

BENEFITS
Revised July 2011

SECTION: 29

A. PURPOSE

Tooele City is proud to provide employees with a benefit package that includes a blend of core and optional benefits; at Tooele City *“It’s about your health, your lifestyle, and your future!”* The purpose of this Section is to provide employees with basic information about some of the Tooele City benefits package. Additional Sections in this Manual may provide more detailed information regarding specific benefits. Important detailed plan documents regarding benefits are available from the human resource office, directly from the insurance provider, or through providers’ websites. Benefits may change as providers, rules, or plans change. In the event of a conflict between this Section and the insurance providers’ documents or contracts, the providers’ documents or contracts will prevail.

This Section is for informational purposes only and is not a guarantee of benefits.

B. BENEFIT ELIGIBILITY

	Full-time Regular or Appointed		Part-time Regular or Appointed		Full-time Mayor	Part-time Mayor	Council Member
	40 Hours	32-39 Hours	20-31 hours	1-19 hours			
401K w/ City Contribution	Y	Y	Y but no City Contribution	N	Y	Y	Y
AD&D	Y	Y	N	N	Y	Y	Y
Annual Leave	Y	P	P	P	N	N	N
Dental	Y	Y	N	N	Y	Y	N
EAP Program	Y	Y	N	N	Y	Y	N
Flexible Spending Account	Y	Y	Y	N	Y	Y	N
Holiday Pay	Y	P	P	P	N	N	N
IRA/Roth IRA	Y	Y	Y	N	Y	Y	Y
Leave, Misc. Paid – Funeral, Jury & Witness, and Military	Y	P	P	P	N	N	N
Life Insurance	Y	Y	N	N	Y	Y	Y
Long-term Disability ¹	Y	Y	Y	N	Y	YISM**	YISM
Medical – Health Insurance	Y	Y	N	N	Y	Y	N
Short-term Disability	Y	Y	N	N	N	N	N
Sick Leave	Y	P	P	P	N	N	N
State Retirement Benefits ²	Y	Y	Y	N	Y	YISM	YISM
Vision	Y	Y	N	N	Y	Y	N
Wellness/Recreation Pass	Y	Y	N	N	Y	Y	Y
Worker's Compensation	<i>All employees are insured for worker's compensation</i>						

¹ URS Post-rehired employees are not eligible for LTD benefits pursuant to Title 49, Chapter 21 of the Utah Code; Employees exempting from participation in Tier 1 benefits coverage for LTD benefits may vary.

² URS Post-rehired employees will be subject to limitations and benefit eligibility as specified by the Utah Retirement System.

**Schedule must be at least 20+ hours per week. If less than 20 hours per week, employee is not eligible.

YISM = Yes, if salary meets eligibility criteria as specified by the Utah Retirement System.

P = Prorated

BENEFITS
Revised July 2011

SECTION: 29

C. FLEXIBLE SPENDING ACCOUNT

Pursuant to Section 125 of the Internal Revenue Code the Flexible Spending Plan includes premium conversion, dependent care reimbursement, and medical reimbursement components. Eligible employees may obtain tax-advantaged opportunities by paying for eligible expenses with pre-tax dollars. The Flexible Spending Plan is administered on a calendar year basis.

1. **Premium Conversion.** Eligible employees are automatically enrolled in the premium conversion component of the Flexible Spending Account. If employees desire not to participate in this component, they may do so by signing a declination form available from the human resource office.
2. **Dependent Care and Medical Reimbursement.** Eligible employees may participate in the Flexible Spending Dependent Care or Medical Plan by completing an enrollment form each Plan Year. "Plan Year" means from January 1 through December 31 of each calendar year. Once enrolled, an employee may not make a change during the Plan Year unless the employee has a life event. The maximum allowed contribution for medical reimbursement is \$2,500 per Plan Year. The maximum contribution allowed for Dependent Care will be the maximum allotment under Section 125 of the IRS tax rules.
3. **Plan Administration.** Tooele City utilizes a third-party benefits administrator. In cooperation with Tooele City human resource department, the third-party administrator will make available rules, guidelines, and information pertaining to the Plan. This information can be obtained from the human resource department and may change as plan guidelines change, tax laws, and/or administration guidelines change.

