

MONTANA TECH

EMPLOYEE BENEFITS

The following is a summary explanation of the payroll deductions and fringe benefits provided to eligible employees of Montana Tech.

A. REQUIRED DEDUCTIONS

1. F.I.C.A. (SOCIAL SECURITY/ MEDICARE)

The Federal Insurance Contributions Act and the related “Medicare” provisions cover all employees except full-time students. The Act provides that the employer and employee each contribute an equal percent of the Employee’s gross earnings during the calendar year. The current rates are 6.20% FICA on earnings up to the maximum earnings limit and 1.45% Medicare on all earnings.

2. FEDERAL INCOME TAX WITHHOLDING

With few exceptions, Montana Tech is required by law to withhold federal income tax from the earnings of all employees. The amount withheld is based on salary and variables such as marital status, number of dependents, and other items allowed by law. Each employee is responsible for filing a Form W-4 (withholding exemption certificate) with the Payroll Office. A new form must be filed whenever the information becomes outdated and, in some instances, a new Form W-4 must be filed annually.

3. STATE INCOME TAX WITHHOLDING

State law requires Montana Tech to withhold state income tax from the earnings of all employees. The amount withheld is based on salary, marital status, number of dependents and other items required or allowed by law. Withholding are based on the W-4 submitted unless otherwise stated by the employee.

4. RETIREMENT CONTRIBUTIONS FOR FACULTY & CONTRACT PROFESSIONAL STAFF

A new faculty or contract professional employee hired into a retirement eligible position must participate in the Optional Retirement Plan (TIAA-CREF) unless such employee has a fund balance with either PERS or TRS. In those instances, the employee elect to stay with PERS or TRS instead of joining the Optional Retirement Plan (contact Personnel Office for eligibility requirements).

Montana Teachers’ Retirement System

TRS is a defined benefit retirement plan. A defined benefit plan guarantees a specific benefit based on a percentage of the member’s final average compensation and years of credited service. Several optional forms of monthly benefit are available upon retirement. Individual account balances are used solely for the purpose of refunding a member’s contributions. Benefits are funded through a combination of employee and employer contributions along with earnings on

those contributions.

Members become vested after completion of 5 years of service. Vesting entitles a member to monthly benefits upon retirement or disability. A vested member who is not eligible for retirement may leave accumulated contributions with TRS after termination and apply for a retirement benefit as early as age 50.

The current employee contribution rate is 7.15% of wages and the employer contribution rate is 9.85% of wages.

Further information is provided in the Montana Teachers Retirement System Handbook available on line at <http://www.trs.mt.gov>.

Optional Retirement Program (TIAA-CREF)

The Optional Retirement Program (ORP) was created by an act of the Legislature in 1987. The law grants the Board of Regents the authority to administer the ORP. The Board of Regents selected TIAA-CREF as the organization to provide annuities under the ORP.

TIAA-CREF is a defined contribution plan in which employee and employer contributions represent a percent of the member's salary. The benefits actually received at retirement will depend on the amount of contributions, the amount of investment gains and losses, the member's life expectancy at retirement, and the retirement option selected.

The current employee contribution rate is 7.044% of wages and the employer contribution rate is 5.956% of wages. In addition, the employer is required to pay 4.72% to TRS to cover an unfunded liability created when the university system was allowed to offer an alternative retirement plan.

Members are fully and immediately vested in all retirement and death benefits in their TIAA and CREF annuities based on contributions and investment earnings.

5. RETIREMENT CONTRIBUTIONS FOR STAFF

Employees, other than faculty or professional staff, are covered by either the Public Employees' Retirement System (PERS) or TIAA-CREF. Individuals employed in covered positions who work at least 960 hours in any fiscal year must become members.

Public Employees' Retirement System

PERS offers either a defined benefit retirement plan or a defined contribution retirement plan.

