

**SANTA BARBARA COUNTY  
BOARD AGENDA LETTER**



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

**Agenda Number:**

**Prepared on:** 11/8/05  
**Department Name:** Human Resources  
**Department No.:** 064  
**Agenda Date:** 11/22/05  
**Placement:** Administrative  
**Estimate Time:** N/A  
**Continued Item:** NO  
**If Yes, date from:**

---

**TO:** Board of Supervisors

**FROM:** Susan Paul, Assistant CEO/HR Director  
Human Resources Department

**STAFF CONTACT:** Scott Turnbull  
x2821

**SUBJECT:** **Flexible Benefits Legal Plan Document**

---

**Recommendation(s):**

That the Board of Supervisors:

Approve the Flexible Benefits Legal Plan Document, as revised, effective December 1, 2005.

**Alignment with Board Strategic Plan:**

The recommendation(s) are primarily aligned with actions required by law or by routine business necessity.

**Executive Summary and Discussion:**

The Flexible Benefits Plan is part of the County's comprehensive employee benefit program. This master document provides the legal basis for providing certain employee benefits on a pre-tax basis under Internal Revenue Code Section 125. The County is required to maintain a legal plan document in order to receive this preferential tax benefit for its employees. The pre-tax programs that are incorporated into the Flexible Benefits Plan include the medical and dental insurance plans, life and accident insurance and the Health Care and Dependent Care flexible spending accounts.

The existing plan has been updated periodically as the component plans have changed and as IRS rules have changed. This revised plan incorporates the most recent changes mandated by Family and Medical Leave Act, Health Insurance Portability and Accountability Act, Uniformed Services Employment &

Reemployment Act, as well as recent IRS changes in the definition of an eligible dependent and the acceptable conditions for making mid-year changes in benefit choices. With the exception of adoption of the grace period for filing flexible spending account claims, all of the changes made to the plan document are mandated by law. The specific changes in wording have been reviewed by the County Counsel's office.

**Fiscal and Facilities Impacts:**

There is no fiscal impact to the County for extending the flexible spending account filing period or for making the legally mandated changes to the plan. The grace period extension changes made will allow County employees to continue receiving pre-tax benefits on eligible component plans to the maximum extent allowed by the IRS. For any pre-tax options that employees select through this plan, they will save federal, state, social security, and medicare taxes. In addition, the County saves the employer portion of the social security and medicare taxes.

**Special Instructions:** None.

**Concurrence:** Auditor-Controller  
County Counsel

**cc:** All Employee Organizations  
All Department Heads  
Dennis Murphy, The Segal Company

g:\group\pers\benefits\bos\125 plan bd ltr.doc