



Sandia National Laboratories

Operated for the U.S. Department of Energy by
Sandia Corporation

P.O. Box 5800
Albuquerque, NM 87185

August 2004

Dear Vacation Buy Plan Participant:

The information provided in this letter is a summary of material modification to the current Vacation Buy Plan Summary Plan Description (SPD), dated January 1, 2002, and should be kept as a supplement with your Vacation Buy Plan SPD.

IMPORTANT CHANGE: Beginning with Open Enrollment in the fall of 2004 (October 20 – November 9, 2004) employees no longer have until December 31 to increase or decrease their elected hours or cancel their participation in the Vacation Buy Plan for the following benefits year. Final decisions on Vacation Buy Plan participation and the number of hours elected must be made by the end of the Open Enrollment period (usually October 20 – November 9).

Example **prior to** 2004:

If an employee called the Open Enrollment phone system during Open Enrollment and elected to purchase at least eight hours, he/she had until December 31 to increase or decrease the election amount, or cancel participation.

Example **beginning** with Open Enrollment in the fall of 2004:

If an employee calls the Open Enrollment phone system on the first day of Open Enrollment and elects Vacation Buy Plan participation with 20 purchased hours, he/she only has until the end of Open Enrollment (a three-week period) to increase or decrease the amount of purchased hours or cancel participation.

Sincerely,

Benefits Department, 3332



Sandia National Laboratories

Operated for the U.S. Department of Energy by
Sandia Corporation

P.O. Box 5800
Albuquerque, NM 87185

January 2004

Dear Vacation Buy Plan Participant:

The information provided in this letter is a summary of material modification to the current Vacation Buy Plan Summary Plan Description (SPD), dated January 1, 2002, and should be kept as a supplement with your Vacation Buy Plan SPD.

IMPORTANT CHANGE: Effective January 1, 2004 when an employee uses purchased vacation he/she will be paid at the same rate as purchased.

Example **prior to** January 1, 2004:

If an employee received an increase in base pay during the calendar year and he/she used purchased vacation after the pay increase, he/she was paid for used purchased vacation at his/her increased salary.

Example **beginning** January 1, 2004:

If an employee receives an increase in base pay during the calendar year and he/she uses purchased vacation after the pay increase, he/she will be paid for used purchased vacation at the same rate as purchased.

Sincerely,

Benefits Department, 3341



Sandia National Laboratories
A Department of Energy National Laboratory

Vacation Buy Plan



Summary Plan Description

Effective: January 1, 2002

SAND 2004-2783 W

Vacation Buy Plan

The Vacation Buy Plan (VBP) is designed to allow an eligible employee to purchase additional vacation time.

This booklet is the Summary Plan Description (SPD) of this Plan. It is provided in accordance with the requirements of the Employee Retirement Income Security Act (ERISA) of 1974 and the Internal Revenue Code. This SPD summarizes operations, benefits, and other provisions of interest. The SPD is the official Plan document that governs the operation of this Plan.

This Vacation Buy Plan is maintained at the discretion of Sandia. It is not intended to create a contract of employment and does not change the at-will employment relationship between you and Sandia. The Sandia Board of Directors (or designated representative) reserves the right to suspend, change, modify, or amend any or all provisions of the Vacation Buy Plan at any time without prior notice, subject to applicable collective bargaining agreements. If the Vacation Buy Plan should be terminated or changed, it will not affect your rights to any benefits to which you have already become entitled.

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Basic Provisions

The VBP allows you to purchase vacation on a pre-tax basis (before federal, state, and social security taxes are deducted). Purchasing vacation allows you to purchase additional paid time off without being financially impacted all at once.

Introduction

- You may purchase a minimum of 8 hours to a maximum of 44 hours of vacation in addition to the vacation you are eligible to receive from Sandia National Laboratories.
- You will pay for this extra vacation time through pre-tax payroll deductions taken equally from your paychecks throughout the year.
- The cost of each vacation hour you purchase (purchase rate) is determined by dividing your full-time annual base pay, as of the beginning of the calendar year, by 2,080.
- When taking purchased vacation, enter project/task numbers 10000.310 and the number of hours taken on your timecard.
- Purchased vacation hours not used will not be carried into the next calendar year; rather, these hours will be sold back in the last paycheck you receive in December at the purchase rate.
- You must re-enroll each year during Open Enrollment.
- Vacation purchased under this Plan must be scheduled and taken in accordance with Sandia's vacation process requirements (see the "Vacation" CPR 300.6.16 for additional information). Purchased vacation **is not** considered when calculating the 240-hour vacation maximum.

This SPD applies to all employees classified as full-time or part-time regular, post-doctoral, limited-term, and full-time year-round faculty sabbatical appointees, except as and to the extent that its provisions differ from applicable collective bargaining agreements. Provisions in this SPD that differ from those of collective bargaining agreements do not apply to employees subject to such agreements. (Refer to the applicable collective bargaining agreement for more information.)

