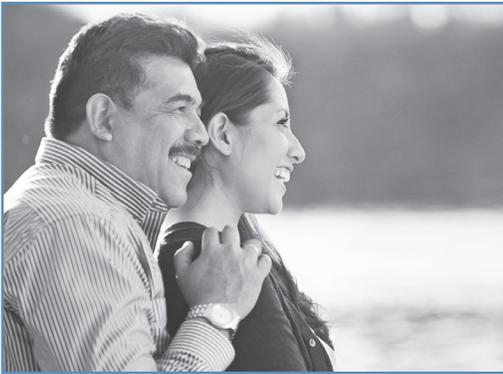


we are the county of  
los angeles

flex



# Important Notice

On April 20, 1999, the Board of Supervisors adopted a Resolution implementing Section 31461.4 of the Government Code which allows employees like you who are in the “pensionable” *Flexible Benefit Plan* to sign a WAIVER and thereby:

**1. Get all their unspent *Flexible Benefit Plan* allowance added to their monthly paycheck as taxable cash (also known as taxable pay) while at the same time,**

**2. Retain part of their *Flexible Benefit Plan* allowance as pensionable income.**

To understand what this means, it is necessary to understand how the pensionability and taxable cash features of your *Flexible Benefit Plan* allowance work.

## **The Pensionability of Your *Flexible Benefit Plan* Allowance**

An employee’s pension at retirement is a percentage of his final compensation (typically related to his monthly salary). The percentage differs among employees because it is based on

each employee’s age, retirement plan and length of service.

Being in the pensionable *Flexible Benefit Plan* simply means that all or part of your monthly *Flexible Benefit Plan* allowance will be added to your salary when your pension is calculated at the time you retire. In general terms, for example, if at the time you retire, your final compensation is \$5,000 per month and you are entitled to a pension of 60%, your monthly pension will be \$3,000. If the pensionable part of your *Flexible Benefit Plan* allowance is \$442, then \$265 (60% of \$442) per month will be added to your pension for a total of \$3,265, an increase of \$265 per month.

The part of your *Flexible Benefit Plan* allowance that is pensionable today depends on when you became a

*Flexible Benefit Plan* participant. Specifically:

- If you were a *Flexible Benefit Plan* participant before January 1, 1995, the entire *Flexible Benefit Plan* allowance amount in effect on December 31, 1994 is pensionable.
- If you changed your enrollment from *MegaFlex* to the *Flexible Benefit Plan* in 1995 or 1996, the pensionable amount of your monthly benefit allowance is either \$442 or 10% of your monthly salary in effect on December 31, 1994, whichever amount is greater.

In both cases, this pensionable amount is reduced by the single party premium rate for the lowest priced *Flexible Benefit Plan* medical coverage. Any benefit allowance increases you receive will offset this premium rate reduction on a dollar-for-dollar basis.

## Taxable Cash and its Relationship to the Pensionable Part of Your Flexible Benefit Plan Allowance

Your unspent *Flexible Benefit Plan* allowance (if any) is added to your paycheck each month as taxable cash. There is a limit to the amount of unspent allowance that can be added to your paycheck, however. This “taxable cash limit” is the same as your maximum pensionable amount. It is shown on page 1 of your *Personalized Enrollment Worksheet*. If you have any unspent allowance that exceeds this limit, it will be forfeited. For example:

If your *Flexible Benefit Plan* allowance is \$859 and you spend \$309 on benefits, \$550 remains unspent. If the pensionable part of your allowance is \$442, you will forfeit \$108, because your taxable cash limit is \$442 ( $\$550 - \$442 = \$108$ ).

## Non-Pensionable Flexible Benefit Plan

Until the Board of Supervisors approved the waiver option, the only way employees could avoid this forfeiture was to voluntarily elect to change from the pensionable *Flexible Benefit Plan* to the non-pensionable *Flexible Benefit Plan*. While electing to make this change allowed them to receive all their unspent

allowance as taxable cash, simultaneously, they gave up the pensionability of any part of their *Flexible Benefit Plan* allowance.

## Waiver Option

On April 20, 1999 the Board of Supervisors approved a *voluntary* option which allows you to preserve the pensionability of your *Flexible Benefit Plan* allowance. It requires you to sign a waiver. Specifically, by signing the waiver, you:

- 1) ensure all your unspent allowance will be added to your paycheck each month as taxable cash;
- 2) retain the right to the pensionability of your allowance;
- and 3) acknowledge that any allowance you receive which is more than your taxable cash limit is *not* pensionable.

For example:

If your benefit allowance is \$859, you spend \$309 on benefits, and your pensionability is \$442, then:

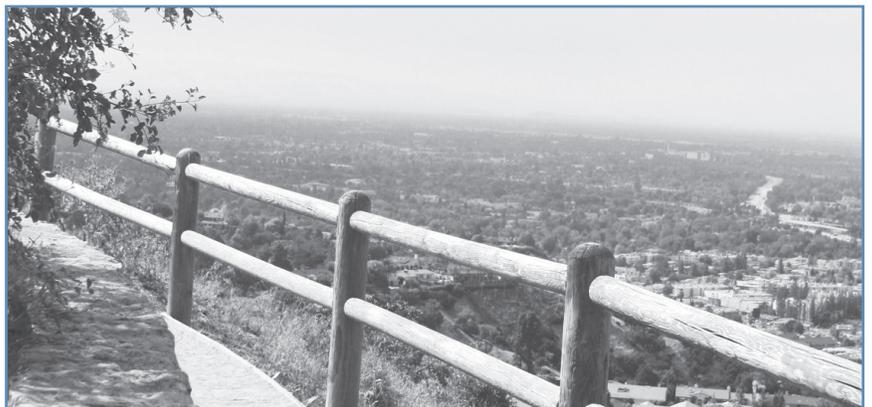
1. The remaining unspent allowance of \$550 ( $\$859 - \$309$ ) will be added to your paycheck as taxable cash.
2. At the time of your retirement, \$442 will be added to your final compensation before your pension is calculated.
3. The \$108 taxable cash you receive which is the amount in excess of your pensionable amount of \$442, is *not* pensionable.

