

## **BENEFITS**

Revised November 2018

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### A. PURPOSE

1. The purposes of this Section are to:
  - a. Provide employees with some information about the Tooele City benefit package;
  - b. Summarize employee benefit eligibility;
  - c. Establish City policy regarding certain elements of the benefit package; and,
  - d. Comply with federal notification requirements.
  
2. This Section does not:
  - a. Establish a contract with employees regarding future benefit coverage or eligibility. Tooele City reserves the right to change, modify, and/or otherwise discontinue the benefit package for any or all employees at any time in the future (See Section 0: About This Manual, or as amended, herein this Manual for more information on contractual limitations);
  - b. Provide employees with specific information about all benefits. Tooele City utilizes third-party benefits administrators for many of the benefits offered to employees. In cooperation with the Tooele City human resource department, the third-party administrator will make available summary plan descriptions and employee information. This information can be obtained from the human resource department, by contacting the insurance provider's customer service, or through various websites. Additional Sections in this Manual may also provide more detailed information regarding specific benefits;
  - c. Provide a guarantee of benefit coverage, payment, or any other term or condition that is otherwise determined by a benefit provider. 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; and,
  - d. Provide important detailed information regarding benefits. These documents are available from the human resource office, directly from the insurance provider, or through providers' websites.

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### B. BENEFIT ELIGIBILITY

Employees benefit eligibility is determined by the assigned Employment Status and Schedule Status and is as follows:

<b>Full-Time Employees</b>			
	Full-time Regular or Appointed		Full-time Mayor
	40 Hours	30-39.75 Hours	
401K	Yes	Yes	Yes
Annual Leave	Yes	Prorated	No
Dental	Yes	Yes	Yes
EAP Program	Yes	Yes	Yes
Flexible Spending Account	Yes	Yes	Yes
Holiday Pay	Yes	Prorated	No
IRA/Roth IRA	Yes	Yes	Yes
Leave, Misc. Paid – Funeral, Jury & Witness, and Military	Yes	Prorated	No
Life Insurance & AD&D	Yes	Yes	Yes
Long-term Disability <sup>1</sup>	Yes	Yes	Yes
Medical – Health Insurance or Waiver payment in lieu of coverage if evidence of other coverage is provided to Tooele City	Yes	Yes	Yes
Short-term Disability	Yes	Yes	No
Sick Leave	Yes	Prorated	No
	Yes	Yes	Yes
State Retirement Benefits			
Vision	Yes	Yes	Yes
Wellness/Recreation Pass	Yes	Yes	Yes
Worker's Compensation	Yes	Yes	Yes

Prorated = Benefits are prorated as percentage of hours worked as compared to a 40 hour schedule. See specific policies regarding paid leave and holiday for additional information.

<sup>1</sup> 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 LTD benefit eligibility may vary; URS retirement eligible employees are not covered by LTD.

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(BENEFIT ELIGIBILITY CONTINUED)

<b>Part-time Employees</b>				
	Part-time Regular or Appointed		Part-time Elected Officials	
	20-29.75 hours	1-19.75 hours	Part-time Mayor	Council Member
401K	Yes but no City Contribution	Yes but no City Contribution	Yes	Yes
Annual Leave	Prorated	Prorated	No	No
Dental	No	No	Yes	Yes
EAP Program	No	No	Yes	Yes
Flexible Spending Account	Yes	No	Yes	Yes
Holiday Pay	Prorated	Prorated	N/A	N/A
IRA/Roth IRA	Yes	Yes	Yes	Yes
Leave, Misc. Paid – Funeral, Jury & Witness, and Military	Prorated	Prorated	N/A	N/A
Life Insurance & AD&D	No	No	Yes	Yes
Long-term Disability <sup>2</sup>	Yes	No	Tier 1 = Yes If Salary Meets URS eligibility criteria Tier 2 = Yes	
Medical – Health Insurance, or Waiver payment in lieu of coverage if evidence of other coverage is provided to Tooele City	No	No	Yes	Yes
Short-term Disability	No	No	No	No
Sick Leave	Prorated	Prorated	N/A	N/A
State Retirement Benefits <sup>3</sup>	Yes	No	Tier 1 = Yes If Salary Meets URS eligibility criteria Tier 2 = No, but equivalent URS rate is put into 401k plan as defined in this Section	
Vision	No	No	Yes	Yes
Wellness/Recreation Pass	No	No	Yes	Yes
Worker's Compensation	Yes	Yes	Yes	Yes

Prorated = Benefits are prorated as percentage of hours worked as compared to a 40 hour schedule. See specific policies regarding paid leave and holiday for additional information.

<sup>2</sup> 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; URS retirement eligible employees are not covered by LTD.

<sup>3</sup> URS Post-rehired employees will be subject to limitations and benefit eligibility as specified by the Utah Retirement System.

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(BENEFIT ELIGIBILITY CONTINUED)