ERISA Information

The Employee Retirement Income Security Act (ERISA) of 1974 provides certain rights to participants in the VBP. This information, as well as certain general information concerning this Plan, is included in the *Sandia Employee Benefits Binder* as a separate booklet called “ERISA Information.”

Plan Identification Information

The VBP is a self-insured plan for eligible participants (as defined in this booklet) of Sandia National Laboratories, P. O. Box 5800, Albuquerque, NM 87185 (Employer Identification Number 85-0097942).

The VBP (Plan Number 519) is administered by the Sandia Benefits and Health Services Center on a calendar-year basis from January 1 through December 31. Reports are filed annually to the Department of Labor.

Eligibility

You are eligible to participate in the VBP if

- you are a regular full-time or part-time employee (as classified by Sandia for payroll purposes);
- you are a full-time or part-time employee (as classified by Sandia for payroll purposes) in the limited-term, post-doctoral appointee, or the full-time, year-round faculty sabbatical appointee classifications.

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VBP Benefits

When Participation Begins

Participation begins on January 1 of each calendar year. Since the first payroll in January is processed before the winter shutdown, and the cutoff for changes in the number of hours purchased is allowed through midnight December 31, purchased hours cannot be placed in the system until the second pay period in January. If you wish to use purchased vacation before the second pay period in January, you must submit a corrected timecard.

You Must Enroll Every Year

You must enroll through the Open Enrollment phone system during Sandia's annual Open Enrollment in order to participate in the VBP. If you enroll during Open Enrollment, you can change or cancel your election through the Open Enrollment System through midnight on December 31 of the calendar year in which the Open Enrollment period is held.

NOTE: If you do not re-enroll during the annual Open Enrollment, you may not participate in the VBP, even if you bought vacation the previous year.

Enrollment at any other time during the year is not allowed.

How the VBP Works

You may purchase a minimum of 8 hours to a maximum of 44 hours of vacation in addition to the vacation you receive from Sandia National Laboratories.

IMPORTANT The hours you elect to purchase become available for use at the beginning of the calendar year. If your participation in the plan ends, reimbursement will be required for the hours used and not paid for. For additional information refer to "When Participation Ends" on page 9.

You will pay for this extra vacation time through pre-tax payroll deductions taken equally from your paychecks throughout the year. Your cost for

purchased vacation hours (purchase rate) is determined by dividing your full-time annual base pay, as of the beginning of the calendar year, by 2,080.

Vacation purchased under this Plan must be scheduled and taken in accordance with Sandia’s vacation process requirements (see the “Vacation” CPR 300.6.16 for additional information). Purchased vacation **is not** considered when calculating the 240-hour vacation maximum.

IMPORTANT When you take purchased vacation hours, you will be paid at your current salary, and you will be taxed on this amount.

Before you take purchased vacation during the year, the following vacation balances must be zero (does not include projected amounts):

- Vacation and
- Convertible vacation.

Example:

When you schedule a two-week vacation (80 hours), vacation balances are used as follows (see “Balance” in the shaded row of the table below):

	Vacation	Holiday	Flex	Paid Time Off (PTO)	Convertible Vacation	Vacation Buy
Balance beginning September 21, 2001	0	0	25	0	10	0
Earned YTD	48	16	0	0	0	0
Taken YTD	0	16	0	0	0	40
Sold	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0
Balance	48	0	25	0	10	40
Projected through September 2002	160	72				
Projected available through September 2002	208	72				

(Example continued on next page.)

First, use 48 hours of vacation; then use 10 hours of convertible vacation; and finally, use 22 hours of purchased vacation to complete the 80 hours of vacation.

After your 2-week vacation, your Vacation and Convertible Vacation balances equal zero and your Vacation Buy balance equals 18 hours (40 purchased hours – 22 used hours = 18 hours).

NOTE: To find your current vacation balance(s), refer to the Sandia National Laboratories internal web home page and select the “vac/flex” icon.

Nonrepresented full-time employees must use purchased vacation hours in half-day or full-day increments.

Nonrepresented part-time employees may use purchased vacation in one-hour increments.

NOTE: When taking purchased vacation, enter project/task numbers 10000.310 and the number of hours taken on your timecard.

IMPORTANT Due to the pre-tax status of this Plan, you must use purchased vacation hours by the last timecard that is paid in the current calendar year. No corrected timecards containing purchased vacation may be submitted after the last timecard that is paid in the current calendar year.

EXAMPLE: For calendar year 2002, the last timecard in the calendar year is for the week ending December 12, 2002. Purchased vacation hours not used will not be carried into the next calendar year; rather, these hours will be sold back in the last paycheck you receive in December at the purchase rate.

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When Participation Ends

Plan Year End

Participation does not continue into the next calendar year. You must re-enroll during the annual Open Enrollment period. Purchased vacation hours not used will not be carried into the next calendar year; rather, these hours will be sold back in the last paycheck you receive in December at the purchase rate.

