



**City of Cincinnati Retirement System  
Benefits Committee  
Minutes**

February 5, 2009 10:00 AM  
Centennial II – Meeting Room A

The Chair declared a quorum and called the meeting to order: 12:10 PM

Present:

Michael Rachford, Chair  
Michael Fehn, Vice Chair  
Brian Pickering  
Donald Beets  
Bryan Schmitt

Staff present:

John Dietz  
John Boudinot  
Cheryl Volk, Recorder

**APPROVAL OF MINUTES**

Minutes from the January 8, 2008 Benefits Committee were submitted for approval. Motion was made by B. Pickering, seconded by D. Beets to accept the minutes. Motion was passed and the minutes were approved.

**SERVICE PURCHASE REQUEST**

Troy Hicks and Sean Riffle presented to the Benefits Committee with a request for service purchase of time prior to 1991.

Benefits Committee to consider requests and present determination at next meeting.

**VERIFICATION OF CHILD DISABILITY**

Parents would be required to submit documentation verifying a child's disability in order to qualify the child for Cincinnati Retirement System (CRS) health care benefits.

Documentation considered:

- Confirmation of Social Security Disability Benefits
  - Question raised: Would a disabled child qualify for SS benefits if the parents did not earn Social Security (SS) quarters? Administration to obtain information from SS.
  - If the child does not qualify to receive SS benefits due to the parents' ineligibility, the child may submit a Disability Application to the CRS and for consideration of disability health care benefits. The CRS Disability Application and Appeal process will be followed.
  - If the child was denied SS Disability Benefits, they would be ineligible for CRS disability health care benefits.

## **ELIGIBLE RETIREE DEPENDENTS**

In response to the Benefits Committee's 12/4/08 RLS, the Law Department provided some clarification of the eligible retiree dependents and IRS Issues regarding taxation of healthcare benefits.

J. Boudinot provided an update on ICE MILLER reports as presented to the Board of Trustee's February 5, 2009:

- **Eligible Recipients of Retiree Health Coverage**  
According to the plan document and the provisions for health benefits under section CMC 203-43 and 203-44, the following persons are eligible to receive healthcare benefits: CRS member, optionee, survivor, and survivor dependents. Providing health care for others would not be in compliance with the Cincinnati Municipal Code (CMC).
- **IRS Issue Regarding Taxation Of Healthcare Benefits**  
The CRS has the authority to determine eligibility for healthcare benefits. However, from an IRS taxation standpoint, any payments to participants with respect to medical expenses of an ineligible dependent should be treated as includible in gross income, as they did not comply with requirements of Code Section 401(h) nor Code Sections 106 and 105(b). This may require the CRS to issue corrected Forms 1099-R to any participants who received such payments.

If CRS chooses to provide healthcare to non-dependents, the benefit payment may not be paid from the Qualified Medical Benefits Account 401(h). CRS must create a separate fund, such as Code Section 115 Trust Fund as recommended by ICE MILLER.

Regarding the question of applying a "premium" for health care coverage: The CRS Board may structure coverage for dependents that include a premium. Ice Miller suggested it is within IRS compliance to allow a premium plan. However, administration of the plan is difficult.

### **Follow-up**

- Administration to present information regarding:
- The dollar amount associated with a "premium."

## **SECURING THE FUTURE OF CINCINNATI PENSION SYSTEM**

Motion # 200801414 approved by City Council November 24, 2008. The Motion directs the Administration to implement health-care eligibility criteria for city retirees and/or spouses who are employed. RLS was submitted December 8, 2008 by Benefits Committee for legal clarification of the motion. Administration to follow up with Law Department.

A similar process is in place for the State Teachers Retirement System (STRS). J. Boudinot to research the legislative and administrative actions taken. Present findings at next meeting of the Benefits Committee: February 26, 2009.

## **HEALTH CARE BENEFITS FOR EMPLOYED RETIREE AND/ OR SPOUSE**

D. Beets agreed to drop his draft motion as tabled at the January 8, 2009 Benefits Committee meeting. A new draft motion was introduced for consideration: The new motion included the word *survivor*.

***Committee Action***

D. Beets made the motion that in the instance a retiree, spouse and /or any dependent of a retiree, survivor and /or beneficiary receiving medical, pharmaceutical, dental and eye care coverage paid for by the Cincinnati Retirement System having such other medical, pharmaceutical, dental and eye care coverage that the medical, pharmaceutical, dental and eye care coverage paid for the Cincinnati Retirement System shall become secondary.

M. Rachford seconded the motion. Following a discussion, a vote was taken and the motion passed. Submit the motion to the Board of Trustees for consideration.

D. Beets :	Yes
M. Fehn:	Yes
B. Pickering	No
M. Rachford	Yes
Bryan Schmitt	No

**Follow-up**

Administration to present at future meeting:

- o The associated costs for implementation of the motion
- o The cost of living increases for survivor pension benefits
- o The steps and data base necessary for tracking the issuance of health benefits
- o Present "Insurance Coverage Form" for review and consideration.

**DISABILITY REPORT**

Willie Smith:	Appeal Denied
Angela Franklin	Appeal Denied
Elizabeth Christie	Application Denied

Motion was made by B. Pickering and seconded by M. Fehn to adjourn the meeting. Motion passed and the meeting was adjourned at 11:55 A.M.