

SEIU Post Employment Program Pre-Designation

The Post Employment Program offers employees a unique way to save taxes on their leave balance payouts when ceasing employment with the County of Riverside. Pursuant to §1.451-I(a) of the Income Tax Regulations, a pre-designation of the Post Employment Program is a requirement of all employees who are covered under the Service Employees International Union (SEIU) requiring a one-time irrevocable election for how those leave balances will be managed.

Eligibility

Employees who are covered by SEIU must make a one-time irrevocable election for how they would like their sick leave balances managed at the time of ceasing employment. Sick leave balances are processed upon service retirement, disability retirement or death of an employee, and subject to the provisions of any applicable agreement between the employing agency and the Public Employees' Retirement System. Unused accumulated sick leave shall be contributed as elected below. After making the pre-designation election via Self-Service, if the employee should cease employment with less than five (5) years of service, all balances will be cashed out after termination from the County of Riverside, and sick leave is forfeited.

Sick Leave eligibility and restrictions are based on years of service with the County of Riverside. Employees with five (5) or more years of continuous service, but less than fifteen (15) years will have all accrued sick leave contributed at fifty percent (50%) of the current salary value at time of termination, up to a maximum of 960 hours. Employees with (15) or more years of continuous service with the County of Riverside will have all accrued sick leave contributed at one hundred percent (100%) of their current salary value at time of termination, up to a maximum of 960 hours. Employees with less than five years of service sick leave is forfeited.

Employees covered by SEIU have the following options available to them to save money on taxes through the Post Employment Election. The two options are the 457(b) Deferred Compensation Plan and the VEBA Health Savings Plan.

The 457 Deferred Compensation Plan

The 457 Deferred Compensation Plan provides participants the opportunity to contribute their eligible leave balances into a retirement plan that provides tax shelter on contributions and income earnings until the participant withdraws the funds through a lump-sum or periodic payments. The contributions into the 457 deferred compensation plan are subject to the Federal Insurance Contributions Act (FICA). This law mandates that employers withhold taxes from employee pay and make matching contributions to fund the Social Security and Medicare programs.

Contributions and investment earnings are deferred from income tax until you request a distribution. Distributions are subject to Federal and State taxes at the time of distribution. The 457 Deferred Compensation Plan is not subject to an early withdrawal penalty. Upon retirement from the County of Riverside, your sick leave will be invested with the applicable vendor, into the 457(b) Deferred Compensation Plan based on the fund allocation you have on file. If none, then it will be invested in the qualified default investment alternative.

In the event of your death, your beneficiary will be entitled to receive a lump sum payment of your contributions plus interest.

VEBA Health Savings Plan

The VEBA Health Savings Plan provides participants with post-employment health expense reimbursement that may be used for qualified expenses. This plan reimburses participants for medically necessary health care expenses for you, your spouse, or eligible dependents that incur that are not reimbursable by insurance. Eligible expenses are governed by IRS Code Section 213(d) and are outlined in IRS Publication 502.

Contributions, investment earnings, and reimbursements from the VEBA Health Savings Plan account are exempt from Federal and State income taxes, as well as exempt from Social Security and Medicare taxes (and are not counted toward Social Security earnings).

In the event of your death and have no eligible survivors, the remaining funds will be forfeited and recontributed to the Plan.

Likewise, employees also have an opportunity to elect to divide their leave balances through a 50/50 contribution to both a 457 Deferred Compensation Plan (up to IRS annual limits) and VEBA Health Savings Plan if desired.

Enrollment

Employees will have the opportunity to make an election for the Post Employment Program via Self Service in PeopleSoft during the designated 60-day window. Employees who do not complete their election during this enrollment period will be defaulted into the 100% 457 Deferred Compensation Plan. Descriptions of each enrollment option are reflected in the Post Employment Information link located on the election page in Self-Service.

To complete your pre-designation, visit the Post Employment Program election page using the following path: **Menu > Self Service > Benefits > Post Employment Election.**

Your election is irrevocable, which means that the election made during the specified timeframe will remain in place unless you should terminate from the County of Riverside and rehire or change bargaining units.

Confirming your Elections

You can confirm your election at any time by navigating to the following path: **Menu > Self Service > Benefits > Post Employment Election.**

Disbursements and Reimbursements

Distributions through the 457 Deferred Compensation Plan or of leave balances at the time of termination are subject to Federal and State taxes at the time of distribution.

Contributions, investment earnings and reimbursements from the VEBA Health Savings Plan account are exempt from Federal and State income taxes, as well as exempt from Social Security and Medicare taxes (and are not counted towards Social Security earnings).

Contact

For more information, please contact the Human Resources Retirement Division at (951) 955-4981, Option 2 or retirement@rivco.org.