



**Local Agency Formation Commission
for San Bernardino County**

Benefits Plan

2011

Deleted: August 20, 2008

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Adopted September 15, 2004

Amended:

August 17, 2005

May 16, 2007

July 18, 2007

August 20, 2008

_____ 2011

SECTION 1: INTRODUCTION

A. EMPLOYEE ACKNOWLEDGEMENT *(Added _____, 2011)*

Consistent with applicable laws, the following sections represent the Benefits Plan established by the San Bernardino Local Agency Formation Commission (hereinafter "SB LAFCO"). These policies and guidelines shall in no manner be interpreted as a guaranteed or implied contract between the SB LAFCO and any employee or group of employees.

All employees shall acknowledge receipt of the Benefits Plan by signing the form titled "Employee Receipt of San Bernardino LAFCO Benefits Plan" with placement of the signed form in the employee's personnel file.

B. ADMINISTRATION OF BENEFITS

San Bernardino LAFCO has contracted with the County of San Bernardino to administer the benefits for SB LAFCO employees equivalent to those provided to County "Exempt" employees. When questions arise, employees will first contact the SB LAFCO payroll person. If additional information is required, employees will contact the Human Resources Employee Benefits and Services Division Chief or designee.

C. BENEFIT PLAN GROUPS

For the purpose of this Benefits Plan, employees shall be divided into the following groups: *(Added _____, 2011)*

- | | |
|--------------------|--|
| <u>1. Group A.</u> | <u>Executive Officer</u> |
| <u>2. Group B.</u> | <u>All SB LAFCO Employees not in Groups A or C</u> |
| <u>3. Group C.</u> | <u>Deputy Clerk to the Commission
(hired after July 7, 2007)</u> |

SECTION 2: BENEFIT PLAN ELECTIONS

A. Benefit Plan Contributions

Employees in a regular position scheduled for a minimum of 40 hours per pay period are eligible to receive the benefits of this section in the amounts described in the section below. Employees must be paid for at least one-half plus one hour of their scheduled hours in order to receive the benefits of the section.

B. Section 125 Premium Conversion Plan

Eligible employees shall be provided with a Section 125 Premium Conversion Plan. The purpose of the Plan is to provide employees a choice between paying premiums with either pre-tax salary reductions or after-tax payroll deductions for health insurance, dental insurance, voluntary life (to the IRS specified limit) and accidental death and dismemberment insurance premiums currently maintained for Exempt employees. The amount of the pre-tax salary reduction or after-tax payroll deduction must be equal to the required insurance premium.

Benefit Plan elections shall not reduce earnable compensation for purposes of calculating benefits or contributions for the San Bernardino County Employees' Retirement Association. To be eligible for this benefit, an employee must be in a regular position and be regularly scheduled to work at least 40 hours in a pay period or be on an approved leave pursuant to the Family Medical Leave Act.

Election of pre-tax and after-tax payroll deductions shall be made within 30 days of the initial eligibility period in a manner and on such forms designated by the San Bernardino County Human Resources Employee Benefits Department and Services Division Chief, or designee. Failure to timely submit appropriate paperwork will result in after-tax deductions for all eligible premiums for the remainder of the Plan Year.

Once a salary reduction has begun, in no event will changes in elections be permitted during the Plan Year except to the extent permitted under Internal Revenue Service rulings and regulations and with the County's Plan Document. Examples of mid-year qualifying events include: marriage, divorce, birth, adoption, death, overage dependent loss of student status, the employee or employee's spouse's reduction in work hours, loss of spouse's employment, gain or loss of spouse's insurance, relocation outside an HMO network service area, entitlement to Medicare for the employee or employee's dependent, significant increase in County insurance cost during the plan year, loss of Medi-Cal or Medicaid coverage and spouse's or dependent's open enrollment. The employee must submit request for a change due to a mid-year qualifying event within thirty (30) days of the qualifying event.

The San Bernardino County Human Resources Benefits Department and Services Division Chief or designee will authorize changes, as long as the change is made on account of or consistent with an employee's change in status.

C. MEDICAL AND DENTAL SUBSIDIES (Amended August 17, 2005; August 20, 2008; _____, 2011)

The County of San Bernardino will establish a Medical Premium Subsidy (MPS) in an amount that, when combined with the Benefit Plan contributions, would offset the cost of health plan premiums charged to eligible employees. The MPS shall be applied first to health insurance premiums and then to dental plan premiums. The applicable MPS amount shall be paid directly to the provider of the County-sponsored health plan in which the eligible employee has enrolled. The MPS shall not be considered compensation earnable for purposes of calculating benefits or contributions for the San Bernardino County Employees Retirement Association. In no case, shall the MPS exceed the total cost of the health and dental insurance premium for the coverage selected.

