PERSONNEL POLICIES AND PROCEDURES

SECTION 500

INSURANCE AND RETIREMENT

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PERSONNEL POLICIES AND PROCEDURES

SECTION 500. BENEFITS, RETIREMENT AND HEALTH POLICIES

501. Employee Benefits Effective Date: July 1, 2000

Benefits provided to City of Tulsa employees and employees of associated agencies (unless specifically excluded), include the following: life insurance, accidental death and dismemberment insurance, dependent life insurance, supplemental life insurance, medical insurance, dental insurance, long term disability insurance, retirement program, deferred compensation program and a flexible spending plan. This section includes employee information concerning these benefit programs. Plan documents describe the governing provisions or rules for each of these benefits. More specific information including the plan documents are available from the Employee Benefits Division of the Human Resources Department. For employees covered by collective bargaining agreements, other information may exist in Union contracts or State Law relating to variations in the provision of some of these (Section 500) benefits.

502. Eligibility for Insurance Effective Date: July 1, 2000

.1 All permanent, full-time employees, elected officials, and employees of approved agencies who have been actively employed for more than thirty (30) continuous days are eligible for insurance benefits.

.2 Coverage in the program shall begin on the first day of the month following completion of thirty (30) days continuous service. Employees are responsible for providing their department payroll clerks with information regarding changes of address or beneficiaries after initial enrollment.

.3 Coverage ends on the last day of the month in which an employee terminates except under COBRA provisions (see sub-Section 504.5).

.4 Employee's children are eligible for insurance coverage, as long as unmarried, until the age of (19) nineteen (or twenty-five (25) if enrolled as a full-time student) as long as he or she remains unmarried. Dependent children over the age of nineteen (19) may remain on the insurance coverage if mentally or physically incapacitated (incapacitation must be verified).

503. Life Insurance Program Effective Date: July 1, 2000

.1 Basic Life Insurance:

.11 Basic Life Insurance provides an insurance benefit to a designated beneficiary in the event of the employee's death.

.12 The City pays the cost of Basic Life Insurance and all eligible employees are required to participate.

503 .1 .13 The amount of coverage is based on basic earnings plus any longevity pay and is equivalent to two hundred percent (200%) of the employee's combined annual earnings, limited to a maximum benefit of $150,000.

.14 A conversion policy is available that allows an employee to continue Basic Life Insurance as an individual policy by contacting the Employee Benefits Division within thirty (30) days of termination or retirement.

.2 Accidental Death and Dismemberment

.21 Accidental Death and Dismemberment (AD&D) provides an insurance benefit to the designated beneficiary in the event of an employee's accidental death or to the employee in the event of dismemberment.

.22 The City pays the cost of Accidental Death and Dismemberment and all eligible employees are required to participate.

.23 Amount of Coverage:

.231 Death- Two hundred percent (200%) of the participant's basic annual earnings plus any applicable longevity pay, limited to a maximum benefit of $150,000.

.232 Accidental Death and Dismemberment benefits are in addition to Basic Life Insurance benefits.

.233 Dismemberment- This coverage pays a prescribed benefit in the event of the loss of a hand, foot, sight, etc. that is caused by accidental bodily injury. The amount is determined by the type of loss.

.3 Dependent Life Insurance

.31 Dependent Life Insurance provides an insurance benefit to the employee in the event of the death of a qualified dependent covered by the plan.

.32 Participation in the Dependent Life Insurance Program is voluntary by an employee. If an employee elects to participate, the employee shall pay the entire cost of coverage for qualified dependents covered by the plan.

.33 Amount of Coverage in the Event of Death:

.331 Spouse…………………………………………….$ 10,000

.332 Dependent Children

14 days but less than 6 months……………….$ 500

6 months but less than 2 years………………..$ 1,000
2 years but less than 3 years…………………..$ 2,000
3 years but less than 5 years…………………..$ 3,000
5 years and over………………………………$ 4,000

.4 Supplemental Life Insurance

.41 Supplemental Life Insurance provides an additional life insurance benefit (in addition to Basic Life Insurance) to a designated beneficiary in the event of death of an employee or covered dependent.

.42 Employee participation or dependent coverage through the Supplemental Life Insurance Program is voluntary by an employee. If the employee elects to participate, he or she shall pay the entire cost of coverage for himself or herself and covered dependents. Supplemental Life Insurance coverage for employees is only available until age seventy-five (75). Premium rates are normally based on the employee's age.

