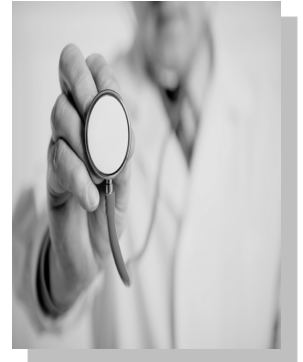


Town of Berlin

OFFICE OF THE TREASURER/COLLECTOR

To: All Employees
Subject: Open Enrollment reminder and rate list for
Medical and Dental benefits
Fiscal Year **2021 (July 1, 2020 – June 30, 2021)**
Date: March 31, **2020**



Open Enrollment is April 1 thru April 30, 2020

Dear Employee,

It is time again for open enrollment. During the month of April, any employee who qualifies for benefits can enroll and can't be denied obtaining coverage. Enrollment forms and plan descriptions for medical and dental can be found online on the Town's web page <http://www.townofberlin.com>.

Attached you will find the Section 125 Employee Contribution Rate Sheets for FY2021. Rate changes for medical and dental plans occur on July 1 each year. The exception is Medex2 that renews on January 1. This year the cost of medical coverage for BC/BS increased 7.44% and for dental 1.8%. Deductions at the new rates will be taken out of your June 2020 paychecks to prepay your coverage for the month of July 2020. The town covers 75% of cost for the HMO and Select Benchmark Plans, and 56% of the PPO.

This year we are offering a third plan that is an HMO limited provider plan. For those interested in learning about this option, we will be scheduling informational meetings during open enrollment that will be conducted by MIIA personnel. With the loss of school personnel at the end of August/2019, we became an extremely small group. A group as small as ours can make it difficult to obtain affordable coverage and also contain costs. This past year we used over 100% of the premiums we paid in to cover actual claims. This left no funds to cover MIIA's administration costs, usually targeted in the 8% range. Our normal expenditures prior to losing the school employees tracked at approximately 88%, leaving plenty of room to cover cost of administration. Fortunately, even though our rate increases were in the higher range this year, MIIA as a whole had a good year. Rates for medical increases for members ranged from -1.5% to a maximum of 8.3%. The average increase in the group was 3.7%.

We currently have an RFP out requesting brokers and consultants propose possible changes to the plan(s) to save both the employees and the town money. It is anticipated that changes, if any, would be implemented starting in FY2022. All proposals will be reviewed by the Insurance Advisory Committee. There are many options to discuss and will require lots of research and review before making any proposed changes.

Employees leaving the employment of the town lose their benefit coverage on the date of their termination. Employees leaving the employment of the Town are advised to inform us ASAP, since a refund for benefit deductions may be due you. Some terminated employees are allowed by law to keep benefits at the town's group rate (no town contribution) for an additional 18 months (or more, depending on circumstances) by a federal law called "COBRA".

What if I need benefits after open enrollment?

New employees have 30 days from date of hire to sign up for benefits, and cannot be denied coverage during that time. Otherwise, they must wait until the following April (Open Enrollment) and also cannot be denied coverage for medical and dental at that time. However, if they have a qualifying event in their lives, benefit may be available for them during other months of the year. A qualifying event is: marriage, spouse loss of job and/or benefits; death of subscriber (married member with family benefits); birth of child, divorce, court orders, etc. Employees who do not sign up for life or disability during the first 30 days cannot sign up for them after that time unless they work with the Insurance Companies and pass what is called 'Evidence of Insurability'. Some employees have been successful, others have not. The town will start those benefits with instructions in writing from the companies.

The law requires all employees and/or their spouses when turning 65 to enroll in Medicare part B. When you retire, you can then choose a Medicare supplemental plan, including two offered by the town. (See us about an organization that can make this process less painful and provide alternative private plan options that may better meet your needs.)

We have provided a general overview of the Town's retirement programs on the attached 2019 Employee Benefits rate sheet.

