

# Otter Tail County Implemented – July 1, 1992

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This booklet is meant as a general outline only. The master contract for each separate benefit will govern all terms and conditions of the plans.



At Otter Tail County, we recognize that all employees have unique personal and family health care, insurance, and financial needs. Since no two employees are exactly alike, we've made choice and flexibility the cornerstones of our Flexible Benefits Plan. The Plan gives you an opportunity to design a benefits package that more closely fits your personal needs and goals.

Otter Tail County makes monthly Employer Contributions to the Plan on your behalf. You may use these Employer Contributions to purchase benefits from a menu. Some benefits are considered “CORE.” That is, they are required for all Plan participants. A variety of additional benefits are Optional and are available for purchase with money that is not spent on CORE benefits.

If you use up all of your Employer Contributions and still have additional needs, you may contribute your own money to the Plan. Such voluntary Employee Contributions increase your buying power – giving you more flexibility to pick and choose among the coverages that are offered.

Any money left over after buying CORE and Optional benefits may be contributed to your Section 457 Deferred Compensation Plan or taken as extra taxable compensation in your regular paychecks.

A diagram below illustrates the selection process. As you can see, a number of helpful benefits are available for you and/or your family. These benefits serve to greatly extend the scope and value of the Otter Tail County Employee Benefits Program.


# Monthly Employer and Voluntary Employee Contributions

## CORE

Medical Coverage for Yourself




Basic Life Insurance for Yourself




Long-Term Disability for Yourself

## OPTIONAL


Additional Personal and Family Health Care Coverage




Supplemental Life Insurance for You and Your Family



Comprehensive Dental Insurance for You and Your Family



Flexible Spending Accounts and Health Savings Account for You and Your Family



Section 457 Deferred Compensation Plan



Taxable Cash Compensation

# How the Plan Works

## EMPLOYER AND EMPLOYEE CONTRIBUTIONS

### ELIGIBILITY

The Flexible Benefits Plan was effective July 1, 1992. All regular full-time employees of Otter Tail County who work 30 hours or more per week and elected officials are eligible to join. New eligible employees may enter the plan on the first day of the month after one full month of employment.

Human Resources will assist you with the enrollment process as a new employee and during the annual enrollment process.

All employees who participate in the Plan are allocated a predetermined share of Employer Contributions each month. Participating employees may also contribute additional money to the Plan on their own through regular payroll deductions.

All Contributions to the Plan are made on a pre-tax basis. In other words, the money goes into the Plan before federal, state and Social Security taxes are deducted. Since a dollar that is not taxed buys more than a dollar that is taxed, this increases your buying power – giving you more money to spend on Optional Benefits.

The only exception is when you purchase Dependent and/or Supplemental Life Insurance. In this case, the federal government says that you must use after-tax dollars.



# Select Your Benefits Carefully

The benefits you select January 1 or upon employment will remain in effect through December 31, unless you have a “change in family status.” Such a change can be caused by:

- \* Change in legal marital status;
- \* Change in number of tax dependents (birth, placement, adoption or death);
- \* Loss of eligibility for employer sponsored coverage;
- \* Dependent satisfies or ceases to satisfy eligibility requirements, i.e. attainment of age limit or eligible for employer sponsored coverage;
- \* For adoption assistance benefits, if applicable, starting or ending adoption proceedings; or
- \* Employee becomes entitled to Medicare, Medicaid, or MinnesotaCare.

**Please Note:** An election change must be “on account” of an event and the election change must be made within 31 days of the qualified event. Individual benefits may have stricter requirements than the overall Flexible Benefit Plan. If you experience a “Change in Family Status,” certain benefits may not allow for mid year changes.

Contact Human Resources if you want to review your options following a “change in family status.”

This Workbook will assist you as you go about “Designing Your Benefits.” Please read the material carefully, and be sure to ask any questions during the enrollment period.

## CORE BENEFITS ARE REQUIRED

Under the Plan, you must, at a minimum purchase the “CORE” Benefits which include:

- \* PEIP Advantage HSA Qualified High Deductible Plan;
- \* Basic Life Insurance; and
- \* Long-Term Disability for Yourself.