.43 The employee may elect coverage of 1, 2, 3, 4, or 5 multiples of the employee's basic earnings (plus any longevity pay) rounded to the nearest $1,000 and up to a maximum benefit level of $350,000. In no event shall the combined basic and supplemental life benefit exceed $500,000. Newly hired employees may elect supplemental coverage equal to basic earnings. Higher multiples will require medical evidence of insurability and approval by the provider. During the annual enrollment period any employee may elect to increase supplemental coverage by one multiple to the 2 or 3 level without providing evidence of insurability. Any increase to the 4 or 5 level multiple will require evidence of insurability.

.44 A spouse may be covered in the amount of fifty percent (50%) of the employee's coverage to a maximum of $100,000. Coverage amounts above $35,000 will require evidence of insurability. Requesting spousal coverage, above $50,000 requires completion of a medical exam including blood, urine, and an EKG. If the employee does not elect personal coverage a spouse may still be covered at fifty percent (50%) of the employee's basic earnings plus longevity.

.45 Voluntary coverage on the lives of dependent children is offered in $2,500 increments up to $10,000 per child. An employee pays one monthly premium to provide coverage for all children.

.46 Supplemental Life Insurance Options Upon Termination or Retirement:

.461 Portable Supplemental Term- The portability provision allows employees to elect to retain coverage if they terminate or retire. Portability also applies to spouses to age sixty-four (64) and children through the age of (18) eighteen (twenty-five (25) if a full-time student), if they were covered while the employee was employed by the City of Tulsa. The minimum and maximum portable coverage amounts are as follows: employee -- $5,000/$300,000; spouses -- $1,000/$25,000; and children -- $1,000/$5,000. Employee coverage amounts will be reduced by eight percent (8%) per year from age sixty-five (65) to age seventy (70). If a former employee dies or divorces, the spouse and children may elect to keep their coverage subject to certain provisions until they reach the age limits of the plan.

.462 Conversion Privilege- The employee has the right to convert to an individual policy within thirty one (31) calendar days of termination or retirement. To request the conversion, the employee must contact the Employee Benefits Division.

504. Medical and Dental Insurance Programs Effective Date: July 1, 2000

.1 Medical and Dental Insurance provides employees with certain levels of coverage for physician visits, hospital care, dental care, prescriptions and other medical expenses. Participation is required except under certain, specific conditions as determined by the Human Resources Department. Members of an employee's immediate family who qualify as dependents may be enrolled at the employee's option upon hire, at open enrollment or based on other special conditions such as birth of a child, spouse's loss of employment, etc.

.2 It is the responsibility of the employee to provide the department payroll clerk with requests or information regarding any changes in coverage. Such change might include: dependent eligibility status, addition of any new dependents, changes of address, etc.

.3 The City pays the entire cost of the employee's participation in the dental insurance program. The entire cost of dependent dental coverage is paid by the employee. Cost for medical coverage will be shared by the City and the employee and specific rates are approved by the Mayor each year and communicated through annual benefits meetings.

.4 Retirees- A retiree may elect to participate in the City of Tulsa medical plan until age sixty-five (65). Should the retiree obtain insurance elsewhere and then suffer loss of that coverage, he/she may elect to re-enroll during open enrollment or due to other special conditions (Section 504.1) in the medical plan as long as he/she has not reached the age limit. When a retiree becomes age sixty-five (65), the spouse can continue medical coverage to age sixty-five (65) and dependents may continue coverage until age nineteen (19), or, if full-time students, to age twenty-five (25).

.5 COBRA- Participants (employees, retirees and dependents) under the group medical and dental plan are covered by the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985. COBRA provides the right for participants to continue medical and/or dental coverage under certain conditions and events including loss of employment, etc. Employees and/or their covered dependents interested in continuation of medical or dental coverage must notify the Employee Benefits Division within thirty (30) days of termination or retirement.

505. Long Term Disability (LTD) Program Effective Date: July 1, 2000

.1 Long Term Disability insurance is designed to ensure that employees will continue to receive no less than sixty percent (60%) of their base monthly salary (plus any longevity pay) up to a maximum benefit of $4,000 per month in the event of a disabling sickness, injury or accident.

.2 With the exception of Police Officers with more than twenty (20) years of service and Firefighters (regardless of years of service), all permanent full-time employees, elected officials, and employees of approved agencies who have been actively employed for more than thirty (30) continuous days are required to participate in the LTD program.

.3 The City pays the cost of LTD premiums for salaries up to $1,5000 a month. When an employee earns in excess of $1,500 a month, the LTD premiums will be shared by the City and the employee at a 36% / 64% split respectively. For example, if an employee earns $1,800 a month, the City will pay all LTD premiums up to $1,500 of salary. The remaining premiums on the $300 of salary will be covered by the City paying thirty-six percent (36%) and the employee paying sixty-four percent (64%).

