

RETIREE HEALTH SAVINGS PLANS
RHS (801276) CITY & COUNTY OF BROOMFIELD PLAN AND
RHS (803529) CCOB PREMIUM REIMBURSEMENT PLAN

Effective January 1, 2014, Broomfield began employer contributions to a Retiree Health Savings (RHS) Plan and discontinued the existing Retiree Medical Insurance Reimbursement (RMIR) Program for most employees. Beginning with the first payroll in January 2014, employer contributions for active full-time employees with at least ten years of combined full-time and part-time service were deposited into the RHS (801276) City & County of Broomfield Plan with ICMA-RC.

Full-time employees who met the eligibility requirements (At least age 55 with at least 20 years of full-time service) of the RMIR Program as of 12/31/2013 remain eligible for an amended RMIR Program. Employees in this category are eligible for the employer-funded bi-weekly contribution to the RHS (801276) Plan but are not eligible for the catch-up provision. Please see the plan document [2014 Retiree Medical Insurance Reimbursement](#) under the Retirement section for more information on this Program. The RMIR Program can be amended or terminated at any time and is subject to annual funding as authorized through the budget process.

A new RHS (803529) CCOB Premium Reimbursement Plan was created in the second quarter of 2014. This plan is for those employees eligible for "catch up" contributions separate from the initial RHS (801276) plan. During the month of June 2014, all current employees who received a "catch-up" contribution prior to June 30, 2014, had their "catch-up" contribution balances moved into the RHS (803529) plan. The separate plans are necessary because IRS regulations might subject these "catch-up" contributions to non-discrimination testing and possible taxation of the benefit if used for other than qualified insurance premiums after vested separation. Balances from the \$25/pay period employer contributions and those contributed by employees in 2006 and/or 2007 remain in the RHS (801276) plan. These balances can be used for reimbursement of all qualified medical expenses including eligible premiums and other out-of-pocket expenses upon vested separation. All other conditions of the program/plan remain unchanged.

Please note: The RHS Plans can be amended or terminated at any time and are subject to annual funding as authorized through the budget process.

This document is intended to answer frequently asked questions and is not intended to replace plan materials prepared by ICMA-RC. Should there be any discrepancy or conflict between this document and documents prepared by ICMA-RC, the ICMA-RC documents shall take precedence.

Q: What are the Retiree Health Savings Plans?

A: *The RHS Plans are employer-funded programs that provide eligible full-time employees with the ability to accumulate funds to pay for qualified medical expenses on a tax-free basis after employees leave full-time Broomfield service (and have 20 years of combined full-time and part-time Broomfield service). The RHS plans are administered by ICMA-RC.*

Qualified medical expenses for the RHS (801276) City & County of Broomfield Plan may include:

- *Health insurance premiums including COBRA and Medicare,*

- Dental insurance premiums,
- Vision insurance premiums,
- Qualified long-term care insurance, and/or
- Qualifying medical expenses as outlined in Internal Revenue Code § 213.

Qualified medical expenses for the RHS (803529) CCOB Premium Reimbursement Plan may include:

- Health insurance premiums including COBRA and Medicare,
- Dental insurance premiums,
- Vision insurance premiums, and/or
- Qualified long-term care insurance.

Q: How does this program apply to me?

A: You must be a full-time employee and have at least ten years of Broomfield service in order to be eligible to receive bi-weekly employer contributions to the RHS (801276) Plan. Broomfield service includes full-time and part-time service. Service in a temporary position is not included.

Q: What is the definition of Broomfield service?

A: Broomfield service is defined as full-time service and part-time service with Broomfield. Employees will not receive service credit for time spent in a temporary appointment. If an employee is re-hired, the service date for vesting will be adjusted to reflect the previous full-time and/or part-time service. It is the employee's responsibility to request the prior service credit. Prior service credit may not be granted if payroll records or other personnel files are not available in order to document the prior service.

Q: How much does Broomfield contribute on my behalf?

A: Effective January 1, 2014, full-time employees with at least ten years of Broomfield service receive a bi-weekly employer contribution of \$25. As other full-time employees reach their tenth anniversary date of Broomfield service, they will become eligible for the bi-weekly employer contribution on the first payroll following the tenth anniversary date. These bi-weekly contributions are deposited into the RHS (801276) City & County of Broomfield Plan.

Q: Am I allowed to make voluntary employee contributions to these Plans?

A: No, the IRS does not allow voluntary employee contributions to these Plans.

Q: What is the vesting schedule?

A: Vesting for the plan(s) is 20 years of Broomfield service. Employees who leave prior to 20 years of Broomfield service will forfeit all contributions (Both bi-weekly and catch-up contributions). Forfeitures will be used to fund future employer contributions. Broomfield service includes full-time and part-time service. Service in a temporary position is not included.

Q: What happens if I leave employment or change status from full-time before I am vested?

A: If you separate from full-time employment (or change status to a part time or temporary position) prior to 20 years of Broomfield service, 100% of the balance of

employer contributions in your RHS plan(s) will be forfeited and returned to the Employer to offset future contributions.

Q: What if I am re-hired into a full-time position?

A: *Forfeited amounts will not be returned to your RHS accounts. Bi-weekly contributions to the RHS (801276) plan will begin effective on the first payroll following your full-time re-hire date. You will not be eligible to receive catch-up contributions to the RHS (803529) plan even if you were previously eligible. If an employee is re-hired into full-time service, the service date for vesting will be adjusted to reflect the previous full-time and/or part-time service. It is the employee's responsibility to request the prior service credit. Prior service credit may not be granted if payroll records or other personnel files are not available in order to document the prior service.*

Q: Once I have 20 years of Broomfield service, and leave employment with Broomfield, when can I start using the Plan(s)?

