



AUTHORIZATION OF TERMINATION OF THE EMPLOYEE BENEFITS TRUST

RS-25-017

February 4, 2025

Background

- Chapter 222.002 of the Texas Insurance Code
 - ▣ Taxes insurance premiums
 - ▣ Municipalities can be exempt if they establishes a single entity trust.
- City Council executed a Declaration of Trust to create the Employee Benefits Trust on July 21, 2010.
- The City became self-funded on October 1, 2021, for their medical/rx plans.
 - ▣ Medical/rx premiums no longer flow through the trust.

Dental

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- Dental premiums continued to utilize the trust in October, 2021 and do to present day.
- However, there are no tax-saving benefits associated with dental premiums because the vendor (Metlife) already provides exempt pricing.

Recommendation

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Staff recommends terminating the Employee Benefits Trust funds, effective February 4, 2025, as there are no tax-savings associated with dental premiums.