



HCSP Sample Contract Language

These are examples of contract language and are not intended to be recommendations from the Minnesota State Retirement System.

Negotiators may use one or a combination of any of the funding mechanisms described below.

NOTE: Contributions must be mandated and individuals may not make a personal election regarding the frequency or amount contributed to the plan.

<Name of bargaining unit> employees are eligible to participate in the Minnesota Post Employment Health Care Savings Plan (HCSP) established under Minnesota Statutes, section 352.98 (Minn. Supp. 2001) and as outlined in the Minnesota State Retirement System's Trust and Plan Documents. All funds collected by the employer on the behalf of the employee will be deposited into the employee's post employment health care savings plan account.

Example 1 - Employee Contributions: % of Pay

Employees have agreed to contribute an ongoing percent of pay as described below:

All employees shall contribute ___% of pay.

-Or-

All employees with ___ years to ___ years of service shall contribute ___% of pay.

-Or-

All employees with more than ___ years of service shall contribute ___% of pay.

-Or-

All employees shall contribute ___% of pay in 2009 and ___% of pay in 2010.

-Or-

Employees with ___ years to ___ years of service shall contribute ___% of pay.

Employees with ___ years to ___ years of service shall contribute ___% of pay.

Employees with ___ years to ___ years of service shall contribute ___% of pay.

Example 2 - Employee Contributions: Lump Sum

Employees have agreed to contribute to the Post Employment Health Care Savings Plan as described below:

All employees shall contribute \$ ___ per pay period.

-Or-

All employees with ___ years of service shall contribute \$ ___ per pay period.

-Or-

The contract can establish a contribution scale based on years of service:

Employees with 0 to 5 years of service shall contribute \$ ___ per pay period.

Employees with 6 to 10 years of service shall contribute \$ ___ per pay period.

Employees with 11 or more years of service shall contribute \$ ___ per pay period.

Example 3 - Employer Contributions

The <name of employer> has agreed to contribute to the Post Employment Health Care Savings Plan as described below:

The <name of employer> shall contribute the equivalent of ___ % of the employee's pay to the employee's HCSP account.

-Or-

Employees shall receive a ___% pay increase in 2010. ___% of the increase will be deposited in the employee's HCSP account.

-Or-

The <name of employer> shall contribute a lump sum payment in the amount of \$_____ to all employees with ___ years to ___ years of service. The lump sum payment shall be deposited in the employee's HCSP account on (___/___/___).

Example 4 - Severance/Wellness Pay Outs

All employees eligible for the severance payment outlined in <section/paragraph of the contract that discusses severance eligibility and/or calculations> will contribute to the Post Employment Health Care Savings Plan as described below:

100% of employee severance to the HCSP.

-Or-

___% of employee severance to the HCSP and shall receive ___% in cash.

-Or-

Employees with ___ years of service shall contribute ___% of their severance to the HCSP.

-Or-

Employees who are eligible for a Public Employees Retirement Association pension (Minnesota State Retirement System or Teachers Retirement System, etc.) shall contribute 100% of their sick leave payout upon termination of employment.

Note: The retirement eligible language limits the group to those that are at least age 55 (retirement eligibility may differ for public safety employees) with three years of service, are eligible for the Rule of 90, or have 30 years of service. This language can be used for sick or vacation payouts or both.

Example 5 - Vacation and Sick Hour Conversions

All employees who have accrued over ___ hours of sick time will have those hours converted into cash and deposited in their post employment health care savings account. The conversion will take place once a year on (___/___/___).

-Or -

All employees who have accrued over ___ hours of vacation time will have those hours converted into cash and deposited in their post employment health care savings account. The conversion will take place once a year on (___/___/___).