



DESIGNING

YOUR

BENEFITS

JULY 1, 1992

Otter Tail County



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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.

OVERVIEW - OTTER TAIL COUNTY BENEFITS PLAN

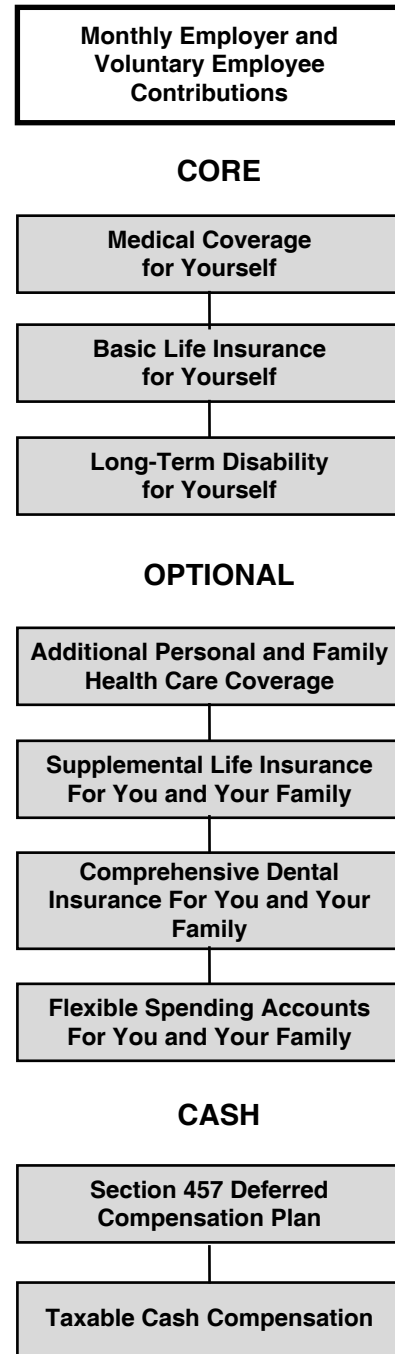
At Otter Tail County, we recognize that all employees have unique personal and family health care, insurance and financial needs. Since no two employees are exactly alike, we've made choice and flexibility the cornerstones of our new Flexible Benefits Plan. The Plan gives you an opportunity to design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

Otter Tail County makes monthly Employer Contributions to the Plan in 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 the money that is not spent on CORE benefits.

If you use up all 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.

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



HOW THE PLAN WORKS

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.

Simply fill out and sign the Enrollment Form, indicating the benefits you have selected. For assistance with enrollment, please see the "How to Enroll" section of this Workbook.

EMPLOYER AND EMPLOYEE CONTRIBUTIONS

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 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, will remain in effect through December 31, unless you have a "change in family status." Such a change can only be caused by:

- Change in legal marital status.
- Change in number of tax dependents (birth, placement for adoption, death).
- Employment status change for you, your spouse or your dependent.
- Dependent satisfies or ceases to satisfy eligibility requirements (attainment of age limit, marriage).
- Residence change by you, your spouse or dependent,
- For adoption assistance benefits, if applicable, starting or ending adoption proceedings.

Please note: Individual benefits may have stricter requirements than the overall Flexible Benefit Plan. If you experience a "Change in Family Status," certain benefits, such as Medical Insurance, may not allow for mid year changes.

Please contact the Personnel Department 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.

REQUIRED, OR "CORE," BENEFITS

Core Benefits assure that you and/or your loved ones are protected financially in case of your serious illness, injury or unexpected death. Here's coverage for the times when you need it most.

Under the Plan, you must, at a minimum, purchase a High Deductible Health Plan, Basic Life Insurance and Long-Term Disability for yourself. The premiums for these three Core benefits are paid in full through Employer Contributions.

COMPREHENSIVE MAJOR MEDICAL

Our CORE Medical Plan is individual coverage for *you only*. As you can see in the Schedule of Health Care Benefits beginning on page 11 of this Workbook, 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 may be required to pay as much as \$2,500 per calendar year in covered medical expenses via out-of-pocket deductibles or Health Savings Account.

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 high quality 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 Medical Plan choices, please ask for the current Medical Plan Worksheet.)

BASIC LIFE INSURANCE

Through the second part of the CORE Plan, you are required to purchase \$10,000 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.

(To learn more about your Supplemental Life Insurance Options, please ask for the Life Insurance Schedule of Benefits.)