Effective July 17, 2010, an MPS will be established in the following amounts:

	Scheduled for 40 to 60 hours	Scheduled for 61 to 80 hours
Employee Only	0	0
Employee +1	\$61.12	\$122.23
Employee +2	\$126.32	\$252.64

Effective June 18, 2011, an MPS will be established in the following amounts:

	Scheduled for 40 to 60 hours	Scheduled for 61 to 80 hours
Employee Only	\$115.00	\$230.00
Employee +1	\$176.12	\$352.23
Employee +2	\$241.32	\$482.64

Effective July 7, 2007, a dental Premium Subsidy (DPS) will be established for all employees whose premium costs for health and dental exceeds the Medical Premium Subsidy in an amount up to nine dollars forty-six cents (\$9.46), but not to exceed the combined total of the employee's out-of-pocket expenses.

- Deleted:** only
- Deleted:** shall not be applicable
- Deleted:** The MPS amount payable to each eligible employee shall be based upon the lowest cost high option HMO plan (currently Health Net or a plan equivalent to Health Net) for the number of persons the employees enrolls in the County-sponsored health plan. No MPS shall be paid where the Benefit Plan contribution exceeds the amount of the total premiums to be paid for the coverage.
- Deleted:** , when combined with the Benefit Plan contributions,
- Deleted:** Effective August 2, 2008, an MPS will be established in the following amounts:¶

- Deleted:** the County will establish a
- Deleted:** Benefit Plan contributions

SECTION 3: HEALTH AND DENTAL INSURANCE

A. BENEFIT PLAN (Amended _____, 2011)

SB LAFCO Employees in a regular position scheduled for a minimum of forty (40) hours per pay period are eligible to receive the benefits of this section in the amounts described in the section below. Employees must be paid for at least one-half plus one hour of their scheduled hours in order to receive the benefits of the section. For instance, an employee scheduled to work eighty (80) hours per pay period must be paid at least forty-one (41) hours to be eligible for the benefits of this section.

Except as provided in the Health and Dental Insurance section, the bi-weekly amount of the SB LAFCO provided Benefit Plan will be as follows:

Effective Date	Scheduled for 40 to 60 hours	Scheduled for 61 to 80 hours
June 25, 2005	\$115.00	\$230.00

Under no circumstances will the monetary value of the Benefit Plan be prorated.

Employees who are on an approved Medical Leave of Absence and whose paid hours in a pay period are less than the required number of hours will continue to receive the benefits of this section for up to six pay periods per episode of illness or injury. Employees who are on an approved Workers' Compensation claim shall receive the benefits of this section for up to 20 pay periods while off work due to that work injury. Employees who are integrating paid leave time with Short-Term Disability (STD) insurance provided by SB LAFCO shall receive the benefits of this section under the following circumstances: upon election of full integration of disability payments and paid leave time, employees who are paid less than one-half plus one of their scheduled hours but have available leave balances of one-half plus one of their scheduled hours or more shall receive the benefits of this section.

Employees who are on an approved leave of absence without pay under the Family Medical Leave Act of 1993 will continue to receive the Benefit Plan dollars and Medical Premium Subsidy, if any, for up to six pay periods. Employees who are on a leave of absence without pay shall not be eligible to receive the monetary benefits of this section unless on a medical leave or a Family Medical Leave Act eligible leave.

Effective June 18, 2011, the Benefit Plan amounts specified above shall be reduced to zero, and an equivalent amount shall be added to the Medical Premium Subsidy provided pursuant to Section 2C.

B. HEALTH AND DENTAL INSURANCE (Amended August 17, 2005; _____, 2011)

Except as otherwise provided, all eligible employees scheduled to work 40 hours or more per pay period in a regular position must enroll in a health and dental plan offered by SB LAFCO through the County. Employees who fail to elect health and dental plan coverage will be automatically enrolled in the health and dental plan with the lowest biweekly minimum premium rates available in the geographical location of the employee's primary residence.

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To be eligible for SB LAFCO health and dental plan coverage, a SB LAFCO employee must be in a regular position scheduled for a minimum of 40 hours and have received pay for at least one half plus one hour of scheduled hours or be on approved leave pursuant to the Family Medical Leave Act. Employees on an approved Worker's Compensation claim shall receive Benefit Plan contributions for up to 20 pay periods while off work due to that injury. However, after the sixth pay period off work, the employee is no longer eligible for health and dental plan coverage. The employee will then have the option of enrolling in COBRA continuation coverage.

Enrollment elections must remain in effect for the remainder of the Plan Year unless an employee experiences an IRS qualifying event.

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Eligible employees may elect to enroll dependents upon initial eligibility for health and dental insurance. Thereafter, newly eligible dependents may be enrolled within thirty (30) days of obtaining dependent status, such as birth, adoption or marriage.

Notification of a mid-year qualifying event must be submitted to the SB County Human Resources Employee Benefits and Services Division Chief or designee in accordance with procedures adopted by the County. Employees are responsible for notifying the County within thirty one (31) days of dependent's change in eligibility for the County plans.

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Dependent(s) must be removed mid-Plan year when a dependent(s) becomes ineligible for coverage under the insurance plan eligibility rules, for example, divorce, over-aged dependent, or gain of coverage on spouse's or domestic partner's employer-provided insurance, or termination of domestic partnership.

Premiums for coverage will be automatically deducted from the employee's pay warrant. Failure to pay premiums will result in loss of coverage for the employee and/or the dependents.

