

**2016 CITY OF SARATOGA
BENEFITS SUMMARY DOCUMENT**

If the information in this benefits summary document conflicts with existing MOU's or employment contracts, the MOU's or employment contracts supersede this document.

DEFINED BENEFIT RETIREMENT PLAN (www.calpers.ca.gov) Effective 7/01/15

Group Plan: **California Public Employees Retirement System (CalPERS)**

Employer Plan Code: 0452
(888) 225-7377

The City offers a three-tiered defined benefit retirement plan, referred to as the 2%@55, 2%@60 or 2%@62 plan managed by the California Public Employees' Retirement System (CalPERS). The CalPERS defined benefit plan provides a guaranteed annual pension based on a formula that considers retirement age, years of service, and salary. The annual benefit is distributed to retirees in monthly payments. The payment amount is adjusted annually for inflation, subject to a cost of living cap, currently at 2%. Pension fund income over the last 20 years (as of June 2015) shows that every dollar spent on public employee pensions comes from 65 cents of investment earnings, 22 cents from employers and 13 cents from employees.

2% at 55 EXAMPLE:

Employee classification	Benefit Formula	Normal Retirement Age
Miscellaneous	2% benefit credit x Years of Service x highest salary	55

Contribution Rates (Classic)

2%@55; Employees hired prior to May 12, 2012 are responsible for paying 7% of the employee's contribution on a pre-tax basis. The City pays the **9.353% (2%@55)** as of July 1, 2015.

CalPERS Retirement - NEW EMPLOYEES HIRED AFTER 12/29/2012

1. New employees with prior CalPERS (or reciprocal agency) service – 2%@60 plan. Employee is responsible for contributing 7% of salary, pre-tax towards the cost, the City contributes the remaining portion of 7.51% effective as of July 1, 2015.
2. New employees with no prior CalPERS service or a break in CalPERS service of 6 months or more – 2%@62 plan Public Employees' Pension Reform Act of 2013, (**PEPRA**). Employee is required by law to pay 50% of the Normal Cost which equates to 6.50%. The City contributes the remaining portion of 6.73% effective January 1, 2013.

2 % at age 55 Plan (Classic)

Members must be at least age 50 with a minimum of 5 years of service credit to retire under this plan. The 2%@55 formula provides members 2% of pay at age 55 for each year of service credit. This contract includes Government code 20042 – the final compensation is the average full-time monthly pay rate for the highest 12 consecutive months. For members who retire early under this plan, the percentage of pay is reduced to 1.100% at age 50 which gradually increases for each attained age to the maximum of 2.418% at age 63+.

2 % at age 60 Plan (Classic)

Members must be at least age 50 with a minimum of 5 years of service credit to retire under this plan. The 2%@60 formula provides members 2% of pay at age 60 for each year of service credit. The 2%@60 formula provides members 2% of pay at age 60 for each year of service credit. This contract includes government Code Section 20037 – the final compensation is the highest average annual compensation earnable by a member during the three consecutive years of employment immediately preceding the effective date of his or her retirement.

For members who retire early under the 2% at age 60 plan, the percentage of pay is reduced to 1.092% at age 50 which gradually increases each year to the maximum of 2.418% at age 63+.

2% at age 62 Plan (PEPRA).

Members must be at least age 52 with a minimum of 5 years of service credit to retire under this plan. The 2%@62 formula provides members 2% of pay at age 62 for each year of service credit. This contract includes government Code Section 20037 – the final compensation is the highest average annual compensation earnable by a member during the three consecutive years of employment immediately preceding the effective date of his or her retirement.

For members who retire early under the 2% at age 62 plan, the percentage of pay is reduced to 1.000% at age 52 which gradually increases each year to the maximum of 2.50% at age 67+.

Government Code Sections 20840, 20841, and 20842 authorize the CalPERS' Board to create risk pools for public agencies and mandate participation for all plans with less than 100 active members. The City of Saratoga is part of a mandated risk pool based on its service retirement formula. Excerpt from CalPERS, "Risk pooling consists of pooling assets and liabilities across employers to produce large sharing pools that will dramatically reduce or eliminate large fluctuations in the employer's contribution rate caused by unexpected demographic events."