- Employees working 20 hours or more per week must enroll in the Worcester Regional Retirement System (WRRS) (401(a)). If you are hired by the town to work part time and are currently or were previously a member of the Worcester Regional Retirement System, you must join WRRS in most circumstances.
- All employees who work under 20 hours per week, (with no age limit,) must join and contribute 7.5% of their pay to the Commonwealth of MA sponsored SMART plan managed by EMPOWER. The SMART Plan Retirement is an alternative to Social Security as permitted by the federal Omnibus Budget Reconciliation Act of 1990 (OBRA). OBRA, passed by the U.S. Congress, requires that beginning July 1, 1991 employees not eligible to participate in their employer's retirement program must contribute to Social Security *or* another program meeting federal requirements. States can opt out of social security and Massachusetts is one of the states that has done so. The SMART Plan is a supplement plan and meets the federal requirements of having an alternative program.

Note: If you are retired from MTR or WRRS, and return to work part time in the same position, see us about retirement rules that might allow you to not be subject to OBRA deductions. Also, any member of the WRRS should see us regarding limited hours and income you can earn.

- It is important that any employee who currently is (or was) a member of the Worcester Regional Retirement System (WRRS) let us know immediately upon hire. Subsequently, anyone currently on OBRA who becomes a member of WRRS because they started working over 20 hours in another municipality need to inform us right away as well. Finding this out after the fact could be a very painful and expensive problem for the employee.
- Anyone starting employment after 1/1/2020 is subject to a requirement that a newly designed W4 form is filled out for your federal payroll tax deductions. This rule does not apply to employees hired prior to 1/1/2020 unless they want to change their current deductions.

Most employees ignore planning for retirement until it is too late. They usually don't think about retirement income until the retirement clock starts ticking. ***We urge you to plan ahead for retirement, and put aside extra funds (as low as \$10 per pay) for retirement to insure you are doing all you can for planning financial stability in your future.*** There are two options in the SMART PLAN for additional retirement savings. Option one (OBRA-1) is for full time employees, and option two (OBRA-3) is for part-time employees.

If you are interested having additional pre-tax retirement savings via the SMART PLAN, you need to speak to a licensed financial advisor. (We are limited to only making you aware of the options available to you through the Town of Berlin payroll system. We have contact numbers for the above mentioned companies or options if interested.)

Note: The Town of Berlin does not contribute matching funds for any annuity plans. We only provide the service of deducting tax-exempt amounts from your paycheck and distribution of the same EMPOWER.

There are also other pre-tax and non-pretax plans available to all town employees through the AFLAC and Colonial Life 125 benefit programs. These plans allow employees of any income level to purchase private policies at a group-rate and include Cancer, Supplemental Life, etc. for themselves, spouses and children (with some exceptions.) These plans may or may not qualify for Section 125 pre-tax qualification. Give us a call if you are interested in either of these programs and we will put you in touch with our AFLAC or Colonial Life representatives.

Dennis Fearebay - Treasurer /Collector
Stephen Price - Assistant Treasurer
Brien Devaney – Assistant Tax Collector
Edith Brewer– Clerk

Office Hours: Monday thru Thursday 7:00 a.m. to 4:30 p.m. Friday 7 a.m. to 1 p.m. Call: (978) 838-0344
email: Treasurer@TownofBerlin.com, Taxcollector@townofberlin.com or sprice@townofberlin.com

Town of Berlin

SECTION 125-PLAN EMPLOYEE CONTRIBUTION RATES FOR

- **Medical**
- **Dental**
- **Life Insurance**
- **Long Term Disability**
- **Aflac**
- **Colonial Life**
- **Retirement**
- **Direct Deposit Information**

**Fiscal Year 2021
(July 1, 2020 / June 30, 2021)**

SECTION 125 CAFETERIA PLAN

For employees working 20 hours per week or more:

MEDICAL — RATES EFFECTIVE JULY 1, 2020. DEDUCTIONS BEGIN JUNE/2020.

HMO Plans: Employee pays 25% /Town pays 75% **PPO: Employee pays 44%/Town pays 56%**

Group Number 4034988	Total Cost	Weekly	Bi-Weekly	Monthly	Town Pays
MIIA HMO Blue 1					
Individual:	\$1,061.39	\$ 66.34	\$132.68	\$265.36	\$ 796.03
Family:	\$2,601.67	\$162.61	\$325.22	\$650.44	\$1,951.23
MIIA HMO Blue NE Select Benchmark					
Individual:	\$ 912.80	\$ 57.05	\$114.10	\$228.20	\$ 684.60
Family:	\$2,237.44	\$139.84	\$279.68	\$559.36	\$1,678.08
MIIA PPO Blue					
Individual:	\$1,154.27	\$126.97	\$253.94	\$ 507.88	\$ 646.39
Family:	\$2,829.35	\$311.23	\$622.46	\$1,244.92	\$1,584.43

Coverage for retired employees

Medex 2 rates run 1/01/2020 to 12/31/2020

MEDICAL FOR RETIREES — AT AGE 65. MANDATORY SIGN UP FOR MEDICARE B PER FEDERAL LAW. RETIREE PAYS 100% OF GROUP DISCOUNTED RATE. THERE ARE NO RETIREE BENEFITS FOR THE TOWN OF BERLIN EMPLOYEES.

