

**VILLAGE OF PELLSTON, MICHIGAN
EMMET COUNTY**

**State of Michigan
Economic Vitality Incentive Program
Employee Compensation Plan**

April 2013

INTRODUCTION

The Village of Pellston has developed the following employee compensation plan and intends to implement this plan with any new, modified or extended contract or employment agreement. The plan is available to the public via the Village website and in hard copy at the Village Hall. In accordance with the Economic Vitality Incentive Program (EVIP) under P.A. 63 of 2011, this plan is also being provided to the Michigan Department of Treasury.

The Village has been actively managing its employee benefit costs for many years. The Village Council understands these benefit costs are a substantial portion of the Village's annual budget.

The Village of Pellston currently has three full-time employees: the DPW director, one DPW staff person, and the fire chief. These three positions are eligible for retirement and healthcare benefits. The Village Clerk is a part-time hired position and is not eligible.

The following employee compensation plan enables the Village to comply with all of the EVIP employee compensation requirements.

Sincerely,

James Gillett

James Gillett
Village President

Lisa Fought

Lisa Fought
Village Clerk

Village of Pellston, Michigan

Employee Compensation Plan

State of Michigan

Economic Vitality Incentive Program

I. Retirement Plan for New Hires

The Village of Pellston intends to implement for all new hires of full-time status a retirement plan that caps the annual employer contribution to the following:

- a. 10% of base salary if they are eligible for social security.
- b. 16.2% of base salary if they are not eligible for social security.

II. Retirement Plan Multiplier for All Employees

The Village of Pellston intends to implement for all new full-time employees and any new, modified, or extended contract or employment agreements for employees not covered under contract or employment contract in the defined benefit plan a multiplier of:

- a. A maximum 1.5% multiplier if employee is eligible for social security. If there is no retiree healthcare, a maximum 2.25% multiplier.
- b. A maximum 2.25% multiplier if employee is not eligible for social security. If there is no retiree healthcare, a maximum 3.0% multiplier.

III. Retirement Plan Final Average Compensation Calculation

The Village participates in the Municipal Employees' Retirement System (MERS). The Final Average Compensation calculation is based upon five (5) years.

IV. Healthcare Premiums for New Hires

The Village's health insurance plan for full-time employees is through Priority Health. The Village pays the premiums on a monthly basis and full-time employees with coverage pay 20% of their premiums on a monthly basis through payroll deductions. The monthly rates are as follows:

- a. Single: \$517.17 per month = \$103.43 per month copay
- b. Double: \$1,137.76 per month = \$227.55 per month copay

The Village currently does not have any employees on a family plan.

The Village also carries a Priority Health plan called Medicare Eligible, which currently covers one employee. The monthly rate for this plan is \$752.92 with a monthly employee copay of \$150.58.

Currently, the Village has no employees that “opt out” of the health insurance program.

Considering that the EVIP requires new employee contributions at 20% of the premium, the Village exceeds these requirements as they are already implemented with current staff.

Conclusion

The Village of Pellston meets the requirements of the EVIP Employee Compensation. The Village has addressed the following:

- Annual caps that the employer can contribute to retirement plans for full-time new hires;
- Maximum multiplier for the defined benefit pension plan;
- Defined limits on calculation of the final average compensation for the defined benefit pension plan; and
- Limits on healthcare premium costs for new hires.

The Village will continually monitor retirement and healthcare benefits for all employees to insure the most cost-effective and efficient practices are in place.