D. HEALTH, DENTAL, VISION, AND LIFE INSURANCE

1. **Premiums.** The City pays the health, dental, vision, and life insurance premiums for eligible employees and part of the premiums for their dependents when the employee desires dependent coverage.
2. **Plan Administration.** Tooele City utilizes a third-party benefits administrator. In cooperation with the Tooele City human resource department, the third-party administrator will make available summary plan descriptions and employee information pertaining to health, dental, and life insurance plans. This information can be obtained from the human resource department and may change from policy year to year as plan guidelines change, providers change, and/or administration guidelines change.

BENEFITS
Revised July 2011

SECTION: 29

E. UTAH STATE RETIREMENT PLAN

1. The Utah State Retirement program laws and regulations determine which retirement plan an employee is enrolled in. In summary, the plans are:

a. Tier 1 (*For employees enrolled in the Utah State Retirement System prior to July 1, 2011*)

- 1) Public Employees' Contributory Retirement Plan
- 2) Public Employees' Non-Contributory Retirement Plan
- 3) Public Safety Employees' Non-Contributory Retirement Plan

Tier 1 plans include a benefits protection contract between the Utah State Retirement Office and Tooele City that provides for continued service accrual in the event of a period of leave that is covered by worker's compensation insurance, Tooele City's group short-term disability insurance, or Tooele City's group long-term disability insurance, when approved for applicable benefit coverage.

- 4) Exemption from participation. Elected officials, appointed employees, or others allowed to exempt out of participation in the Tier 1 Utah State Retirement System may file a formal request for exemption from membership in the retirement plan. In such cases, Tooele City will contribute to the employee's 401(k) plan, an amount equivalent to the Utah Retirement System's Total Cost Rate (URS normal cost + URS amortization of UAAL) for the respective plan applicable to the employee had he/she not exempted from participation. This amount is subject to change each year and is based on the rates established by the Utah Retirement System. This contribution must be included with any other Employer's 401(k) contributions in meeting the Internal Revenue Service (IRS) contribution limitations and therefore, may be limited if IRS limitations apply.

Employees who exempt from participation in Tier 1 plans are not covered by benefit protection with the Utah State Retirement System. Tooele City, by policy, however, provides for continued benefit contributions in the event of a period of leave that is covered by short-term disability insurance and for a period of up to 3 months when leave is covered by worker's compensation insurance. In the event such employee is approved for long-term disability benefits (LTD) or the leave exceeds 3 months, benefit continuation/contributions will cease at the end of the pay period following LTD benefit approval or the 3 month maximum.

BENEFITS
Revised July 2011

SECTION: 29

- b. Tier 2 (*For employees first entering the Utah State Retirement System after July 1, 2011*)
- 1) Public Employees' Defined Contribution Plan Only
 - 2) Public Employees' Hybrid Retirement Plan
 - 3) Public Safety Employees' Defined Contribution Plan Only
 - 4) Public Safety Employees' Hybrid Retirement Plan

Tier 2 plans do not include a benefits protection contract between the Utah State Retirement Office and Tooele City that provides for continued service accrual in the event of a period of leave that is covered by long-term disability. In the event an employee in Tier 2 plans is approved for long-term disability benefits, benefit continuation/contributions will cease at the end of the pay period following LTD benefit approval.

At the time of this Section revision, the Utah Retirement Office had not finalized benefit protection contracts that specify whether or not Tier 2 benefits will continue in the event of a period of leave that is covered by worker's compensation or short-term disability, when approved for applicable benefit coverage. Information pertaining to this will be available from the HR office.