	Total Cost	Weekly	Bi-Weekly	Monthly	Town Pays
Medex2	Group Number 502310148 (Primary payee plan)				
Individual (only):	\$396.34			\$396.34	N/A

DENTAL — EFFECTIVE JULY 1, 2019. DEDUCTIONS BEGIN JUNE/2020.

EMPLOYEE PAYS 50% /TOWN PAYS 50%

	Total Cost	Weekly	Bi-Weekly	Monthly	Town Pays
BC/BS Dental — Revised Coverage	Group Number: 2342939				
Individual:	\$ 49.91	\$ 6.24	\$12.48	\$ 24.96	\$ 24.95
Family:	\$102.84	\$ 12.86	\$25.72	\$ 51.44	\$ 51.40

LIFE INSURANCE*

ACTIVE: EMPLOYEE PAYS 50% /TOWN PAYS 50%

RETIREES: RETIREE PAYS 100%

	<u>Total Cost</u>	<u>Weekly</u>	<u>Bi-Weekly</u>	<u>Monthly</u>	<u>Town Pays</u>
Boston Mutual Life Insurance Group #2487:					
Active (\$5,000):	\$ 5.52	\$.69	\$ 1.38	\$ 2.76	\$ 2.76
Retirees (\$2,000):	\$ 2.20	-	-	\$ 2.20	

LONG TERM DISABILITY INSURANCE*

ACTIVE: EMPLOYEE PAYS 100%

SunLife Insurance Company Group #68292: Active: - \$.50/per \$100.00 income earned

- Available without a doctors physical within first thirty days of hire.

*You need to sign up for these two benefits (Life and LTD) within 30 days of start of employment, or you will need to deal with the insurance company directly to apply for coverage. They may require a proof of insurability and in many cases will turn down the applicant. The above rate of \$.50 was changed February 1, 2020 from \$.46/per \$100 income earned

DEADLINES

Note: All benefit changes must be in writing within thirty (30)-days of the effective date of a qualifying event. Qualifying events include date of change of qualifying hours, marriage, divorce, birth, death, or spouse layoff, etc. Dependents under 26 can be covered even if they work for an employer who provides benefits. Retirees younger than 65 may continue coverage of medical, dental and life, however, they must pay the entire cost of the medical, dental or life insurance at the discounted group plan rate. All employees must contact Medicare on or before reaching age 65 to check their Medicare B status. Retirees qualify for group family coverage, but must pay for the premium at the full group rate as well. If they chose, the retiree at 65 must convert to individual Medex2 (or their own insurance) as a supplement to Medicare (with some exceptions, like when you and/or your spouse are not Medicare B qualified.) Long Term Disability is not available for retirees. If you terminate employment be sure payroll is notified since items like COBRA, retirement funds, etc. need to be addressed as soon in the termination process as possible. Employees with a spouse about to retire should contact me ASAP to insure the coordination of benefits goes off without a hitch since it tends to be a little complicated.

AFLAC AND COLONIAL LIFE

All employees are qualified to contact AFLAC or Colonial Life to sign up for Supplemental Life Insurance, Personal Cancer Indemnity and Personal Accident policies to name a few. They are portable, meaning you can take them with you if you leave the employment of the town, and the group rates are guaranteed forever. For some plan coverage you can also include policies for your spouse and/or dependents. Additionally, all employees working 20 hours or more qualify for Group Short Term disability. The Cancer plan, Medical Supplemental plan and a few others are Section 125 plans, meaning that they are pretax plans. Employees that work occasionally (on call) will be required to have their first deduction taken from their pay, and then converted to direct billing at their place of residence for subsequent payments (some rules vary between companies.) The town does not contribute any funds toward these plans, but does provide the collecting of premiums and distribution of the same to AFLAC and/or Colonial Life each month.

