TOWN OF HOLDEN

EMPLOYEE BENEFITS

JULY, 2016

Employees who are eligible for and who wish to participate in any of the employee benefits programs listed in this booklet should inquire at the Treasurer's Office by telephone at (508) 210-5512, or e-mail to: slowder@holdenma.gov.

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TAXES

Federal Taxes

When hired, each employee must fill out a W-4 Federal Tax Withholding form. The employee will state whether he is Married or Single and how many exemptions he is claiming. Single employees must so designate themselves. Married employees may check off the box marked "Married but withhold at higher Single rate" if they desire increased federal withholdings. The employee may also list additional dollar amounts to be withheld each pay period if he wishes.

The employee should make sure that he has included his name, address, and Social Security Number on the form, and that it is signed and dated. An employee may change his Federal Withholding status at any time by filling out a new W-4 form. An employee who fails to fill out a W-4 form will be listed in the computer as having a "Single/0" exemption status which will serve to deduct the maximum amount of taxes from his pay.

State Taxes

If an employee wishes to have his exemption status for State Withholdings differ from his federal status, he must also fill out an M-4 State Withholding form. Otherwise, the W-4 will be used for both Federal and State withholdings.

FICA

Medicare

All employees hired by the Town of Holden on or after April 1, 1986 are subject to the Medicare portion of the FICA tax, which is 1.45% of all wages.

Social Security Tax

The Town of Holden does not participate in the Social Security portion of the FICA tax. No Town employee will have Social Security deducted from his pay. New employees may be required to sign a form entitled "Statement Concerning Your Employment in a Job Not Covered by Social Security," acknowledging their understanding that Social Security will not be deducted from their pay and that their employment with the Town of Holden will not count toward the requirements for the collection of a pension from the federal Social Security program.

RETIREMENT & TAX-DEFERRED COMPENSATION

Regional Retirement

All permanent full-time employees of the Town of Holden must join the Worcester Regional Retirement System. For purposes of retirement, "full-time" refers to any employee who works 1040 hours in a calendar year. If an employee is already an active member of any public retirement system in the Commonwealth, his deduction rate for retirement will continue at the same rate, that is, at 5, 7, 8 or 9%. New employees will have 9% of their regular (non-overtime) pay deducted for retirement. Some additional types of wages may also be subject to retirement.

Employees must complete a retirement enrollment form. If they are new members of the Worcester Regional Retirement system they must provide a birth certificate, and veterans of the armed services must also provide a copy of their discharge papers. The completed enrollment form and the accompanying documents are forwarded by the Treasurer's Office to the Worcester Regional Retirement System, where they are kept on file.

All employee deductions for retirement are sheltered from federal income taxes. In addition, employees may claim up to $2000 in retirement deductions (Regional Retirement plus Medicare) each year on their state income taxes

30 Plus Retirement: The Worcester Regional Retirement Board has adopted the 30 Plus ruling, which relates to employees who earn more than $30,000 annually and who enrolled in the retirement system on or after January 1, 1979. An additional 2% is deducted from the pays of these employees on all eligible earnings over $30,000. While the $30,000 figure represents an annual earnings cap, the additional 2% in retirement deductions is calculated based on the employee's biweekly pay and is withheld every pay period.

OBRA

Employees who are not eligible to join the Worcester Regional Retirement System are required to enroll in the OBRA Mandatory Alternative Retirement Program. This program is made available to Town employees through the Commonwealth of Massachusetts, and is administered for the Commonwealth by Empower Retirement (formerly known as Great-West Retirement Services.)

OBRA enrollment forms are available at the Treasurer's Office. Employees who participate in OBRA will have 7.5% of their gross pay deducted for this plan, and these deductions are sheltered from both federal and state taxes. When OBRA employees leave employment with the Town, they may request a refund of their accumulated deductions from Empower.