A waiver form is printed on the next page. You may sign the waiver at any time. If your signed waiver is received by the 15th of any month, it will become effective on the first of the following month. If you do not sign the waiver, you will continue your enrollment in the pensionable *Flexible Benefit Plan* with a limit on taxable cash.

## Please Note

If you are currently receiving taxable cash that is close to your taxable cash limit and you do not sign a waiver, you may be at risk to forfeit some of your unspent allowance if you receive a salary increase such as a step advance or a promotion. The following example illustrates this point:

Mary's allowance is \$859 per month. The pensionable part of her allowance is \$442. According to the rule, this amount of \$442 is also her taxable cash limit. If the monthly cost of the benefits she elects is \$475, she will have \$384 of unspent allowance each month ( $\$859 - \$475 = \$384$ ). This \$384 will be added to her paycheck each month as taxable cash. If, however, during the year she receives a salary increase and her allowance increases to \$950, her unspent allowance will increase to \$475 ( $\$950 - \$475 = \$475$ ). In this case, because she has a taxable cash limit of \$442, she will forfeit \$33 each month ( $\$475 - \$442 = \$33$ ).



# flexible benefit plan waiver of pensionability

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## Print Requested Information:

Employee Name (Last, First, Middle Initial)		Employee Number	
Social Security Number			
Street Address		Home Phone	
City	State	Zip Code	Work Phone

**Requirements:** To remove the taxable cash limit under the pensionable *Flexible Benefit Plan* you must sign and return this *Waiver of Pensionability* form.

**Deadline:** Your *Waiver of Pensionability* form must be signed and received by the Benefits Plan Administrator by the 15th of the month for it to affect your next month's paycheck. Unless you sign, date and return this waiver, there will be a limit on the amount of taxable cash you can receive; as a result, you may forfeit a portion of your *Flexible Benefit Plan* allowance.

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## Waiver

My County benefit allowance as of December 31, 1994, also known as my pension "cap" amount, will be added to my salary for the purpose of calculating my pension at retirement. I hereby elect to waive as pensionable income, any taxable cash amounts above my pension "cap." As a result I understand that:

1. There is no limit on the amount of taxable cash I can receive from my County benefit allowance.
2. Any taxable cash I receive over my pension "cap" will not be added to my salary to calculate my pension when I retire.

Employee Signature \_\_\_\_\_ Date \_\_\_\_\_

Submit your completed form to the Benefits Plan Administrator by:

- **Email to:** Attach scanned documents to email and send to [documents@mylacountybenefits.com](mailto:documents@mylacountybenefits.com)
- **Fax to:** 310-788-8775

# taxable cash limit worksheet

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## Sample Calculation

1. <b>Benefit allowance</b> .....	\$ 859.00
<b>2. Benefit costs:</b>	
Medical insurance .....	\$ 272.00
Dental insurance.....	11.30
AD&D insurance .....	0
LTD health insurance .....	0
Spending accounts.....	20.00
Tobacco user premium.....	0
Administrative fee.....	5.00
Less total benefit cost.....	-\$ 308.30
3. <b>Unspent benefit allowance</b> .....	\$ 550.70
4. <b>Taxable cash limit</b> .....	-\$ 442.00
5. <b>Monthly benefit allowance loss</b> .....	\$ 108.70

## Your Calculation

1. <b>Benefit allowance</b> .....	\$ _____
<b>2. Benefit costs:</b>	
Medical insurance .....	\$ _____
Dental insurance.....	_____
AD&D insurance .....	_____
LTD health insurance .....	_____
Spending accounts.....	_____
Tobacco user premium.....	_____
Administrative fee.....	5.00
Less total benefit cost.....	-\$ _____
3. <b>Unspent benefit allowance</b> .....	\$ _____
4. <b>Taxable cash limit</b> .....	-\$ _____
5. <b>Monthly benefit allowance loss</b> .....	\$ _____

# instructions for using this worksheet

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- 1. Look at your *Personalized Enrollment Worksheet* to find the amount of your current monthly benefit allowance.** The benefit allowance amount is shown on page 2 (the upper left side of the worksheet). Record this dollar amount next to “benefit allowance” on this worksheet. *Remember, a salary increase in 2017 may increase your monthly benefit allowance.*
- 2. Use the benefits and amounts shown on your mid-month paycheck under *Cafeteria Benefits Information* to find out what you are currently paying for each benefit.** Record the amounts next to “benefit costs” on this worksheet. (If you want your worksheet to be based on next year’s benefit costs, you can find that information on page 2 of your *Personalized Enrollment Worksheet*.)
- 3. Add all the monthly costs for benefits.** If the total you spend for benefits is smaller than your benefit allowance, subtract the total benefit cost from your benefit allowance amount. After subtracting, record the remaining dollar amount next to “unspent benefit allowance.”
- 4. Record your “taxable cash limit” amount.** You can find your taxable cash limit on page 1 of your *Personalized Enrollment Worksheet*.
- 5. If the “taxable cash limit” amount is smaller than your “unspent benefit allowance,” subtract it.** The remaining dollar amount is your “monthly benefit allowance loss.”