A WORD ABOUT RETIREMENT

The Town of Berlin, as a municipality, is allowed to exempt itself from participating in the Social Security Retirement Program mandated by the U.S. Government. The municipality must, however, provide alternative retirement programs. (The exception to this rule is the Medicare portion of Social Security. The Town of Berlin *must* deduct from all employees hired after the Medicare law was enacted (currently the rate is 1.45%) and also contribute matching funds. Employees hired prior to this date do not have Medicare benefits.)

The following are alternatives to Social Security for employees working for the Town of Berlin:

Permanent Employees – Twenty hours per week or more, with a permanent status:

- Permanent employees working 20 hours or more per week **must** participate in the Worcester Regional Retirement Program, even those already retired (with some exceptions). Current rate: 9% (Long term employees will have lower rates of 7% or 8% depending on year of hire.) Additionally, any employee making \$30,000 or more will have 2% extra taken out of all applicable salary over the \$30,000 cap. For example, an employee hired 2/2/2001 making \$31,000 per year would have 9% taken out of the \$31,000, plus an additional 2% (only) taken from the \$1,000.

Temporary, “Part-Time”, or “On-Call” Paid Employees (working less than 20 hours per week):

- All employees paid “on call”, such as EMT’s, firemen, or part-time police, or who work a regular shift but fewer than 20 hours per week are considered ineligible for employee benefits (except for AFLAC or Colonial Life plans.) These employees usually do not qualify for Worcester County or Teacher Retirement enrollment. Employees in this category must contribute a straight 7.5% to the Commonwealth of MA OBRA Mandatory (“SMART”) plan. Election workers are exempt from this deduction and all taxes as well if they earn under \$600 per year.
- If you do happen to exceed 20 hours on occasion, but are not officially a Permanent Employee, you must still participate in OBRA Mandatory and do not qualify for benefits. Our lives constantly change, so be sure to remember to change beneficiaries on your retirement plan(s) and life insurance plans if applicable. With the SMART plan, on-line management of your retirement account is a benefit feature. Call the Treasurer if you need information regarding this “ability”. To log on to the Commonwealth of MA “SMART” plan site, go to <https://mass-smart.empower-retirement.com/participant/#/login>. I caution all employees that Empower does take a monthly fee and this fee may wipe out any accumulated benefits you may have accumulated if you work very few hours for the town. Any employee who qualifies for this option **but** is or was a member of Worcester Regional Retirement System needs to contact me immediately to be enrolled in WRRS.

ADDITIONAL RETIREMENT SAVINGS AND ANNUITIES

Only a maximum percentage of your salary goes toward your mandatory retirement plans. The law does, however, allow you to have additional amounts of voluntary retirement contributions made to either the SMART Plan. Please see the Treasurer for information and the plan you qualify for.

DIRECT DEPOSIT

Note: The Town of Berlin requires as a condition of employment that all employees be paid by direct deposit. There are a variety of options including the entire net amount to one checking or savings account, or various amounts to multiple checking and/or savings accounts. Some banks give loan discounts (auto in particular) if they are paid out of a direct deposit account. Direct Deposit is required for all employees, even those that only receive casual pay (call firemen, EMTs, election workers, etc). Employees enrolled in the Direct Deposit program continue to receive a (non-cashable) pay stub. The accounts used for direct deposit do not have to be that of the employee. Some of our employees in the past have sent direct deposits to accounts for children away at college, charity accounts, and to parents that might need supplemental financial help, etc. **Due to fraud all requests for direct deposit and direct deposit changes must be in writing and given to our department in person.** No faxes directly to our department or through your supervisor will be accepted. For checking, you **must** provide a copy of your check, with void written on it. For savings, you **must** provide a bank form that the bank has filled out including their ABA number and your exact savings account number. Contact the Treasurer for details.

After you provide new direct deposit or direct deposit changes, there may be one live check issued while the system tests the bank. I recommend employees check weekly with their bank to insure all direct deposits made it into their accounts safely and accurately. The town has 72 hours to reverse any deposit made in error out of an employee’s bank account(s) and remove said funds. If you work multiple jobs, extra federal and state taxes can be taken out. Just fill out the W4 or M4 available on the town web site.