



TO: All Participants in the Santa Monica City Employees Coalition Benefit Trust Premium Reimbursement Plan for Retirees

FROM: Board of Trustees, Santa Monica City Employees Coalition Benefit Trust

RE: **Changes to Plan:** Prevention of Assignment of Rights and Benefits; Cost of Divorce Orders; Cost of Domestic Partner Benefit Payments; Service Retirement Age (Plan Amendment No. 5)

DATE: December 1, 2016

You are a participant in the Premium Reimbursement Plan for Retirees (“Plan”) of the Santa Monica City Employees Coalition Benefit Trust (“Trust”). This notice contains important information about your rights and benefits under the Plan. Please file it with your important documents.

I. PLAN AMENDMENT

- **Assignment of benefits and rights prohibited.** The Trustees have amended the Plan to protect your rights and benefits under the Plan from your creditors, e.g., insurance providers owed premium payments, medical providers owed for services, or other general creditors that you owe. Also, you will not be able to assign your rights under the Plan to anyone else.. This Plan will only pay benefit claims to a Plan Beneficiary, not to any other entity or individual (except a legal representative appointed by a court).
- **Cost of Divorce Orders, etc.** If you get divorced, part of the settlement might be the division of your benefit from this Plan between you and your former spouse. This Amendment allows the Trust to charge costs of determining whether the divorce decree meets legal requirements on this subject, i.e., whether it satisfies the legal requirements for a “qualified domestic relations order.” The Amendment includes the same rule re charging the administrative costs of a medical child support order to the Plan participant or beneficiary.
- **Domestic Partner Benefits: Taxable Income and Costs.**
Taxable Income from Domestic Partner Benefit Payments. Due to recent legal developments related to the recognition of same sex marriage and the IRS’ position on taxation of Domestic Partner benefits, the Trust is implementing a system for reporting the benefit payments to Domestic Partners, i.e., those individuals who have not married, as taxable income (If you are a same sex spouse, who is legally married, then you are considered a spouse under this Plan, and this Amendment does not apply to you.) If you claim reimbursement for a Premium for your Domestic Partner, the amount of the Premium reimbursement covering the Domestic Partner will be taxable income to the Beneficiary.

This Amendment is effective for claims received by the Trust Office on or after February 1, 2017. If you want to avoid taxable income from benefit payments, you can

claim only the Premiums for the Eligible Retiree and Beneficiaries other than your Domestic Partner. Remember that Premiums eligible for reimbursement include premiums for medical, dental, vision, and the deductible portion of long-term care insurance.

Costs and Taxes Deducted from Domestic Partner Benefit Payments. This process of implementing taxation of benefits requires the Trust Office to perform multiple administrative steps, including calculating the taxable income and preparing a W-2 form. The Trust may also have to pay employment taxes on the taxable income reported for Domestic Partner benefits. Therefore, the Trustees adopted this amendment to allow the Trust to charge these administrative costs and taxes to the Domestic Partner, who is receiving the benefit payment. The Trust Office may charge these costs and taxes against the benefit amount payable to the Domestic Partner prior to drafting the benefit check.

➤ **Service Retirement Required for Eligibility**

This Amendment clarifies that an Employee must cease employment with the City of Santa Monica after becoming age eligible to receive service retirement benefits from CalPERS. Previously, the Plan eligibility requirements specifically referred to the service retirement eligibility age of 50. However, after PEPR was enacted, City employees may have different CalPERS age eligibility requirements for a service retirement. This Amendment does not change the Plan's eligibility requirements; age eligibility for a CalPERS service retirement prior to ceasing employment was always required. The Amendment acknowledges the new differing age eligibility requirements under CalPERS and seeks to make clear that each Employee must cease employment with the City after attaining the age eligibility requirement applicable to that Employee for CalPERS service retirement.

If you have any questions about the Plan amendments or need a copy of the full Plan or the Summary Plan Description, please call Ms. Alva Aguirre at the Trust Office, Delta Fund Administrators, Phone: (800) 700-6762.

II. CURRENT BOARD OF TRUSTEES

The following individuals, your fellow City employees (or retirees), are now serving as active Trustees for the Trust:

Carl Olson (STA), Chairman	Mary Ann Yurkonis (RCB), Secretary
Lyn Beckett Cacciatore (PAU)	Claudia Brick (PALSSU)
Javier Sanchez (SMART/TD)	Stephen Jones (MEA)
Annette Morales (ATA)	Rod Merl (MTA)
Carlos Rubio (Teamsters)	Vacant (EPP)

Address for the Trustees: Board of Trustees, Santa Monica City Employees Coalition Benefit Trust, c/o Delta Fund Administrators, P.O. Box 2487, Stockton, CA 95201.

III. HIPAA NOTICE AVAILABLE

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) contains a Privacy Rule, which establishes national standards to protect individuals' medical records and other personal health information ("PHI"). The rule requires the protection of personal health

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Amendment No. 5 to Plan
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information, sets limits and conditions on how such information can be shared, and gives patients certain rights over the disclosure of PHI. The Board of Trustees has appointed a Privacy Contact Person. The Privacy Contact Person will ensure that the privacy of your PHI is maintained in accordance with the terms of the Privacy Rule and other applicable laws. You may file a Privacy Complaint with the Privacy Contact Person whenever you believe that there has been a violation of the Privacy Rule.

The Trust has a HIPAA “Notice of Privacy Practices” that describes how the Trust may use and disclose medical information about you. The Privacy Notice also informs you of your rights under HIPAA and how you can get access to protected health information maintained by the Trust. Please contact the Privacy Contact Person at the Trust Office at any time to obtain further information and assistance or a current copy of the Privacy Notice:

Santa Monica City Employees Coalition Benefit Trust
c/o Delta Fund Administrators
Attn: Privacy Contact Person
1234 W. Oak Street
Stockton, CA 95203
Phone: (800) 700-6762
Fax: (209) 955-4190

NOTE: This Notice serves as the Summary of Material Modifications, as required by Employee Retirement Income Security Act of 1974 (ERISA), and as such, is designed to explain recent changes made to the Premium Reimbursement Plan. However, this Notice does not provide all the details and limitations of the Plan. Exact specifications are provided in the “Santa Monica City Employees Coalition Benefit Trust Premium Reimbursement Plan for Retirees, amended and restated December 1, 2008,” and as amended thereafter, which will prevail in case of a conflict with this Notice.