



# City of Concord, NH

## Beneflex Program: A Range of Options

Plan Year 2007-2008  
(July 1, 2007-June 30, 2008)

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*This booklet summarizes benefit options offered through the City of Concord and other insurers. It is not a complete statement of the terms and conditions under which benefits are available. This booklet is intended to describe benefits offered as accurately as possible. Benefits are set forth in, and governed by your coverage certificate, along with its endorsements and riders.*

*In the event of any discrepancy between this booklet and the actual terms and conditions of those documents, the documents will govern. This booklet does not constitute a contract, or an offer to form a contract, and is not binding on any party. The Section 125 Plan is a part of the City's Beneflex Program.*

# **General Information on the Flexible Benefits Plan**

## **Name of Plans**

City of Concord, NH Flexible Benefit Plan  
City of Concord, NH Health Care Flexible Spending Account Plan  
City of Concord, NH Dependent Care Flexible Spending Account Plan

## **Plan Sponsor and Administrator:**

City of Concord  
City Hall  
41 Green Street  
Concord, New Hampshire 03301  
**603-225-8535**

## **Employer Identification Number:**

02-6000177

## **Type of Plan:**

The Flexible Benefit Plan is a cafeteria plan under Section 125 of the Internal Revenue Code, allowing a choice between cash and certain qualified benefits.

## **Plan Effective Date:**

August 1, 1989

## **Plan Year**

The Plan year is from July 1 to June 30.

## **Administration:**

Health and Dependent Care Flexible Spending Account benefits are currently self-administered by the employer. Medical, dental, life and disability benefits are provided through insurance contracts.

## **For questions or service of legal process contact:**

Personnel Department  
City of Concord, NH  
**603-225-8535**

## **Please submit Health or Dependent Care Flexible Spending Account claims to:**

Personnel Department  
City of Concord  
41 Green Street  
Concord, NH 03301

## Why Beneflex?

For many years, the City of Concord, as well as most other employers, designed benefit programs to meet the needs of the average employee. But times and lifestyles have changed. There is no “typical” City of Concord employee. Just as individuals differ in terms of capabilities, talents and skills, so are they different in terms of age, marital status, number of dependents, financial resources and personal goals. It stands to reason that their benefit needs and interests are also different.

Total compensation of employees consists of two parts — direct salary and benefits. A flexible benefits plan allows employees a greater voice in how benefit dollars are spent, and permits them to spend those dollars more effectively. It also allows them the opportunity to design a benefit package that best meets their individual needs and budgets.

### Advantages

Beneflex provides several key advantages over traditional benefit programs. You, the employee, make your own choices and you have a greater variety of benefit options from which to choose. The City provides benefit dollars, subject to City Council appropriation, for use in purchasing benefits. The primary purpose of the Beneflex Program is to provide employees with a full range of benefit options. Beneflex is designed to attract, retain and secure qualified employees.

Cash payments to employees for opting out of coverage is considered incidental to this intent and is only permitted when employees have adequate coverage elsewhere.

Under the Beneflex Program, you may find that you wish to:

- Keep the same benefit package you have previously selected.
- Select a reduced cost health benefit and have more cash as compensation.
- Buy more benefits and reduce your cash compensation to pay for them; in most cases, additional benefits can be purchased with pre-tax dollars which means your dollars go further in buying the benefits you want.

### Salary Redirection

If you purchase additional benefits, salary redirection is a way in which you can make these purchases with pre-tax dollars. Currently allowable under federal law, salary redirection means that the portion of your salary directed toward the purchase of most benefits is not included in your taxable income. Let’s assume that you need to purchase a pair of eyeglasses that cost \$100. If you use after-tax dollars, and you are in a 15% Federal Income Tax bracket, you would have to earn \$123 to pay for your glasses (if you earn \$123, \$23 is taken out for Federal Income and Social Security taxes leaving you \$100 to spend on your eyeglasses). With salary redirection, on a pre-tax basis using a Flexible Spending Account, you can buy the pair of eyeglasses for \$100, and all you need to earn to pay for the glasses is \$100, rather than \$123, saving you \$23.