.4 Benefits received through LTD are offset by any disability income received through Worker's Compensation, Police Pension System disability benefits, Municipal Employee Retirement Plan (MERP), and/or Social Security Disability Income.

.5 LTD qualification for benefit payments begins on the ninety-first (91st) calendar day following the event that caused the disability. Qualifying criteria must be met to receive any LTD benefits per the plan document.

506. Retirement Plan Effective Date: July 1, 2000

.1 Eligibility: All permanent full-time employees with the exception of elected officials, Police Officers and Firefighters are eligible and required to participate in the Municipal Employees Retirement Plan (MERP). Police Officers and Firefighters are required to participate in retirement programs in accordance with applicable provisions of state law.

.2 Participation: Eligible employees enter the plan on the first day of the month coinciding with or next following their first day of employment.

.3 Cost of Program: The cost of the retirement plan is shared by the City and the employee. The employee contribution is treated as a pre-tax deduction.

Employee and City contributions are four percent (4%) and 6.3% of the employee's salary respectively.

.4 Vesting:

.41 Participants will be one hundred percent (100%) vested after five (5) years of continuous employment or after the attainment of age sixty-five (65).

.42 Participants with less than five (5) years of continuous employment are not vested and, upon termination, shall receive a refund of basic employee contributions plus credited interest of five percent (5%) per year. It is the responsibility of the employee to contact the Employee Benefits Division upon termination to receive this refund.

.43 Contributions to the plan will cease upon termination. If the employee is vested at the time of termination, he/she may elect to leave his/her contributions plus interest in the plan. This will entitle the participant to a vested deferred retirement benefit.

.5 Retirement Age:

There are three (3) methods under which an employee can qualify for retirement benefits.

.51 Normal Retirement: Normal Retirement under this plan is the first of the month following the participant's attainment of age sixty-five (65). Normal Retirement provides an unreduced monthly benefit to the participant based on years of credited service and the highest thirty-six (36) months of salary out of the last sixty (60) months of employment.

.52 Rule of 80: This rule provides an unreduced monthly retirement benefit for participants based similarly on credited service and compensation per .51 above. The Rule of 80 requires that the employee's age plus his or her years of continuous employment must total 80.

.53 Early Retirement: An employee may elect to retire before the normal retirement age of sixty-five (65); however, the earliest a retirement benefit can be received is age fifty-five (55) and is subject to reduction for Early Retirement. The benefit reduction is two and a half percent (2.5%) for each year prior to age sixty-five (65) prorated on a monthly basis.

506 .6 Retirement Options:

There are five (5) otpions concerning retirement benefit payments.

.61 Straight Life: The Straight Life option pays a monthly benefit for the lifetime of the retiree. Upon the retiree's death, the monthly payments stop and survivors receive no continuing benefit.

.62 Joint and Survivor: The Joint and Survivor option pays a monthly benefit for the lifetime of the retiree and continues monthly payments to the surviving spouse or other designated beneficiary of 3/4, 2/3 or 1/2 of the retiree's benefit after the retiree's death based on the employee's election at retirement.

.63 Guaranteed Period Income: The Guaranteed Period Income (5 or 10 year period) pays a monthly benefit for the lifetime of the retiree. Upon the retiree's death, if payments have not been made for at least five (5) or ten (10) years, payments in the same amount will be continued to the beneficiary for the balance of the five (5) or ten (10) year period based on the employee's election at retirement.

.64 Level Income Option: If a retiree begins receiving a Life Annuity or Joint and Survivor Annuity before reaching age sixty-two (62) or age sixty-five, the employee may elect to have an increased monthly payment until he/she begins receiving Social Security. When the retiree starts receiving Social Security benefits, the monthly retirement benefit will be reduced. This allows retirement income to stay approximately level before and after Social Security benefits begin. The benefit adjustment is made according to tables prepared by the plan's actuary.

.65 Partial Lump Sum Distribution: In addition to the above payment options, an employee may elect to receive a portion of his or her earned retirement benefit at the time of retirement in the form of a lump sum. The amount of the lump sum is limited to one, two or three times the annual dollar benefit the participant would receive from the plan in the form of a straight life annuity. The lump sum will reduce the employee's monthly benefit.

Regardless of the retirement option chosen, an employee's designated beneficiary shall receive a benefit that includes at least all employee contributions plus applicable interest upon the death of an employee.

507. Deferred Compensation Plan Effective Date: July 1, 2000

.1 Deferred Compensation provides a benefit to participants by allowing employees to supplement their retirement income by saving and investing a portion of their salary on a pre-tax basis under IRS 457 rules. The City offers two (2) Deferred Compensation providers with several different investment options.

