



BOARD OF SUPERVISORS
AGENDA LETTER

**Agenda
Number:**

**Clerk of the Board of
Supervisors**
105 E. Anapamu Street, Suite
407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 012
For Agenda Of: June 26, 2012
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Chandra Wallar, County Executive Officer, 568-3404
Jeri Muth, Human Resources Director, 568-2816

Contact Info: Joseph Pisano, Employee Relations Manager, 568-2839

SUBJECT: *Amendment to County Retiree Medical Benefit 401 (h) Plan*

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Select_Other

As to form: Select_Concurrence

Recommended Actions:

That the Board of Supervisors approve the attached amendment to the County's 401 (h) Plan.

Summary Text:

The recommended action aligns the County's 401 (h) Plan, which funds the Retiree Medical Program (a subsidy for retiree health insurance premiums) with changes in Countywide post employment benefits for certain groups of employees as previously adopted by the Board. These changes exclude general member (non-safety) employees hired on or after June 25, 2012 from participation in the Retiree Medical Program.

Background:

For many years there has been a Retiree Medical Program that subsidizes post-employment health insurance premiums for employees who retire from County service. On September 16, 2008, the Board passed a resolution that approved the funding for these benefits from a 401(h) account, in compliance with Internal Revenue Service (IRS) requirements.

As part of changes to post employment benefits adopted or imposed by the Board for all general member (non-safety) employee groups over the last 12 months, the Retiree Medical Program has been eliminated for general member (non-safety) employees hired on or after June 25, 2012. The recommended action amends the 401 (h) account plan to reflect these changes.

Fiscal Analysis:

The recommended action is part of benefit cost reductions for employees hired on or after June 25, 2012. The exact savings will depend on when and how many employees separate from County service and are replaced by new employees. Savings will begin in fiscal year 2012-13 and increase gradually until all employees and retirees currently participating in the Retiree Medical Program are no longer receiving this benefit and no one in the County workforce is eligible to participate.

cc: Dennis Marshall, County Counsel
Robert W. Geis, Auditor-Controller
Gary A. Amelio, Chief Executive Officer, SBCERS

Attachment