Employees eligible for health and or dental plan coverage who are also enrolled in comparable group health or dental plan sponsored by another employer may elect to discontinue enrollment in the County-sponsored health plan (opt-out or

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waive). Employees scheduled to work 61 to 80 hours per pay period who elect to Opt-Out or Waive the County-sponsored health plan coverage will be provided bi-weekly Benefit Plan amounts as follows:

- i. Employees who elected to opt-out of County-sponsored health plan coverage prior to July 9, 2005 and continue to opt-out will receive the following bi-weekly Benefit Plan:

Scheduled for 40 to 60 hours	Scheduled for 61 to 80 hours
\$80.77	\$161.54

- ii. Employees who elected to waive health plan coverage to a spouse or domestic partner currently employed by the County prior to July 9, 2005 will receive the following bi-weekly Benefit Plan:

Scheduled for 40 to 60 hours	Scheduled for 61 to 80 hours
\$115.00	\$230.00

- iii. New employees or current employees who opt-out or waive County-sponsored health plan coverage will receive the following bi-weekly Benefit Plan:

Scheduled for 40 to 60 hours	Scheduled for 61 to 80 hours
\$20.00	\$40.00

The rules and procedures for electing to Opt-Out or Waive the County-sponsored health and dental plan coverage are established and administered by the SB County Human Resources Employee Benefits Department and Services Division.

Employees may elect to Opt-Out of the SB LAFCO health and/or dental plan(s) within 31 calendar days of becoming eligible for another employer-sponsored group plan. Proof of initial gain of other group coverage is required at the time that opt-out is elected.

Employees may elect to Opt-Out of the SB LAFCO health and/or dental plan(s) during an annual open enrollment period. All employees who are newly opting-out during an open enrollment period must provide verification of other group coverage.

Except as required at the initial opt-out election, employees are not required to provide verification of continued coverage unless requested by the plan administrator.

Employees who voluntarily or involuntarily lose other group health plan coverage must enroll in a County-sponsored health plan within 31 calendar

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Deleted: , for reasons other than initial gain of another employer-sponsored group plan,

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Deleted: After initial Opt-Out, employees must re-elect the Opt-Out benefit and provide verification of continued coverage each year during subsequent open enrollment periods.¶

Deleted: An employee who elects Opt-Out for dental plan coverage may not re-enroll in a the County-sponsored dental plan for a minimum of 2 years unless the employee¶ involuntarily loses coverage from the other employer-sponsored group dental plan. Employees, who elect to enroll in the County dental coverage, for reasons other than involuntary loss of another group sponsored dental plan coverage, may enroll during the open enrollment following completion of the two-year dental Opt-Out restriction. NOTE: a voluntary loss of other group dental insurance may result in a break in dental coverage until the 2 year mandatory Opt-Out period is complete. ¶

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days. Enrollment in the County-sponsored plan will be provided in accordance with the requirements of the applicable plan. If the employee elects not to enroll eligible dependents, the dependents may only be added at a subsequent annual open enrollment period.

There must be no break in the employee's health plan coverage between the termination date of the other employer group coverage and enrollment in a County health plan. Terms and conditions of the applicable plan will determine the required retroactive enrollment period and premiums required to implement coverage. Failure to notify the County of loss of group coverage within 31 calendar days will require the employee to pay insurance premiums retroactively on an after-tax basis.

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An eligible employee whose spouse or domestic partner is also an eligible County employee may elect coverage as a dependent on his or her spouse's or domestic partner's, or, if the employee is age 18 or younger, on parent's County health and/or dental insurance plan in lieu of individual employee coverage. This is called a "waiver" to County spouse's domestic partner's, or parent's County insurance coverage. Such election must be made within 31 calendar days of the employee's, County parent's or the County spouse's eligibility for County health and dental insurance. During the Plan Year, an employee is responsible for notifying the County within 31 days of ineligibility for the waiver; for example, the dependent child turns 19 or the spouse leaves County employment. Changes will become effective on the first day of the pay period following the receipt and approval of all appropriate documentation. Loss of the spouse's or parent's County plan coverage will require the employee to immediately enroll in the County's health and dental plans. Waivers may be changed during any subsequent annual health and dental open enrollment period.

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SECTION 4: LIFE INSURANCE

A. TERM LIFE INSURANCE. *(Amended _____, 2011).*

SB LAFCO will pay the premium for a term life insurance policy, the amount of which is based on the eligible employee's scheduled hours. Employees scheduled from 40 to 60 hours per pay period shall receive \$25,000 in coverage. An employee scheduled from 61 to 80 hours shall receive \$50,000 in coverage. Life insurance will become effective on the first day of the pay period following the employee's first pay period in which the employee is paid for one half plus one of their scheduled hours. For example, an employee scheduled for 80 hours must be paid for a minimum of 41 hours.

In accordance with procedures established by the SB County Human Resources Employee Benefits Department and Services Division Chief, eligible employees may purchase, through payroll deductions, term life insurance in \$10,000 increment amounts to a maximum benefit of \$700,000.

Deleted: Subject to carrier requirements, SB LAFCO will pay the premium for a term life insurance policy for each eligible employee at the then current amount determined for the County Exempt employees. This coverage is effective immediately.