Three sources fund a defined retirement plan like CalPERS, 1. Employee contributions (the percentage of contribution is fixed by statute and is 7% based on the City's 2%@55, 2%@60 or 50% of the normal cost of the 2% at 62 plan); 2. The second source of funding is earnings from the investment of "System" assets in stocks, bonds, real estate, and other investment vehicles. The amount contributed from this source fluctuates from year to year; 3. The balance of the funding is provided by employer contributions. Employer contributions decline when investment returns rise and increase when investment returns decline.

Note: The City does not provide a paid retirement medical plan. Retired employees are 100% responsible for medical premium contributions through CalPERS. **Mandatory Exception:** All contracting agencies with CalPERS for health benefits are required to pay a minimum health premium contribution for participating active members and retirees per California Government Code 22892 of the Public Employees' Medical and Hospital Care Act (PEMHCA). In 2015, the minimum health premium contribution rate is \$122.00.

Social Security and Medicare tax: The City does not participate in Social Security for PERS employees. The City and employees each pay 1.45% Medicare Tax. For employees who worked in other jobs long enough to qualify for a social security retirement or disability benefits, the Social Security Windfall Elimination Provision applies which a modified formula is used to calculate the benefit amount, resulting in a lower Social Security benefit than an employee would otherwise receive. In addition, the Social Security Government Pension Offset may apply and reduce benefits to a spouse or widow. Visit <http://www.ssa.gov> or call **1-800-772-1213** for more detailed information.

HEALTH INSURANCE (www.calpers.ca.gov) Effective: Beginning 01/01/2016

The City contracts with CalPERS for Health Insurance coverage. Health plans offered, covered benefits, monthly rates, and co-payments are determined by the CalPERS Board, which reviews health plan contracts annually.

Maximum City paid contributions for all regular, benefitted employees in 2016 are as follows:

\$800 for Employee only, \$1600 for Employee + one and \$2080 for Employee + two or more dependents (family).

Plans selected over City paid contribution amount will be paid by employee via payroll deduction, pre-tax.

Contributions are pro-rated for regular, part-time positions based on FTE (Full Time Equivalent).

Health in-lieu Payment

Employees who are covered by a spouse or family member and wish to decline health benefits through the City, will receive a monthly "in-lieu" payment of \$350.

Health Plan Carrier Information

Blue Shield Access HMO

Group Number: 102
(855) 334-5847
www.mylifepath.com or www.blueshieldca.com/calpers

Blue Shield Net Value HMO

Group Number: 124
(800) 334-5847
www.mylifepath.com or www.blueshieldca.com3

Kaiser Permanente HMO

Group Number: 104
(800) 464-4000
www.kp.org/calpers

PERS Choice PPO/ PERS Select PPO/PERS Care

Group Number: 106 / 126
(877) 737-7776
www.anthem.com/ca/calpers

Anthem Blue Cross HMO Select/or Traditional

Group Number: 4503
(800) 839-4524
www.anthem.com/ca/calpers/calpershmo

United Health Care

Group Number:
(877) 359-3714
www.uhc.com/calpers

Health Net SmartCare

Group Number: NB030A
(888) 926-4921
www.healthnet.com/calpers

DENTAL INSURANCE (www.ameritasgroup.com) Effective: 01/01/2016

Group Plan: **Ameritas Dental Plan of California**, Group Number: #010-32272 Claims Office (800) 364-5162

Coverage: The Dental Program includes: Type I preventive care coverage at 100%, Type II coverage at 80%, Type III coverage at 50%. Ameritas will provide payment for a maximum annual benefit of \$1,750 per participant and a maximum lifetime orthodontia benefit at 50% with a maximum lifetime payout for orthodontia of \$1,500 per participant.

Newborn child can be added at any time from birth up to the child's 2nd birthday without any late entrant penalties or provisions being applied.

Employees who participate in dentists out of network will pay more out of pocket for dental services.

The City pays 100% of the monthly premium for regular, full-time employees. Contributions are pro-rated for regular, part-time positions based on FTE.