INCOME REPLACEMENT

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 become disabled.

Benefits continue for as long as you remain disabled -- for up to **age 65**. Under this Core LTD Plan, you will receive a disability income equal to 60% of your basic monthly earnings. The maximum benefit payable is \$5,000 per month. Plan benefits are coordinated with Social Security and any other income benefits you might receive.

(Please refer to handout or Summary Plan Description for more information.)

OPTIONAL BENEFITS

After the premiums for your Core Medical, Long-Term Disability, and Life Insurance coverages have been deducted, 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.

Here is a very brief description of each of the Optional Benefits.

OTHER MEDICAL OPTIONS

Some participants prefer to pay a slightly 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:

1. Blue Cross/Blue Shield \$300 deductible plan of *single coverage* for yourself only.
2. Blue Cross/Blue Shield \$1,000 deductible plan of single coverage for yourself only.
3. Blue Cross/Blue Shield high deductible health plan of *family coverage* for your spouse and eligible dependents. You may also contribute to a Health Savings Account if eligible.
4. Blue Cross/Blue Shield \$1,000 deductible plan of *family coverage* for your spouse and eligible dependents.
5. Blue Cross/Blue Shield \$300 deductible plan of *family coverage* for your spouse and eligible dependents.

For more information, please ask for the health insurance comparison sheet.

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 guaranteed issue amount of supplemental life insurance available for yourself and your spouse. If you do not purchase the insurance at that time, or you wish to purchase additional life insurance, you must provide evidence of insurability.

For more information, please see handout.

DENTAL INSURANCE

Voluntary Dental offers a convenient way for you and your family to maintain a program of regular dental checkups, preventive care and repair. Under the plan, you may select the dentist of your own choice.

Benefits include:

- *100% preventive treatment* (cleaning, x-rays, and oral exams).
- *80% basic treatment* (fillings, root canals, extractions, periodontal surgery and cleaning). (90% coverage if in-network provider)
- *50% major treatment* (crowns, dentures, bridges, inlays and onlays). (60% coverage if in-network provider)
- *Deductible*-- No annual deductible for preventive services, \$50 annual deductible for basic and major services, with a total family deductible limit of \$150.
- *\$1,000 calendar year maximum* applies to all covered services if out of network provider and *\$1,500 calendar year maximum* if in network provider.

For more information, please see the Dental Plan document.

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 \$3,500 of these deductible, co-insured and eligible non-covered expenses with pre-tax dollars each plan year. This Medical Expense Reimbursement Plan is available for employees covered under the \$300 deductible and \$1,000 deductible health plans. If you are covered under the Health Savings Account, you are eligible for a Medical Flexible Spending Account that can be used for Dental and Vision expenses only.

- ***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!

The above two accounts 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 manner.

For more information, please see the Flexible Spending Accounts Summary Plan Description.

CASH BENEFITS

After you have purchased the Core Benefits and have selected your Optional Benefits, you may still have some monthly Employer Contribution left over. Such unspent monthly Employer Contributions will be paid to you as taxable cash compensation. You may elect to use this cash in two ways:

1. SECTION 457 DEFERRED COMPENSATION PLAN

You may contribute the cash to your Section 457 Deferred Compensation Plan on a pre-tax basis.

If you are already contributing to one of our Deferred Compensation Plans, the amount of your Flexible Benefit Plan contribution will be an additional contribution to that Plan. If you are not already participating in a Deferred Compensation Plan, you must select one if you decide to start making contributions at this time.

Please note that the total contributions from current deductions and the Flexible Benefit Plan cannot exceed statutory limitations on your 457 Plan.

2. TAXABLE CASH COMPENSATION

If you have any remaining Monthly Employer Contribution after making all of your selections, you may load the cash into 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 your 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 upon 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, whichever you choose.

OTHER ADDITIONAL BENEFITS

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

All regular employees of Otter Tail County are eligible for this public retirement 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, go to www.mnpera.org.

SECTION 457 DEFERRED COMPENSATION PLANS

These are optional retirement programs offered by Nationwide Retirement Solutions that allow employees to set aside retirement income which accumulates on a tax-deferred basis. For additional information, please visit 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.

SICK LEAVE

Full-time employees accrue 8 hours of sick leave per month. Sick leave is pro-rated for part-time, regular employees.

VACATION

Regular full-time employees earn vacation at the rate indicated:

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

* Maximum

Vacation is pro-rated for part-time, regular employees.

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.