

SUMMARY REPORT
SOUTH ATLANTIC FISHERY MANAGEMENT COUNCIL
Special Closed Session
March 9, 2023

Administrative Handbook

The Council met in a closed session March 9, 2023 for discussion of retiree health insurance benefit provisions in the administrative handbook. The session was closed to allow the Council to discuss specific impacts on staff.

Jessica McCawley reviewed the history of budget and benefit deliberations by the Personnel Committee in 2018 that resulted in the current handbook language:

Post-Retirement Health Insurance. For employees eligible to retire before December 31, 2024, the Council will pay for a portion of the employee's medical insurance after retirement if the employee has served 10-years of continuous Council service and retires from the Council after the age of 65. If a retiring employee meets these requirements, the Council will pay 85% of the retiree's costs for Medicare B, F, and D or other federal government insurance, such as Tricare up to an annual limit of \$5,000.

John Carmichael reviewed the handbook provisions added in 2015 that created the post-retirement health insurance benefit:

2. Post-Retirement Health Insurance. The Council will pay for a portion of the employee's medical insurance after retirement if the employee has served 10-years of continuous Council service and retires from the Council after the age of 65. If a retiring employee meets these requirements, the Council will pay 85% of the retiree's costs for Medicare B, F, and D or other federal government insurance, such as Tricare.

John Carmichael provided information on staff retirements under these versions of the policy and current employees eligible for this benefit based on the December 31, 2024 provision of the current language. Per the Handbook, retirement eligibility is age 59 ½. There are currently 4 retirees receiving this benefit and 3 yet-to-retire employees that would be eligible for the benefit.

John Carmichael reviewed the recommendation of the Executive Committee from November 2022 and January 2023 closed sessions to consider removing the post retirement health insurance benefit for future retirees. This was based on concerns about declining future Council budgets in the next 5-year grant cycle starting in 2025, and planning ahead to avoid financial shortcomings. NMFS budget reports are not optimistic regarding future increases, and high inflation is eroding the value of current funding levels. The Executive Committee recommended continuing to provide the benefit and reimbursement to retired employees who currently (November 2022) received the benefit.

The Council discussed the history of the various changes in this benefit over time and justification for the existing thresholds based on age and time in service. The Council also considered the costs of providing this benefit, both currently and over the long term. Impacts on staff morale were considered broadly, from the impact of the 2018 change to the proposed handbook change, and the effects of providing a benefit to a select group of employees. Both expansion and elimination of the benefit (for retirees and the few remaining staff that could receive the benefit in the future) were discussed.

The Council approved the following motions and then reviewed them and approved the revised Administrative Handbook in the open Council session the next day.

MOVE TO ELIMINATE THE POST RETIREMENT HEALTH INSURANCE BENEFIT FOR ALL SAFMC STAFF, PAST AND PRESENT.

APPROVED BY COUNCIL

MOVE TO HONOR THE POST RETIREMENT HEALTH CARE BENEFIT FOR CURRENT RETIREES
THROUGH 12/31/2023.
APPROVED BY COUNCIL