentive for opting-out of the City's insurance is as follows: Single \$3,000.00 per year, Couple \$4,000.00 per year and Family \$5,000.00 per year. This incentive will be paid to the employee on a monthly basis following the month of suspended coverage. Employees will be able to re-enroll in the City's medical plan when they are covered under health insurance from another source and lose that coverage. Reenrollment shall occur as soon as allowable under the applicable insurance policy. An employee may waive health coverage, but retain dental and optical coverage. Employees whose spouse's or parent's health care insurance ceases to cover them due to a layoff or termination, death or divorce, legal separation, or loss of eligibility under spouse or parent's contract, shall be allowed to enroll in the City provided health insurance plan by showing proof that the spouse's or parent's coverage has ceased. In such cases, the employee shall be allowed to enroll in a City provided plan at the beginning of the next billing period. Employees who elect to waive their coverage may not re-enroll in the City provided health insurance plan for any other reason until the official City's re-enrollment period. The City shall have no responsibility to counsel employees regarding the advisability of an election of waiver of coverage.

Revised 3/15/2012

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## **RETIREE HEALTH INSURANCE BENEFIT**

### **A. ELIGIBILITY**

Any full-time employee of the City of Keego Harbor who retires with an immediate pension benefit and who has been in the full-time employment of the City for a minimum of fifteen (15) years shall be eligible for single person health insurance coverage in keeping with the coverage provided to full time employees until the age of 65 years.

### **B. COVERAGE**

The retiree health insurance benefit shall include the prescription drug rider but shall not include dental and vision coverage unless these coverages are part of the overall health care package and the City is prohibited from separating these from the overall package. The retiree will be subject to changes in the City health care plan including but not limited to carrier and coverages. The retiree will be subject to any changes in level of benefit. The City, at its sole option, may extend any improvements in benefits to the retiree. At age 65, there shall be no coverage for retiree supplemental health care as determined by the City effective May 1, 2012.

### **C. PREMIUM CONTRIBUTION**

The City shall contribute to the cost of the premium for current retirees receiving the city's retirement health insurance coverage and in effect on the date of the employee's retirement in an amount equal to 50%. Any increase in the premium paid by the city to provide retiree health care coverage shall be paid by the retiree. Effective May 1, 2012 future new health care program will freeze the cost of retiree health care to the city with increase in rates being absorbed by the retiree.

The retiree shall be responsible for paying his or her share of the premium, if any, on a timely basis, as established by the Finance Director/Treasurer. Any default in payment shall result in removal from the City's health insurance coverage.

Effective May 21, 2009 the policy for existing and pre-existing retirees for a base line current cost to be frozen with any increase in health insurance to be paid by the retiree.

### **D. DUPLICATE COVERAGE**

The City will not provide health care insurance coverage to any retiree who is covered by another health care insurance plan.

### **E. OPT OUT**

The retirees under age 65 will have the option to opt out and receive \$2,000 prior to August 1, 2012, from August 1, 2012 to May 1, 2013 the retirees under age 65 will have the option to opt out and receive \$1,000. Once a retired employee opts out, they will not be allowed to return to the Retirement Health Insurance Program.

Revised 3/15/2012

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