The premiums for these three CORE benefits are paid in full through Employer Contributions, which are set by the Board of Commissioners.

Our CORE Medical Plan is individual coverage for you only. The Plan includes coverage for a wide range of hospital and medical services and supplies. Among other things, it covers hospital services, physician services, mental health, chemical dependency, home health, chiropractic and special services.


Please keep in mind, however, that the Plan is designed to protect you against catastrophic health care costs. If you become seriously ill, you will be required to pay for some covered medical expenses via out-of-pocket deductibles and co-insurance payments.

Whether or not this approach is right for you will depend upon your family situation, financial circumstances, risk tolerance, and other factors. Some people will decide that the CORE Plan offers an ideal way to buy health coverage at a “reasonable” price.

Other people will decide that this approach is not sufficient to meet their health, family or financial needs. For these people, the Flexible Benefits Plan offers other options, including family coverage.

(To learn more about your other Medical Plan choices, please see the PEIP Step by Step comparison sheet that can be found on the Employee Intranet.)






Through the second part of the CORE Plan, you are required to purchase \$20,000 worth of personal Group Term Life Insurance.

Here again, many people may feel that this CORE life insurance benefit is all the protection they want and need.

Other people may consider the CORE Plan to be merely one component of a more substantial life insurance portfolio for themselves and their families. These people will want to supplement their CORE coverage with additional insurance protection purchased via the Optional Benefits portion of our Flexible Benefits Plan.



Just as you insure your life, home and possessions, disability income insurance helps you protect your income earning ability. Our Otter Tail County Income Replacement Program is designed to replace a portion of your income if a disability prevents you from working for an extended period of time. The program is open to all eligible employees working 30 hours or more per week.

The **Long-Term Disability Income Plan (LTD)** pays a monthly benefit starting 90 days (approximately 3 months) after you've become disabled.

Benefits continue for as long as you remain disabled – up to your normal social security retirement age. Under this CORE LTD Plan, you will receive a disability income equal to 60% of your basic monthly earnings with a maximum benefit payable per month. Plan benefits are coordinated with Social Security and any other income benefits you might receive.

After the premiums for your CORE Medical, Basic Life Insurance, and Long-Term Disability coverages have been deducted from the employer contribution, you are free to use the remainder of your monthly employer contribution for the purchase of Optional Benefits. If you choose, you may also make additional Employee Contributions on your own to the Plan each month. Such voluntary Employee Contributions may enable you to enjoy an extra measure of security and protection.

Optional benefits include:

- \* Other Medical Options: Paying a higher monthly medical premium for other medical plans offered
- \* Supplemental Life Insurance
- \* Dental Insurance
- \* Flexible Spending Accounts
- \* Health Savings Accounts
- \* Cash Benefits

Some participants prefer to pay a higher monthly medical premium for the security of knowing that their potential out-of-pocket costs will be held to a minimum. For these people, our Flexible Benefits Plan offers additional medical plan options as follows:

- \* PEIP Value Plan: single coverage for yourself only.
- \* PEIP Advantage High Plan: single coverage for yourself only.
- \* PEIP Advantage HSA Qualified High Deductible Plan: Employee + Child(ren) for your children or Employee + One for your spouse or Family coverage for spouse and child(ren).
- \* PEIP Value Plan: Employee + Child(ren) for your children or Employee + One for your spouse or Family coverage for spouse and child(ren)..
- \* PEIP Advantage High Plan: Employee + Child(ren) for your children or Employee + One for your spouse or Family coverage for spouse and child(ren).
- \*

# Supplemental Life Insurance

- ❓ If your needs indicate, you may purchase Supplemental Life and Dependent Life Insurance for yourself, your spouse, or your dependents. Again, please note that this benefit is available for purchase only with after-tax dollars.
- ❓ If you enroll within 30 days of your employment date, there is a guarantee issue amount of supplemental life insurance available for you and your spouse. If you do not purchase the insurance at that time, or you wish to purchase additional life insurance over the guaranteed amount, you must provide evidence of insurability.

# Dental Insurance

Voluntary Dental offers a convenient way for you and your family to maintain a program of regular dental checkups, preventative care and repair. Under the plan, you may select a Delta Dental participating dentist of your own choice. The first year of participation does not cover major treatments.