B. VARIABLE UNIVERSAL LIFE INSURANCE. *(Amended May 16, 2007; _____, 2011).*

Eligible SB LAFCO employees may purchase, through payroll deductions, variable universal life insurance in amounts equivalent to no more than three (3) times the employee's annual base earnings. Employees who purchase variable universal life insurance shall be provided a SB LAFCO contribution towards the bi-weekly premium based on the following table:

Deleted: amounts equivalent to one (1) time or two (2) times the employee's annual gross earnings.

Deleted: SB LAFCO will pay the premium for a term life insurance policy, the amount of which is based on the eligible employee's scheduled hours. Life insurance will become effective on the first day of the pay period following the employee's first pay period in which the employee is paid for one half week plus one of their scheduled hours. For example, an employee scheduled for 80 hours must be paid for a minimum of 41 hours.¶

Benefit Group A
(Executive Officer) = 50% of the premium of the one-time annual base salary or 100 of the premium equal to 50 percent of the one time annual base salary.

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Benefit Groups B and C
(All other SB LAFCO employees) = 25% of the premium of the one-time annual base salary.

C. ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE. Eligible employees may purchase amounts of Accidental Death and Dismemberment Insurance coverage for themselves and dependents through payroll deduction.

D. PSYCHOLOGICAL SERVICES. Subject to carrier requirements, SB LAFCO will pay the premium for a prepaid psychological services program for employees and their eligible dependents.

E. LONG-TERM DISABILITY INSURANCE. SB LAFCO will provide employees with long-term disability insurance through the county subject to carrier

requirements and approval. The benefit levels or such insurance shall be those approved by the County's Director of Human Resources.

F. SHORT-TERM DISABILITY INSURANCE. (Amended _____, 2011).

SB LAFCO will provide an employer paid Short-Term Disability Insurance Plan through the County for employees. This benefit shall apply to employees in regular position who are regularly scheduled to work 41 or more hours per pay period. The Short-Term Disability Insurance Plan benefit coverage shall be governed by the Plan Document that has been approved and adopted by the Board of Supervisors for employees. Effective August 1, 2009, SB LAFCO will provide employees with short-term disability insurance subject to carrier requirements and approval. Effective January 30, 2010, the maximum weekly benefit is \$1,408. Each year thereafter, the weekly maximum benefit shall be adjusted at such times as the State of California for the State Disability Insurance fund adjusts. Benefit payments terminate when the employee is no longer disabled or upon termination of employment from SB LAFCO, or after receiving 180 days of benefits at which time the employee would be eligible for long-term disability benefits if still medically disabled after 180 days.

G. VISION CARE INSURANCE (Added _____, 2011)

SB LAFCO will pay the premiums for vision care insurance for employees and their dependents, subject to carrier requirements the same as provided to County exempt employees.

H. GENERAL PROVISIONS

All persons eligible for the foregoing programs of insurance will be covered for the insurance on the date the insurance becomes effective, or in the case of any employee absent because of illness on the date the insurance becomes effective, the insurance will commence on the date of return to work.

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SECTION 5: FLEXIBLE SPENDING ACCOUNT

(Amended August 17, 2005; May 16, 2007; , 2011)

The County has established a Health Expense Flexible Spending Account (FSA) for employees in regular positions who are regularly scheduled to work 41 hours or more a pay period. The Health Expense FSA is established in accordance with the provisions of Section 125 of the Internal Revenue Code (IRC). The Human Resources Employee Benefits Department and Services Division Chief, or designee, will serve as the Plan's Administrator. The Health Expense FSA Plan Year will coincide with the County's Benefit Plan Year. SB LAFCO contracts with SB County to provide this benefit to its employees.

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Employees who choose to participate in the Health Expense FSA must complete and submit enrollment forms in accordance with procedures developed by the Plan's Administrator. Effective July 23, 2005, eligible employees may contribute, on a pre-tax basis, a minimum of ten dollars (\$10.00) and a maximum of one hundred dollars (\$100.00) per bi-weekly pay period to a flexible spending account. SB LAFCO will contribute twenty dollars (\$20.00) per bi-weekly pay period, matching employee contributions dollar for dollar, up to twenty dollars (\$20.00) each bi-weekly pay period. Effective for the plan year commencing July 7, 2007, SB LAFCO will contribute up to forty dollars (\$40.00) per bi-weekly pay period, matching employee contributions dollar for dollar, up to forty dollars (\$40.00) each bi-weekly pay period.

Upon enrolling in the Plan, employees may not change their designated bi-weekly contribution amount or discontinue making contributions for the remainder of the plan year (until on or about June 30) unless they incur an eligible family status change as defined in Section 125 of the IRC. Section 125 also requires that any amounts remaining in an employee's account at the end of the plan year must be forfeited. The County will use any forfeited amounts to help defray the Plan's administrative expenses.

Contributions made to the Health Expense FSA may be used for receiving non-taxable reimbursements of eligible medical and dental expenses not covered by insurance. Eligible reimbursable expenses are those medical and dental expenses that qualify as medical expenses under the Internal Revenue Code.

