

March 21, 2018

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Dear XXXX XXXX

I am writing to advise you of the County of Santa Barbara's ("County") recent determination to amend the Regulations Governing Payment of Retiree Health Benefits from a 401(h) Account ("401(h) Regulations"). Specifically, 401(h) Regulation Section 2.01(h) will be amended to reflect that an "Eligible Retired Participant" will not include an individual first hired by a district in a position eligible for membership in the Santa Barbara County Employees' Retirement System on or after **December 31, 2018**. The Board of Supervisors requested that the County CEO provide notice to the participating Special District Employers ("District") of the County's intention to close participation in the 401(h) Account to the New Employees.

This letter is intended to serve as official notice of the County's intent to close participation in the 401(h) Account to New Employees, an action taken under the authority provided in Section 3.01 of the attached 401(h) Regulations. **This change will not affect employees hired on or before December 30, 2018** and those employees will continue to receive the health benefits provided under the 401(h) Regulations. Of course, the District must continue to meet its funding obligations for those employees.

We request that the District begin to take all necessary actions to prepare your organization for the closure of the 401(h) Account to New Employees. In this regard, we encourage you to work with your District legal counsel in order to determine any actions on the part of the District that are necessary to effect closure to new employees of your District. These actions include, but are not limited to, any meet and confer obligations that you may have with your employee bargaining units.

Should your organization wish to provide post-retirement health benefits to New Employees, there may be options available via commercial providers. Furthermore, for the New Employees, your District may be able to explore other options offered by CALPERS. In preparing this letter, we have worked with SBCERS and they stand ready to assist in answering any questions you may have regarding your plan membership, health insurance benefits available, and other information that you may require to investigate your future options. You may contact Greg Levin, SBCERS at 805-568-2585.

Sincerely,

Mona Miyasato
County Executive Officer

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