

## RETIREMENT & RETIREE BENEFITS

Revised: July 20, 2000

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#### A. UTAH STATE RETIREMENT DEFINED BENEFIT PROGRAM

1. All employees hired after December 31, 1995 who meet the eligibility requirements as specified by the Utah State Retirement Office, shall participate in the Public Employees' Non-contributory Retirement System, established in Utah Code Title 49, Chapter 2; except qualified public safety personnel hired after December 31, 1994 shall participate in the Public Safety Non-contributory Retirement System, established in Utah Code Title 49, Chapter 4. These retirement systems provide a number of benefits to the employee.
2. Exemption from participation - Elected officials, appointed employees, or others allowed by the Utah State Retirement System may file a formal request for exemption from membership in the retirement plans. Tooele City shall contribute the amount that would have been paid on to the USR to the employee's 401K account.
3. Retirement Age - Employees may retire at a time or age designated by the Utah State Retirement System.
4. General Information - 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.

#### B. RETIREMENT NOTIFICATION

An employee shall notify the department head 90 days prior to the employee's expected retirement date. The department head shall notify the human resource office 90 days prior to an employee's expected retirement date to facilitate the arrangements for insurance conversion and starting the retirement plan benefits.

#### C. LIFETIME PASS TO CITY RECREATION FACILITIES:

A retiring employee who is immediately eligible for and elects to retire from the Utah State Retirement System or a City approved retirement plan shall be awarded a lifetime individual pass to all City operated recreation facilities.

#### D. COBRA CONTINUATION COVERAGE FOR MEDICAL, DENTAL, & VISION -

Any employee who retires from Tooele City employment may participate and elect to enroll their eligible dependents in the City sponsored group health, dental, vision

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programs under the provisions of COBRA continuation coverage. COBRA laws are extremely complex and vary based on individual circumstances.

#### E. INSURANCE -

1. DISCLAIMER - 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 shall make reasonable effort to include coverage in negotiations with 2<sup>nd</sup> 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. If coverage lapses, Tooele City shall make reasonable effort to notify affected retirees and dependents.
  
2. DEFINITION OF “ELIGIBLE RETIREE” - Some retirees may qualify for paid insurance coverage (Earned Premium Credit) and continuation of their city sponsored medical and life insurance beyond their COBRA eligibility period. Retirees shall be deemed “eligible retirees” provided the retiree:
  - a. was not involuntarily dismissed from employment with the exception of appointed employees;
  - b. did not voluntarily separate employment from Tooele City Corporation before being eligible for and electing to retire;
    - (1) Example: An employee quit Tooele City to accept an appointed position with the County and did not get re-appointed. Between the City and County employment, the employee had enough time to qualify for a retirement benefit under the Utah State Retirement System, however, the employee shall be deemed as retiring from the County and shall not be eligible for benefits offered by the City.
  - c. has at least ten (10) years credited service as a benefit eligible employee with Tooele City;
  - d. qualifies for retirement under the Utah State Retirement System (Employees who qualified for and elected to opt out of participation in the Utah State Retirement System must be eligible to draw from their 401K

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accounts in lieu of qualifying for retirement service under the Utah State Retirement System);

- e. is not retiring under a medical retirement; and
- f. ensures that the required premium payments are made.

#### 3. Continuation Provisions and Premiums for eligible retirees are as follows:

##### a. PREMIUMS & EARNED PREMIUM CREDIT

(1) Premiums for Retiree - Premiums are subject to insurance bids and may be higher than regular employee coverage. Eligible retirees shall be provided with an Earned Premium Credit (EPC) which shall pay the cost of city sponsored single medical (or waiver in lieu of medical) and life, insurance for 1 year for every 5 full years of credited services as a benefit eligible employee.

- (a) When the employee turns age 65, the credit shall continue but shall be applied to retiree's medicare supplement coverage or waiver payback in lieu of group medical coverage.
- (b) If the retiree dies prior to the EPC expiration, the credit may be transferred to a covered dependent's premium. If there are no dependents, the City shall have no further obligations.
- (c) After the EPC has expired, the retiree and/or dependent shall be responsible for the full premium for any applicable coverage.
- (d) Retirees may use sick leave conversion accounts to pay for all or part of any required premiums.

(2) Premiums for Dependents - Premiums are subject to insurance bids and may be higher than regular dependent coverage. Dependents of eligible retirees shall pay the full cost of their insurance.