.2 Eligibility: All permanent full-time employees, elected officials and employees of approved agencies may voluntarily participate in the Deferred Compensation Plan.

.3 Participation: The City will provide a monthly deferred compensation contribution only during the first two (2) years an employee initially participates in the Deferred Compensation Program. These monies will be provided by a match at the rate of fifty cents ($.50) for each dollar ($1.00) on the first fifty dollars ($50.00) of employee contributions into the employee's deferred compensation savings account providing up to a maximum of twenty-five dollars ($25.00) per month. (Revised June 26, 2003)

.4 Normal Limitation: The maximum amount that a participant may defer under this plan for a taxable year is the lesser of $8,000 or twenty-five percent (25%) of the participant's gross compensation (or any updated amount prescribed by the Secretary fo Treasury).

.5 Catch-Up Provision: For three (3) years prior to expected retirement, participants are eligible to contribute up to $15,000 per year in accordance with IRS 457 rules.

.6 Employees may participate in the Deferred Compensation plan with a minimum contribution of ten dollars ($10.00) per pay period.

508. Flex Plan Effective Date: July 1, 2000

.1 The City's Flex Plan provides an employee the opportunity to pay medical and/or dental insurance premiums, certain medical and dental expenses and dependent care expenses on a pre-tax basis.

.2 All permanent full-time employees, elected officials, and employees of approved agencies have the option to participate in the Flex Plan. Coverage in the program shall begin on the first day of the month following the completion of thirty (30) continuous calendar days of employment.

.3 The program offers three (3) different options:

.31 Insurance Premium Reduction: Allows paying the premiums for medical and dental insurance on a pre-tax basis.

.32 Medical Reimbursement Account: Allows a participant to establish a pre-tax reimbursement account of up to $5,000 per plan year to cover the cost of qualified medical and dental expenses.

508 .3 .33 Dependent Care Reimbursement Account: Allows a participant to establish a pre-tax reimbursement account of up to $5,000 per plan year to cover the cost of qualified dependent care services.

.4 The plan year for Flex Plan is based on the City's fiscal year, July 1st through June 30th .

.5 If an election to participate in the Flex Plan is made by an employee, changes are not allowed until the next plan year unless there is a qualifying change in family status.

.6 Reimbursements from the spending accounts are allowed each pay period. An employee must submit a written request form and original paid receipts related to the reimbursement to his/her department payroll clerk.

.61 Expenses can be submitted until September 30th after the plan year in which the expenses were incurred.

.62 By law, any money contributed to the plan during a plan year (July 1-June 30) that is not used to pay for qualified expenses incurred during the plan year will be forfeited by the employee in accordance with Federal law.

509. <u>Benefit Provisions Upon Layoff</u> Effective: November 30, 2001

.1 Employees placed in a lower position as a result of a layoff shall have their salary reduced according to Section 200, "Pay Rate in Demotion", provisions. In determining the new rate of pay in the lower position, the rate of pay of the prior incumbent and the department 's funding availability shall be considered.

.2 Laid off employees shall be paid for any accrued Vacation Leave at the time of the layoff. In addition, laid off, nonprobationary employees with less than six (6) years of service shall receive eighty (80) hours of severance pay. Laid off employees with at least six (6) years of service shall receive fifteen (15) hours of severance pay for each year of completed service not to exceed one hundred and eighty (180) total hours of severance pay. Laid off employees electing recall shall be eligible to preserve all sick leave and seniority credits for one year and have such benefits reinstated if recalled during the one-year recall period. All severance pay shall be provided on a lump sum basis, less applicable withholding. Laid off employees shall not accrue any additional benefits during layoff.

.3 Laid off employees with at least ten (10) years of service at the time of the layoff shall be eligible to elect to receive payment for sick leave accruals per the policy provisions of Section 300 regarding sick leave payment upon normal retirement. This option to be paid Sick Leave shall be available regardless of the laid off employee's status for actual retirement eligibility and shall be limited to a maximum sick leave exchange providing an additional four weeks of (severance) payment. Laid off employees accepting the sick leave pay shall not be eligible for reinstatement of such sick leave benefits exchanged for payment if recalled or rehired. An employee who does not elect to receive sick leave pay at the time he or she is laid off waives any further opportunity to receive sick leave pay.

.4 Laid off employees shall be covered by medical insurance according to normal benefit coverage practices for terminating employees per Section 500.

.5 Laid off employees who do not elect recall shall be eligible for a MERP refund of contributions at the time of layoff. Laid off employees electing recall shall be eligible for a MERP refund of contributions at the conclusion of the one (1) year recall period if he or she is not rehired.