<b>Variable Hour Employees</b> Contingent: Temporary, Seasonal, Cyclical, or On-call	
401K	Yes, may make personal contributions but not eligible for any City Contribution
IRA/Roth IRA	Yes, may make personal contributions
Medical – Health Insurance	<p>No, except an employee may become eligible pursuant to the Patient Protection and Affordable Care Act (PPACA) which requires coverage if an employee's average workweek was greater than or equal to 30 hours/week following certain measurement periods. Tooele City has adopted the PPACA Safe Harbor provision for calculating the average workweek for variable hour employees as it applies to PPACA. The average workweek will be calculated as follows:</p> <p><b>New Hires</b> - A newly hired employee's average workweek will be calculated following an <b>Initial Measurement Period</b> of 12-month from date of hire. It will be calculated by adding hours worked + overtime hours + comp-time paid, and dividing the sum by 52. If the employee is deemed eligible, an administrative period will be applied from the end of the initial measurement period through the end of the second full pay period beginning after the end of the initial measurement period to provide time to facilitate enrollment. The employee remains eligible for coverage for a 12 month <b>Stabilization Period</b> provided employee premiums are paid and the employee remains an employee, or is on seasonal layoff status on payroll and employee premiums are paid.</p> <p><b>Ongoing</b> - Once the <b>Initial Measurement Period</b> has passed, employee's future eligibility will be determined pursuant to the City's <b>Standard Measurement Period</b> which coincides with the City's fiscal budget preparation each year. The average workweek will be calculated by adding hours worked + overtime hours + comp-time paid during the period of April 1st of the prior year and March 31 of the current year, and dividing the sum by 52. If the employee is deemed eligible pursuant to PPACA, an administrative period will be applied from April to June 30 to provide time to facilitate enrollment. Coverage becomes effective July 1 and the employee remains eligible for coverage for a 12 month <b>Stabilization Period</b> (the fiscal year) provided employee premiums are paid and the employee remains an employee, or is on seasonal layoff status on payroll and employee premiums are paid. Future eligibility will be determined by recalculating the <b>Standard Measurement Period</b> each respective year.</p> <p>Tooele City's Health Insurance Waiver Payment is not available to Variable Hour employees who become eligible for health insurance coverage due to PPACA but decline coverage.</p> <p>Plan eligibility and premiums are established with each fiscal year budget.</p>
State Retirement	No
Worker's Compensation	Yes
No other benefits are offered to variable hour employees.	

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### C. SECTION 125 PREMIUM ONLY PLAN

Pursuant to Section 125 of the Internal Revenue Code of 1986, Tooele City has adopted a Premium Only Plan which allows certain insurance premiums to be excluded from the employees' income for federal tax purposes. Eligible employees are automatically enrolled in the Section 125 Premium Only Plan. If employees desire not to participate in this component, they may do so by signing a declination form available from the human resource office.

### D. FLEXIBLE SPENDING ACCOUNT (FSA)

Pursuant to Section 125 of the Internal Revenue Code the Flexible Spending Plan includes dependent care reimbursement and medical reimbursement components. Eligible employees may obtain tax-advantaged opportunities by paying for eligible expenses with pre-tax dollars.

1. **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. "The Plan Year is July 1 to June 30 of each fiscal year. Once enrolled, an employee may not make a change during the Plan Year unless the employee has a qualifying 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.
2. **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.

### E. HEALTH SAVINGS ACCOUNT (HSA)

Tooele City has adopted a Health Savings plan option for eligible employees. Such accounts are individual trusts or custodial accounts, each established and maintained by the employee with a qualified trustee/custodian. Tooele City will withhold contributions from the employee's paycheck and forward the contributions to the trustee/custodian on behalf of the employee. The employee is responsible for using their account in compliance with all IRS regulations. Tooele City utilizes a third-party benefits administrator to assist with administering the HSA account. 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.

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### F. 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.

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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 benefit 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 (LTD). 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 in which the LTD benefits were approved and became effective.

Tier 2 plans include a benefit protection contract between the Utah State Retirement Office and Tooele City that provides for continued service accrual/URS required contribution in the event of a period of leave that is covered by Tooele City's worker's compensation insurance or Tooele City's group short-term disability insurance, when approved for applicable benefit coverage.

c. Post-retired Rehired Employees

- 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.

d. Part-time Elected Officials

Tier 2 part-time elected officials are not eligible to participate in the URS plans pursuant to Utah State law. To equalize benefits for both Tier 1 and Tier 2 part-time elected officials, Tier 2 part-time elected officials who enroll in the URS 401(k) plan will receive a City contribution that is equal to the Utah Retirement System's Tier 2 Total Cost Rate (URS normal cost + URS amortization of UAAL). This amount is subject to change each year. 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.

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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 Human Resource Department.
3. In all circumstances, Utah State Retirement benefit programs will be in compliance with established law and regulations of the Utah State Retirement Office.

### G. 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, and remains an active status employee, 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. Employees may not 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.

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4. **City/Employer Contributions.** Employer contributions (City Contributions) to employees' 401k accounts are determined each year as part of the City's fiscal 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 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.

### H. TIER 2 PUBLIC SAFETY EMPLOYEES ENHANCED RETIREMENT BENEFIT

1. Tier 2 Public Safety Employees are those employees deemed eligible for enrollment in the Utah State Retirement Tier 2 Public Safety Retirement Plan.
2. A discretionary City contribution may be made to Tier 2 Public Safety Employees' 401k accounts for the purpose of providing an enhanced retirement benefit. The amount of the discretionary contribution is determined each year as part of the fiscal budget and is subject to change at any time, including reduction to no contribution. The contributions will be deposited to the Utah State Retirement 401k plan as pre-tax traditional 401k employer discretionary contribution and is subject to all rules and regulations pertaining to the Utah State 401k plan. This contribution is immediately vested. For payroll purposes, this amount is calculated in the same manner as any other discretionary City 401k contribution provided to the workforce. This generally is a percentage of gross salary paid by Tooele City and may be reduced while on leave, disability insurance, work comp, etc.
3. For IRS limitations/compliance purposes, this contribution is combined with all other City and employee contributions. This may limit employees' personal contributions.

### I. HEALTH INSURANCE

1. **Premiums.** Premiums are established with the fiscal budget and may vary based on

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employment and schedule status. Failure to pay premiums by the due date may result in cancelation of coverage.

2. Automatic Enrollment/Default Plan. Employees eligible for medical insurance will be automatically enrolled in the least expensive plan offered to Tooele City employees at the time of eligibility unless the employee declines, waives, or makes another health insurance election within 30 days of eligibility.

### J. 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:

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- 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.
- 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

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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.