457 Tax-Deferred Compensation

The Town of Holden sponsors 457 Tax-Deferred Compensation Programs with both Empower Retirement (formerly Great-West Retirement Services) (the state plan) and ICMA Retirement Corp. Among the current provisions of 457 plans are:

- Annual contributions are limited to the lesser of 100% of an employee's pay or $18,000.
- Employees over age 50 may contribute an additional $6,000 annually.
- There are "catch-up" provisions for employees approaching retirement.
- Employees may participate fully and concurrently in both a 457 plan and a 403(b) plan.
- Rollovers are now allowed between 457 plans, 403(b) plans, 401 plans and IRA's.
- Funds invested in 457 plans may be withdrawn to purchase service credits in governmental defined benefit pension plans.

If an employee wishes to participate in the ICMA program, enrollment forms as well as additional details may be obtained at the Treasurer's Office. If an employee wishes to participate in the state plan 457 plan, they must contact Empower Retirement themselves. Contact information is available at the Treasurer's Office. The websites for the tax-deferred compensation programs are:

- Empower Retirement—www.mass-smart.com
- ICMA Retirement Corp.—www.icmarc,org

Roth IRAs

Roth IRAs are now available for employees who wish to invest in this Retirement-planning benefit. Although the contribution is taxable at the time of the payroll deduction, it is tax-free when a distribution is taken after age 59 1/2. The limit for a Roth IRA contribution is $5,500 ($6,500 if you are age 50 or older. Please contact the Treasurer's Office if you would like to participate in this retirement savings option.

HEALTH, DENTAL & LIFE INSURANCE – FLEXIBLE SPENDING ACCOUNTS

Health Insurance

The Town of Holden offers to its employees several health insurance plans through the Commonwealth of Massachusetts Group Insurance Commission (GIC). Specific information about the benefits and premiums costs of each of these plans is available at the Treasurer's Office.

For employees hired before July 1, 2009, the Town pays 80% of the premium cost for HMO health insurance plans, and the employee contributes 20%. For employees hired on or after July 1, 2009. the Town pays 75% of the premium cost for HMO health plans, and the employee contributes 25%. For Indemnity and PPO health insurance plans, the Town and the employee each pay 50%. Employees will pay their share through deductions from their biweekly paycheck. The employees' share of insurance premiums is deducted from their paychecks during the month prior to the coverage month.

New employees' health benefits begin on the first day of the month following 60 days of employment. When employees are first hired, they may choose to enroll in any of the health insurance plans within 10 days of the start of employment. The Town's Plan Year for insurance purposes runs from July 1 through June 30. Each year, prior to July 1, there is an open enrollment period when employees may change from one insurance plan to another, or make other changes in their insurance coverage. Existing employees who wish to enroll or make other changes in their health insurance coverage at any other time of the year must have a qualifying event. Employees who need to make a change in their health insurance coverage through the Town on a date other than July 1 should call the Treasurer's Office for more detailed information.

Commonwealth of Mass – Health Connector

State law requires that all Massachusetts residents over the age of 18 must be enrolled in a health insurance plan. For an employee who does not qualify for Town of Holden benefits, the Health Connector can help evaluate coverage options, cost and eligibility. Visit MAhealthconnector.org for additional health insurance information.

COBRA

Federal law, commonly known as COBRA, provides that employees who lose health insurance coverage because of termination of employment or reduction in hours are eligible to remain on the Town's insurance plans, but must, in most cases, pay the full cost of the premium.

COBRA also protects the dependents of employees who may lose coverage through additional qualifying events. When an employee enrolls in one of the Town's health insurance plans, his rights and responsibilities under the COBRA law will be explained in more detail.

HIPAA

The Health Insurance Portability and Accountability Act mandates that employees' have a right to privacy with regard to certain Protected Health Information (PHI). Employees' rights under HIPAA will be explained in more detail at the time of enrollment in one of the Town's health insurance plans.

