

ACTION NEEDED: Laborer's International Union of North America (LIUNA) Post Employment Program Pre-Designation 60-Day Window Period April 13, 2026, through June 12, 2026

On March 24, 2026, the Board of Supervisors approved Agenda Item #3.23 adopting an amendment to the Laborer's International Union of North America (LIUNA) Memorandum of Understanding (MOU). As part of this amendment, the Post Employment Program has been expanded to include both qualifying sick leave and vacation leave balances at retirement. Because the eligible leave banks have changed, **all active LIUNA employees are required to submit a new one-time, irrevocable Post Employment Election during the 60-day window period listed above.**

Election Details:

- Upon hire, or transfer into a LIUNA represented classification, all active employees must make a one-time decision to have qualifying sick and vacation leave balances deposited into either a Voluntary Employees' Beneficiary Association (VEBA) and/or a 457 Deferred Compensation plan.

Please carefully consider your options and make your election within the provided 60-day window, as this decision is **irrevocable**.

What is changing?

- Prior to the amended MOU, LIUNA represented employees who had at least five years of continuous County service and retire, the value of their qualifying sick leave was deposited into either the 457(b) Deferred Compensation Plan, the VEBA Health Savings Reimbursement Plan or a split between the two plans.
- Effective April 13, 2026, LIUNA represented employees shall make a new one-time irrevocable election for how both their qualifying sick leave **and** vacation leave balances will be deposited upon retirement. The value of the qualifying sick and vacation leave balances will be deposited into either a VEBA and/or a 457 Deferred Compensation Plan if the employee has at least five years of continuous County service, based on their election during the window period.

Why the change?

The recent amendment to the Laborer's International Union (LIUNA) Memorandum of Understanding (MOU) expanded the value of leave balances that can be deferred at the time of retirement while maintaining compliance with IRS tax regulations, specifically the constructive receipt principle.

Constructive receipt is an IRS tax rule which mandates that employees pay taxes on non-cash wages, such as unused leave balances, when those amounts are credited to an account or made available to the employee without restriction.

According to Treasury Regulation § 1.451-2(a), an employee is considered to have “constructively received” income if they have unrestricted access to the funds, making them subject to taxation. However, income is not considered constructively received if the employee’s access to those funds is subject to substantial limitations or restrictions.

To avoid triggering constructive receipt taxation, which could result in unintended tax consequences, the process was changed to align with IRS tax code and regulations.

What are the election Options?

Option 1: 100% 457 Deferred Compensation

Option 2: 100% VEBA Health Savings Reimbursement Plan

Option 3: 50% 457 Deferred Compensation and 50% VEBA Health Savings Reimbursement Plan

Employees who do not make an election within the 60-day specified timeframe will be automatically defaulted to 100% 457 Deferred Compensation.

What is a 457 Deferred Compensation Plan?

The 457 Deferred Compensation Plan – a qualified 457(b) plan that provides participants with an opportunity to contribute their eligible leave balances into a retirement plan up to the current maximum allowable contribution per IRS contribution limits. The plan provides tax shelter on contributions and income earnings until the participant withdraws the funds in lump-sum or periodic payments. **In the event of your death, your beneficiary will be entitled to receive a lump sum payment of your contributions plus interest.**

What is a VEBA Health Savings Plan?

The VEBA Health Savings Plan – a health reimbursement arrangement that provides participants with post-employment health expense reimbursement that may be used for qualified out-of-pocket medical/dental/vision expenses, and qualified insurance premiums (IRS Pub. 502). Contributions, investment earnings, and reimbursement 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. **In the event of your death and you have no eligible survivors, the remaining funds will be forfeited and recontributed to the Plan.**

When is the 60-day Window?

- The 60-day window will be effective for all active LIUNA employees beginning April 13, 2026, through June 12, 2026.

- All New Hires, Rehires or those transferring into LIUNA will have a separate 60-day window based on the effective date of their action.

Where do I make my irrevocable election?

- Employees can complete their Post Employment election via [PeopleSoft HCM](#) by navigating to: **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 you are in an ineligible bargaining unit upon separation.

Are there any resources to assist?

- Employees can find step-by-step Instructions, answers to Frequently Asked Questions (FAQ's), and the Post Employment Program Pre-Designation Guidelines on the Human Resources Retirement Division website at <https://rc-hr.com/retirement-benefits> and navigating to the "Retirement Forms" section.

Have more questions?

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