You may want to direct a portion of your salary to purchase dental benefits or additional life insurance as well as child care services or health care services not covered by insurance.

Salary redirection offers distinct tax advantages to you. It helps your dollars go further because it lets you use pre-tax, rather than after-tax dollars to purchase the additional benefits you desire.

Your pre-tax redirection salary contributions toward benefit purchases are made in equal amounts each week for 48 weeks each year.

### Redirected Dollars: Social Security and State Retirement

With salary redirection, dollars used to pay for most benefit costs are not subject to Social Security tax either. You do not pay Social Security tax on dollars you redirect to these benefit costs. However, this means that over time your earnings used to calculate your Social Security benefit will be less, and some day your Social Security benefit will probably be slightly reduced. There's no effect on your eligibility to receive Social Security benefits, but the Social Security benefit will be based on somewhat lower lifetime earnings. All employee contributions are treated as earnable compensation for NH Retirement System purposes.

### Annual Leave Exchange

Employees may exercise the option of trading their future annual leave accruals in exchange for additional dollars. The maximum amount of annual leave time which may be exchanged shall be limited to 80 hours of future annual leave accruals. Your annual leave balance immediately preceding the exchange must be at least 40 hours. The number of dollars earned by selecting this option will vary based upon your wage rate and amount of leave exchanged at the time of enrollment. Annual leave exchanged during open enrollment will be divided equally over each of the next 12 months. Annual leave is not adjusted during the plan year to reflect changes to compensation rates. The exchange of future annual leave accruals is also subject to NH Retirement System contributions and reporting. Once annual leave is exchanged, it cannot be credited back to you, for any reason

### A Range of Benefits

The City of Concord is offering you benefit choices in each of the following areas:

- Health Plan
- Dental Plan
- Life Insurance
- Accident and Sickness Plan
- Flexible Spending Accounts

### Plan Year

Along with this booklet, you will receive a **Personal Election Form and Point Sheet, which indicates your total dollars or "points"**, provided by the City of Concord and your benefit options. You must complete, sign, and submit a Benefit Election form. You will receive a confirmation statement based on your benefit selections which must be signed and returned to the Personnel Department by the date specified. If the confirmation statement is not received by the date indicated, we will assume you have approved your benefits and any costs as indicated on the election form.

You will select benefit options on a Plan Year basis. The choices you make will remain in effect for the Plan Year unless you experience a qualifying change in status event during the Plan Year. Qualifying change in status events are effective on the day of the event. However, any applicable payroll adjustments will begin the first of the month following the event. The City operates on a July 1 through June 30 fiscal year and Plan Year.

## Qualifying Change in Status Events

A qualifying change in status event is defined as:

- Change in employee's legal marital status;
- Change in number of dependents;
- Change in employment status of employee or spouse;
- Dependent satisfies or ceases to satisfy dependent eligibility requirements;
- Change in place of residence; and
- Adoption assistance

You are responsible to notify the Personnel Department within 30 days of any such status change. If the employee fails to notify the Personnel Department, the employee will be required to pay the City the premium cost differential.

## Eligibility

All full-time City of Concord employees are eligible for participation in the City's Health and Dental programs commencing the first day of the month following one month of employment. Permanent part-time employees are eligible to participate in the City's Health and Dental program at their own expense. Other Beneflex Program eligibility dates may vary depending on the program involved. Please contact the Personnel Department if you have questions regarding other programs.

## Retirement Health Coverage

State law stipulates that all retirees are eligible for enrollment in the City's group health plan. The plan selected at the last open enrollment will be the plan in effect upon retirement. Retirees are eligible for annual open enrollment, typically held during the month of June. Open enrollment is the time each year when retirees have the opportunity to make changes to their benefit selections. It is the retiree's and/or employee's responsibility to notify the City of any changes.