CHIPRA

The Children's Health Insurance Program Reauthorization Act (CHIPRA) was implemented in the spring of 2010. Under this act, premium assistance may be available to uninsured children whose family income falls below a certain level. To qualify for the CHIP program, an employee must be eligible to enroll in the Town's health insurance plan, but be unable to afford the cost of the premiums. Employees who believe they may be eligible for the CHIP program should contact the Treasurer's Office for additional information.

Dental Insurance

Eligible Town of Holden employees may purchase Family and Individual dental insurance provided by Altus Dental. This benefit is paid entirely by the employee through payroll deduction.

Basic Life Insurance

Eligible Town of Holden employees may opt to purchase a $5,000 term life insurance policy through the Town of Holden. The cost of this policy is $6.30 per month, of which the Town pays 50%. The employee's share will be deducted from his paycheck every pay period.

Voluntary Life Insurance

In addition to purchasing the $5,000 basic life insurance policy, employees may also purchase additional insurance through Boston Mutual Life Insurance Company. This additional insurance, called voluntary life insurance, is paid for entirely by the employee through payroll deduction.

- Employees must be enrolled in the basic life in order to purchase this additional insurance.
- This insurance must be bought in $10,000 blocks.
- Employees may purchase up to 5 times their annual salary in insurance coverage.
- The cost of this plan varies depending upon the age of the employee and the amount of coverage desired

ELO Employee Whole Life Insurance

Employees have a third life insurance option, also available through Boston Mutual Life Insurance Company, called Employee Life Option Endowment at Age 95 Insurance.

- Unlike the other life insurance options, these are whole life policies and build future cash value.
- The employee may design the insurance package, and may choose to cover not only the employee, but also the employee's spouse, children, and even grandchildren.
- This type of insurance is 100% portable, and the employee may continue the ELO program even after terminating employment or into retirement.

Employees who are interested in learning more about either the Voluntary Life Insurance or the ELO Whole Life Insurance should contact the Treasurer's Office. ELO life insurance is paid for entirely by the employee through payroll deduction.

Disability Insurance

The Town of Holden has made available to its employees disability insurance coverage which may be purchased through Colonial Life & Accident Insurance Company. Employees who are interested in purchasing disability insurance should communicate directly with Colonial. Information on how to get in touch with this company is available at the Treasurer's Office. Disability insurance is paid for entirely by the employee through payroll deduction.

Section 125 Cafeteria Plan

The Town of Holden has adopted Section 125 of the Internal Revenue Code, which allows health and life insurance premium deductions, as well as amounts deducted for certain other purposes, to be taken in pre-tax dollars. Employees may enroll in the Cafeteria Plan by completing an Election Form at the same time that they enroll in the Town's health and/or basic life insurance groups, or in a Flexible Spending Account (see below). Deductions made from employees' paychecks for these purposes will not then be subject to either federal, state, or Medicare taxes.

***Please Note**: Only deductions for the Health Insurance, Dental Insurance, Basic Life Insurance, and Flexible Spending Accounts are included in the Town's Section 125 Plan, and will be considered as pre-tax. Premium deductions for the Voluntary Life Insurance, the ELO Whole Life Insurance, and the Disability Insurance are not included in the Section 125 Plan, and are therefore subject to full taxation.*

Flexible Spending Account

The Town of Holden has established a Flexible Spending Account (FSA) as a part of its Section 125 Cafeteria Plan. FSAs allow employees to deduct certain amounts from their paychecks in pre-tax dollars for either out-of-pocket medical expenses or for dependant child care (DCAP) expenses. The Town has contracted with Total Administrative Services Corporation (TASC) to administer its FSA program

The Town's FSA plan limits each employee to a maximum allowed deduction of $2,550 per year for medical expenses. Federal law limits the amount that may be deducted for DCAP expenses to $5,000 per year *per family*.

Employees will be given an opportunity to enroll in the Town's Flexible Spending Account when they are hired. Once the employee has opted to participate, the deduction amount may not be changed and must continue to be taken from the employee's paycheck until the end of that plan year. Every year, prior to July 1, an open enrollment period is held during which employees may opt in or out of the FSA or change the amount of their deduction for the ensuing plan year. The Insurance Plan Year runs from July 1st through June 30th.