## Benefits include:

- \* 100% preventative treatment such as cleaning, x-rays and oral exams.
- \* 80% basic treatment such as fillings and extractions
- \* 50% major treatment such as crowns, root canals, periodontal surgery and cleaning, dentures, bridges, inlays and onlays
- \* Deductible – No annual deductible for preventative services and \$50 annual deductible for basic and major services
- \* There is a \$1,500 calendar year maximum per person that applies to all covered services except orthodontia.
- \* There is a \$1,000 orthodontia benefit.



# Flexible Spending Accounts

Two Flexible Spending Accounts offer participating employees a convenient way to pay for certain non-covered health care and dependent day care expenses with pre-tax dollars:

- \* **Health Care Expense Reimbursement Account** – Under our Medical Plan, you pay deductible and co-insurance costs out of your own pocket. You also pay the full cost of other items that are not covered in any part by the plan. If you decide to enroll in this expense reimbursement account, you can pay up to \$2,500 of these deductible, co-insured and eligible non-covered expenses with pre-tax dollars each plan year.
- \* **Dependent Care Expense Reimbursement Account** – If you must pay for the care of a dependent child or adult in order to be gainfully employed, you know how costly such care can be. Now, eligible employees who enroll in the expense reimbursement account can also cover up to \$5,000 of such expenses per plan year. Again, with pre-tax dollars!

# Health Savings Account

If you purchase the High Deductible Health Plan, you may elect a Health Savings Account to pay for your out-of-pocket medical expenses instead of the Health Care Expense Flexible Spending Account. The Health Savings Account dollars roll over year after year so you can build up enough money for the worst case situation. Your money earns interest and you manage how your money is spent.

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## *Keep in mind...*

The above Flexible Spending Accounts and the Health Savings Account do not change the amount or shape of your current health care benefits. They probably won't change the way you handle your dependent day care needs. They are strictly a means of budgeting and paying for these expenses in a more economical matter.

For more information, please see the Flexible Spending Accounts Summary Plan Description, which is posted on the County intranet.



# Cash Benefits – Unspent Monthly Employer Contributions

## Section 457 Deferred Compensation Plan

- \* You may contribute the cash to your section 457 Deferred Compensation Plan on a pre-tax basis.
- \* You must enroll in the 457b Deferred Compensation Plan to become a participant and start making contributions to the plan.
- \* Please note that the total contributions from current deductions and the Flexible Benefit Plan cannot exceed statutory limitations on your 457 Plan.

## Taxable Cash Benefits

- \* If you have any remaining Monthly Employer Contribution after making all of your selections, you may add the cash to your paycheck as additional taxable compensation.

# How to Enroll

Now that you are familiar with the Flexible Benefits Plan, you'll need to make your elections on the enrollment form.

1. The top section of the form contains pertinent information about you and shows the effective date of your participation for this plan year.
2. The form shows two methods of paying for your benefits. Benefits that may be provided on a pre-tax basis are elected under Column A. Benefits that must be provided on an after-tax basis are elected under Column B.
3. Required CORE benefits are included in the pre-tax column. Subtract the cost of required benefits from your monthly Employer Contribution. The remaining balance may be applied to Optional Benefits.
4. Decide which Optional Benefits you want for yourself and your family and enter the cost of the benefit. If you do NOT desire an optional benefit, enter -0-. Optional Benefits will be deducted on a pre-tax or after-tax basis, depending on your selection.
5. After selecting your Optional Benefits, add up their total cost. Be sure to include all Optional Benefits, whether they appear in Column A or Column B.
6. If the total of your Optional Benefits is more than your monthly Employer Contribution, the difference will be your Employee Contribution. This contribution will be deducted from your paycheck on an after-tax or pre-tax basis, depending on the benefits selected. If the total is less than your monthly Employer Contribution, the difference will be paid to you as a taxable cash benefit, or added to your Section 457 Deferred Compensation Plan, which ever you choose.