Please note special circumstances may exist for the City Premium Benefit Subsidy for health insurance. Contact the Personnel Department prior to enrollment if you are considering retirement during the next plan year.

## How To Select Your Health Plan

Selecting a less expensive health insurance option or a lower level of coverage is referred to as **OPTING DOWN**.

If you and/or any of your eligible dependents have insurance coverage through another family member's employer-sponsored group plan, you have the option of "OPTING OUT" of health insurance. By **OPTING OUT**, you will be allowed to keep a portion of the premium savings as cash or for purchase of other

benefits through the various plan options. You must provide proof of insurance (such as a copy of the plan ID card) which shows the name of the employer, the insurance company, and the group and certificate number of the coverage. Since health insurance is one of the most costly benefits, you will want to choose your coverage carefully. Also, please remember that it is your responsibility to keep the Personnel Department informed of any changes in the number of your dependents.

**NOTE: Please refer to the health insurance schedules of benefits, plan descriptions, and summary sheet for additional details.**

## Wellflex Program

The City of Concord recognizes that staying well involves more than just a medical plan. That's why we are pleased to partner with our insurers to offer a wellness program — known as Wellflex — to all full-time employees and City-insured spouses. Together, we're working toward healthy living.

### How the Plan Works

Wellflex encourages you to participate in wellness activities by offering *wellpoints* for developing healthy habits. You can then use your wellpoints to help offset your share of health insurance premiums.

You can earn wellpoints by participating in:

- Beneflex/Wellflex education sessions
- Health risk appraisals (every other year)
- Health education programs
- Physical exercise activities
- On-site health screenings

Wellpoints earned the previous Beneflex year will be awarded during the City's open enrollment period, typically held during the month of May. If you do not need the additional wellpoints to purchase health insurance, they may be used for other aspects of the Beneflex program.

Research has clearly shown that promoting health and fitness at the workplace and at home helps employees reduce the rate of premium increases and related health insurance costs, improve overall participant health, reduce stress levels, and become wiser health care consumers. The potential value of wellness programs to employers is just as impressive, with results such as reduced absenteeism, lower health care costs, improved employee morale, reduced employee turnover, better customer service, and enhanced employee recruitment. It is a win-win situation for everyone!

*Funding for the City's Wellflex Program as described in this document is subject to annual appropriation by City Council.*

## Dental Care

The dental plan being offered emphasizes reimbursement for preventive dental care. The purpose of the plan is to make it easier for you and your family to receive regular dental treatment, thereby encouraging good oral health.

You are not required to take dental care coverage. If you select reduced health coverage, you may be able to have dental coverage at little cost.

If you are enrolling your dependents in the dental plan, all dependents over age two must be enrolled. Two-person coverage can be selected by:

- a married employee with no dependent children,
- an employee who has one eligible child and is either single, divorced or widowed,
- an employee who has one eligible child and is married but whose spouse is covered by dental insurance through his/her employer. If so, proof of the spouse's dental insurance is required.

Any employee who chooses to enroll a newly eligible dependent child must notify the Personnel Department within 30 days of the child's second birthday.

Subscribers in the dental plan may visit the dentist of their choice. If you select a participating dentist, the dental office will bill Delta Dental (the dental carrier) directly and will accept Delta's maximum allowance as the fee for your dental procedure.

Under the dental care option, when you visit a participating dentist:

- Coverage A services (diagnostic and preventative) are fully paid, up to 100% of the maximum allowance,
- Coverage B services are paid at 60%, and
- Coverage C and D services are paid at 50%.

The four categories of covered services are described below.