- c. Post-retired Rehired Employees

This responsibility to contact the URS office, know and monitor their post-retirement limitations and to take action to ensure that retirement benefits are not jeopardized rests with the employee, not Tooele City.

- 1) Benefit eligible post-retired employees rehired by Tooele City prior to June 30, 2010 will receive a contribution to his/her 401(k) account up to the maximum allowed by the URS office.
 - 2) Benefit eligible post-retired employees rehired by Tooele City on or after July 1, 2010 will not receive a contribution to his/her 401(k) account and will be subject to the rules and regulations of the Utah Retirement Office regarding post-retirement reemployment.
2. Due to the complexity of the plans, employees should refer to the highlights handbooks prepared by the Utah State Retirement Office regarding questions concerning the systems. Employees can also contact the Utah State Retirement Office, 540 East 200 South, Salt Lake City, Utah 84102. Their telephone number is available from the Tooele City Human Resource Office.
 3. In all circumstances, Utah State Retirement benefit programs will be in compliance with established law and regulations of the Utah State Retirement Office.

BENEFITS
Revised July 2011

SECTION: 29

F. 401(k) PLAN

Pursuant to Section 401(k) of the Internal Revenue Code, Tooele City offers eligible employees the opportunity to participate in a 401(k) plan.

1. Plan enrollment for eligible employees is as follows:
 - a. If enrolled in John Hancock 401(k) plan before June 30, 2011.
 - 1) If prior to June 30, 2011, an employee is enrolled in the Tooele City Employees' 401(k) Plan administered by John Hancock Financial, he/she may continue to participate in the Plan.
 - 2) Employees may elect to discontinue making any future contributions to John Hancock and enroll in and contribute to the Utah Retirement 401(k) Plan. This is a one-time change. If an employee discontinues contributing to John Hancock and instead contributes to the Utah Retirement 401(k) Plan, he/she may not change back to John Hancock at a later time. IRS regulations specify whether or not account balances may be rolled from one plan to another. Employees are advised to carefully consider their options regarding each plan prior to making a decision. In no cases may an employee contribute to both John Hancock and the Utah Retirement 401(k) Plan.
 - b. Employees who enroll in a 401(k) plan on or after July 1, 2011 may enroll ONLY in the Utah Retirement 401(k) Plan.
2. Enrollment Date. Employees may enroll upon eligibility. There is no waiting period for enrollment in a 401(k) Plan.
3. Employee Contributions. Eligible employees may have a portion of wages deducted from his/her paycheck and deposited into the 401(k) plan. These contributions are known as employee contributions or deferrals. Employee contributions are subject to each Plan's Adoption Agreement and limitations established by the IRS.
4. City/Employer Contributions. Employer contributions (City Contributions) to employees' 401k accounts are determined each year as part of the City's annual budget. Employer contributions to the 401k Plan may differ based on each employee's respective Utah State Retirement (URS) plan enrollment. City/employer contributions will be submitted as pre-tax traditional contributions and will be sent to the plan consistent with the employees' last employee contribution (i.e John Hancock or URS).
5. Plan Administration and Summary Plan Descriptions. The 401(k) Plan is administered in compliance with applicable IRS code regulations, the respective

BENEFITS
Revised July 2011

SECTION: 29

adoption agreements, and the provider's policies & procedures. Summary Plan Descriptions for each 401(k) plan are available from the human resource office.

6. Self Directed Plans. Neither Tooele City, nor any employee, may provide tax, legal, investment or any other advice or consultation to any employee regarding their 401(k) plan. Any communications, information, or assistance is provided for administrative and/or educational purposes only. Employees needing tax, legal, investment, or any other advice or consultation are encouraged to seek assistance from a licensed professional of their choosing.

G. COBRA CONTINUATION COVERAGE

If a qualifying event occurs that causes an insured employee, spouse, or dependent to lose coverage under Tooele City's group health or dental plan, they have a legal right under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) to purchase a temporary extension of health coverage (herein called continuation coverage). This notice is intended to inform employees, in a summary fashion, of their rights and obligations under COBRA. Employees are encouraged to share this notice with their spouse.

