



MissionSquare RHS Adoption Agreement

Plan No. 801217

MissionSquare Retirement Health Savings (RHS) Adoption Agreement

Plan Number: 8 01217

Select as applicable:

☐ Standalone RHS ☐ Integrated RHS ☒ Amendment to Existing Plan

I. Employer Name: City of Chandler State: Arizona

II. The Employer hereby attests that it is a unit of a state or local government or an agency or instrumentality of one or more units of a state or local government.

III. Plan Dates:

A. Plan Amendment Effective Date 7/1/2023

B. Plan Year: Enter the annual accounting period for the RHS program. 1/1 to 12/31

IV. The Employer intends to utilize the Trust to fund only welfare benefits pursuant to the following welfare benefit plan(s) established by the Employer: Retiree Welfare Benefits Plan

V. Eligible Groups, Participation and Participant Eligibility Requirements

A. Eligible Groups

The following group or groups of Employees are eligible to participate in the Employer's welfare benefits plan identified in Section IV. (check all applicable boxes):

☐ All Employees

☐ All Full-Time Employees

☐ Non-Union Employees

☐ Public Safety Employees - Police

☐ Public Safety Employees - Firefighters

☐ General Employees

☐ Collectively-Bargained Employees (Specify unit(s)) _____

☒ Other (specify group(s)) All full-time employees & regular benefit eligible part-time employees

The Employee group(s) specified must correspond to a group(s) of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other documents or provisions in effect in the state or locality of the Employer.

B. Participation

Mandatory Participation: All Employees in the covered group(s) are required to participate in the Plan and shall receive contributions pursuant to Section VI.

If the Employer's underlying welfare benefit plan is in whole or part a non-collectively bargained plan that allows reimbursement for medical expenses other than insurance premiums, the nondiscrimination requirements of Internal Revenue Code (IRC) Section 105(h) will apply. These rules may impose taxation on the benefits received by highly compensated individuals if the Plan discriminates in favor of highly compensated individuals in terms of eligibility or benefits. The Employer should discuss these rules with appropriate counsel.

C. Participant Eligibility Requirements

1. Minimum service: The minimum period of service required for participation is See attachment A (write N/A if no minimum service is required).

2. Minimum age: The minimum age required for eligibility to participate is N/A
(write N/A if no minimum age is required).

VI. Contribution Sources and Amounts

A. Definition of Earnings

The definition of Earnings will apply to all RHS Contribution Features that reference "Earnings," including Direct Employer Contributions (Section VI.B.1.) and Mandatory Employee Compensation Contributions (Section VI.B.2.).

Definition of earnings: Gross wages

B. Direct Employer Contributions and Mandatory Contributions

Contributions for participants include:

1. Direct Employer Contributions

The Employer shall contribute on behalf of each Participant

I % of Earnings*

\$ each Plan Year

A discretionary amount to be determined each Plan Year

× Other (describe): See Attachment A

2. Mandatory Employee Compensation Contributions

The Employer will make mandatory contributions of Employee compensation as follows:

Reduction in Salary – % of Earnings or \$ will be contributed for the Plan Year.

Decreased Merit or Pay Plan Adjustment – All or a portion of the Employees' annual merit or pay plan adjustment will be contributed as follows:

An Employee shall not have the right to discontinue or vary the rate of mandatory contributions of employee compensation.

3. Mandatory Employee Leave Contributions

The Employer will make mandatory contributions of accrued leave as follows (provide formula for determining mandatory employee leave contributions):

Accrued Sick Leave

× Accrued Vacation Leave Excess vacation leave over 240 hours with a max of 95 hours

Other (specify type of leave) Accrued Leave

An Employee shall not have the right to discontinue or vary the rate of mandatory leave contributions.

* Non-collectively bargained plans that reimburse medical expenses other than insurance premiums should consult their benefits counsel regarding welfare plan nondiscrimination rules if the employer elects to make contributions based on a percentage of earnings.

B. The account will become 100% vested upon the death, disability, retirement*, or attainment of benefit eligibility (as outlined in Section IX) by a Participant.

* Definition of retirement includes a separation from service component and is further defined by (check one):

The primary retirement plan of the Employer

Separation from service

Normal Retirement Age (NRA) defined at age _____

Retirement plus years of service - NRA defined by employer at age ____ and _____ years of service

x Other Immediate retirement from City of Chandler into ASRS or PSPR

Any period of service by a Participant prior to a rehire of the Participant by the Employer shall not count toward the vesting schedule outlined in A above.

For vesting purpose, you must define "retirement" and enter the age and optionally a service period associated with the NRA so that assets are vested 100% for a participant. If NRA is left blank, it will default to age 62.

VIII. Forfeiture Provisions

If a Participant separates from service prior to full vesting, non-vested funds in the Participant's account shall be forfeited in accordance with the box checked under this section.

