



# Planning for Your Retirement

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# Agenda

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## Module 1

- Employee Trust Funds  
–Your WRS Benefits
- City Human Resources – Process and Benefits in Retirement
- Precision – Sick Leave Conversion



## Module 2

- Financial Planning in Retirement
  - Lincoln Financial
  - ICMA/ Mission Square
  - EAP – The Psychological Process of Retirement



# Objectives

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Understand the process of retirement and benefits in retirement

Learn where to access resources to aid in retirement planning

Understand options related to financial planning for retirement

Become comfortable with the psychological process of retirement



# Process and Timeline



# Process of Retirement

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- 1 Attend Trainings
- 2 Set Tentative Retirement Date (*6 to 12 months before retirement date*)
- 3 Get Benefits Estimate (*6 to 12 months before retirement date*)
- 4 Schedule Exit Interview (*3 to 4 months before retirement date*)
- 5 Submit ETF Application (*45 to 90 days before retirement date*)
- 6 Attend Exit Interview (*45 to 90 days before retirement date*)
- 7 Notify your department of your retirement (*14-90 days before retirement date*)



# Timing of Retirement

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## What should the retirement date be?

- For the City's purposes, your retirement date is the last date for which you are paid—whether actively at work or being paid for vacation, floating holiday, compensatory time, or sick leave
- Active employee health insurance must end at the end of the month in which you retire
- Employees in Unions have contractual language that may allow continued employer contributions to health insurance premium as an employer-paid annuitant

### FAQ: When do I notify my department?

In order to receive all benefits you must notify your department at least two weeks prior to your last physical day here



# Age/Service Requirements

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## Protective Service Employees

- Earliest retirement is age 50
- Full retirement at 54 without 25 years of creditable service
- Full retirement at 53 with 25 years of creditable service

## Non-Protective Service Employees

- Earliest retirement age is 55
- Full retirement at 65 without 30 years of creditable service
- Full retirement at 57 with 30 years of creditable service





# Meeting with HR

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Your retirement exit interview with HR should be scheduled for a date about one to two months before planned retirement

This should also occur after receiving Employee Trust Funds (ETF)/Wisconsin Retirement System (WRS) estimate/review of options (request 6 – 12 months before retirement date)

- ETF should have notice in advance of the anticipated date of retirement (45 – 90 days)
- ETF offers group retirement appointments both face-to-face and as webinars but does not allow walk-ins. You must schedule ahead of time
- Ask questions of ETF and HR to help you figure out what your date of retirement should be



# Meeting with HR

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In the meeting with HR you will cover:

- ✓ Your date of retirement and how that will affect your benefits
- ✓ Benefits in place and options for continuing or ending benefits
- ✓ Payment of leave balances (vacation, floating holidays, compensatory time)
- ✓ Conversion of accrued sick leave
- ✓ Notice to retiring employee's department

**FAQ:** Does HR notify my department?

Yes, but only after you have submitted your final date of retirement. You must also notify your department in advance.