2016 Rates: Employee: \$ 86.16; Employee + 1: \$ 164.64; Family: \$ 256.48

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Dental in-lieu payment

Employees who are covered by a spouse or family member and wish to decline dental benefits through the City, will receive a monthly "in-lieu" payment of \$25.00.

LIFE INSURANCE AND AD&D (www.principal.com) Effective 01/01/2016

Group Plan: ***Principal Financial Group***

Group Number: N5964-1
(800) 245-1522

Coverage:

Regular Employees:	\$50,000
Mid-Managers:	\$100,000
Department Head and City Manager:	\$150,000

Life rate is 20.1 cents per \$1000: AD&D rate is 2.5 cents per \$1000.

The City pays 100% of monthly premium on behalf of the employee.

Regular Employees:	\$11.80
Mid-Management:	\$23.60
Department Head and City Manager:	\$35.40

Employees may purchase additional Life Insurance (fully paid by employee), availability and cost subject to the group carrier requirements.

SHORT TERM DISABILITY INSURANCE (self-funded City plan)

Short Term Disability Insurance: The City will pay 75% of an employee's full salary and maintain existing insurance benefits, subject to FMLA/CFRA eligibility requirements, for an employee on a disability leave, for six months from the date of the qualifying injury or illness. Short term disability payments will commence only after 12 continuous working days, (including off Fridays of a 9/80 schedule, holidays and furlough days), during which the employee is totally disabled or when all accrued paid time off is exhausted, whichever is later. Short term disability payments are reported to PERS as salary earned. [An employee on disability leave accrues paid time off within the six (6) month period after the date of injury or illness (prorated based on the number of hours of accrued paid time off that is being utilized by the employee). Upon exhaustion of all accrued PTO, an employee on short term disability leave shall no longer accrue paid time off].

LONG TERM DISABILITY INSURANCE (www.unum.com)

Group Plan: ***Unum Provident***

Policy Number: 502493
866-679-3054

The City pays 100% of monthly premium on behalf of the employee for Option A only.

Coverage:

Option A: This option provides for 66 2/3% of monthly base salary *up to a salary maximum of \$2,000 per month.*

Option B (fully paid by employee): This option is paid by the employee and provides for 66 2/3 % of monthly base salary *up to a salary maximum of \$8,200 per month.*

PAID TIME OFF (PTO) Accrual Schedule for Full-Time Employees

<u>Years of Service</u>	<u>Days Accrued</u>	<u>Hours Accrued</u>	<u>Hard Cap`</u>
Years 0 thru 5	22	176	600
After 5 years	27	216	600
After 10 years	32	256	600

CASHOUT FY15-16 THROUGH FY18-19: Cash out paid at termination except for the following exceptions:

SEA/CITY MANAGER/SMO/UNION/UNREPRESENTED: Provided the employee has used the required minimum of 80 accrued hours of PTO in the prior fiscal year, the employee is then eligible to cash out up to a maximum of 200 accrued hours of PTO per fiscal year on approximately Sept. 1 and/or March 1. An employee must maintain a minimum balance of 200 hours of accrued PTO after the cash out.

ADMINISTRATIVE LEAVE (Banked on July 1)

Administrative leave hours are given to regular, full-time exempt employees of the City and are banked on July 1 of each fiscal year and must be exhausted prior to using accrued Paid Time off (PTO) hours.

SEA: 20 hours (Except Senior Planner: 40 hours)
 CITY MANAGER/ SMO/UNREPRESENTED: 65 hours

OTHER PAYS FOR CITY MANAGER AND DIRECTOR'S

	<u>AUTO ALLOWANCE</u>
City Manager (Contract)	\$375/month
Director's (Saratoga Management Organization)	\$275/month

457 DEFERRED COMPENSATION PLAN PAY (ICMA Retirement Corporation)

The City contributes \$200.00 per month, matching the employee contribution of \$200 per month for the City Manager. The City contributes \$250.00 per month, matching the employee contribution of \$250.00 per month for the SMO members. Alternatively and in-lieu of the City contribution to a deferred compensation account of \$250.00 per month, each SMO member may elect to instead receive the \$250.00 per month (or a portion thereof), in taxable wages if that member informs the City (HR division) in writing as per the SMO MOU.