- ✓ **Defined Benefit:** A defined benefit plan guarantees a specific benefit based on a percentage of the member's final average compensation and years of credited service. Several optional forms of monthly benefit are available upon retirement. Individual account balances are used solely for the purpose of refunding a member's contributions. Benefits are funded through a combination of employee and employer contributions along with earnings on those contributions. The current employee contribution rate 6.9% and the employer contribution rate is 7.17% of wages.

- ✓ **Defined Contribution:** In a defined contribution plan the employee and employer contributions are a percent of the member's salary. The benefits actually received at retirement will depend on the amount of contributions, the amount of investment gains and losses, the member's life expectancy at retirement, and the retirement option selected. The current employee contribution rate is 6.9% and employer contribution rate is 4.19% of wages. The employer must also contribute an additional amount to PERS to cover an unfunded liability associated with offering employees this optional retirement program.

A member terminating with less than 5 years of membership service is not vested and may be required to withdraw accumulated employee contributions plus accrued interest. A member, who terminates, with at least 5 years of membership service may elect to leave the accumulated contributions on deposit with PERS and be eligible for retirement benefits as early as age 50.

Optional Retirement Program (TIAA-CREF)

The 1999 Legislature passed laws establishing an optional retirement plan for staff. TIAA-CREF is the organization, other than PERS, selected to provide benefits under the optional retirement plan.

TIAA-CREF is a defined contribution plan in which employee and employer contributions are a percent of the member's salary. The benefits actually received at retirement will depend on the amount of contributions, the amount of investment gains and losses, the member's life expectancy at retirement, and the retirement option selected.

The current employee contribution rate is 6.9% of wages and the employer contribution rate is 4.49% of wages. The employer must also contribute an additional amount to PERS to cover an unfunded liability associated with offering employees this optional retirement program.

Members are fully and immediately vested in all retirement and death benefits in their TIAA and CREF annuities based on contributions and investment earnings.

Further information is available through the Personnel Office.

6. UNION DUES

Employees covered by the different union contracts at Montana Tech are required, as a condition of employment, to pay monthly dues or where allowed a representation fee to the bargaining agent. New employees are normally allowed thirty (30) calendar days after employment in which to comply with this requirement.

B. VOLUNTARY DEDUCTIONS

1. HEALTH INSURANCE FOR FAMILY MEMBERS

Permanent employees working at least 20 hours per week and for a minimum of six months a year are eligible to purchase family health insurance coverage. The premium for coverage of family members is based upon the number of people being insured. Available coverage includes medical and major medical insurance for all dependents plus dental and vision coverage for

covered dependents.

A person retiring from a unit of the Montana University System may continue post-retirement coverage in the medical, dental, vision and pharmacy programs provided the retiree makes arrangements to maintain continuous coverage by self-payment. Please contact the Personnel Office for more information.

2. COBRA

Extended insurance coverage, as required under COBRA, must be offered to employees who terminate employment. The cost of this insurance is the responsibility of the terminated employee except as provided by law. Eligibility provisions and continuation of coverage rights or conversion information is available at the Personnel Office.

3. SUPPLEMENTAL TERM LIFE INSURANCE

Employees may elect to purchase additional life insurance up to \$300,000 in \$25,000 increments. An employee who purchases supplemental life insurance may also purchase supplemental life insurance for his or her spouse and children. The following represents available dependent life insurance options:

- \$ 2,500 — Spouse
\$ 1,250 — Each child (age 14 days to 25 Years)
- \$ 5,000 — Spouse
\$ 2,500 — Each child (age 14 days to 25 years)
- \$10,000 — Spouse
\$ 5,000 — Each child (age 14 days to 25 years)
- \$25,000 — Spouse
\$ 5,000 — Each child (age 14 days to 25 years)

4. GROUP ACCIDENT INSURANCE PLAN

Group accident insurance from The Standard Insurance Company is available to employees. Coverage may be purchased in multiples of \$25,000 up to \$300,000 but not more than ten times an employee's annual salary.