Leaves of Absence (LOA)

If your leave of absence (LOA) without pay is 30 days or less and it doesn't cross calendar years, any contributions missed will be made up when you return from the absence. If your LOA crosses the calendar year, your contributions to the VBP end. Unused purchased vacation hours will be sold back at the purchase rate or, if purchased vacation hours are used and not paid for, you will be responsible for reimbursing Sandia National Laboratories at the purchase rate.

If your LOA without pay exceeds 30 days, your contributions to the VBP end. Purchased vacation hours not used will be sold back at the purchase rate, or if purchased vacation hours are used and not paid for, you will be responsible for reimbursing Sandia National Laboratories at the purchase rate.

Termination/Retirement

Upon termination or retirement, purchased vacation hours not used will be sold back at the purchase rate or, if purchased vacation hours are used and not paid for, you will be responsible for reimbursing Sandia National Laboratories at the purchase rate.

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Appeal Procedures

Policy

You or another duly authorized person may submit an appeal because of

- eligibility,
- you feel the benefit has not been administered in accordance with Plan provisions (e.g., you feel you have not taken the number of hours you purchased but Sandia says you have), or
- you feel that you have been treated unfairly with respect to the Plan.

Written Notice of Denial

If you are denied eligibility or you are denied a benefit in whole or part, the Benefits Department shall provide you with

- a written notice of the specific reasons for the denial,
- a reference to the pertinent Plan provisions,
- a description of any other material or information required from you, if appropriate,
- an explanation of why such material or information is being requested, and
- any other information required to be provided under ERISA.

Eligibility Appeal Procedure

If you are denied eligibility to participate in the VBP, you may contact the Sandia Benefits Customer Service Center at 845-BENE (845-2363) to request a review of your eligibility status. Upon request, a written notification will be sent to you informing you of the decision. If you are not satisfied with the decision, you may request that your eligibility status be reviewed by the Employee Benefits Committee (EBC). You must request this in writing within 60 calendar days of the date of the written notification informing you of the denial. You will be informed of the EBC's decision in writing within 60 calendar days of the date the appeal was received; however, the EBC can request an additional 60 days if special circumstances apply. The EBC has

the exclusive right to interpret the provisions of the VBP with respect to the eligibility to participate, and their determination is conclusive and binding.

How to Appeal a Denial of Benefits: Time Limits

You or another duly authorized person may submit an appeal. The appeal must be submitted in writing within 60 calendar days after receipt of notification of the Benefits Department's decision of denial. For any denial or other disputed matter, you must send a written request, including any additional information that was requested or that would support your appeal, directly to the EBC for review. You will be informed of the EBC's decision in writing within 60 calendar days of the date the appeal was received; however, the EBC can request an additional 60 calendar days if special circumstances apply.

The EBC has the exclusive right to interpret and apply the provisions of the Plan, including the determination of eligibility and benefits, and that decision is conclusive and binding. The Vacation Buy Plan appeals process will follow the Employee Retirement Income Security Act (ERISA) appeal guidelines. See "ERISA Information" in your Sandia Employee Benefits Binder for more information.

IMPORTANT

You must exhaust the appeals process before you pursue any legal recourse.

Whom to Contact

Employee Benefits Committee
Sandia National Laboratories
Organization 3341, Mail Stop 1022
P. O. Box 5800
Albuquerque, NM 87185-1022

Appendix A

Acronyms and Definitions

Acronyms

CPR	Corporate Process Requirements
EBC	Employee Benefits Committee
LOA	leave(s) of absence
SPD	Summary Plan Description
VBP	Vacation Buy Plan

Definitions

base pay	Hourly, weekly, or annual rate of pay for your standard full-time or part-time work schedule. Base pay does not include payments such as performance awards, premiums, allowances, and overtime payments.
convertible vacation	Vacation that may be taken, carried over, or sold at the employee's base rate.
full-time, year-round faculty sabbatical appointee	Outstanding professors from colleges and universities throughout the country who will make significant, value-added contributions to Sandia's technical work for one academic year, to promote university relations and to build a constituency at targeted universities, working a full-time or part-time schedule.

limited-term employee	Temporary employee hired for a specific period of time, initially a one-year term, which may be extended at management's discretion for no more than five additional one-year assignments, working a full-time or part-time schedule.
post-doctoral appointee	Inexperienced Ph.D. employee (0 to 3 years of experience from completion of doctoral degree) hired for a specific period of time, initially a one-year term, which may be extended at management's discretion for no more than five additional one-year assignments, working a full-time or part-time schedule.
project/task 10000.310	Entered on timecard for purchased vacation hours taken.
purchase rate	The hourly rate that is determined by dividing your full-time annual base pay, as of the beginning of the calendar year, by 2,080.
regular employee	An individual employed for an unspecified time period, working a full-time or part-time schedule.