# Other Applicable Forms

- \* You may need to complete applications for the individual benefits; i.e. Health coverage, Dental coverage, Supplemental Life Insurance, FSA or HSA and the 457 Deferred Compensation Plan, if you have made that election.
- \* If you have any questions after reviewing this Workbook and the other provided materials, be sure to contact Human Resources. The information in the Workbook is designed to provide only a brief description of the benefits included in the Flexible Benefits Plan. If there is a conflict between the information in this Workbook and the formal Plan document and/or insurance contracts, the contracts or Plan document will govern.
- \* The benefit plans described in the Workbook can have tax consequences for participants. Since this Workbook is intended to be merely a summary of the Flexible Benefit Program, it can provide only generalized information regarding the tax rules involved.
- \* Otter Tail County is not responsible for the tax consequences for any individual participating in this Plan. See your tax advisor for additional assistance.

# Other Additional Benefits

## **PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)**

All regular employees of Otter Tail County are participants in this defined public retirement benefit program. Police Officers are eligible for PERA's Police and Fire Plan. Detention Officers in correctional facilities are eligible for PERA's Correctional Plan. All other employees are in PERA's Coordinated Plan. For additional information regarding PERA benefits, go to [www.mnpera.org](http://www.mnpera.org).

## **Section 457 Deferred Compensation Plans**

This is an optional retirement program offered by N.A.C.O., owned by Nationwide Retirement Solutions, that allows employees to set aside retirement income, which accumulates on a tax-deferred basis. For additional information, please visit [www.nrsforu.com](http://www.nrsforu.com).

## **Post Employment Health Care Plans**

PEHC plans are designed to assist employees with growing health care and health insurance costs after retirement. All union and non-union groups have developed a PEHC plan that works best for their group. These dollars are tax-free as they are used for medical expenses only. The funds are available to be used only after termination of employment with Otter Tail County.

# Other Additional Benefits (cont.)

**Sick Leave:** Regular full-time employees accrue 8 hours of sick leave per month and are allowed to accumulate up to 960 hours of sick leave. After 10 years of employment, a portion of sick leave is paid out to the PEHC plans based on the applicable union contract. Sick leave is pro-rated for part-time, regular employees.

**Vacation:** Regular full-time employees earn vacation at the rate indicated below although this could vary per union contract or personnel rules (vacation is pro-rated for part-time regular employees:

1 Yr. Employment	6.67 Hrs./Mo.	11 Yrs. Employment	11.67 Hrs./Mo.
2 Yrs. Employment	7.33 Hrs./Mo.	12 Yrs. Employment	12.00 Hrs./Mo.
3 Yrs. Employment	8.00 Hrs./Mo.	13 Yrs. Employment	12.33 Hrs./Mo.
4 Yrs. Employment	8.67 Hrs./Mo.	14 Yrs. Employment	12.67 Hrs./Mo.
5 Yrs. Employment	9.33 Hrs./Mo.	15 Yrs. Employment	13.00 Hrs./Mo.
6 Yrs. Employment	10.00 Hrs./Mo.	16 Yrs. Employment	13.33 Hrs./Mo.
7 Yrs. Employment	10.33 Hrs./Mo.	20 Yrs. Employment	14.67 Hrs./Mo.
8 Yrs. Employment	10.67 Hrs./Mo.	25 Yrs. Employment	16.00 Hrs./Mo.
9 Yrs. Employment	11.00 Hrs./Mo.	27 Yrs. Employment	17.33 Hrs./Mo.*
10 Yrs. Employment	11.33 Hrs./Mo.		* Maximum

# Other Additional Benefits (cont.)

## **Paid Holidays:**

- \* New Year's Day
- \* Martin Luther King Day
- \* President's Day
- \* Good Friday
- \* Memorial Day
- \* Independence Day
- \* Labor Day
- \* Veteran's Day
- \* Thanksgiving Day
- \* Thanksgiving Friday
- \* Christmas Eve (half day)
- \* Christmas Day

**Employee Assistance Program:** Access to independent, confidential and professional assessment and counseling services available to employee and family members.

**Direct Deposit:** Employees' paychecks are directly deposited to checking and/or savings accounts.

**Credit Union:** Optional enrollment in Affinity Plus Credit Union offering savings plans, checking, IRA's, installment loans, and payroll deduction.