5. FLEXIBLE BENEFIT PLAN

The Montana University System offers Optional Reimbursement Accounts, which allow employees to set aside pre-tax dollars to cover out-of-pocket medical expenses or dependent care expenses incurred in a given fiscal year.

6. TAX SHELTERED ANNUITIES (403(b))

Employees of Montana Tech may purchase tax sheltered annuities through payroll deductions. These qualified annuities allow an employee to supplement retirement income while tax deferring the cost of the annuity until retirement. Current carriers are:

ING (Aetna)
MetLife
TIAA-CREF
VALIC

7. DEFERRED COMPENSATION (457(b))

Employees are eligible to participate in the State of Montana deferred compensation plan. A portion of an employee's salary can be set-aside for retirement. Contributions will not be taxed until withdrawn from the plan. An informational brochure can be obtained at the Personnel Office.

8. MONTANA FAMILY EDUCATION SAVINGS PLAN

Contributions to the Montana Family Education Savings Plan may be made through payroll deductions. Additional information is available from the Personnel Office or Payroll Office.

9. LONG TERM CARE

Long Term Care may be purchased through payroll deduction. Complete details are available from the Personnel Office or Payroll Office.

10. PAYROLL DIRECT DEPOSIT

Employees are encouraged to elect direct deposit to the banking institution of their choice. Deposits are made directly to the account on payday. Forms are available in the Payroll Office.

C. BENEFITS PAID FOR BY MONTANA TECH

1. INSURANCE PLAN

Permanent and temporary employees working at least 20 hours per week and for a minimum of six months a year are eligible for health insurance coverage. Eligible employees of Montana Tech have the option of choosing between the following plans offered through the self-funded Montana University System Health Insurance program:

- Traditional Plans A or B
- Managed Care Plans –
 - ✓ Peak Managed Care Plan
 - ✓ Blue Choice Managed Care Plan
 - ✓ New West Managed Care Plan
 - ✓ Allegiance Managed Care Plan

Specific information regarding each plan is available in the Personnel Office. Regardless of which plan is selected, employees must elect coverage for medical, dental, long-term disability and life insurance. Optional coverage is available for vision.

2. WORKERS' COMPENSATION

Montana Tech employees are currently covered under the Montana Workers' Compensation and Occupational Disease Acts by the MUS Self-Funded Workers' Compensation Program for accidental injury incurred as a result of employment.

All "on-the-job" accidents are to be reported immediately to the Personnel Office (496-4380), the Director of Environmental Health and Safety (496-4463) and the supervisor. College personnel will work with employees to see that the necessary paperwork is completed and filed properly.

3. UNEMPLOYMENT COMPENSATION INSURANCE

All non-student employees are covered by Unemployment Insurance Division, which may provide income if employment is terminated and new employment is not obtained. Claims for unemployment benefits are made by contacting the Montana Dept of Labor & Industry at 406-444-2545 or fax 406-444-2699

D. LEAVES

1. FAMILY AND MEDICAL LEAVE ACT (FMLA)

FMLA provides up to 12 weeks of job-protected leave to "eligible" employees for certain family and medical reasons. Employees are eligible if they have worked for Montana Tech for at least one year, and at least 1040 hours over the previous 12 months.

2. VACATION LEAVE

Normally, each non-academic employee who has been continuously employed for a period of six months will be eligible to use annual vacation leave which accrues at the annual rate listed below based on years of employment:

<u>Number of Years Employed</u>	<u>Days Accrual Per Year</u>
1 - 10	15
11 - 15	18
16 - 20	21
Over 20	24

Twelve-month employees with academic rank earn vacation leave at a rate of 21 days per year regardless of years of service

Employees who have been continuously employed for a period of six months will be vested in the vacation leave. Upon termination, for reasons other than misconduct, unused vacation leave will be paid to the employee.

In accordance with 2-18-617, MCA, an employee may accumulate two times the total number of annual leave credits the employee is eligible to earn per year, according to the above schedule. Except as provided in this rule, excess vacation leave credits will be forfeited unless the credits are used by the employee within 90 calendar days from the last day of the calendar year in which the excess credits were earned. Excess vacation will be forfeited March 31st, if not taken by that date.