Deleted: Examples of eligible reimbursable expenses are listed in the Health Expense FSA Summary Plan Description available from the SB LAFCO office, and/ or the SB County Employee Benefits and Services Division of Human Resources.

SECTION 6: DEPENDENT CARE ASSISTANCE

(Amended August 20, 2008; _____, 2011)

The purpose of this Section 125 Dependent Care Assistance Plan (DCAP) is to permit eligible employees to make an election to pay for certain dependent care expenses with salary reductions from compensation contributed to the Plan before federal income or social security taxes are paid to the Internal Revenue Service ("Salary Reduction") in accordance with Sections 125 and 129 of the Internal Revenue Code of 1986 (IRC) and regulations issued pursuant thereto. DCAP shall be construed to comply with said Code Sections and to meet the requirements of any other applicable provisions of law. DCAP exclusions from gross income do not affect compensation for retirement purposes.

SB LAFCO participates in the DCAP that is administered by the County's Human Resources Department, Division Chief, Employee Benefits and Services consistent with said IRC Sections, and consistent with the Plan Document for DCAP as approved by the County Board of Supervisors from time to time.

To be eligible for this benefit, an employee must be in a regular position and be scheduled and paid for a minimum of forty (40) hours per pay period and be paid for a minimum of one half plus one of the scheduled hours, or be on an approved leave designated as Family Medical Leave, or be on an approved Military Leave.

Enrollment in the Plan is limited to the annual open enrollment period or within thirty (30) calendar days of entry into an eligible position. Failure to submit participation agreement within the time frame shall result in an election to not participate in the Plan.

Enrollment is required every Plan Year. An employee must elect to contribute to DCAP through salary reduction on forms approved by the County Human Resources Division Chief, Employee Benefits & Services. An employee election to participate shall be irrevocable for the remainder of the plan year. Once a salary reduction has begun, in no event will changes in elections be permitted during the Plan Year except to the extent permitted under Internal Revenue Service rulings and regulations and with the County's Plan Document. Examples of mid-year "Change in Status" events include: marriage, divorce, birth, adoption, death, overage dependent, loss of student status, the employee's or employee's spouse's reduction in work hours, loss of spouse's employment, significant increase or decrease in the cost of child care, and spouse's or dependent's enrollment in a similar plan. The employee must submit a request for a change due to a mid-year Change in Status event within 30 days of the qualifying event. The County Benefits Chief, Benefits and Services Division, or his/her designee, will authorize changes provided the change is made on account of and is consistent with an employee's Change in Status Event.

- Deleted: Human Resources Employee
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Pursuant to IRC §125, any amounts remaining in the employee's account at the end of a Plan year must be forfeited. The County will use any forfeited amounts to help defray the Plan's administrative expenses.

SECTION 7: SALARY SAVINGS PLANS

A. 401K PLAN (Amended August 17, 2005; May 16, 2007; August 20, 2008; _____, 2011)

Biweekly contributions of SB LAFCO employees to the County's 401(k) Defined Contribution Plan will be matched by a SB LAFCO contribution on the basis of two times the employee's contribution. The biweekly contributions of employees in Groups A and B of up to four percent of biweekly base salary will be matched by a SB LAFCO contribution of two times the employee's contribution, not to exceed eight percent of an employee's biweekly base salary. The biweekly contributions of employees in Group C to the County's 401(k) Defined Contribution Plan of up to three percent of biweekly base salary will be matched by a SB LAFCO contribution of two times the employee's contribution. The SB LAFCO contribution shall not exceed six percent of an employee's biweekly base salary.

B. 457 DEFERRED COMPENSATION PLAN (Amended _____, 2011)

- i. Bi-weekly contributions of SB LAFCO Group A employees to the County's Section 457 Deferred Compensation Plan up to one percent (1%) of an employee's bi-weekly base salary will be matched by a SB LAFCO contribution on the basis of one (1) times the employee's contribution. The SB LAFCO contribution shall not exceed one percent of the employee's biweekly salary. The contribution shall be deposited in the County's 401(a) Plan.
- ii. Bi-weekly contributions of SB LAFCO Group B and C employees to the County's Section 457 Deferred Compensation Plan up to one percent (1%) of an employee's bi-weekly base salary will be matched by a SB LAFCO contribution of one-half (1/2) times the employee's contribution. The SB LAFCO contribution shall not exceed one-half percent (1/2%) of the employee's bi-weekly salary. The contribution shall be deposited in the County's 401(a) Plan.

Deleted: Effective June 25, 2005, bi-weekly contributions of SB LAFCO employees to the County's Section 401(K) Salary Savings Plan up to three and one-half percent (3.5%) of an employee's bi-weekly base salary will be matched by a SB LAFCO contribution on the basis of two (2) times the employee's contribution. The SB LAFCO contribution shall not exceed seven percent (7%) of an employee's bi-weekly base salary. ¶

¶ Effective June 24, 2006, bi-weekly contributions of SB LAFCO employees to the County's 401(k) Salary Savings Plan up to four percent (4%) of an employee's bi-weekly base salary will be matched by a SB LAFCO contribution on the basis of two times the employee's contribution. The SB LAFCO contribution shall not exceed eight percent (8%) of an employee's bi-weekly base salary. ¶