1. Health, dental, or flexible spending account benefits may be continued through COBRA.
2. Employees and dependents can elect continuation coverage if one of the following qualifying events occurs:
 - 1) Voluntary or involuntary termination of employment for reasons other than gross misconduct; or
 - 2) Voluntary or involuntary reduction of work hours below the level required for participation in the group health and/or plan.
3. The spouse of an employee or other individual covered by Tooele City's group health care plan can elect continuing coverage if one of the following qualifying events occurs:
 - 1) The death of the employee or other covered individual;
 - 2) A termination of the employee's employment for reasons other than gross misconduct, or a reduction in the employee's hours of work below the level required for participation in the group health plan;
 - 3) A divorce or legal separation from the employee; or
 - 4) A retired employee's enrollment in Medicare.
4. The dependent child of an employee or other individual covered by Tooele City's group health care plan can elect continuing coverage if one of the following qualifying events occurs:

BENEFITS
Revised July 2011

SECTION: 29

- 1) The death of the parent employee or other covered individual;
 - 2) The termination of employment or reduction of work hours of the parent employee;
 - 3) The divorce or legal separation of the parents, if this causes the dependent child to lose coverage under Tooele City's group health plan;
 - 4) The enrollment in Medicare of the retired parent or employee; or
 - 5) The child's loss of dependent status due to attainment of the maximum age for coverage under the group health plan.
5. The employee or other covered individual has the responsibility to inform the Tooele City human resource department of a divorce, legal separation, or a child's loss of dependent status within 60 days of the qualifying event or the date on which group coverage would be lost because of the event. If an employee fails to provide the proper notice within 60 days, continuation coverage might not be available.
6. When a qualifying event occurs, a written reminder of the right to elect continuation coverage will be sent to the address on file. There is a 60 days grace period to elect continuation coverage. If it is decided not to continue coverage, either through formal declination or lack of written response, group health insurance coverage will end effective the date of the qualifying event. If coverage is continued, the coverage will be identical to the coverage provided to similarly situated active employees and family members. If an employee had family coverage at the time of the qualifying event, family coverage or a less broad category of coverage may be elected.
7. Continuation coverage is available for up to 18 months if the qualifying event is the termination or reduction in work hours of the employee. If an employee or family member is disabled under the rules for Social Security Disability Benefits, the worker and family members are eligible for an additional 11 months of continuation coverage, for a total of 29 months. For other qualifying events, the spouse or dependent children are eligible for up to 36 months of continuation coverage. Furthermore, the 18-month period for termination or reduced work hours can be extended to 36 months for family members if a second qualifying event-for example, divorce, death, Medicare entitlement-occurs during the 18-month period.

BENEFITS
Revised July 2011

SECTION: 29

- a. Continuation coverage can be cut short of the full coverage period when:
 - 1) Tooele City no longer provides group health coverage to employees;
 - 2) The premium for continuation coverage is not paid in a timely fashion;
 - 3) The covered individual becomes covered or is eligible for coverage under another group health plan that does not penalize or subject the insured to restricted or limited coverage due to a preexisting medical condition;
 - 4) The insured becomes entitled to Medicare;
 - 5) The disabled individual is no longer defined as disabled under Social Security rules during the 11 months of extended continuation coverage.

8. There is no required evidence of insurability. However, the insured is responsible for premium payment for the coverage and is allowed a 30-day grace period for timely payments. The premium will include the portion an employee now pays, plus the amount the City contributes, plus a two percent administrative fee. At the end of the 18, 29, or 36 months of continuation coverage, the insured may be allowed to enroll in an individual conversion health plan provided under Tooele City's group health plan.

9. Questions regarding rights and responsibilities under COBRA should be directed to the human resource department.