### Coverage A Services

- **Diagnostic** (evaluations once in a six-month period; x-rays – full-mouth/panorex x-rays once in a three-year period; bitewing x-rays once each twelve-month period; x-rays of individual teeth as necessary)
- **Preventive** (cleanings once in a six-month period; fluoride once in a twelve-month period to age 19; space maintainers to age 16 and sealants for children through age 15)

## Coverage B Services

- **Restorative** (amalgam and composite fillings – anterior teeth only)
- **Oral Surgery** (surgical and routine extractions)
- **Endodontics** (root canal therapy)
- **Periodontics** (treatment of gum disease; periodontal prophylaxis cleaning – see note below)
- **Denture Repair** (repair of removable denture to its original condition)
- **Emergency Palliative Treatment**

NOTE: Only one cleaning is covered in a six-month period. This can be routine (Coverage A) or periodontal (Coverage B), but not both.

## Coverage C Services

- **Prosthodontics** (bridges; partial and complete dentures; rebase and reline dentures; crowns; onlays; implants)

Delta will replace teeth that were missing before the effective date of the Delta plan. Full contract benefits are provided.

## Coverage D Services

- **Orthodontics** (correction of malposed (crooked) teeth for adults and dependent children)

Orthodontic benefits are provided for each eligible subscriber and dependent. These benefits are not limited to a lifetime maximum and may be submitted once per Contract Year as long as the patient is eligible and still in active treatment.

## Your Dental Care Option

Services	Benefit
Coverage A Services	Covered at 100%
Coverage B Services	Covered at 60%
Coverage C Services	Covered at 50%
Coverage D Services	Covered at 50%
Coverage B & C Annual Deductible	\$50 Individual/\$150 Family
Maximum Annual Benefit Per Person	\$1,000**

\*\* This may be any combination of Coverage A, B, C, and D as indicated above.

*NOTE: The above information is presented in summary form; please refer to the Dental Plan Description booklet for complete benefit information.*

## Life Insurance

Providing security for your survivors in the event of your death is an important responsibility. Most people hope to leave behind a positive legacy.

Your benefit program provides a basic amount of life insurance protection for all employees (core coverage). Additional coverage can be selected according to your individual financial circumstances, future needs of your survivors, and last wishes.

These plans also have an Accidental Death and Dismemberment feature. In the event of accidental death, your benefit would double. If dismembered, benefits would be proportionate to the death benefit you select.

Your life insurance benefit is based upon your regular annual base wages at the time of enrollment. Premiums on life benefits in excess of \$50,000 are subject to Federal withholding and FICA tax. Options under the benefit plan are:

	<b>High Option</b>	<b>Mid Option</b>	<b>Low Option</b>
<b>Death Benefit Equal to</b>	3 times your annual salary	2 times your annual salary	1 times your annual salary

Shaded block represents core coverage.

If an employee elects to increase life insurance coverage following 31 days from date of hire, the life insurance company requires a completed health statement. The insurance company will notify the employee in writing if the increased coverage level has been approved or not.

## Income Protection Plans For Accident and Sickness

The income protection plan for accident and sickness will pay you a portion of your income if you are unable to work due to injury or illness.

### Full Coverage Plan

The Full Coverage Plan is mandatory for employees enrolling in the Beneflex Program after August 1, 1989. It includes three separate and distinct elements: a Sick Leave Account, Short-Term Disability Income Insurance and Long-Term Disability Income Insurance.

Under the Sick Leave Account, non-exempt (hourly), probationary employees accrue .0577 hours of sick leave for each regularly scheduled hour of work during the first six months of employment. After six months, the accrual rate is .0308 hours of sick leave for each regularly scheduled hour of work. The maximum accrual is 200 hours. This account will be used from the onset of sickness or injury for a fourteen (14) calendar day period.

Exempt (salaried) employees accrue no sick leave, but are paid their regular salary for approved absences until disability insurance begins.

Short-Term Disability Insurance provides income for employees from the 15th calendar day up to the 105th calendar day of a disability that is not job-related. This policy pays 66 $\frac{2}{3}$ % of your regular weekly base wage (just prior to the date disability begins), up to a maximum payment of \$1,200 per week. In addition, for both exempt and non-exempt employees, the City supplements Short-Term Disability Insurance, for fifteen (15) calendar days of each disability, to 100% of current base gross wages for each full year of service to the City completed as of the onset of the disability.

