



# **EARLY RETIREMENT INCENTIVE PLAN**

## **FISCAL YEAR 2020/2021**

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### **INTRODUCTION**

The City of Pittsburgh is confronted with serious fiscal constraints and is undertaking organizational reviews to optimize the efficiency of operational functions. One response to these challenges is the adoption of the Early Retirement Incentive Plan (ERIP) for qualified employees. Voluntary separations under the ERIP are intended to achieve specific institutional objectives: 1) reduction in salary/wage and benefit costs and 2) redirecting positions to focus on higher priorities. Voluntary separations under the ERIP may also assist in avoiding or minimizing future involuntary terminations due to reductions in personnel.

### **GENERAL DESCRIPTION**

The ERIP is a one-time opportunity for eligible employees to apply for separation and enter retirement at an earlier date than might otherwise have been planned. ERIP participants will be required to sign a Separation Agreement that contains a release of all employment rights and claims, described later in this document. Following voluntary separation from the City of Pittsburgh, ERIP participants will receive the benefits provided by this plan, which will either include a lump sum payment, contribution to a Health Reimbursement Account, and/or enhanced retiree medical benefits as described in this document.

Participation in the ERIP is completely voluntary. Applicants may revoke their application at any time up to seven (7) days after signing the Separation Agreement. Eligible employees who decline to participate or who revoke an application to participate will not be treated any differently than any other similarly situated employee.

Applications for the ERIP will be accepted for a limited period of time, starting May 11, 2020, and ending at 5:00 p.m. on May 29, 2020.

Separations under the ERIP are to be effective on or before June 30, 2020, with a retirement date no later than July 1, 2020, except as allowed by circumstances described later in this document.



Additional information, including the ERIP application form, a Separation Agreement, and Frequently Asked Questions can be obtained at the following website: [HR Forms & Links - For City Employees](#)

## **ELIGIBILITY**

Full-time and part-time regular employees in all bargaining units at the City of Pittsburgh are eligible to apply for the ERIP if, as of **June 30, 2020**, the employee is at least **55 years of age** with at least **five (5) years** of regular service with the City.

“Full-time service” means the years of full-time regular service at the City of Pittsburgh, including hourly service for those full-time employees who transitioned from hourly status to regular status during the period of 1994 through 1998. Service at another entity, whether or not it is affiliated with the City does not count in satisfying the above eligibility criteria.

“Regular employee” means an individual who is employed in a full-time or part-time position of indefinite term with the City of Pittsburgh, who has completed the probationary period as required in the City’s Personnel Rules.

## **SEPARATION DATE**

To participate in the ERIP, an eligible employee who has applied for and received final approval to participate in the ERIP must sign a Separation Agreement that releases the City of Pittsburgh from all employment rights and claims, and must agree to separate from the City of Pittsburgh on one of the following dates:

1. **June 30, 2020**, is the intended separation date for most ERIP participants.
2. **September 30, 2020**, is an alternative separation date that ERIP participants may designate when it is clearly in the best interest of the City of Pittsburgh.
3. **December 31, 2020**, is an alternative separation date that ERIP participants may designate when it is clearly in the best interest of the City of Pittsburgh.

The above three separation dates are the only separation dates available under the ERIP. Under no circumstances will an ERIP separation date be extended beyond **December 31, 2020**. Regardless of separation date, the ERIP application must be submitted by 5:00 p.m. on May 29, 2020.



## **SEPARATION INCENTIVE BENEFIT OPTIONS**

The City shall offer three (3) separation incentive benefit options from which the ERIP participant may elect:

- 1) Lump sum payment or contribution to a Health Reimbursement Arrangement account equivalent to \$1,000 per year of regular City service; or
- 2) Lump sum payment or contribution to a Health Reimbursement Arrangement account equivalent to three (3) months of salary based on current annual salary; or
- 3) If eligible for retiree medical, enhancement to next higher tier of City contribution/reimbursement toward medical insurance premiums in accordance with the provisions outlined in the applicable employee group MOU and a lump sum payment or contribution to a Health Reimbursement Arrangement account equivalent to \$500.00 per year of regular City service.

Under options #1 or #2, the City shall either provide a lump sum payment to the ERIP participant or contribute the amount to a **Health Reimbursement Account (HRA)** on behalf of the ERIP participant based on the employee's regular years of service or annual salary. The City will credit the applicable lump sum amount to the ERIP participant's direct deposit account or HRA during the month following the ERIP participant's separation date.

The ERIP participant can use the HRA account to reimburse medical expenses within the meaning of Section 213(d) of the Internal Revenue Code on behalf of the participant, his or her spouse, and his or her eligible dependents. Examples of medical expenses that qualify for HRA reimbursement:

- After-tax medical insurance premiums (COBRA and retiree premiums)
- Deductibles and copayments not covered by another medical plan
- Dental and vision care expenses not cover by another plan
- Eyeglasses
- Prescription drugs
- Preventive care
- Medicare Part B and D premiums

Additional details about this HRA feature are available at [P&A Group](#) and for a complete list of qualified medical expenses that qualify for reimbursement refer to IRS Publication 502, "Medical and Dental Expenses."



