



CITY COUNCIL DIRECTED POLICY

Policy # 25-xxmd

TO: All City Employees Hired **On or After July 12, 2010** **FROM:** Jesus Merejo, City Manager

EFFECTIVE DATE: October 13, 2025

INITIATED BY: Human Resources

POLICY TITLE: Retiree Health Insurance Coverage (Rule of 62) – For Those Hired On or After 7/12/10

POLICY AND PURPOSE STATEMENT

Consistent with Section 112.0801, Florida Statutes, and by adoption of Resolution R25-____, the City of Port St. Lucie (“City”) has determined that it will offer continued healthcare and life insurance coverage to its qualified, retired employees.

This policy sets forth the eligibility criteria for employees hired **on or after July 12, 2010** to be offered the option of health insurance continuation coverage upon retirement.

DEFINITIONS

Good Standing: An employee leaves the City in good standing if the employee is laid off, resigns with the requisite notice, retires, or is separated without cause. See Personnel Rules and Regulations.

Retiree: An employee whose minimum age is at least 52 and who has a minimum of 10 years of full-time service with the City. The employee must voluntarily withdraw from their position and meet the Rule of 62 or otherwise qualifies as a retiree under the City’s Code of Ordinances or Section 112.0801(2), Florida Statutes.

Retirement: Whenever an employee meets the conditions set forth for retirement and elects to retire from active City employment.

Rule of 62: Years of service and age must collectively amount to at least 62. Minimum age must be at least 52. Minimum full-time years of service must be at least 10. For example, 10 years of full-time service and the employee has reached the age of 52 equates to 62.

Section 112.0801(2), Florida Statutes: This section refers to retirees under the state retirement system or a state optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition to these requirements, any officer or employee who retires under the Florida Retirement System Investment Plan established under part II of chapter 121 is considered a “retired officer or employee” or “retiree” as used in this section if he or she meets additional criteria established under Section 112.0801 (2)(a) or (b), Florida Statute.



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Continued Participation in the City's Health Insurance Plan:

Eligible full-time employees, hired on or after July 12, 2010, who are participants in the City's Health Insurance Plan ("Plan") at the time of their retirement shall be afforded the option of continuing to participate in the Plan as a Retiree.

To qualify as a "retiree" under the plan, the employee must have voluntarily withdrawn from their position and must satisfy at least one of the following conditions:

1. Rule of 62: The Rule of 62 is satisfied when the employee has a minimum of 10 years of full-time service with the City **and** the employee is at least 52 years of age (which is a requirement to meet eligibility to qualify as a retiree). Additionally, the years of service and age must collectively amount to at least 62; or
2. The employee otherwise qualifies as a retiree under the City's Code of Ordinances or satisfies the requirements outlined in Section 112.0801(2), Florida Statutes, and is not in a probationary period.

An employee satisfying the Rule of 62 may continue to participate in the medical, dental, and/or vision plans maintained at the time of retirement, effective the first day of the month following the employee's separation of service. The benefits continued under retiree coverage include the same tier of coverage elected for health, vision, and dental coverage that the employee received as an active participant in the Plan. In other words, retirement coverage shall mirror the coverage elections maintained by the employee immediately prior to retirement. For example, if the employee maintained 'employee only' coverage, that will be the only option for coverage available to the employee at the time of retirement. Dependents **may not** be added at the time of retirement, but changes may be made at open enrollment similar to active participants.

To receive continuation of coverage as a Retiree, the employee is required to pay the monthly Retiree contribution rate applicable to the class of coverage selected (*i.e.*, single; single plus spouse; single plus children; or family). The retiree contribution rate is established at 100% of the determined costs for the class of coverage selected. Rate adjustments for the class of coverage is assessed annually. Revisions to the assessed costs shall be implemented as of October 1st annually. Notice of any rate adjustments shall be provided annually, prior to October 1st.

The City shall not pay the costs, or any portion thereof, for any such continuation of coverage for Retirees and eligible dependents, if any. Payment of a Retiree's monthly contribution rate for healthcare coverage is **due on or before the 5th calendar day of each month or will be deemed delinquent. If the City does not receive payment in full (payment must actually clear to the City's account) by the 15th calendar day of the month, that Retiree's continuing coverage shall be terminated as of the last day of the month for which a timely payment was received without further notice. It is Retiree's responsibility to ensure timely and prompt payment of their monthly contribution rate.** Monthly Retiree health insurance payments should be remitted to the City utilizing the Human Resources Retiree Billing System.



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Upon reaching the age of Medicare eligibility, or becoming otherwise eligible for Medicare, the Retiree **must** elect, and maintain, Medicare Parts A (Hospital Coverage) and B (Medical Coverage) as their primary coverage. Those employees, and their dependents, who have elected Retiree coverage and who are also covered by Medicare should note that Medicare coverage may become the primary payer¹ and the City's health plan coverage may become secondary.

If Retiree coverage lapses or is otherwise terminated, it **shall not** be reinstated. Additionally, COBRA continuation coverage shall not be available pursuant to 26 U.S.C. § 125.

Continued Participation under the City's Group Life Insurance Policy:

An employee that elects to continue health coverage as a Retiree may also continue to participate in the City's Group Life Insurance Policy but is limited to employee only coverage. Retirees who elect this coverage shall be responsible for payment to the City of all applicable monthly costs associated with the continuation of coverage.

Payment of a Retiree's monthly contribution for life insurance coverage is **due on or before the 5th calendar day of each month or will be deemed delinquent. If the City does not receive payment in full (payment must actually clear to the City's account) by the 15th calendar day of the month, that Retiree's life insurance coverage shall be terminated as of the last day of the month for which a timely payment was received without further notice. It is Retiree's responsibility to ensure timely and prompt payment of their monthly contribution rate.** Monthly life insurance payments should be remitted to the City utilizing the Human Resources Retiree Billing System.

If life insurance coverage lapses or is otherwise terminated, it **shall not** be reinstated. Any applicable group life insurance benefits shall cease.

For further information regarding benefits at the time of retirement, please contact Human Resources at (772) 344-4335.

¹ Final ruling on primary payer is determined by Medicare.