

RETIRING & RETIREE BENEFITS

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A. RETIREMENT NOTIFICATION

1. Employees are asked to notify their department head and the Tooele City human resource office of their intent to retire at least 90 days prior to their retirement date. This notification is requested to allow time to facilitate the arrangements for insurance conversion and to address staffing needs.
2. Notification to Tooele City does not constitute notification to the Utah State Retirement office or to other benefit providers. Employees need to also contact the Utah State Retirement office or the respective retirement plan to notify them of their intent to retire and to begin the retirement process.

B. LIFETIME PASS TO CITY RECREATION FACILITIES

An employee who retires from Tooele City Corporation as their last employer and is credited with at least 10 years of service as a Tooele City full-time regular or appointed status employee is provided a lifetime individual pass to all City operated recreation facilities. The pass is non-transferrable.

C. COBRA CONTINUATION COVERAGE UPON RETIREMENT

Retirees may be eligible to continue certain benefits pursuant to COBRA continuation coverage. COBRA continuation is described in Section 29: Benefits, herein this Manual.

D. HEALTH & LIFE INSURANCE FOR RETIREES & RETIREE'S DEPENDENTS

Prior to retiring, employees are encouraged to carefully evaluate their rights and responsibilities regarding continuation of health insurance or other benefits following retirement. Although it is the intent of Tooele City to maintain insurance coverage as specified below, it is understood that insurance providers may change eligibility or coverage provisions for retirees at any time. Tooele City will make reasonable effort to include coverage in negotiations with 2nd party insurance carriers; however, if such carriers refuse to provide coverage on terms deemed reasonable by Tooele City, or if coverage is not available, the provisions below are subject to change and may impact past, current, and future retirees. If coverage lapses or changes, Tooele City will make reasonable effort to notify affected retirees.

1. **Eligible Retiree.**

Retirees and/or his/her dependents may be able to continue Tooele City sponsored health and life insurance beyond their COBRA eligibility period. For purposes of this Section, a retiree is an "eligible retiree" provided the retiree:

- a. Was not involuntarily dismissed from employment, with the exception of appointed employees;

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- b. Did not voluntarily separate employment from Tooele City Corporation before being eligible for and electing to retire;

Example: An employee quit (did not retire from) Tooele City to accept a position with the County. The employee worked for the County for a period of time and retires. The employee retired from the County and is therefore, not be eligible for retiree benefits offered by Tooele City.

- c. Has participated in or been eligible to participate in the Tooele City health and life insurance plans for an equivalent of at least ten (10) years. Tooele City's policy regarding reinstatement of service will be used to determine equivalent and credited years should an employee encounter a break in service or changes in health/life insurance eligibility (i.e. change to part-time);
- d. Is a bona fide retiree under the Utah State Retirement System or if participating in a 401K plan, is eligible to withdraw from the retiree's 401K account as an eligible retiree, penalty free, as specified by the IRS;
- e. Is not retiring under a medical retirement (i.e. long-term disability) plan;
- f. Is not an elected city council member; and,
- g. Ensures that the required premium payments are made.

2. **Health Insurance.**

An eligible retiree and his/her dependents covered under the Tooele City health plan on the last day worked may continue their coverage pursuant to the insurance provider regulations. A summary of the continuation privileges is as follows:

- a. Health Insurance for Retirees and Dependents Under Age 65 -
 - (1) Eligible retirees and their eligible spouse may continue coverage until age 65 or until becoming eligible for Medicare.
 - (2) Eligible dependent children may continue coverage until attaining the maximum coverage age or eligibility criteria that applies to Tooele City's active employees under the health insurance plan or until becoming eligible for Medicare.

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- (3) In the event the eligible retiree turns 65 years old, becomes eligible for Medicare coverage, or dies:
 - (a) A spouse may continue coverage until age 65 or until becoming eligible for Medicare coverage.
 - (b) Dependent children may continue coverage until attaining the maximum coverage age or eligibility criteria that applies to Tooele City's active employees under the health insurance plan or until becoming eligible for Medicare coverage.
- b. At age 65 or upon becoming eligible for Medicare coverage, eligible retirees and/or dependents may not participate in the Tooele City group health coverage beyond their COBRA eligibility period. Such eligible retirees and dependents are encouraged to contact the Utah State Retirement Office to determine if a Medicare Supplemental Insurance plan is available.
- c. Coverage may not be reinstated if a retiree and/or dependent(s) at any time, declines coverage, drops coverage, or has coverage cancelled for non-payment.

3. **Life Insurance.**

- a. Eligible retirees may continue their group basic life insurance and basic dependent life insurance coverage for 1 year for every 5 full years the retiree participated in or was eligible to participate in the Tooele City group life insurance plan (this is generally going to be equal to the EPC period as defined below). Tooele City's policy regarding reinstatement of service will be used to determine equivalent and credited years should an employee encounter a break in service or changes in health/life eligibility status (i.e. went part-time).
- b. Because supplementary coverage is subject to approval from the insurance provider and may be continued or require individual conversion at any time, employees are encouraged not to plan on this insurance as part of their estate planning. Continuation of supplementary coverage will be dependent on the insurance provider.
- c. Once the EPC period has expired, Tooele City will maintain and pay for a \$5,000 basic life policy on the eligible retiree and a \$2,500 basic life policy

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on their dependent spouse until the eligible retiree dies. All dependent life coverage discontinues at the time of the eligible retiree's death.