The Internal Revenue Service (IRS) does not allow the use of HRA funds for expenses associated with a domestic partner, unless the partner qualifies as a dependent under IRS regulations.

The IRS does not allow HRA accounts to be transferred to any other individual, except in the event of the participant's death. If the participant dies after separating from the City, but before the date that funds are used, the HRA account can be used by the participant's spouse to reimburse medical expenses within the meaning of Section 213(d) of the Internal Revenue Code, as described above. If there is no spouse at the time of the participant's death, the HRA account can be used by an IRS qualified dependent. (Changing the name on the HRA account to a spouse or dependent is not automatic, and the surviving spouse or dependent will need to contact the City's HRA third party administrator to initiate the process.) If there is no spouse or dependent at the time of the participant's death, any balance in the HRA account will be forfeited back to the City.

HRA accounts will be administered by P&A Group, 17 Court St. #500, Buffalo, NY 14202, 1-800-688-2611.

All other applicable collectively bargained retirement benefits for which the ERIP participant is eligible shall be granted.

## **ERIP APPLICATION PROCEDURE**

Eligible employees shall be provided a copy of this Plan, which includes a Separation Agreement, on or before **Wednesday, May 6, 2020**.

The application period for the ERIP begins on May 11, 2020 and ends on May 29, 2020. Applications submitted later than 5:00 p.m. on May 29, 2020, will not be considered.

To apply for the ERIP, an eligible employee must complete and submit an application form located at [HR Forms & Links - For City Employees](#). When the application form is submitted, the applicant is indicating a desire to voluntarily separate from the City of Pittsburgh in exchange for one of the ERIP separation incentive benefits.

Applicants may revoke their application at any time up to seven (7) days after signing the Separation Agreement. To revoke or withdraw an ERIP application, the applicant may send a notice of revocation to the City's Human Resources Department. On the eighth (8<sup>th</sup>) day after signing the Separation Agreement, the ERIP application is irrevocable.

As indicated above, separations under the ERIP will be effective June 30, 2020, with a retirement date of July 1, 2020, except as otherwise provided under the Plan.



The City intends for ERIP separations to achieve specific organizational objectives: 1) reduction in salary/wage and benefit costs or 2) redirecting positions to focus on higher priorities. Voluntary separations under the ERIP are also to avoid or minimize future involuntary terminations due to reductions in personnel. As such, the City of Pittsburg would like to allow as many eligible employees to participate in the ERIP as possible. ERIP applications will be reviewed based on the following criteria:

- 1) How the employee’s separation and the department’s subsequent actions will meet City objectives
- 2) The position’s funding source

Following a review period during the beginning of June 2020, applicants will be notified when their application has been approved. Upon approved, applicants will be provided a Separation Agreement to sign.

**REQUIRED APPROVALS**

The City’s Human Resources Department will first review the ERIP application to confirm the employee’s eligibility to participate. ERIP applications require the following approvals:

| <b>Initial Reviewer</b> | <b>2nd Level</b>    | <b>Final Reviewer</b> |
|-------------------------|---------------------|-----------------------|
| Department Director     | Director of Finance | City Manager          |

If the Initial Reviewer approves the application, then he or she is responsible for providing a statement demonstrating how the ERIP separation will meet the above institutional objectives, including a statement explaining how any planned replacement will also meet those objectives.

Final approval of the ERIP application is required by the City Manager’s Office. Participation in the ERIP is not a right.

**SUBSEQUENT EMPLOYMENT**

An ERIP participant cannot be reemployed by the City in any seasonal or part-time position for six (6) months following his or her separation date.

An ERIP participant cannot be reemployed by the City in any full-time regular position for five (5) years following his or her separation date.



## **RECOVERY OF HRA PAYMENTS MADE IN ERROR**

Health Reimbursement Account contributions made by mistake of fact or paid contrary to the terms of the ERIP plan shall be returned to the City by the separated employee.

## **REPRESENTATIONS CONTRARY TO THE ERIP**

No employee, director, executive, or agent of the City has the authority to alter, vary or modify the terms of the ERIP, except by means of an authorized written amendment to the ERIP on file with the Director of Human Resources. No verbal or written representations contrary to the terms of the ERIP and any amendments shall be binding upon the City of Pittsburg.

## **AMENDMENT AND TERMINATION**

The City reserves the right to amend or terminate the ERIP at any time. Notwithstanding the foregoing, no amendment of ERIP may reduce ERIP payments or other considerations once an ERIP Separation Agreement is fully executed.

## **NONDISCRIMINATION STATEMENT**

The City of Pittsburg will not engage in discrimination against any person because of age, color, disability, ethnicity, gender, gender identity, genetic information, marital status, national origin, race, religion, sexual orientation, or veteran status, and will comply with all federal and state nondiscrimination, equal employment laws and regulation.