An employee who is receiving Short-Term Disability Insurance, and who does not have sufficient service time to be eligible for the full service-based City supplement, shall be required to apply for annual leave through the usual annual leave process to cover time that is not covered by the insurance.

The Sick Leave Account is used for authorized absences of less than 15 calendar days only. Sick Leave Account may not be used to supplement Short or Long-Term Disability Insurance. You may be able to use your annual leave account to supplement certain other leaves of absence as defined within the Procedures for Requesting Leave. Please check with the Personnel Department if you have questions.

Employees receiving Workers' Compensation payments, beyond the third consecutive day of disability, also receive a supplement from the City up to the employee's base net wage for a maximum of fifteen (15) weeks.

The Long-Term Disability Insurance Plan commences after 105 calendar days of total disability. It pays you 60% of your regular weekly base wages (just prior to the date disability begins) up to a maximum payment of \$4,700 per month. (If you receive benefits from other group plans, such as Workers' Compensation, Social Security or pension, this plan supplements those benefits up to the 60% or \$4,700 benefit limit. However, regardless of other coverage, this plan pays no less than \$100 monthly.) Disability payments could continue until you are able to work again or until age 65. Long-Term Disability payments are made monthly in arrears.

If you are entitled to a wage increase while you are out on Short-Term Disability, the increase will be reflected in the City supplement only. The Short-Term Disability insurance administrator will pay your regular weekly salary at the time of disability. Please refer to Personnel Rules & Regulations and/or applicable policies for additional information and specific procedures.

## Flexible Spending Accounts

Flexible Spending Accounts (FSAs), offer a tax-effective way for you to pay certain health care and dependent care expenses. When contributing dollars to either or both FSAs, you pay no taxes (Federal Income or Social Security) on those dollars. This can mean significant savings. In addition, if you have selected reduced health benefits, some of your benefit dollars from the City may be left over to use in these accounts as well.

Permanent part-time employees are eligible to participate in Flexible Spending Accounts at their own expense.

### Health Care Account

During the plan year, you can deposit dollars through payroll deduction into your Health Care Account. The maximum amount you may contribute is \$2,500. This tax-free money can be used to pay health care expenses not covered or not paid for by your medical or dental coverage. Here is a list of eligible expenses to consider reserving money for:

- The deductible or copayment under your health insurance plan
- The percentage of covered expenses your health plan doesn't pay
- Prescription drug costs, including retail, mail order co-payments, and over-the-counter drugs to treat specific medical conditions.
- Dental expenses, including orthodontia
- Vision expenses, including examinations, eyeglasses (lenses and frames), prescription safety glasses, contact lenses, solutions and seeing-eye dogs
- LASIK eye surgery
- Fertility treatment expenses
- Insulin
- Weight-loss program (disease specific)
- Stop smoking programs
- Smoking deterrents
- Hearing expenses, including examinations and hearing aids
- Physical examinations
- Psychoanalysis, psychiatric therapy, learning disability counseling by a licensed professional, inpatient care and treatment (including special schooling, if necessary) for a mental or physical handicap and services provided by a qualified, licensed psychologist, if not paid by your health plan
- Chiropractic expenses
- Acupuncture
- Midwife expenses
- Christian Science practitioner expenses
- Special medical equipment, bought or rented because of a medical problem, such as wheelchairs, crutches and orthopedic shoes
- Medicine or other drugs prescribed by a doctor and not paid by your health plan such as vitamins, dietary supplements and birth control items
- Transportation essential to medical care, such as ambulance service
- Other medical expenses qualifying as legitimate deductions as outlined in IRS Publication #502

## Dependent Care Account

You can make deposits to and use your Dependent Care Account in the same manner as your Health Care Account. For your Dependent Care Account, the dependent must be under age 13 (or incapable of self care) and be claimed as a dependent on your income tax return. You should determine if this is more advantageous than taking the direct IRS Child and Dependent Care Tax Credit on the 1040 form. Eligible dependent care expenses include:

