

Section 4.5: Benefits Upon Retirement

(1). Eligibility for City Retirement Benefits. In addition to the retirement benefits under the ERS managed by RSA, the City of Foley currently offers certain additional retirement benefits available to eligible City employees upon retirement (collectively referred to as the **City Retirement Benefits** which are described in Section 4.5(2) below). To be eligible for the City Retirement Benefits described herein, an employee must satisfy all of the following requirements:

- (a) he or she must submit an Application for City Retirement form to the City's Human Resources Department at least 30 days prior to their desired retirement date to seek approval and enrollment in the City Retirement Benefits;
- (b) he or she is considered as having "retired", meaning that the employee:
 - (i) experienced a termination of employment in good standing,
 - (ii) is eligible and applies for retirement benefits under the ERS with RSA, and
 - (iii) is approved by the RSA to receive retirement benefits under the ERS;

and

- (c) A minimum of ten (10) years of the employee's qualified years of service under the ERS, must have been as a City of Foley employee.

An employee who satisfies the above requirements shall be referred to in this Section 4.5 as a **Retiree**.

(2). City Retirement Benefits. Retirees (as defined above) are currently eligible for the following City Retirement Benefits:

- (a) A performance award of \$1,000 dollars and a framed retirement certificate at the time of their retirement, subject to the City Council's approval of such performance award prior to the Retiree's retirement.
- (b) Continuation of health care coverage for the Retiree, his or her spouse (if any), and his or her dependent(s) under the City's health plan (i.e., major medical, prescription drug, City of Foley on-site health care clinics, dental and vision benefits offered by the City to active employees), provided that the Retiree and his or her spouse and/or dependent(s) for whom continued health care coverage is sought, were covered by the City's health plan as of the Retiree's retirement date defined under Section 6.6 of the **PSP**. The continued health care coverage under this provision will be provided under the City's health plan which is available to active employees for each month of continued coverage.

Any employee who retires from the City is required to make a decision, on his or her last day of employment, to either retain the City's health care coverage or reject it.

The Retiree and his or her spouse/dependent(s) are responsible for the full 100% of the premium cost as set by the City (without the City's subsidy). The premium cost for a month of coverage must be paid to the City or its designee no later than the 15th of the prior

month. For example, if the Retiree and his spouse/dependent(s) want to continue their health care coverage for the month of November, the premium for such coverage is due no later than October 15th. If the 15th falls on a weekend or holiday, the premium due date extends to the next business day.

Please note, however, that the continued health care coverage is not guaranteed or promised and that the City may terminate or modify such coverage at any time with or without prior notice. Neither the Retiree nor his or her spouse/dependent(s) has any vested or legally binding right to continued health care coverage described hereunder.

The continued health care coverage under this provision will terminate for a Retiree on the earliest of the following:

- (i) The date the Retiree becomes eligible for Medicare;
- (ii) The date of the Retiree's death;
- (iii) If a premium is not paid on time, the last day of the month for which a required premium was paid with respect to the Retiree;
- (iv) The date as of which the City ceases offering Retiree health benefits; or
- (v) The date the City's health plan for active employees terminates.

The continued health care coverage under this provision will terminate for a Retiree's spouse on the earliest of the following:

- (i) The date the spouse becomes eligible for Medicare;
- (ii) The date of the five (5) year anniversary of the Retiree's retirement date;
- (iii) If a premium is not paid on time, the last day of the month for which a required premium was paid with respect to the spouse;
- (iv) The date as of which the City ceases offering Retiree health benefits; or
- (v) The date the City's health plan for active employees terminates.

The continued health care coverage under this provision will terminate for a Retiree's dependent on the earliest of the following:

- (i) The date on which the dependent reaches age 26;
- (ii) The date on which the dependent no longer is considered a dependent as defined under Internal Revenue Code section 152 (without regard to sections 152(b)(1), (b)(2), and (c)(3)(A) (e.g., the child is not considered to be permanently and totally disabled, the Retiree is no longer providing at least one-half of the child's support, or the child does not live with the Retiree);
- (iii) The date of the five (5) year anniversary of the Retiree's retirement date;
- (iv) If a premium is not paid on time, the last day of the month for which a required premium was paid with respect to the dependent;
- (v) The date as of which the City ceases offering Retiree health benefits; or
- (vi) The date the City's health plan for active employees terminates.

At any time, the City may require that a Retiree provide documentation of his or her spouse/dependents' eligibility for continued health care coverage under this Section 4.5. Depending on the reason for termination of the continued health care coverage under this Section, the Retiree's spouse/dependent(s) may be eligible for continued health coverage under applicable law (e.g., COBRA).

- (c) Unpaid Sick Leave – Effective January 1, 2026, Full-time employees hired into the Retirement Systems of Alabama (RSA) and retiring pursuant to the requirements of RSA and the City of Foley PSP Section 4.5 (1), may elect to convert unused sick leave hours, not to exceed 960 hours, into service credit

The following condition apply for this option:

- (i) Applies only to employees who, after converting unused sick leave hours to service credit, meet the minimum qualifications for service retirement. The minimum qualifications for service retirement are age 60 with at least 10 years of credible service or 25 years of creditable service, regardless of age.
- (ii) An employee retiring on disability may convert unused sick leave to retirement credit only if he or she meets the minimum qualifications for disability retirement after converting unused sick leave days to service credit.
- (iii) Conversion of unused sick leave may not be used for deferred retirement.

The following chart will be used by the Retirement Systems to convert sick leave to retirement service credit.

Accrued Sick Leave Days	Accrued Hours	Months of Service Credit
0-10	0-80 hours	0
11-30	88-840 hours	1
31-50	248-400 hours	2
51-70	408-560 hours	3
71-90	568-720 hours	4
91-110	728-880 hours	5
111-130	888-960 hours	6

- (d) For Retirees who are City of Foley Law Enforcement Officers, retiring Law Enforcement Officers are eligible to receive their badge and duty pistol at the time of their retirement.

For more information regarding the above City Retirement Benefits, please contact the City of Foley Human Resources department.