¶ Effective July 7, 2007, bi-weekly contributions of SB LAFCO employees in Groups A and B to the County's 401(k) Salary Savings Plan up to four percent (4%) of an employee's bi-weekly base salary will be matched by a SB LAFCO contribution on the basis of two times the employee's contribution. The SB LAFCO contribution shall not exceed eight percent (8%) of a Group A or B employee's bi-weekly base salary. Bi-weekly contributions of SB LAFCO employees in Group C to the County's 401(k) Salary Savings Plan up to three percent (3%) of an employee's bi-weekly base salary will be matched by a SB LAFCO contribution on the basis of two times the employee's contribution. The SB LAFCO contribution shall not exceed six percent (6%) of a Group C employee's bi-weekly base salary. ¶

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SECTION 8: RETIREMENT

A. SB LAFCO CONTRIBUTIONS (Amended August 17, 2005; May 16, 2007; 2011)

Except as otherwise provided, for all employees SB LAFCO will pick up a portion of the employee's required contribution to the San Bernardino County Employees' Retirement Association (SBCERA) in the amount of seven percent (7%) of the employee's earnable compensation as defined in the SBCERA bylaws. Effective June 18, 2011, the SB LAFCO seven percent (7%) pick up of a portion of the employee's required contribution to SBCERA shall be discontinued, and the supplemental amounts provided in the paragraph below shall be the only employee contribution pick up.

Employees shall receive the following supplemental amounts biweekly to be applied under this section: Group A employee, \$236.41 per bi-weekly pay period; Group B employees, \$152.17 per bi-weekly pay period; Group C employees, \$94.67 per bi-weekly pay period.

The employee must choose to have the contributions designated as all employer or all employee contributions for retirement purposes. If the employee designates the pick up as employer contributions, then for each dollar applied, the employee's retirement obligation shall be satisfied in the amount of the actuarial value of that dollar to the Retirement Association as determined by the Board of Retirement; and the employee may not withdraw this contribution from the Retirement Association.

If the employee designates the pick up as employee contributions, then for each dollar applied, the employee's retirement obligation shall be satisfied in the amount of one dollar, and upon separation without retirement, an employee may withdraw this contribution from the Retirement Association. Upon retirement or separation, all contributions applied under this Section will be considered for tax purposes as employer-paid contributions.

If the employee does not file a designation, the contribution shall be made as employee contributions. Employees receiving Retirement System contributions under the Benefit Plan in effect prior to the effective date of this provision shall continue to have contributions under this provision applied (as employer or employee contributions for retirement purposes) in the same manner as previously applied for the employee until the employee makes a revised designation.

Any dollars that are remaining after all retirement system obligations are fully satisfied shall be paid to the employee in cash.

Deleted: For the purpose of this section, employees shall be divided into the following groups: (Amended May 16, 2007)¶
¶
1. Group A. Executive Officer ¶
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2. Group B. All SB LAFCO Employees not in Groups A or C¶
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3. Group C. Deputy Clerk to the Commission¶
(hired after July 7, 2007)¶
¶

Deleted: The percentage specified shall apply to the employee's earnable compensation as defined in the SBCERA bylaws. Additionally, e

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B. REMAINING EMPLOYEE CONTRIBUTIONS

Any employee retirement system contribution obligations that are not paid by the application of the SB LAFCO Contributions provision above shall be “picked up” for tax purposes only pursuant to this section. The Auditor/Controller-Recorder shall implement the pickup of such retirement system contribution under Internal Revenue Code Section 414(H) (2) effective with the earnings paid and contributions made on and after the effective date of August 12, 1989.

SB LAFCO shall make member contributions under this section on behalf of the employee, which shall be in lieu of the employee's contributions, and such contributions shall be treated as employer contributions for purposes of reporting and wage withholding under the Internal Revenue Code and the Revenue and Taxation Code. The amounts picked up under this section shall be recouped through offsets against the salary of each employee for whom SB LAFCO picks up member contributions. These offsets are akin to a reduction in salary and shall be made solely for purposes of income tax reporting and withholding. The member contributions picked up by SB LAFCO under this section shall be treated as compensation paid to SB LAFCO employees for all other purposes. SB LAFCO paid employer contributions to the County's Retirement System under this section shall be paid from the same source of funds as used in paying the salaries of the affected employees. No employee shall have the option to receive the Retirement System contribution amounts directly instead of having them paid to the County Retirement System.

Upon retirement or separation, all contributions picked up under this section will be considered for tax purposes as employer-paid contributions. Contributions under this section shall be applied (as all employer or all employee contributions with the same value and restrictions) for Retirement System purposes in the same manner as the contributions under the SB LAFCO Contributions provision above.

C. SPECIAL PROVISIONS *(Amended _____, 2011)*

Employees who have 30 years of service credit and no longer make retirement contributions under the provisions of the County Employees' Retirement Law of 1937 shall be paid in cash seven percent (7%) of earnable compensation as defined by the bylaws of the Retirement Board as well as the monthly dollar amount allocation to their group under the SB LAFCO Contributions provision above. This paragraph shall be effective through June 17, 2011.