- Payments made for services provided in your home as long as services are not provided by someone you also claim as a dependent, or your other children under age 19
- Payments made for dependent care services outside your home
- Day camp programs (provided both parents are working)
- If a dependent care center is used, it must be in compliance with state and local law

Your maximum contribution to a Dependent Care Account is the lowest of the following:

- \$5,000, whether single or married
- \$2,500 if married, filing separately, or
- The lower of your or your spouse's earned income. If your spouse is a full time student or is disabled, special rules apply.

## Important Considerations

The IRS allows your employer to offer this tax advantage through the Flexible Spending Accounts, but it has also imposed several restrictions. Each year, you must use all the money set aside in both your dependent care FSA and medical FSA or forfeit the money left over. Because of this restriction, it is very important to plan carefully when you decide how much money you want to set aside in each account.

Generally, amounts should be used for predictable expenses. For example, working parents with children in day care usually can count on a certain level of dependent care expenses; or if you know that you need a new pair of eyeglasses or braces for your child in the coming year, the FSA would be a tax-effective way to pay for those expenses.

You cannot pay for services through an FSA and also take the tax advantage available for those same services at income tax time. In other words, if you pay for medical expenses through a Health Care Account, you cannot also itemize those expenses as deductions on your tax return. If you pay for child or dependent care expenses through a Dependent Care Account, you cannot also take the Child and Dependent Care Tax Credit for those same expenses, and your maximum allowable expenses for the Tax Credit are reduced by the amount you are reimbursed through your FSA.

You cannot change the amount of your payroll deduction for your FSA after the beginning of the plan year except in the event of a qualifying change in status event. If you terminate your employment with the City during the plan year, you may be eligible to continue your participation in a Flexible Spending Account through COBRA. For more information, contact the Personnel Department.

Finally, because you reduce your taxable income for FICA purposes by setting aside money in a Flexible Spending Account, your Social Security earnings for the year will be reduced. This may reduce your Social Security benefits at some time in the future. However, the tax savings you receive now should more than make up for it.

### Example

Here is an example of how tax savings through redirected dollars work: Let's take the case of a married employee with one child whose family income totals \$22,000 a year. This employee takes the standard deduction and three exemptions and pays \$1,000 a year for noncovered and eligible medical or dependent care expenses. Your tax may vary.

	Without FSA*	With FSA
Gross Pay	\$22,000	\$22,000
Contribution	(0)	(\$1,000)
Taxable Income	\$22,000	\$21,000
Taxes (Federal Income and Social Security)†	(\$1,653)	(\$1,477)
Eligible Expenses (paid after tax)	(\$1,000)	(0)
Spendable Income	\$19,347	\$19,523
Tax Savings		<b>\$176</b>

\*Flexible Spending Account

†Based on 10% Federal Tax Bracket

### Receiving a Payment From Your Account

The dollar amount you decide to set aside in your account(s) for the plan year will be credited to your account each week during the plan year. Then, when you have an eligible expense, you can apply for a reimbursement from your account.

There is a reimbursement request form you will need to complete. You may obtain the form on the City's Intranet located at [www.onconcord.org](http://www.onconcord.org) under City Forms. Claim forms and receipts may be submitted to the Personnel Department by the last Friday of each month. FSA reimbursements will be paid in a separate payroll check, which will be mailed to you. You will need to provide bills or receipts which include date of service, name of service provider, name of patient, service provided, and amount requested for reimbursement. Medical expenses must first be filed with your health plan. A provider's tax ID# is required only for dependent care claims.

Since the minimum payment you can receive is \$25 (unless it's your end-of-year claim), you may wish to gather several small bills and submit them together. **You have 3 months after the end of each Plan Year to submit claims incurred during that plan year.**

**Health Care Account** claims will be processed monthly and you will receive a payment in the amount of your claim not to exceed the amount of your yearly contribution.