4. **Retiree Premiums / Earned Premium Credit (EPC).**

- a. Retiree premiums for health and life coverage will be established each year with the annual budget and are subject to change.
- b. Eligible retirees are provided with an Earned Premium Credit (EPC) which pays the cost of a City sponsored single health insurance plan (or waiver in lieu of health) and retiree life insurance for 1 year for every 5 full years of service as a benefit eligible employee with Tooele City. Tooele City's policy regarding reinstatement of service will be used to determine equivalent and credited years should an employee encounter a break in service or changes in health/life eligibility status (i.e. went part-time). Service credited by the Utah Retirement System for pension calculation purposes, but not actually rendered to Tooele City, is not considered service with Tooele City for purposes of this Section.
 - (1) The credit may be applied to the retiree's Medicare Supplement coverage.
 - (2) If the retiree dies prior to the EPC expiration, the credit may be transferred to a covered dependent's premium. If there are no enrolled dependents, the City has no further obligations. If the enrolled dependent dies prior to using any deceased spouse's transferred EPC, the City has no further obligations.
- c. If during the EPC period, a qualified retiree elects to waive their health plan or Medicare Supplement coverage or becomes ineligible for Tooele City's group health plan, the City will pay the qualified retiree or their surviving dependent a waiver payback equal to that offered to active employees until the EPC has expired. Qualified retirees who voluntarily waive their group health coverage may not have it later reinstated.
- d. If the retiree returns to employment with Tooele City as an active benefit eligible employee, the EPC is put on hold and the remaining balance is again made available to the retiree when no longer eligible for coverage as an active benefit eligible employee.

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E. RETIREE SICK LEAVE CONVERSION

1. There is no minimum service requirement for retiree sick leave conversion. A retiree may convert his/her sick leave provided that the employee is retiring from Tooele City and will be eligible to receive pension payments from the Utah State Retirement System or the City sponsored 401K plan(s) without IRS penalty within 30 days of separation.
2. Employees may not change their conversion option after their account has been converted.
3. Retiring employees may convert their sick leave as follows:

Hours of Sick Leave at Retirement	Converted Cash Payout	Converted for Premium Assistance	Convert for City Payment Toward Purchase of Years Under the Utah State Retirement System
0 - 250 Hours	(# Hours * .05) * Hourly Rate at retirement	(# Hours * .10) * Hourly Rate at retirement = Amt applied to bank	(# Hours * .20) * Hourly Rate at retirement = Amt Tooele City shall pay toward buy out up to established URS limitations.
251 - 400	(# Hours * .07) * Hourly Rate at retirement	(# Hours * .12) * Hourly Rate at retirement = Amt applied to bank	(# Hours * .25) * Hourly Rate at retirement = Amt Tooele City shall pay toward buy out up to established URS limitations.
400 - 600	(# Hours * .10) * Hourly Rate at retirement	(# Hours * .15) * Hourly Rate at retirement = Amt applied to bank	(# Hours * .30) * Hourly Rate at retirement = Amt Tooele City shall pay toward buy out up to established URS limitations.
601- 1000	(# Hours * .15) * Hourly Rate at retirement	(# Hours * .20) * Hourly Rate at retirement = Amt applied to bank	(# Hours * .35) * Hourly Rate at retirement = Amt Tooele City shall pay toward buy out up to established URS limitations.
1001-1500	(# Hours * .20) * Hourly Rate at retirement	(# Hours * .25) * Hourly Rate at retirement = Amt applied to bank	(# Hours * .40) * Hourly Rate at retirement = Amt Tooele City shall pay toward buy out up to established URS limitations.
1501 - 2000	(# Hours * .25) * Hourly Rate at retirement	(# Hours * .30) * Hourly Rate at retirement = Amt applied to bank	(# Hours * .45) * Hourly Rate at retirement = Amt Tooele City shall pay toward buy out up to established URS limitations.
2000+ up to a maximum of 2500	(# Hours * .30) * Hourly Rate at retirement	(# Hours * .35) * Hourly Rate at retirement = Amt applied to bank	(# Hours * .50) * Hourly Rate at retirement = Amt Tooele City shall pay toward buy out up to established URS limitations.

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- a. Convert to Cash Payout - Retirees may convert their sick leave to a cash payout upon retirement.
- b. Conversion for Premium Assistance -
 - (1) Retirees converted premium values are maintained by Tooele City and are considered the assets of Tooele City.
 - (2) Retirees are allowed to use their sick leave premium conversion account to pay for any out of pocket premiums for City sponsored plans.
 - (3) If a retiree dies prior to expending his conversion account, a surviving dependent may continue to use the account to pay for his/her premiums.
 - (4) There is no payout of any remaining unused balance. If the retiree becomes ineligible for or declines participation under group coverage or the retiree and dependent dies, the funds are forfeited.
 - (5) In the event coverage is canceled by the City or the 2nd party carrier, the remaining conversion account balance is paid to the retiree or participating spouse.
- c. Conversion for Utah State Retirement System Purchase of Years -
 - (1) If permitted by the Utah State Retirement Office, retirees may convert their sick leave to a cash equivalency which is paid to the Utah State Retirement System for an employee to purchase years of service that would enable the employee to retire or enhance the retirement benefit.
 - (2) Payment is made to the Utah State Retirement System prior to the due date. If the employee fails to retire as committed, the employee is responsible for paying the equivalent dollar amount back to Tooele City within 1 week.