However, if any employee makes a reasonable written request to use excess vacation leave within the 90 calendar day period and the request is denied, the employee may submit a request to the Chancellor asking that the excess vacation leave not be forfeited. The request must include a plan of how the excess vacation leave will be used before December 31st of the calendar year in which the leave would have been forfeited.

3. SICK LEAVE

All employees, excluding students, serving in positions that are permanent, temporary, seasonal, part-time, job share and intermittent, are eligible to earn sick leave credits. The following rules apply:

- Sick leave credits accrue from the first day of employment.
- An employee must be continuously employed for the qualifying period of 90 calendar days to use sick leave.
- Leaves may not be advanced nor may leave be taken retroactively.
- Sick leave accrual will be prorated for employees working less than full-time.
- After a break in service, an employee must again complete the qualifying period to use sick leave.

An employee who has met the qualifying period is entitled to cash compensation for unused sick leave upon termination of employment unless otherwise allowed under state statute. Montana Tech will pay out 25 percent of any unused sick leave at the employee's current rate of pay. For employees of the College of Technology, sick leave accumulated prior to July 1, 1989 will be cashed out upon termination at the rate of one-half (1/2) of the pay attributable to the accumulated sick leave.

4. JURY DUTY OR WITNESS LEAVE

An employee on authorized jury duty or witness leave may elect to take annual leave and keep juror or witness fees paid by the court. Another option allows the employee to receive normal wages and upon receipt of fees and allowances from the court, forward such fees to the Payroll Office within three workdays.

5. MILITARY LEAVE

A permanent, seasonal, or temporary full-time employee, who is a member of the organized militia or the military forces of the United States and who has completed 6 months of continuous employment, is entitled to receive up to 15 working days of military leave per calendar year. Part-time, seasonal, or temporary employees meeting the 6-month requirement are eligible to receive prorated military leave.

An employee shall submit a copy of military orders with the request for military leave. Military leave shall not be charged against any other leave credit earned by an employee.

6. HOLIDAYS

A list of holidays, recognized by Montana Tech, is distributed annually. This information can also be obtained from the Chancellor's Office at 496-4129.

E. GENERAL

1. PAY PERIODS

All classified employees are paid bi-weekly. Time cards for classified are due in the Payroll Office by the first working day following the end of the pay period. Classified employees receive pay on the second Wednesday following the pay period end date.

Leave cards or time cards for all faculty and professional staff run from the 22nd of the month through the 21st of the next month. Student timecards run from the 19th of the month through the 18th of the next month. Employees submitting monthly cards will be paid on the first of the month following submittal.

A pay schedule for bi-weekly and month employees is available in the Payroll Office.

2. FACULTY/STAFF FEE WAIVERS

Permanent academic and non-academic employees who are at least 3/4 time FTE may enroll for a maximum of six (6) credit hours per semester during the regular academic year or four (4) credit hours per summer session and are eligible for a waiver of the incidental fee, subject to administrative approval.

Authorization forms for faculty/staff fee waivers are available in the Personnel Office.

3. DEPENDENT TUITION WAIVER

The tuition waiver benefit for dependents will be for 50% of the residential tuition. Employees must be employed at least ¾ time for five or more consecutive years in order to be eligible for the dependent tuition waiver benefit.

4. EMPLOYEE WELLNESS PROGRAM

Montana Tech has a wellness program for its employees. This program includes blood screening, wellness activities, a faculty/staff fitness room and use of the HPER facilities.

5. EMPLOYEE ASSISTANCE PROGRAM

The Employee Assistance Program provides, to employees and immediate family members, confidential assistance for personal problems. It is designed to provide short-term counseling.

FOR ADDITIONAL INFORMATION OR QUESTIONS REGARDING THE ABOVE BENEFITS, CONTACT THE PERSONNEL/PAYROLL OFFICE.