Except as provided below, effective June 18, 2011, employees who have 30 years of service credit shall not be paid in cash seven percent (7%) of earnable compensation. Employees with at least 25 years of service as set forth in Government Code Section 31625.3 as of June 18, 2011, and who either already have or thereafter attain 30 years of service credit as set forth in Government

Code Section 31625.3 shall have one opportunity during the employee's employment to receive cash payments of seven percent (7%) of earnable compensation for up to twenty-six (26) consecutive pay periods.

Employees who are over age 60 at time of hire, and who are in a regular position, and who choose not to be a member of the Retirement Association, shall be enrolled in the County's 401(k) Salary Savings Plan. SB LAFCO shall pay six percent (6%) of the employee's bi-weekly salary to the Plan, and the employee shall contribute a minimum of three percent (3%) of bi-weekly salary to the Plan, not to exceed the annual limits of the Plan as defined in the Internal Revenue Code. As these employees are not participating in the Retirement Association, they shall not be eligible for the SB LAFCO pickup of seven percent (7%) of earnable compensation. Exception: Those employees hired prior to July 1, 1996, and who have been receiving the seven percent (7%) pickup shall continue to receive the pickup as long as they remain an eligible employee. Eligible employees who waive participation in the County's Retirement System shall be eligible to receive the bi-weekly amounts applied under SB LAFCO Contributions above for their group of employees.

County Exempt Group Benefit Reductions

As stated in Section 1B, San Bernardino LAFCO employees mirror the benefits to those provided to County "Exempt" employees. As of April 19, 2011, the following changes have been approved for County Exempt employees:

1) Reduction of step increase increments from approximately five percent (5%) to approximately two and one-half percent (2.5%) for all current and newly hired employees; 2) Elimination of the seven percent (7%) pick-up of the employee's share of retirement system contributions (not including supplemental contribution amounts contributed on behalf of employees); and 3) Conversion of Benefit Plan payments to Medical Premium Subsidy payments and establishing fixed dollar caps at current levels for all Medical Premium Subsidy payments.

The above three changes are to be effective June 18, 2011, unless the County does not implement the above changes for its Exempt employees.

D. SURVIVOR BENEFITS

Survivor Benefits are payable to employed general retirement members with at least 18 months continuous retirement membership pursuant to Government Code Section 31855.12. of the County Employees Retirement Law of 1937. An equal, non-refundable employer and employee bi-weekly contribution will be paid to SBCERA as provided in the annual actuarial study.

E. RETIREMENT MEDICAL TRUST FUND *(Amended July 18, 2007; Amended August 20, 2008)*

A Retirement Medical Trust Fund has been established for SB LAFCO employees with ten (10) or more years of participation in the San Bernardino County

Employees' Retirement Association (SBCERA): Effective June 23, 2007, SB LAFCO employees with five (5) or more years of participation in SBCERA are eligible to participate in the Trust. The purchase of additional retirement credit or other retirement service credit shall count as years of participation for determining eligibility in the Retirement Medical Trust. Participation in other public sector retirement systems may also be counted towards the service requirement provided that the employee has not withdrawn their contributions from the system(s) and the employee is also a participant in SBCERA. Employees who wish to receive credit for participation in other public retirement systems must provide the Plan Administrator written evidence of participation and that contributions made to the system(s) have not been withdrawn.

The Trust is administered by a Board of Trustees, who manages resources of the Trust and determines applicable administrative fees for managing the Trust Fund. The Trustees ensure that payments of qualified medical expenses incurred by retirees or their eligible dependents will be appropriately reimbursed. The Trust will establish individual accounts for each participant's individual account. All of the contributions to the Trust Fund will be treated for tax purposes as employer, non-elective contributions resulting in tax-free contributions for SB LAFCO. All of the distributions from the Trust Fund made to retirees or their eligible dependents for the reimbursement of qualified medical expenses as defined by the Internal Revenue Codes (including medical insurance payments) will also be non-taxable to the retiree's eligible dependent(s).

Effective June 23, 2007, SB LAFCO will contribute one percent (1%) of an eligible employee's bi-weekly salary to the Trust. Effective August 2, 2008, SB LAFCO will contribute one and three-quarters percent (1.75%) of the biweekly salary of an eligible employee with ten (10) or more years of participation in SBCERA to the Trust, and the SB LAFCO will contribute two and three-quarters percent (2.75%) of the biweekly salary of an eligible employee with sixteen (16) or more years of participation in SBCERA to the Trust. Participation in other public sector retirement systems may also be counted towards the service requirement in the same manner as above.

At separation from SB LAFCO service for reasons other than death or disability retirement, all eligible employees will be required to contribute the cash value of their unused sick leave balances to the Trust, at the rate of seventy-five percent (75%) of the cash value of the employee's unused sick leave hours, up to a maximum of fourteen hundred (1,400) hours.

Employees retiring from SB LAFCO with a disability retirement are not eligible to contribute the cash value of their unused sick leave balances to the Trust. Those employees will be compensated for their unused sick leave in accordance with the Sick Leave Conversion section of the SB LAFCO Human Resources Policies and Guidelines.