MISCELLANEOUS PAYROLL BENEFITS/ DEDUCTIONS

Direct Deposit

The Town offers the convenience of direct deposit of employees' payroll checks. In order to participate, an employee must have the entire amount of his net pay deposited, and may use no more than two banking institutions. Employees may choose to have their entire net pay deposited at one bank, or may have a specific dollar amount or percentage of their net pay deposited each pay period into one bank, with the remainder deposited into a second bank. Employees may deposit their funds into any bank(s) of their choosing.

If an employee wishes to take advantage of this service, he/she should fill out a Direct Deposit Authorization Form at the Treasurer's office. The employee should have already opened an account at the bank(s) before completing this form. If the deposit is to be made into a checking account, the employee must also attach a voided blank check to the authorization form.

It is the policy of the Treasurer's Office to transmit the direct deposit information on Tuesday, so that the funds will be available for the employees' use on the Thursday pay day. However, it is possible that a Monday holiday or other circumstances beyond the control of the Treasurer's Office could delay the deposit of these funds into the employees' accounts. Employees are advised to carefully check their account balances to avoid banking problems.

Union Dues

Local 806 Union Dues: Municipal Light Department and Department of Public Works employees may join Local 806 of the American Federation of State, County and Municipal Employees. Employees who elect to join this union may fill out a union dues deduction authorization form at the department level. These forms are then forwarded to the Treasurer's Office, after which the union dues will be deducted from the employee's paycheck. *The deduction for AFSCME union dues is currently $18.00 per biweekly pay period.*

MassCOPS: Members of the Holden Police Department are enrolled in either the Massachusetts Coalition of Police Local 454 or 455. Employees who elect to join this union may fill out a union dues deduction authorization form at the department level. These forms are then forwarded to the Treasurer's Office, after which the union dues will be deducted from the employee's paycheck. *The deduction for MACOPS union dues is currently $24.00 per biweekly pay period.*

Professional Firefighters Association Dues: Full-time members of the Holden Fire Department may join the Holden Professional Firefighters Association, which is Local 4023A of the International Association of Firefighters AFL-CIO-CLC. Employees who elect to join this union may fill out a union dues deduction authorization form at the department level. These forms are then forwarded to the Treasurer's Office, after which the union dues will be deducted from the employee's paycheck. *The deduction for the Firefighters' Union is currently $30.00 per biweekly pay period.*

PERMANENT FULL TIME EMPLOYEE BENEFIT POLICY

VACATION: Two weeks after 1 year of continuous service depending on how many weeks worked in previous calendar year; three weeks after five years; four weeks after ten years; five weeks after twenty years (eff. 7/1/91). Vacation is earned on the anniversary date of the first year of employment and thereafter is credited as of January 1.

SICK LEAVE: All new employees after 7/1/91 and all employees having worked for the Town 20 years or more will accumulate 1 day per month to a maximum of 180 days. All other employees will remain accumulating 1-1/4 day per month.

PERSONAL DAYS: 3 days per fiscal year commencing after six months of employment.

- Police Department Union Employees have 2 days per fiscal year with 1 additional given for each 4 months with no sick leave taken.
- A DPW employee shall earn one (1) additional Personal Day for each period of six (6) consecutive months of non-utilization of sick leave, to a maximum of two (2) additional leave days per fiscal year.
- The Fire Department Union employees who complete a period of six (6) months of service without using any sick leave shall earn 12 hours of personal leave, to a maximum of 24 hours per fiscal year. Any additional earned leave day under this Article may not be used for thirty (30) calendar days after being earned, but must be used within one (1) calendar year.
- Light Department Union employees shall earn one (1) Personal Day for each period of six (6) consecutive months of non-utilization of sick leave, to a maximum of two (2) additional leave days per fiscal year. The Personal Day must be used within six (6) months of accrual unless a waiver is approved by the Department Head.