A: *You may start using vested amounts after separation from full-time employment. There is no minimum age requirement and "retiree" status is not required. Due to IRS requirements, the plans do not allow your account to be rolled into any other type of plan.*

Q: How does the catch-up provision work?

A: *An actuarial study was commissioned to determine the present value of the benefit (Value as of 12/31/2013) for each full-time employee who had been continuously employed full-time since 12/31/2012 and who did not meet the eligibility requirements of the RMIR Program. Part-time service was not included in determining the present value of the catch-up contribution. Employees hired on or after 1/1/2013 into a full-time position are not eligible for catch-up contributions because the RMIR Program was closed to newly hired or re-hired full-time employees on 12/31/2012.*

Full-time employees who have had continuous full-time service with Broomfield since 12/31/2012 and 1) who have at least 20 years of full-time service and who are under age 55, or 2) who have less than 20 years of full-time service as of 12/31/2013, will be eligible for the catch-up provision. Employees hired or re-hired into a full-time position on or after 1/1/2013 are not eligible for the catch-up provision.

If an employee is eligible for catch-up contributions, the Employer "catch-up" contributions will commence once the employee has accrued at least ten years of Broomfield service. Employer "catch-up" contributions are scheduled to be contributed over a ten year period to fund the present value of the benefit (Value as of 12/31/2013). Part-time service was not included in determining the present value of the catch-up contribution.

The RMIR Program was closed to new participants as of 12/31/2012. Further, only those employees who met the eligibility requirements (At least age 55 with at least 20 years of full-time service) of the RMIR Program as of 12/31/2013 remain eligible for the RMIR Program. Employees in this category are not eligible for the catch-up provision.

As explained above, the "catch-up" contributions are deposited into the separate RHS (803529) CCOB Premium Reimbursement Plan. Reimbursements after vested

separation are available only for qualified insurance premiums similar to the RMIR Program.

Q: What are the benefits of the Retiree Health Savings Plan(s)?

A: You have the opportunity to prepare to meet a financial outlay facing you in your retirement, whether for insurance premiums and/or out-of-pocket expenses, co-pays, or prescription drugs.

Once you are eligible to participate (following your tenth anniversary of Broomfield service), you will automatically be enrolled in the RHS Plan(s) for which you are eligible. You can then make decisions regarding your investment of your RHS funds. You elect your investment options for each plan from the Vantagepoint Mutual Funds including actively managed funds, model portfolio funds, index funds and age-related milestone funds. Assets accumulate in a tax-deferred account.

Upon initial enrollment in the RHS plan(s), your investment allocation is automatically established as the Vantagepoint Milestone Fund (Age-appropriate target date fund). However, you may change the investment allocation for future contributions at any time through Vantageline (toll-free automated service line), on-line Account Access (ICMA-RC website), or by contacting an ICMA-RC Investor Services representative. Additionally, existing balances can be transferred among the Vantagepoint Funds at any time through Vantageline, on-line Account Access, or an ICMA-RC Investor Services representative. You select your investment allocations separately for the RHS (801276) and (803529) plans or you can retain the default investment allocation assigned when you are enrolled.

Medical expense reimbursements are tax-free when used for qualified medical expenses for you, your spouse, and/or your qualified dependents. Upon your death, your account balance is transferred to an account to pay qualifying medical expenses for your surviving spouse and/or qualifying dependents for their medical expenses. If you do not have a surviving spouse and/or qualifying dependents, the assets will revert to the RHS trust to be used to offset future employer contributions. If there are assets remaining upon the death of the spouse and all qualifying dependents, the assets will revert to the RHS trust to be used to offset future employer contributions.

Q: Who are my dependents?

A: An eligible dependent is (a) your lawful spouse, (b) your child under the age of 27, as defined by IRC Section 152(f)(1) and IRS Notice 2010-38, or (c) any other individual who is a person described in IRC Section 152(a), as clarified by IRS Notice 2004-79. Dependent eligibility under IRS rules generally includes individuals who are either a "qualifying child" or a "qualifying relative." If IRS rules and/or notices are updated, those rules/notices shall take precedence over the answers contained in this Q&A.

Q: What fees does ICMA-RC charge for the RHS Plan(s)?

A: The following fees are assessed to your account(s) and are reflected on your quarterly statement:

- **Asset fee:** An asset fee of 40 basis points will be assessed to your account on a quarterly basis.
- **Annual Account Fee:** An annual account fee of \$25 will be charged to your RHS (801276) plan account on a quarterly basis (\$6.25 per quarter). No additional Annual Account Fee will be charged to the RHS (803529) plan account.

- *Mutual Fund Fee: The fee will vary depending on what investment option(s) you select. Please see the expense ratio associated with each investment option.*

Q: Whom should I contact with questions regarding the RHS plans?

A: Contact Broomfield Human Resources for questions relating to:

- *Plan provisions (Benefit eligibility, vesting, contributions, etc.).*
- *Enrollment.*
- *To establish benefit eligibility.*

Contact ICMA-RC for questions relating to:

- *All non-claim related account issues.*
- *Your account statement.*
- *Posting of contributions.*

Third-party Claims Administrator (TPA) for questions relating to:

- *Claim related issues once you are eligible to receive benefits.*
- *To change personal data if you are eligible for benefits (Also inform ICMA-RC).*