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- (a) If the enrolled dependent dies prior to using any deceased spouse's transferred EPC, the City shall have no further obligations.
  - (b) Eligible retiree's dependents may use the remaining balance of a deceased spouse's transferred sick leave conversion accounts to pay for their premiums.
- b. DENTAL & VISION COVERAGE - Dental and vision may not be continued beyond the COBRA eligibility period.
- c. MEDICAL COVERAGE AFTER COBRA -
  - (1) Medical coverage for Retirees and Dependents under age 65 -
    - (a) Eligible retirees and their dependents must immediately elect to continue their medical coverage once COBRA has expired. Such retirees and their dependents who maintain continuous coverage may do so until age 65 or until they become eligible for Medicare coverage. Retired employees and/or dependents who decline or drop coverage participation may not have it later reinstated.
    - (b) In the event the eligible retiree turns 65 years old or dies, their dependents who were enrolled in the plan at the time of the retiree's death, may continue coverage until they reach age 65 or until they become eligible for Medicare coverage.
  - (2) Medical Coverage for Retirees and Dependents age 65 or greater -
    - (a) At age 65, eligible retirees and/or dependent's may not participate in the group medical coverage beyond their COBRA eligibility period. Eligible retirees and their dependents may, however, enroll in the Medicare Supplement program sponsored through the Utah State Retirement system, if eligible.

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- (3) Qualified retirees who waive their medical coverage or become ineligible for group medical coverage -
  - (a) If a qualified retiree elects to waive their medical coverage or becomes ineligible for group medical coverage while under the EPC, 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 medical coverage may not have it later reinstated.

#### d. LIFE INSURANCE -

- (1) While the EPC is in effect, qualified retirees shall be provided with basic life insurance and basic dependent life insurance equal to that which is provided to employees under the primary group basic life insurance policy while the EPC is in effect.. Additional employee & dependent coverage may be continued at the retirees expense while the EPC period is in effect. Because supplementary coverage shall be subject to approval from the insurance provider and may be continued or require individual conversion at any time, employees are encourage not to plan on this insurance as part of a death program.
- (2) Once the EPC has expired, the qualified retiree is no longer eligible for coverage under the primary group basic life policy. Tooele City shall, however, maintain and pay for a \$5,000 basic life policy on the qualified retiree and a \$2,500 basic life policy on their dependent spouse until the retiree dies. All dependent life coverage shall discontinue at the time of the retiree's death.

#### F. RETIREE SICK LEAVE CONVERSION

- 1. Tooele City recognizes that there is a direct benefit to the city when employees minimize their use of sick leave. It is the desire of the city to encourage employees to appropriately use sick leave benefits and to reward employees who minimize the use of sick leave. Therefore, retiring employees may (a) convert

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their sick leave for a cash payout, (b) convert their sick leave to pay for dependent and employee premiums, or (c) convert their sick leave to pay for years under the Utah State Non-Contributory Public Employees' Retirement Program.

2. There is no eligibility requirement for retiree sick leave conversion except that the employee must retire from Tooele City and immediately begin receiving payments from the Utah State Retirement System or the City sponsored 401K plans. Employees may not change their conversion option after their account has been converted.
  
3. Sick leave shall convert as follows:

<b>Hours of Sick Leave at Retirement</b>	<b>Converted Cash Payout</b>	<b>Converted for premium payments</b>	<b>Convert for City payment to buy extra years under public Employees Non-Contributory State Retirement Program</b>
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 95% of URS cost
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 95% of URS cost
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 95% of URS cost
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 95% of URS cost
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 95% of URS cost
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 95% of URS cost
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 95% of URS cost

- a. Convert to Cash Payout - Retirees may convert their sick leave to a cash payout upon retirement.

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- b. Conversion for premium -
  - (1) Retirees converted premium values shall be maintained by Tooele City and shall be considered the property of Tooele City.
  - (2) Retirees shall be 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 shall be 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 fund shall be forfeited.
  - (5) In the event coverage is canceled by the City or the 2<sup>nd</sup> party carrier, the remaining conversion account balance shall be paid to the retiree or participating spouse.
  
- c. Conversion for Public Employees' Non-Contributory Retirement Early Buy out -
  - (1) Retirees may convert their sick leave to a cash equivalency which shall be paid to the Utah State Retirement System for an employee's early buy out. This option shall only be available to employees who provide formal written notice of their retirement to their department head prior to approval of the respective FY budget.
  - (2) Payment shall be made to the Utah State Retirement System prior to the due date. If the employee fails to retire as committed, the employee shall be responsible for paying the equivalent dollar amount back to Tooele City within 3 months and the employee shall have forfeited all sick leave hours.