

Germantown Municipal School District

Monitoring: Review: Annually, in September	Descriptor Term: Fringe Benefits	Descriptor Code: 3.6001	Issued Date: Click here to enter a date.
		Rescinds:	Issued: 06/02/14

1 **Purpose:**

- 2 • To ensure that fringe benefits are available to eligible employees
- 3 • To provide guidelines for establishing and administering employee fringe benefits

4 **Scope:**

- 5 • This policy applies to full-time employees and eligible retirees

6 **Policy Statement and understandings:**

7 Germantown Municipal School District (GMSD) recognizes that certain benefits are an essential part

8 of the total compensation package for employees. The following are fundamental understandings:

- 9 1) Benefits provided by GMSD are subject modifications at any time, including, but not limited to, modification of insurance coverage, plan design, covered services, premiums, and
- 10 contributions. Additionally, the GMSD reserves the right to amend or terminate any benefit
- 11 plan at any time.
- 12
- 13 2) Nothing in this policy creates a vested right to any of the benefits described in this policy.
- 14 Written notification to employees will be provided prior to any changes and/or modifications
- 15 being made.

16 **I. Employee Healthcare/Medical Insurance Benefits and the administration thereof:**

- 17 A. All full-time employees are eligible to participate in the voluntary group *healthcare* insurance
- 18 plans provided by GMSD. A full-time employee is one who regularly works a minimum of 30
- 19 hours per week. Part-time, seasonal and temporary employees are not eligible.
- 20 B. Application for healthcare coverage for the full-time employee and eligible family members
- 21 must be made within thirty (30) days of the following: *Date of hire, change from an ineligible*
- 22 *to eligible employment status (i.e. part-time to full-time) and any eligible qualifying events as*
- 23 *defined by the Internal Revenue Code.*
- 24 C. GMSD and the employee shall share in the cost for employee health insurance coverage. The
- 25 GMSD school board's contribution amount will be determined annually. The employee's
- 26 portion of the coverage shall be paid through payroll deduction over twenty (20) semi-monthly
- 27 payments. Once employees elect to participate in an individual and/or family healthcare plan
- 28 the following will occur:

- 29 1. Payroll deductions shall be made on a pre-tax basis unless otherwise requested by
- 30 the employee.

2. Coverage shall become effective the first day of the month following (30) days of employment period and expire on the last day of the month during which the employee terminates from service with GMSD
3. If an employee decides to retire or resign at the end of a school year, the healthcare benefit will last until the end of the plan year, August 31.

D. Dental and Vision

Optional dental and vision plans are also available through GMSD at a group rate. The employee shall bear the total cost (100%) of dental and vision insurance if he or she elects to participate in these plans.

E. Open enrollment dates will be announced on an annual basis.

II. Life Insurance – Employee and Dependent

- A. *Employee Life insurance*: Active employees are provided the amount of (2) times their annual base salary rounded to the nearest one thousand dollars (\$1,000) to a maximum benefit of three-hundred-thousand dollars (\$300,000). An equal amount of Accidental Death and Dismemberment coverage is also provided to covered employees. This benefit is covered 100% by GMSD.

Additional Supplementary Life Insurance: All full-time employees are eligible to participate in the voluntary group life insurance plan provided by GMSD. The employee shall bear the total cost (100%) of the additional supplementary life insurance if he or she elects to participate in this plan.

Life insurance application coverage (employee and eligible dependents) must be made within thirty (30) days of employment. Coverage shall become effective the first day of the month following (30) days of employment period and expire on the last day of the month during which the employee terminates from service with GMSD. Details regarding life insurance coverage for eligible GMSD employees are available in the Certificate of Coverage.

- B. *Dependent life insurance* may also be purchased for additional life insurance coverage for eligible dependents. The total cost (100%) for additional coverage shall be paid by the employee through payroll deductions.

