

Village of Mount Prospect

50 South Emerson Street, Mount Prospect, Illinois 600



Retirement Health Savings (RHS) Plan

In an effort to assist in covering the costs of medical insurance, the Village of Mount Prospect offers its employees access to a Retirement Health Savings (RHS) plan. Approved by the Internal Revenue Service (IRS) and administered by ICMA-RC, the RHS plan permits an employee to divert employee earnings on a tax-free basis in order to pay for their “qualified medical expenses” after retirement/separation via tax-free withdrawals. Tax-free withdrawals can also be applied towards a spouse’s or dependent’s “qualified medical expenses.” A list of “qualified medical expenses” can be found in IRS Publication 502, *Medical and Dental Expenses*, located at www.irs.gov.

As described below, the Village’s RHS plan consists of two mandatory pieces: 1.) an annual contribution requirement per specific job title or Collective Bargaining Agreement (CBA); and, 2.) a contribution requirement for all eligible employees at retirement. Similar to 457 plans, employees may invest these contributions in various types of funds according to the level of risk they are willing to accept.

Mandatory Contribution Type 1

Contributions by Specific Job Title or per CBA

Employees whose job title is included in the following table MUST participate annually in the Village’s RHS Plan. Employees subject to this requirement must contribute 24 hours of accrued, unused sick time each year at a 50% cash value (tax-free). Employees with a mandatory contribution requirement included in a CBA must contribute based on the terms of the CBA.

RHS ANNUAL CONTRIBUTION POSITION TITLES
Assistant Chief Administration
Assistant to the Village Manager
Assistant Village Manager
Battalion Chief
Chief Technology and Innovation Officer
Deputy Director of Finance
Deputy Director of Human Services
Deputy Director of Public Works

Deputy Fire Chief
Deputy Police Chief
Director of Building and Inspection Services
Director of Community and Economic Development
Director of Digital Communications
Director of Finance
Director of Human Resources
Director of Human Services
Director of Marketing and Public Relations
Director of Public Works
Fire Chief
Police Chief
Police Commander
Public Works Superintendent
Village Clerk
Village Engineer
Village Manager

Public Works Union Employees eligible for the Union's subsidized retiree benefit program pursuant to the 2023 Collective Bargaining Agreement (CBA) shall receive a one-time employer contribution, as outlined in the following table.

PW UNION ONE-TIME EMPLOYER CONTRIBUTION	
Eligible PW Union Employees who qualified for MOE Funds subsidized retiree benefit program at the rate of 45% or more (SEE 2023 CBA)	One-time employer contribution of ten thousand dollars (\$10,000) for those who are enrolled in the Village's medical insurance plan as of May 1, 2023.
Eligible PW Union Employees who qualified for MOE Funds subsidized retiree benefit program at the rate of less than 45% (SEE 2023 CBA)	One-time employer contribution of five thousand dollars (\$5,000) for those who are enrolled in the Village's medical insurance plan as of May 1, 2023.

Mandatory Contribution Type 2

Contribution at Retirement

Upon retirement, the value of an employee's accrued, unused sick leave hours, (calculated by multiplying the number of sick leave hours available by the employee's hourly rate at retirement as defined below) will be contributed tax-free to a RHS account in the employee's name. The following table describes the contribution levels at retirement:

Employee Group	Sick Leave Contribution Levels At Retirement Only
Fire Union (24-hour shift)	100% of up to 720 hours and 50% of accrued hours between 720 and 1152
Police Patrol Union, Police Sergeant Union, and other non-union 8-hour per day employees	100% of up to 480 hours and 50% of accrued hours between 480 and 768
Public Works Union	100% of up to 480 hours and 50% of accrued hours between 480 and 720
Non-union 7.5-hour shift employees	100% of up to 450 hours and 50% of accrued hours between 450 and 720
Village Manager	Based on current employment agreement approved by the Village Board

In order to be considered “retired,” an employee must apply for a pension and have completed at least 10 years of service with the Village including buy-back of military service and be 60 years of age OR have completed at least 20 years of service with the Village including buy-back of military service.

If An Employee Separates Or Is Terminated From the Village Prior to Retirement

If an employee leaves the Village or is terminated for any reason prior to meeting the Village’s definition for “retirement,” all accrued, unused sick leave hours will be eliminated. They will not be converted into a RHS account. If the same employee was required to open and contribute earnings to a RHS account annually, the employee will be able to access their contributions to the RHS after the date of termination.

In the event of an untimely death of an active employee with ten (10) or more continuous years of service, the accrued and unused sick time will be placed in the deceased employees RHS account upon death for use by the eligible qualifying survivors (eligible spouse or dependents) listed on the RHS account.