HOLIDAYS: 11 paid holidays per year

BEREAVEMENT LEAVE:

- For death of spouse: ten (10) working days without loss of pay
- For death of other members of employee's family as found in Chapter 9, Section 9-7 (B): up to three (3) working days without loss of pay.

MILITARY LEAVE: An employee entering the regular military service or military reserves will be provided a leave of absence as required by Federal Law.

JURY LEAVE: An employee who shall be required to serve on a jury on days he or she is scheduled to work in accordance with Chapter 234A of the Massachusetts General Laws shall be paid his or her regular wages for the first three days, or a part thereof, of such juror service, at his regular straight time rate. For fourth and subsequent days of such juror service, the employee shall be paid the difference between the amount received as juror compensation and the employee's regular straight time wages. Any employee required to serve on any federal jury on days he or she is scheduled to work shall be paid the difference between the amount paid for juror service and the employee's straight time rate.

MATERNITY AND ADOPTIVE LEAVE: A female employee who has been employed by the Town for at least three consecutive months as a full-time employee, and who shall give at least two weeks notice to the Town of her anticipated date of departure and intention to return, shall be entitled to eight weeks maternity and adoption leave without pay in accordance with Section 105D of Chapter 149 of the Massachusetts General Laws. Additional maternity and adoptive leave may be granted at the discretion of the Town, up to a total of four additional months of leave. The Town may require an employee who became ill as a result of pregnancy or childbirth to undergo a medical examination prior to returning to work. Police Department employees have additional provisions concerning Infant/Child caring leave for infant or adopted child less than one (1) year old.

COPIES OF THE **TOWN OF HOLDEN PERSONNEL MANUAL** FOR PERMANENT FULL TIME EMPLOYEES ARE ON FILE IN THE OFFICE OF THE TOWN MANAGER, STARBARD BUILDING, 1204 MAIN STREET, HOLDEN MA.

PART TIME EMPLOYEE BENEFIT POLICY

ELIGIBILITY: Appointment to a position having established hours of work which are less than those established for full time positions on a 12 month basis.

VACATION: Leave to be accrued after actually working for one year at the rates contained in Appendix B of the Benefit & Leave Policy for Employees Considered Less Than Full Time. Additional vacation earned on a seniority basis will accrue on anniversary date.

SICK LEAVE: Leave to be accrued after successfully completing a six month probationary period at the rates contained in the Benefit & Leave Policy for Employees Considered Less than Full Time.

HOLIDAY: Pay to be for those hours regularly scheduled for that date.

JURY LEAVE: An employee who shall be required to serve on a jury on days he or she is scheduled to work in accordance with Chapter 234A of the Massachusetts General Laws shall be paid his or her regular wages for the first three days, or a part thereof, of such juror service, at his regular straight time rate. For fourth and subsequent days of such juror service, the employee shall be paid the difference between the amount received as juror compensation and the employee's regular straight time wages. Any employee required to serve on any federal jury on days he or she is scheduled to work shall be paid the difference between the amount paid for juror service and the employee's straight time rate.

COPIES OF THE TOWN OF HOLDEN **BENEFIT & LEAVE POLICY FOR EMPLOYEES CONSIDERED LESS THAN FULL TIME** ARE ON FILE IN THE OFFICE OF THE TOWN MANAGER, STARBARD BUILDING, 1204 MAIN STREET, HOLDEN MA.

TOWN OF HOLDEN
FAMILY AND MEDICAL LEAVE POLICY

The Federal Family and Medical Leave Act of 1993 ("FMLA" or "the Act") was enacted on February 5, 1993 and became effective on August 5, 1993. The U.S. Department of Labor issued revised regulations interpreting the FMLA of 1993 which went into effect on January 16, 2009.

Basic Leave Entitlement

FMLA requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to eligible employees for the following reasons:

- For incapacity due to pregnancy, prenatal medical care or child birth
- To care for the employee's child after birth, or placement for adoption or foster care;
- To care for the employee's spouse, son, daughter or parent, who has a serious health condition; or
- For a serious health condition that makes the employee unable to perform the employee's job.