Your **Dependent Care Account** claims will be processed monthly and you will receive a payment not to exceed the current balance in your account. When a claim exceeds your account balance, unpaid amounts are carried forward and paid to you monthly as future deposits go into your account to cover the expense.

Your Flexible Spending Account reimburses you for money you paid for certain services. We will not issue checks to doctors or drug stores, but will reimburse you directly for money you have paid. The City will try to help you use the FSA only for eligible expenses. However, the City bears no responsibility for your taxes. You remain fully accountable to the IRS to prove the eligibility of any expense you submit.

The FSA offers a tax-effective means for you to save for certain benefit needs. Remember, there are important considerations to keep in mind and you must plan carefully to use this benefit wisely.

## 457 Deferred Compensation Plan

A 457 Deferred Compensation Plan is a supplemental retirement savings program that allows you to make contributions on a pre-tax basis. Federal, and in most cases, state income taxes are deferred until your assets are withdrawn, usually during retirement when you may be in a lower tax bracket.

### What are the benefits of participating in a 457 plan?

- You reduce your current income taxes while investing for retirement.
- Your earnings accumulate tax-deferred.
- You can dollar cost average through convenient payroll deductions.\*
- You may be allowed to make additional "catch-up" contributions if you are 50 (or older) or within three years of your normal retirement age and already contributing the maximum to your plan.
- If you change jobs, you have the flexibility to move your account into your new Employer's retirement plan.
- If you retire or leave service early, there is no penalty for withdrawals.
- Supplemental investments are helpful in states and communities where no contribution is made to Social Security.

\* Dollar cost averaging does not assure profit or protect against loss in a declining market. Since dollar cost averaging involves continuous investing, regardless of fluctuating prices, investors must consider their level of comfort in continuing to invest during a declining market.

- You can increase, decrease, stop and restart contributions as often as you wish without fees or penalties.

- You may choose from a wide range of investment options. There are no restrictions or charges for reallocating your investment mix and all funds offered through ICMA-RC are no-load (no costs to participants).
- There are no minimum investment requirements.
- Your designated beneficiaries are entitled to receive all remaining funds in your account in the event of your death.
- You have the most flexible withdrawal payment options available. You determine the payment schedule that is right for you.
- You control your account even while you are withdrawing assets.

### **Keep in Mind:**

- There are Internal Revenue Code limits on the amount you may contribute each year.
- There are two "Catch-Up" provisions that allow you to contribute over-and-above the normal annual contribution amount.
- If you retire or leave service early, there are no penalties for withdrawals. However, you will pay taxes on the amount that you withdraw.
- You are required to begin withdrawing from the account by a certain age.

Visit <http://www.icmarc.org> for additional information.

### **Severance Payment**

The City provides a severance payment which is based on City years of service and sick leave usage. As outlined in the Personnel Rules and Regulations at (34-4-9), eligibility for a severance payment shall extend to employees in wage schedules A, B, C, or S, at the time of actual retirement, and who retire from the City having completed at least ten (10) years of creditable service within the N.H. Retirement System. The amount to be paid shall be determined by the following formula:

Deduct the number of sick leave days used during an employee's last two (2) years of employment from the number "30" and apply the balance to the payment formula below. The base for calculations during 2006 shall be one hundred dollars (\$151). This base shall be indexed to the annual across-the-board wage increases.

#### Years of Service Payment Formula

10 years thru 14 years .25 \* Current Base \* number of days  
 15 years thru 19 years .50 \* Current Base \* number of days  
 20 years thru 24 years .75 \* Current Base \* number of days  
 25 years and over Current Base \* number of days

In no case shall the amount paid per day exceed the employee's standard daily rate. Consecutive sick leave days used involving more than three (3) days shall be computed as single events for purposes of calculating this benefit.

Please refer to the appropriate contract provision when administering this benefit for contractual employees who are not a part of Beneflex.