OTHER PAYS FOR "UNION" AND SARATOGA EMPLOYEE ASSOCIATION (SEA)

UNIFORM ALLOWANCE

Park and Street Maintenance Employees ("UNION"): Incumbents shall receive an annual allowance of \$400.00 (four-hundred dollars) per fiscal year for the purchase of pants and safety boots, and for uniform cleaning. Three shirts per employee per year are purchased directly by the CITY in the colors designated by the city.

Facilities Maintenance Employees, and Building Inspectors (SEA): Each regular full-time employee in the mentioned positions shall receive an allowance of \$200 (two hundred dollars) per fiscal year for the purchase of safety boots, protective clothing, and laundering of uniform shirts. Three shirts per employee per year are purchased directly by the City in the colors

designated by the City. The uniform allowance shall be paid on the second pay date in July. The allowance shall be reported to PERS as salary earned for PERS "Classic" Employees only. This is not a requirement for Employees hired under PEPA, (2% @62 plan).

CALLOUT PAY AND STANDBY PAY (SEA AND "UNION")

Standby pay: Non-exempt employees may be assigned to standby duty. Employees are compensated for each weeknight, defined as from the end of the employees scheduled work day shift to the beginning of the next work day shift, and for each weekend day, defined as the end of the employees scheduled workday on Thursday of an off-Friday week or Friday of an on-Friday week to the beginning of the next workday..

SEA: \$25 for each weeknight; \$50 for each weekend day.

UNION: \$37.50 for each weeknight and \$75 for each weekend day.

Callout pay: SEA: Non-exempt employees who are called out to perform work of an emergency nature after the regularly scheduled workday are compensated at their regular rate of pay for a minimum one (1) hour for each occurrence at one and one-half times (1.5) the employee's regular hourly rate of pay.

UNION: Non-exempt employees who are called out to perform work of an emergency nature after the regularly scheduled workday are compensated at their regular rate of pay for a minimum three (3) hours for each occurrence at one and one-half times (1.5) the employee's regular hourly rate of pay.

Differential for Split Shift: SEA members in the Facilities Maintenance Classification shall receive an additional \$25 for each day when required to work a split shift. A split shift means a work schedule that is interrupted by non-paid and non-working periods of more than one hour scheduled by the city other than rest or meal periods. For example, if the City scheduled a Facilities Maintenance employee to work from 8 to 11 a.m. and again the same day from 2 to 7 p.m., the break of more than one hour mid-day is a split shift.

Overtime for non-exempt (hourly) employees

UNION: Overtime compensation is paid for hours **worked** over 9 or 10 (depending on work schedule) in a work day **OR** hours worked in excess of 40 in one workweek.

Saratoga Employee Association (SEA): Follow U.S. Department of labor Wage and Hour division

Overtime requirements of the Fair Labor Standards Act (FLSA) that states the overtime compensation is paid for hours **worked** on excess of 40 in one workweek.

TUITION REIMBURSEMENT AND EMPLOYEE ASSISTANCE PROGRAM (EAP)

Tuition Reimbursement:

Coursework for degree or certification: Regular employees of the City who have been employed continually for at least one year prior to commencement of an approved or required course are eligible for the City's tuition reimbursement program. 100% reimbursement will be afforded for tuition, fees and books by the City, up to a maximum of \$2,500 per employee per fiscal year for job related coursework in fulfilling a degree or certificate.

Coursework for Professional Development: If the course(s) is/are not specifically related to the employee's current position, and does not fulfill the requirements for a degree or certificate, but does provide for professional development related to the worker's position of employment or a higher position in the City, reimbursement will be afforded for tuition, fees and books by the City at 100%, up to a maximum five hundred \$500 dollars per employee per fiscal year.

Employee Assistance Program (EAP)

Provider: *Human Behavior Associates (HBA)* (800) 937-7770 www.callhba.com

The Employee Assistance Program (EAP) is available to all employees and eligible dependents. The EAP is designed to provide confidential counseling services. Employees and their eligible dependents are entitled to seven visits per incident per year at no cost to the employee.

