

To: President and Members of the Munster Town Council
From: Patricia Abbott
Controller/Interim Town Manager
Date: December 16, 2024
Re: Resolution 2145: Retirement Health Savings Account Amendment

Earlier this year, Council reestablished the Retirement Health Savings Plan (RHS). The RHS is specifically designed to create a nest egg to cover medical expenses, including insurance premiums, in retirement. There is triple tax savings with this plan. The earnings are not taxable; the investment earnings on the individual's account are not taxable, and withdrawals from the plan are not taxable provided they are used for approved, medical purposes.

In order to participate in a Retirement Health Savings Plan, specific groups must be defined, and the contribution amounts are set within the plan. Anyone within the defined group must contribute at the same rate. It is not voluntary.

Department Heads have expressed interest in participating. The benefits and drawbacks were discussed at a recent Department Head meeting. The group was given time to consider if they would like to participate and if so, how much they would want to contribute. Each Department Head contacted me separately to say they would like to participate. The level of contribution ranged from 1.00% to 3.00%. A consensus was reached at 2.00%.

Resolution 2145 has been drafted in modify the Retirement Health Savings Plan to create a new group for Department Heads with a mandatory contribution rate of 2.00%. The current groups of Interim Town Manager and Controller will remain in place.

Recommendation:

By motion and voice vote, adopt Resolution 2145 as presented.