

RETIREMENT & RETIREE BENEFITS

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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, 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 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 contributes 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

Employees are asked to notify their department head and the human resource office of their intent to retire at least 90 days prior to their expected retirement date. This notification is requested to allow time facilitate the arrangements for insurance conversion and to hire a replacement. Employees must also contact the respective retirement office to notify them of their intent to retire and to begin the retirement process. Notification to Tooele City does not constitute notification to the retirement office(s)..

C. LIFETIME PASS TO CITY RECREATION FACILITIES

An employee who retires from Tooele City Corporation as their last employer and worked at least 10 years for Tooele City is awarded a lifetime individual pass to all City operated recreation facilities.

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

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 programs

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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 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. If coverage lapses, Tooele City will 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 Tooele City sponsored medical and life insurance beyond their COBRA eligibility period. Retirees are 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 accounts in lieu of qualifying for retirement service under the Utah State Retirement System);

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- 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 are provided with an Earned Premium Credit (EPC) which pays 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 actual service as a benefit eligible employee with Tooele City. (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).
 - (a) When the employee turns age 65, the credit continues but is 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 has no further obligations.
 - (c) After the EPC has expired, the retiree and/or dependent is 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 pay the full cost of their insurance.
 - (a) If the enrolled dependent dies prior to using any deceased spouse's transferred EPC, the City has no further obligations.
 - (b) Eligible retiree's dependents may use the remaining balance of a deceased spouse's transferred sick leave conversion accounts to

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pay for their premiums. If the spouse dies prior to the sick leave conversion account being exhausted, the City has no further obligations and the balance of the account is forfeited.

- b. DENTAL & VISION COVERAGE - Dental and vision are not provided as part of the Retirement package. Retirees may be able to continue these benefits under the provisions of COBRA and should contact the insurance provider in effect at the time of retirement to determine eligibility.
- 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 that 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.
 - (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

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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 are 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 is 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 will, 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 discontinues 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 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 Retirement Program pursuant to the rules and regulations established by the Utah State Retirement Office at the time of retirement.
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.

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3. Sick leave shall convert as follows:

Hours of Sick Leave at Retirement	Converted Cash Payout	Converted for premium payments	Convert for City payment to buy extra years under State Retirement Program
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.
- b. Conversion for premium -
 - (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.

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- (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 fund 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 Public Employees' Retirement Early Buy out -
- (1) Retirees may convert their sick leave to a cash equivalency which is paid to the Utah State Retirement System for an employee's early buy out. This option is only 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 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 3 weeks and the employee will have forfeited all sick leave hours.