The Trust Fund is a Voluntary Employees Benefit Association (VEBA) and will comply with all of the provisions of Section 501(c) (9) of the Internal Revenue Code.

SECTION 9: HEALTHY LIFESTYLE PROGRAM

(Amended August 17, 2005; August 20, 2008)

SB LAFCO contracts with SB County to provide to its employees the “Healthy Lifestyles” program. Under this program SB LAFCO employees are eligible for annual prepaid memberships with health clubs that participate in the program, or reimbursement for other health club membership up to \$324 per year on an annual basis. SB LAFCO employees wishing to participate in this program must submit a Healthy Lifestyles application as approved for use by SB County. SB LAFCO employees are also eligible for an annual physical examination through Arrowhead Regional Medical Center.

SECTION 10:
PORTABLE COMMUNICATION DEVICE ALLOWANCE
(Added April 20, 2005; Amended July 18, 2007)

Effective June 23, 2007, the SB LAFCO Executive Officer shall receive a bi-weekly portable communication device allowance in the amount of ninety-two dollars and thirty-one cents (\$92.31), if the following conditions are met: (1) The Executive Officer shall purchase a portable communication device capable of sending and receiving cellular telephone calls, and if approved by the appointing authority, capable of sending and receiving e-mails to and from the County of San Bernardino (County) e-mail system. (2) Any portable communication device to be utilized for sending and receiving e-mail shall be selected from a list as approved by the County Information Services Department, which will be limited to devices utilizing Windows Mobile 5 or greater. (3) The Executive Officer may purchase a device currently in use at a cost to be determined by the County Information Services Department. (4) SB LAFCO shall pay for any license and set up expense for the device if any, and the employee shall pay for the equipment and monthly voice and data plans.

SECTION 11: AUTOMOBILE ALLOWANCE

(Added July 18, 2007; Amended August 20, 2008)

Effective August 2, 2008, the SB LAFCO Executive Officer shall receive a bi-weekly automobile allowance in the amount of five hundred sixty-one dollars and fifty-four cents (\$561.54) with no mileage reimbursement. The Executive Officer shall be required to have a vehicle available at all times for use on SB LAFCO business. This allowance shall be considered complete reimbursement for the acquisition, insurance, maintenance, repair, upkeep, fuel, and all other costs for the required vehicle.

SECTION 12:
TUITION REIMBURSEMENT AND MEMBERSHIP DUES
(Added _____, 2011)

Deleted: Section 12: Perfect Attendance¶
(Added August 20, 2008)¶

SB LAFCO encourages and supports efforts by its employees to improve their skills and educate themselves for advancement. SB LAFCO believes that assisting the employee in the pursuit of an educational agenda or to otherwise expand their work-related knowledge base will benefit both the employee and SB LAFCO.

Deleted: Employees in regular, full-time positions in SB LAFCO Groups B and C who do not utilize any sick leave in a calendar year (i.e., pay period 1 through pay period 26 or 27), and who do not record any sick leave without pay or absent without pay during that year, shall accrue sixteen (16) hours of perfect attendance leave, for use in the next calendar year. Failure to utilize perfect attendance leave within the calendar year shall result in forfeiture of the same. Perfect attendance leave may not be cashed out.¶

All regular Full-Time employees of SB LAFCO, who have been employed for at least 90 days prior to enrollment, are eligible to receive educational assistance.

Upon pre-approval by the employee's supervisor and Executive Officer, the following reimbursement policies have been outlined to cover tuition, course/seminar or degree related expenses, and membership dues in professional organizations:

- Maximum SB LAFCO reimbursement is \$1,000 per fiscal year for membership dues and/or all course expenses plus the cost of books.
- Courses and memberships in professional organizations must be related to the work of the employee's position or occupation and courses must be taken at accredited institutions.
- Pre-approval of classes (or course of study) is required by the appointing authority. Employees must apply for tuition reimbursement, prior to enrolling in the class, by completing the "Educational Assistance Request Form" and submitting it to the appointing authority for approval.
- To be eligible for tuition reimbursement, employees must be employed by SB LAFCO throughout the duration of the course. If the reimbursement is approved and paid to the employee, and the employee leaves SB LAFCO prior to completing two years of LAFCO service after completing the job-related education or coursework, the employee will reimburse SB LAFCO according to the following schedule:

<u>Job-related education/ course completion date</u>	<u>Reimbursement</u>
<u>Within 9 months</u>	<u>100%</u>
<u>After 9 months, but before 18 months</u>	<u>50%</u>
<u>After 18 months, but before 24 months</u>	<u>25%</u>
<u>After 24 months</u>	<u>0%</u>

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- The percentage of reimbursement is based on the grade earned for each college seminar, certification, associate, bachelors, masters or doctoral degree course:
 - Grade A 100%
 - Grade B 100%
 - Grade C* 50%
 - Pass/Credit 50%

 - Masters and doctoral degree courses completed with a letter grade of "C" or below are not eligible for any reimbursement.

 - Reimbursable expenses include tuition, required textbooks, lab fees, library fees, and required registration and parking fees.

 - Upon completion of the course, official grades and receipts must be submitted to the Executive Officer for reimbursement. Taxes are withheld on educational reimbursements when required by law.