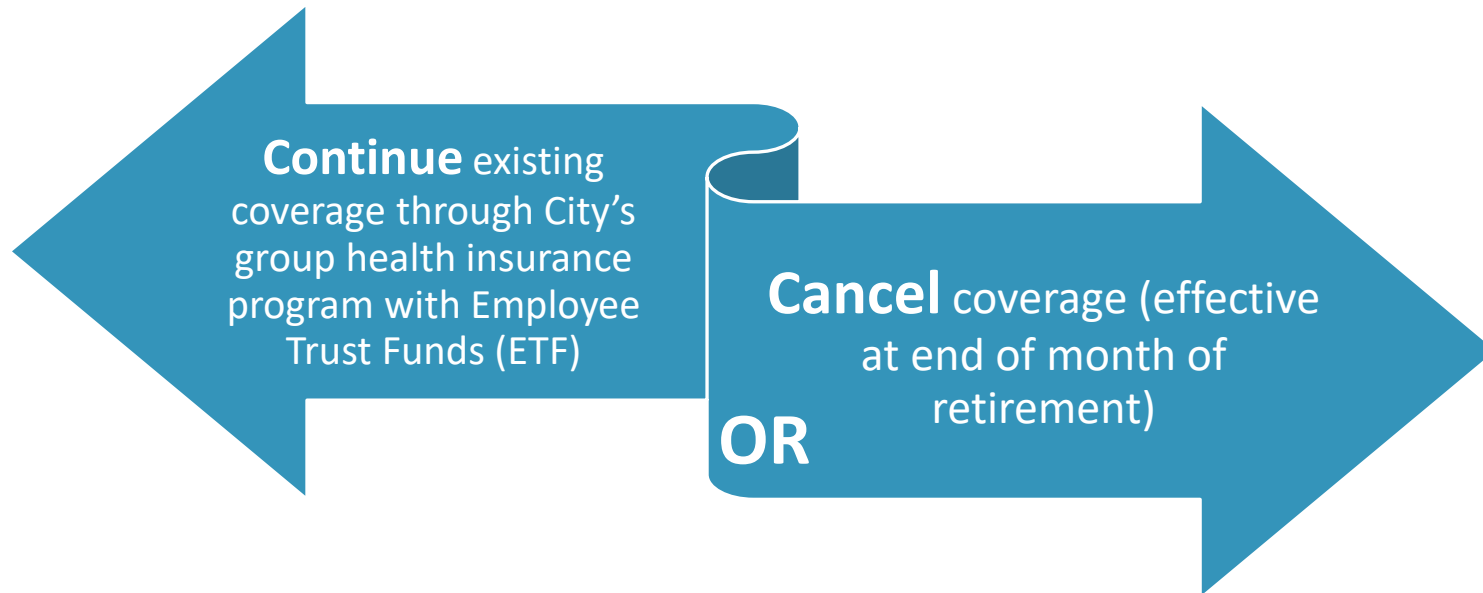
# Benefits at Retirement



# Health Insurance

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You will have two options upon retirement:



- The ETF form (ET-4814) with your choice will be completed at the retirement meeting and HR will submit the form to ETF on your behalf.
- The loss of the employer contribution to health insurance premium is a qualifying event to enroll in other coverage.



# Health Insurance Coverage Options

## Continue ETF Administered Coverage

- Advantages: High coverage & limits, assured continuation, ability to change plan each year, includes prescription coverage
- Disadvantage: Monthly cost may be higher than alternatives

## Enroll in Other Coverage

- Advantages: Lower monthly cost (maybe), good general purpose
- Disadvantages: Prescription coverage may be separate, amounts of co-pays/deductibles may be higher, may have limited ability to change, needs may exceed coverage



# Continue Health Insurance Coverage

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If you continue Health Insurance Coverage:

- Cost of coverage (premium) will be deducted from monthly WRS annuity for the following month's coverage (this may change in the future to same month's coverage).
- Premium will be the full premium for your selected health plan and coverage level (unless eligible for employer-paid annuitant coverage)
- The premium will be adjusted for Medicare coverage for participant(s)
- PRIME-Choice (plan for use of value of sick leave) is designed for reimbursement of eligible medical expenses, including insurance premiums (continuing City or other coverage)

**FAQ:** Will I be able to change providers in retirement?  
Yes. Yearly It's Your Choice opportunities will continue with  
ETF



# Current Health Insurance Premiums

2023 Monthly Local Employer Group Health Insurance Premiums	Non-Medicare Rates (no family member eligible)		Medicare Rates (at least one insured family member Medicare-eligible)		
	SINGLE	FAMILY	SINGLE MEDICARE	*FAMILY MEDICARE SOME	**FAMILY MEDICARE ALL
Dean Health Insurance	\$ 943.40	\$2,321.22	\$583.96	\$1,502.50	\$1,143.06
GHC- SCW Dane Choice	776.52	1,904.02	509.56	1,261.62	995.06
GHC-SCW Neighbors	855.40	2,101.22	549.40	1,379.94	1,073.94
Quartz - UW Health	842.94	2,070.06	481.58	1,299.66	938.30
Quartz - Central	1,230.00	3,037.72	640.32	1,845.46	1,255.78
Quartz - West	821.38	2,016.16	472.82	1,269.34	920.78
IYC Access Plan Dean (Access Plan /Medicare Plus)	1,169.18	2,885.68	454.82	VARIES	884.78
UnitedHealthcare (Medicare Advantage)	N/A	N/A	276.76	VARIES	528.66