III. Retirees of Germantown and their post-health retirement Health/Medicare/Life Insurance Benefit:

A. *Policy Statements and understandings*:

- a. Former employees who are now classified as retirees on, or before, September 1, 2017 will continue to pay retiree premium rates as active employees for health care benefits up until he or she is Medicare eligible.
- b. Those former employees who are now classified as retirees on, or before, September 1, 2017, that become Medicare eligible have the option to enroll in the advantage plan

- 1 with the premium share with the employer or opt to receive a taxed monthly stipend
2 of \$150.00 per individual or \$300.00 per family.
- 3 c. Former employees who are now classified as retirees on, or before, September 1, 2017
4 will be able to continue to receive the life insurance policy one time their annual salary
5 up to \$50,000.

6 B. Specifications:

- 7 1. Any new employee hired for the school year beginning July 1, 2017 or thereafter, will **not**
8 be provided with another post-employment benefit as it relates to health benefits,
9 Medicare supplementary insurance or stipends, and life insurance pre and post 65 years of
10 age.
- 11 2. Current active full time employees as of July 1, 2017 have been categorized in the
12 following Tiers which will determine their post-employment retiree benefits:
- 13 a. *Tier I*: Meet the eligibility requirement of 20 + Years of Service (YOS) as of July 1, 2017
14 with 15 years having been with GMSD/Shelby County, and/or Memphis City and meet
15 one of the following retirement types described by the Tennessee Consolidated
16 Retirement System (TCRS): a. Service retirement of 25 YOS; b. Early Retirement – age
17 55 with 15 YOS.
- 18 b. *Tier II*: Meet the eligibility requirement with YOS between 10 and 19 years as of July 1,
19 2017 must complete 30 years_of service or at least age 60 and complete 15 years of
20 service with GMSD, Shelby County, and/or Memphis City Schools prior to retirement.
- 21 c. *Tier III*: Meet the eligibility requirement with YOS as of less than 10 years as of July 1,
22 2017, including new employees, must complete 30 years of service or at least age 60
23 and complete 15 years of service with GMSD, Shelby County, and/or Memphis City
24 Schools prior to retirement.
- 25 3. Upon retirement from active service the amount of life insurance shall reduce fifty percent
26 (50%) to cap at a maximum of fifty-thousand dollars (\$50,000). *For Tiers I and II*, life
27 insurance extends Pre-and-Post 65 years of age. *For Tier III*, life insurance extends up until
28 age 65.
- 29 4. *All-inclusive for Tiers I, II, and III*:
- 30 a. To qualify for any post-retirement health benefit, an active employee must be
31 enrolled in GMSD's plan a full year preceding retirement.
- 32 b. Upon meeting applicable retirement eligibility requirements and submitting one's
33 retirement, the current retiree who decides to secure a job with another employer
34 that provides medical health insurance will become ineligible to participate in the
35 GMSD other post-employment health benefit coverage until notification is

1 provided by our former employee that they have resigned from their current
2 position with the other employer. Once this has been verified, he or she, can now
3 *bounce back* to the GMSD OPEB benefit in the same Tier status as when they
4 initially retired with GMSD

5 C. Terms:

6 • **Tier -**

7 The category the active employee meets as of 7/1/2017 which then explains
8 the scope of benefit this employee will receive if they meet the eligibility
9 requirement associated with the Tier I, II, or III description.

10 • **OPEB (Other post-employment benefits) -**

11 A defined benefit and/or contribution to retirees where there is now an effort to improve
12 accountability and transparency of financial reporting in regard to the financial effects of
13 employers' commitments and actions related to the benefit.

14 • **Years of Service (YOS) –**

15 The number of years the employee has served GMSD and/or the number of years of service
16 combined between other Tennessee Public Schools, Shelby County Schools, Memphis City
17 Schools, and Germantown Municipal School District when applicable for those employees
18 placed in various groups; Tiers I, II, or III.

19 • **Bounce Back Provision-** Upon meeting applicable retirement eligibility requirements and
20 submitting one's retirement, the current retiree who decides to secure a job with another
21 employer that provides medical health insurance will become ineligible to participate in the
22 GMSD other post-employment health benefit coverage until notification is provided by our
23 former employee that they have resigned from their current position with the other
24 employer. Once this has been verified, he or she, can now bounce back to the GMSD OPEB
25 benefit in the same Tier status as when they initially retired with GMSD.