Upon the death of a Participant, surviving spouse, and all surviving eligible dependents (as outlined in Section XI), funds remaining in the Participant's account shall revert to the Trust in accordance with the box checked under this section.

If a Participant permanently opts out and waives future reimbursements, as allowed under IRS Notice 2013-54, all funds in the Participant's account at the time of waiver shall be forfeited in accordance with the box checked under this section.*

Remain in the Trust to be reallocated among all Plan Participants with a balance as Direct Employer Contributions for the next and succeeding contribution cycle(s).**

x Remain in the Trust to be reallocated on an equal dollar basis among all Plan Participants with a balance.**

Remain in the Trust to be reallocated among all Plan Participants based upon Participant account balances.**

IX. Eligibility Requirements to Receive Medical Benefit Payments from the MissionSquare Retirement Health Savings Program

A. A Participant is eligible to receive benefits:

At retirement only (also complete Section B.)

Definition of retirement:

Same as Section VII.B.

Other _____

x At separation from service with the following restrictions

No restrictions

x Other Attainment of age 50 for employees who are vested

B. Termination prior to general benefit eligibility: In a case where the general benefit eligibility as outlined in Section IX.A includes a retirement component, a Participant who separates from service of the Employer prior to retirement will be eligible to receive benefits:

Immediately upon separation from service

☒ Other See Attachment A

- * If the Employer's RHS Program does not limit eligibility to Participants who have separated from service, the Employer will be required to provide further direction to MissionSquare regarding the treatment of possible contributions that are required to be made following the Participant's waiver.
- ** If the forfeited balance is small whereby the reallocation amount to each Plan Participant with a balance is minimal, the assets will revert to Employer's forfeiture account for further direction from the Employer. If there are Participants without a balance who should receive forfeiture assets, please provide alternative instructions to MissionSquare on the forfeiture reallocation notice.

C. A Participant who becomes totally and permanently disabled

As defined by the Social Security Administration

As defined by the Employer's primary retirement plan

☒ Other See Attachment A

will become immediately eligible to receive medical benefit payments from his/her account under the Employer's welfare benefits plan.

D. Upon the death of the Participant, benefits shall become payable as outlined in Section XI.

X. Permissible Medical Benefit Payments

Select **one** option.

Benefits eligible for reimbursement under the plan are as allowed under IRC Section 213 other than direct long-term care expenses.

☒ Option 1: **All Medical Benefits***

☐ Option 2: **Insurance Premiums Only**

Option 3: **Select Expenses*** you wish to cover under the Employer's welfare benefits plan:

Medical Insurance Premiums

Medical Out-of-Pocket Expenses

Medicare Part B Insurance Premiums

Medicare Part D Insurance Premiums

Medicare Supplemental Insurance Premiums

Prescription Drug Insurance Premiums

COBRA Insurance Premiums

Dental Insurance Premiums

Dental Out-of-Pocket Expenses

Vision Insurance Premiums

Vision Out-of-Pocket Expenses

Qualified Long-Term Care Insurance Premiums

Non-Prescription medications allowed under IRS guidance

Other qualifying medical expenses (describe)_____

* Non-collectively bargained plans that reimburse medical expenses other than insurance premiums should consult their benefits counsel regarding welfare plan nondiscrimination rules if the employer elects to make contributions based on a percentage of earnings.

XI. Benefits After the Death of the Participant

In the event of a Participant's death, the following shall apply:

A. Surviving Spouse and/or Surviving Dependents

Upon the death of a Participant, the surviving spouse and/or surviving eligible dependents (as defined in Section XII.D.) of the deceased Participant are immediately eligible to maintain the Participant's RHS account and utilize the remaining balance to fund eligible medical benefits specified in Section X above. The account balance may be reallocated* by the surviving spouse or dependents.

* Before investing, please read the applicable fund disclosure materials carefully for a complete summary of all fees, expenses, investment objectives and strategies, and risks. This information is available when you log in at www.missionsq.org, or upon request by calling (800) 326-7272.

If a Participant's account balance has not been fully utilized upon the death of the eligible spouse, the account balance may continue to be utilized to pay benefits of eligible dependents. Upon the death of all eligible dependents, the account will revert in accordance with the Employer's election under Section VIII of the *MissionSquare RHS Adoption Agreement*.

B. No Surviving Spouse or Surviving Dependents

If there are no living spouse or dependents at the time of death of the Participant, the account will revert in accordance with the Employer's election under Section VIII of the *MissionSquare RHS Adoption Agreement*.