\* One or more family members are Medicare-eligible, some covered members are not  
 \*\* All covered family members are Medicare-eligible



# Cancel Health Insurance Coverage

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- If you cancel coverage, you can re-enroll but only under specific conditions. It is critical to reach out to ETF prior to canceling to understand the impacts of cancellation
- The current re-enrollment policy allows local annuitants to re-enroll in the Group Health Insurance Program either during open enrollment or within a specified time period following a qualifying event provided these 3 requirements are satisfied:
  1. You are a WRS member who retired from a local employer & took immediate annuity
  2. You were covered by the Group Health Insurance Program on your retirement date
  3. Your former employer still participates in the Group Health Insurance Program





# Post-Employment Health Plans

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## Metro Transit

- For 5 years or until medical eligible (first month you turn 65)
- Health care through ETF, paid through the City at 100 percent of the low premium
- To be eligible you have to be eligible for retirement through ETF, **and provide at least one year of notice of retirement**

## Police and Fire

- Age 50 through month you turn 55
- Health care through ETF, paid for through the City at 88% percent of average
- To be eligible, you only need to be the correct age and eligible for retirement through ETF

\*Local 6000, Local 236, Police, Fire and the City Attorney Association also administer their own health reimbursement plans.



# Medicare

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At age 65, retirees must enroll in Medicare Parts A (hospital) and B (provider services)

- Enrollment in Medicare Part B (provider services) may be deferred until your active employee health coverage ends - this may be coverage provided by your own employer or your spouse's employer
- You will have a special enrollment period for Medicare Part B that allows you to enroll without penalty after your active employee health coverage ends
- There is a premium that applies to Medicare Part B
- Part A typically has no cost
- The Retiree's eligible spouse (age 65+) must also enroll in Medicare

Failure to enroll in Medicare when required will end eligibility for continuation of ETF Administered Group Health Insurance Coverage!



# More on Medicare

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- At retirement, Medicare becomes the primary payer for retiree age 65 or older.
  - Prior to the end date of your active employee health coverage, the health plan is the primary payer even though you may be enrolled in Medicare Part A and/or Part B.
  - Medicare will not make payments to your providers if you have active employee coverage.
- Part D (prescription coverage):
  - If continuing ETF coverage, your group health insurance premium already includes the cost of prescription coverage.
  - There is no separate premium that needs to be paid for this Medicare Part D coverage.
  - More information available from ETF: <https://etf.wi.gov/its-your-choice/2021/local-deductible-health-plan-po14/health-insurance-retirees-medicare>

# Dental Insurance

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If you have maintained dental coverage as an active employee, you may continue the coverage in retirement.

- Quarterly bills will be mailed to your home by the plan (Delta Dental).
- Dental coverage for retirees is the same as for active employees.
- There continues to be an annual open enrollment period – information is sent to your home by the dental plan during the open enrollment period.

**FAQ:** Can I drop dental coverage if I take it in retirement?  
Yes. Dental coverage may be dropped at any time in retirement, however, if coverage is dropped, there is no opportunity for re-enrollment.