1 IV. Prerequisites, benefit, and length thereof in charted format:

Employee Year of Service (YOS)	Prerequisites	Health Benefit	Retiree Life Insurance	Medicare stipend
Tier I	20+ YOS as of 7/1/2017 + meet TCRS 25 year retirement or TCRS early retirement at age 55 with 15 YOS.	Health benefits at the active employee contribution rate for retiree and dependent(s) until Medicare eligible.	1x annual salary with a \$50,000 maximum pre 65 and post 65 years of age.	Will receive a monthly stipend of \$150 per retiree or \$300 per retiree and dependent(s).
Tier II	10-19 YOS as of 7/1/2017 + meet 30 YOS or early retirement at age 60 with 15 YOS.	Health benefits at the active employee contribution rate with Dependent(s) who will receive a monthly \$300 stipend until Medicare eligible.	1x annual salary with a \$50,000 maximum pre 65 and post 65 years of age.	Will receive a monthly stipend of \$150 per retiree or \$300 per retiree and dependent(s).
Tier III	0-9 YOS as of 7/1/2017 + meet 30 YOS or early retirement at age 60 with 15 YOS.	Will receive a monthly stipend of \$300 per retiree or \$600 per retiree and dependent(s); Until Medicare eligible.	Pre-65 years of age ONLY: 1x annual salary with a \$50,000 maximum.	Will receive a monthly stipend of \$150 per retiree or \$300 per retiree and dependent(s).

1 V. Surviving Spouse Coverage:

2 The spouse of a retired employee, who is covered as a dependent at the time of the retiree's death,
3 may exercise the option for surviving spouse coverage under the following conditions:

- 4 1. If said spouse should remarry, and become eligible under another group insurance plan,
5 coverage under GMSD's plan will cease at the beginning of the next month after the new
6 marital status has become official.
- 7 2. If said spouse, should remarry and is not eligible under another plan, said spouse may retain
8 coverage until Medicare eligible.
- 9 3. Under no circumstances is coverage extended to the new spouse or dependent children of the
10 new spouse.
- 11 4. If the deceased employee had family coverage at the time of his/her death and coverage
12 included one or more children, the same conditions would apply as under the present plan

13 VI. Responsibility and General Provisions

- 14 A. Employees are responsible for notifying the Human Resources office of any change in status
15 or qualifying event related to their health insurance. Notification failure within the time-
16 frames set forth in this policy may result in coverage termination and/or forfeiture of paid
17 insurance premiums and contributions.
- 18 B. Benefit coverage will cease if premiums are not paid in a timely manner. Under no conditions
19 will coverage be reinstated for an employee, dependent, retiree, after retirement or
20 employment separation if coverage was ceased for non-payment of premiums.
- 21 C. Any retiree (or their covered dependent) who turns 65 must enroll in Medicare Part A and B.
- 22 D. If retiree health coverage is declined or cancelled at any time, the coverage will not be
23 reinstated for any reason other than administrative error. This also applies to coverage
24 cancellation for dependent coverage under the retiree's health plan.
- 25 E. Eligible employee may continue insurance coverage while on approved medical leave by
26 paying the applicable employee rate for coverage.
 - 27 • Failure to pay the appropriate premium may result in coverage termination and coverage
28 may not be reinstated until return from leave.
 - 29 • Employees who are applying for TCRS Disability Insurance when their maximum leave
30 period expires will be offered COBRA continuation coverage. If COBRA coverage is elected
31 and the employee is approved for TCRS Disability benefits during their COBRA coverage
32 period, the employee will be allowed to enroll in the Board's retiree health plans if all
33 COBRA and other eligibility requirements have been satisfied.
 - 34 • The employee must make application to resume healthcare coverage within thirty (30)
35 days upon completion of and return from an unpaid leave in which insurance coverage
36 was not continued.