HOLIDAYS OBSERVED

Holidays - The CITY observes the following paid holidays:

- | | | |
|------|-------------------------------|--------------------------------------|
| (1) | New Year's Day | January 1 |
| (2) | Martin Luther King's Birthday | 3 rd Monday in January |
| (3) | President's Day | 3 rd Monday in February |
| (4) | Memorial Day | Last Monday in May |
| (5) | Independence Day | July 4 |
| (6) | Labor Day | 1 st Monday in September |
| (7) | Columbus Day | 2 nd Monday in October |
| (8) | Veteran's Day | November 11 |
| (9) | Thanksgiving Day | 4 th Thursday in November |
| (10) | Day after Thanksgiving | Friday after Thanksgiving |
| (11) | Christmas Eve | December 24 |
| (12) | Christmas Day | December 25 |
| (13) | New Year's Eve | December 31 |

HOLIDAY FURLOUGH

The City operations are closed from December 23 through January 2 for 2016. Employees shall utilize their available leave balances (paid time off and/or compensatory time off), if applicable.

9-80 SCHEDULE

The CITY will continue to operate on a 9/80 work schedule to be determined by the City Manager and Directors where a full-time work week constitutes forty (40) hours within seven consecutive 24 hour days, also defined as one hundred sixty-eight (168) hours. **Employees on a 9/80 schedule are scheduled to work 8 nine hour days, 1 eight hour day, and have one day off every two weeks.** An employee's workweek begins in the middle of the employee's 8 hour day and the employee's day off is on the same day of the week in the following week.

Schedule Example:

<u>Sunday</u>	<u>Monday</u>	<u>Tuesday</u>	<u>Wednesday</u>	<u>Thursday</u>	<u>Friday</u>	<u>Saturday</u>
off	9	9	9	9	4 (end)	off
					4 (start)	
off	9	9	9	9	off (end)	off
					off (start)	

Comparable Cities used by Saratoga for conducting survey data

Los Altos	Menlo Park	Campbell
San Carlos	Cupertino	
Los Gatos	Morgan Hill	

EMPLOYEE VOLUNTARY BENEFIT OPTIONS, PAID FOR 100% BY THE EMPLOYEE

457 Deferred Compensation Plan: *ICMA Retirement Corporation*
Plan Number: 302243
(800) 669-7400
www.icmarc.org

Employee pays 100% of cost. Per IRS Regulations, each employee may elect to become a participant of the plan and defer payment of compensation. The standard amount that may be deferred during the 2016 calendar year is \$18,000. If age 50 or older the employee may defer an additional \$6000 per year for a total of \$24,000 per year.

Vision Plan: *Ameritas Vision through VSP*
(800) 659-2223 or (800) 877-7195
www.ameritasgroup.com

VSP
www.vsp.com (to search for participating optometrists)

Employee pays 100% of cost. Annual eye exam and various eyeglass lenses covered at 100%, frames and contact lenses up to \$120.

2016 Rates, effective: 1/1/2016-12/31/2016

Employee:	\$ 10.88
Employee + Spouse:	\$ 21.76
Employee + 2 or more Dependents:	\$ 30.56

Section 125 Flexible Spending Plan: TLC, plan administrator
(800) 795-0103 or (800) 533-0113
www.lipman.com/flex

Benefit is employee funded excluding the mandatory administration charge the City is required to pay to participate in this plan. The plan applies to employees and their eligible dependents. Employees may elect to divert part of their paycheck, on a pre-tax basis, in a reserve account for out of pocket expenses incurred during the plan year. *Employees are not required to participate in the plan.* The Federally mandated maximum contribution for Health Care expenses is \$2500 and \$5000 for Dependent Care expenses. Employees can carry over to the immediately following Plan Year of up to \$ 500 of any amount remaining unused as of the end of the plan year in the Health Care Spending Account. The carryover of up-to \$500 may be used to pay or reimburse medical expenses under the Health Care Spending Account incurred during the entire Plan Year to which it is carried over.