XII. The Plan Will Operate According to the Following Provisions:

A. Employer Responsibilities

1. The Employer will submit all MissionSquare Retirement Health Savings Plan enrollment and contribution data via electronic submission.
 2. The Employer will submit all MissionSquare Retirement Health Savings Plan Participant status updates or personal information updates via electronic submission. This includes but is not limited to termination notification, benefit eligibility, and vesting notification.
- B.** Participant account administration and asset-based fees will be paid through the redemption of Participant account shares, unless agreed upon otherwise in the Administrative Services Agreement.
- C.** Assignment of benefits is not permitted. Benefits will be paid only to the Participant, his/her survivors, the Employer, or an insurance provider (as allowed by the claims administrator). Payments to a third-party payee (e.g., medical service provider) are not permitted with the exception of reimbursement to the Employer or insurance provider (as allowed by the claims administrator).
- D.** An eligible dependent is (a) the Participant's lawful spouse, (b) the Participant's child under the age of 27, as defined by IRC Section 152(f)(1) and Internal Revenue Service Notice 2010-38, or (c) any other individual who is a person described in IRC Section 152(a), as clarified by Internal Revenue Service Notice 2004-79.
- E.** The Employer will be responsible for withholding, reporting and remitting any applicable taxes for payments which are deemed to be discriminatory under IRC Section 105(h), as outlined in the *Employer Manual*.

XIII. Employer Acknowledgements

A. The Employer hereby acknowledges it understands that failure to properly fill out this *MissionSquare Retirement Health Savings Adoption Agreement* may result in the loss of tax exemption of the Trust and/or loss of tax-deferred status for Employer contributions.

B. ☐ Check this box if you are including supporting documents that include plan provisions.

Employer Signature

By: _____ Date: _____

Title: _____

Attest: _____ Date: _____

Title: _____

Approved as to form

City Attorney *REL*

ATTACHMENT A
EMPLOYER VANTAGECARE RETIREMENT HEALTH SAVINGS (RHS)
ADOPTION AGREEMENT

Plan No. 801217: City of Chandler Employee Retirement Health Savings Plan

V.C.1. Minimum Service: First day of the month following hire date or date of benefit eligibility.

VI.B.1. Direct Employer Contributions

50% of Value of Employee's Accumulated Sick Leave will vest upon either: (a) application and approval for long-term disability pursuant to Title 38 of Arizona Revised Statutes (provided the employee is eligible to retire and receive a pension benefit from the applicable system), or (b) application for retirement from the City of Chandler with immediate retirement into either the Arizona State Retirement System or the Public Safety Personnel Retirement System.

Employer contribution of \$900 per 12-month year of City of Chandler service pro-rated for any partial year will vest upon five (5) years of service with the City of Chandler and either: (a) application and approval for long-term disability pursuant to Title 38 of Arizona Revised Statutes (provided the employee is eligible to retire and receive a person benefit from the applicable system), or (b) application for retirement with immediate retirement into either the Arizona State Retirement System or the Public Safety Personnel Retirement System.

Employer contribution of \$15.00 per pay period will vest upon the death of the employee while actively employed by the City of Chandler for any amount of time or upon termination of employment for any other reason after five years of service with the City of Chandler. Between March 1, 2006 and December 31, 2007 certain employees were authorized to and did voluntarily contribute \$15.00 per pay period to the Retirement Health Savings Plan. All such contributions and earnings are 100% vested at all times.

VIII. Forfeiture Provisions

Forfeitures based on not achieving vesting as outlined in Section VII.A. will revert back to the City of Chandler. Participant's account assets which revert to the Employer in accordance with Section VIII following the Participant's death and the death of the Participant's surviving spouse and all eligible dependents, if any, will be redirected by the City to the Trust to be reallocated on an equal dollar basis among all Plan Participants.

ATTACHMENT A
Plan No. 801217: City of Chandler Employee Retirement Health Savings Plan
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IX.B. Termination prior to general benefit eligibility:

A Participant who separates from service of the Employer prior to retirement will be eligible to receive benefits: Upon attainment of age 50 as limited by Section VII.

IX.C. A Participant who becomes total and permanently disabled . . .

For purposes of this section, “totally and permanently disabled” means: After completion of five (5) years of service as an employee of the City of Chandler, if prior to separation or within 180 days of separation from the City of Chandler the employee is: (1) approved for long-term disability benefits through the Arizona State Retirement System pursuant to Title 38 of Arizona Revised Statutes; (2) approved for a disability retirement through the Public Safety Personnel Retirement System; or (3) qualifies for benefits under any Long Term Disability policy to which the City of Chandler contributes.

Note Regarding Section XI. Forfeitures based on not achieving vesting as outlined in Section VII.A. will revert back to the City of Chandler. Participant’s account assets which revert to the Employer in accordance with Section VIII following the Participant’s death and the death of the Participant’s surviving spouse and all eligible dependents, if any, will be redirected by the City to the Trust to be reallocated on an equal dollar basis among all Plan Participants.