# Flex Spending

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Upon retirement, you may:

- The eligibility end-date will be the end of the Plan year (12/31). Only requests for Reimbursement for services incurred prior to the your eligibility end-date will be processed, **up to the amount of the payroll deductions taken during the year.**

**End deductions as of the final paycheck**

**OR**

**Have the balance of the annual election deducted from your final paycheck**

- The eligibility end-date will be the end of the Plan year (12/31). Only requests for reimbursement for services incurred prior to your eligibility end-date will be processed, **up to the amount of the annual election.**



# Life Insurance at Retirement



# Life Insurance

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- If you have maintained life insurance while actively employed, you may continue it after retirement.
- If you are age 65 or older at retirement, or when you reach age 65 in retirement, no more premiums will be due but coverage will be reduced to basic level reduced amounts\*:

\* Supplemental coverage is not available beyond age 65 in retirement

Age	Percent of Basic Coverage	Amount of Coverage (Example: \$60,000 Basic)
65	75%	\$45,000
66	50%	\$30,000
67+	25%	\$15,000



# Life Insurance Continuation

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If you are not yet age 65 at retirement, current coverage or a lower level of coverage may be continued by continuing to pay premiums to the City until you reach age 65

- Bills will be mailed quarterly (for 3 months coverage) and must be paid or coverage will be cancelled.
- You may reduce coverage before retirement, at retirement, or at any time thereafter.

Dependent coverage may be continued (though not added) for your qualifying dependent(s), until they are no longer qualified.

- Premiums for dependent coverage will be billed by Central Payroll.

**FAQ:** Do dependents automatically drop off of my coverage?

Yes. The City does maintain a record of your last eligible dependent from your life insurance at retirement form you complete at meeting with Human Resources.





# Examples/Considerations

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Self Examples: Employees retiring before age 65 may continue at the current coverage level, including supplemental coverage, until age 65.

Many retirees change to only Basic coverage at retirement. Your individual circumstances will determine the coverage level needed.

Because the death benefit for a retiree over age 65 is reduced, you may want to have only one or two beneficiaries rather than . . . everybody.

Dependent Example: Your spouse will not reach age 65 until four years after your retirement date. Existing dependent life insurance coverage may continue for your spouse until your spouse reaches age 65. The City will send one bill per year.

The same applies for your qualifying dependent child (up to age 21, or up to age 25 when enrolled as a full-time student).



# Payouts and Other Income Sources



# Value of Sick Leave

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The value of sick leave is paid out upon your retirement in one of two ways:

## If the value of sick leave is greater than \$2,000

- The value converts to funds that will be administered through Precision Retirement Group's PRIME-Choice program in a PRIME-Trust health reimbursement account (HRA) or 401(a) special pay account

## If the value of sick leave is less than \$2,000

- The value of your sick leave is paid out on your final paycheck

**FAQ:** Can I also convert the value of other leave like vacation?  
No. The value of other paid leave accruals (vacation, floating holiday, compensatory) will be paid out on your final paycheck and may not be placed in a PRIME-Choice or RHS account.



# Disposition of Funds After Death

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If you die while value-of-sick-leave money remains:

## If there are funds remaining in a Prime Trust HRA

- Your eligible dependent(s) may continue to use the account for reimbursement of their own eligible medical expenses. If there are no eligible dependents and funds remains in the account, the funds are paid out by the City to the estate of the individual who was last eligible to use the funds (retiree or their dependent). Taxes will be withheld from that payment

## If there are funds remaining in a 401(A)

- Balance will be paid to the designated beneficiary or beneficiaries whom you name for the account.



# Deferred Compensation

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If you have participated in the City's 457 deferred compensation plan (with Mission Square and/or Fidelity), you may have the value of paid leave accruals contributed to your deferred compensation account, up to the annual maximum.

- Refer to [CityofMadison.com/Human-Resources](http://CityofMadison.com/Human-Resources) for info about maximums and/or review with a plan representative.
- Your plan administrator will be notified of your retirement the week following the issuance of your final paycheck.
- Distributions from the plan may begin at that time. If distributions are needed between your retirement date and the date when notice is normally provided to the plan administrator, an additional form is required to be completed.



You have had a career in public service that has allowed you to contribute to a thriving community, and your service is appreciated.

Thank you!



# Questions?

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Contact Denise Nettum

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