Military Family Leave Entitlements

Eligible employees with a spouse, son, daughter or parent on active duty or call to active duty status in the National Guard or Reserves in support of a contingency operation may use their 12-week leave entitlement to address certain qualifying exigencies. Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions and attending post-deployment reintegration briefings.

FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a covered service member during a single 12-month period. A covered service member is a current member of the Armed Forces, including a member of the National Guard or Reserves, who has a serious injury or illness incurred in the line of duty on active duty that made render the service member medically unfit to perform his or her duties for which the service member is undergoing medical treatment, recuperation or therapy; or is in outpatient status; or is on the temporary disability retired list.

Benefits and Protections

During FMLA leave, the employer must maintain the employee's health coverage under any "group health plan" on the same terms as if the employee had continued to work. Upon return from FMLA leave, most employees must be restored to their original or equivalent positions with equivalent pay, benefits and other employment terms.

Use of FMLA leave cannot result in the loss of any employment benefit that accrued prior to the start of an employee's leave.

Eligibility Requirements

Employees are eligible if they have worked for a covered employer for at least one year, for 1,250 hours over the previous 12 months, and if at least 50 employees are employed by the employer within 75 miles.

Definition of Serious Health Condition

A serious health condition is an illness, injury, impairment or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee's job or prevents the qualified family member from participating in school or other daily activities.

Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than 3 consecutive calendar days combined with at least two visits to a health care provider or one visit and a regimen of continuing treatment, or incapacity due to pregnancy or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

Use of Leave

An employee does not need to use this leave entitlement in one block. Leave can be taken intermittently or on a reduced leave schedule when medically necessary. Employees must make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt the employer's operations. Leave due to qualifying exigencies may also be taken on an intermittent basis.

Substitution of Paid Leave for Unpaid Leave

Employees may choose or employers may require use of accrued paid leave while taking FMLA leave. In order to use paid leave for FMLA leave, employees must comply with the employer's normal paid leave policies.

Employee Responsibilities

Employees must provide 30 days advance notice of the need to take FMLA leave when the need is foreseeable. When 30 days notice is not possible, the employee must provide notice as soon as practicable and generally must comply with an employer's normal call-in procedures.

Employees must provide sufficient information for the employer to determine if the leave may qualify for FMLA protection and the anticipated timing and duration of the leave. Sufficient information may include that the employee is unable to perform job functions, the family member is unable to perform daily activities, the need for hospitalization or continuing treatment by a health care provider or circumstances supporting the need for military family leave. Employees also must inform the employer if the requested leave is for a reason for which FMLA leave was previously taken or certified. Employees also may be required to provide a certification and periodic recertification supporting the need for leave.

Employer Responsibilities

Covered employers must inform employees requesting leave whether they are eligible under FMLA. If they are, the notice must specify any additional information required as well as the employees' rights and responsibilities. If they are not eligible, the employer must provide a reason for the ineligibility.

Covered employers must inform employees if leave will be designated as FMLA-protected and the amount of leave counted against the employee's leave entitlement. If the employer determines that the leave is not FMLA-protected, the employer must notify the employee.

Unlawful Acts by Employers

FMLA makes it unlawful for any employer to:

- Interfere with, restrain, or deny the exercise of any right provided under FMLA;
- Discharge or discriminate against any person for opposing any practice made unlawful by FMLA or for involvement in any proceeding under or relating to FMLA.

Enforcement

An employee may file a complaint with the U.S. Department of Labor or may bring a private lawsuit against an employer.

FMLA does not affect any Federal or State law prohibiting discrimination, or supersede any State or local law or collective bargaining agreement which provides greater family or medical leave rights.

Department Procedures

The Town's department heads, with the approval of the Town Manager, may establish their own procedures to implement this policy, consistent with the policy.

Adoption by Town Manager

This policy was adopted by the Town Manager on October 28, 1996.