



# **Preparing for Retirement and The Meeting in HR**



# Timing of Retirement

What should the retirement date be?

- ▶ Retirement date is last date for which employee is paid—actively at work or being paid for vacation, floating holiday or compensatory time.
- ▶ Effective 1/1/2016, active employee health insurance must end at the end of the month in which employment ends.

Certain employee groups (Teamsters, AMFS, AMPS, IAFF 311, MPPOA) have contractual language that may allow continued employer contributions to premium as an employer-paid annuitant.

# When Should the Meeting with HR Happen?

- A retirement exit interview with HR should be scheduled for a date about two months before planned retirement—
- –*after* receiving Employee Trust Funds (ETF)/Wisconsin Retirement System (WRS) estimate/review of options (request 6 – 12 months before retirement). ETF should have notice in advance of the date of retirement (45 – 90 days). ETF offers group retirement appointments both face-to-face and as webinars. As of April 2017, ETF no longer allows walk-in appointments. You must schedule ahead of time.
- Ask questions of ETF and HR to help you figure out what your date of retirement should be.

# **What Will the HR Meeting Cover?**

- ▶ Date of retirement and how that will affect benefits
- ▶ Benefits in place
- ▶ Options for continuing or ending benefits
- ▶ Payment of leave balances (vacation, floating holidays, compensatory time)
- ▶ Conversion of accrued sick leave
- ▶ Mention of notice to department
  - ▶ When you have provided written notice of your retirement date to Human Resources, your agency head, Central Payroll, and applicable benefit providers will be notified

# Health Insurance

## Options at retirement:

- ▶ Continue current coverage with Employee Trust Funds (ETF)
- ▶ Cancel coverage

The ETF form (ET-4814) with the employee's choice will be completed at the retirement meeting and HR will submit the form to ETF.

# **Cancel Health Insurance Coverage**

There will be no future opportunity to re-enroll.

# **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 the employee's health plan (absent association contract to contrary)
- ▶ The premium will be adjusted for Medicare coverage for participant(s)
- ▶ Yearly It's Your Choice opportunities will continue
- ▶ *PRIME*-Choice (plan for use of value of sick leave) is designed for health expense, including insurance premiums (continuing City or other coverage)

# Health Coverage Options

## ▶ Continue ETF Coverage

- ▶ Advantages: High coverage & limits, assured continuation, ability to change plan each year, includes Rx
- ▶ Disadvantage: Monthly cost

## ▶ 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, limited ability to change, needs may exceed coverage



# Health Insurance Rates at Retirement

2017 Monthly Local Employer Group Health Insurance Rates	Non-Medicare Rates (no family member eligible)		Medicare Rates (at least one insured family member Medicare-eligible)		
PLAN NAME	SINGLE	FAMILY	SINGLE MEDICARE	*FAMILY MEDICARE 1	**FAMILY MEDICARE 2
Dean Health Plan	\$ 717.50	\$1769.56	\$551.54	\$1252.88	\$1086.92
GHC of South Central Wisconsin	632.40	1556.76	516.14	1132.38	1016.12
Physicians Plus	691.50	1704.56	545.64	1220.98	1075.12
Unity UW Health	569.10	1398.56	444.24	997.18	872.32
Unity Community	634.80	1562.76	471.24	1089.88	926.32
IYC Access Health Plan-Milwaukee	1310.52	3268.86	NA	1727.62	NA
IYC Access Health Plan-Dane	1069.80	2668.30	NA	1538.10	NA
IYC Medicare Plus	NA	NA	417.10	NA	829.02

# Medicare

- ▶ At age 65, active employees should enroll in Medicare Part A (hospital). (Retirees must enroll in both Medicare A&B when they reach 65.)
- ▶ At age 65, retirees must enroll in Medicare Part B (provider services).
- ▶ Retiree's eligible spouse (age 65) must also enroll in Medicare.
- ▶ *FAILURE TO ENROLL WILL END ELIGIBILITY FOR THE CONTINUATION GROUP HEALTH INSURANCE COVERAGE.*

## **More on Medicare**

- ▶ At retirement, Medicare becomes the primary payer for retiree age 65 or older; up to retirement, the health plan is the primary payer even though the employee is enrolled in Medicare Part A.
- ▶ Part D (drug coverage): If continuing ETF coverage, your group health insurance premium already includes the cost of this benefit. There is no separate premium that needs to be paid for this Medicare Part D coverage. More information available from ETF at <http://etf.wi.gov/members/IYC2017/et-2158faq.asp#medicare>

# Dental Insurance

- ▶ An employee who has maintained dental coverage may continue the coverage. Quarterly bills will be mailed to the retiree's home by the plan (Delta Dental).
- ▶ There continues to be an annual "Choice" period – information is sent by the plan.
- ▶ Coverage may be dropped at any time in retirement. If coverage is dropped there is no opportunity for re-enrollment.

## **Value of Sick Leave**

- ▶ For most employees, value greater than \$2000 will be administered through Precision Retirement Group's *PRIME*-Choice program in a *PRIME*-Trust or 401(a) account; value less than \$2000 will be paid out on final check.
- ▶ For AMFS members, value will be administered through a Voluntary Employee Benefit Association [VEBA] account. Information is available from your employee association.
- ▶ Value of other time (vacation, floating holiday, compensatory) may not be placed in a *PRIME*-Choice or VEBA account

# What Happens To My Money If I Die?

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

- ▶ **PRIME-Trust Account:** An eligible dependent (or more than one eligible dependent) may continue to use the account as it was being used before the retired employee's death. If there are no eligible dependents and funds remains in the account, the funds will be returned to the City of Madison and the City will issue a check for the remaining funds, payable to the retired employee's estate. Taxes will be withheld from that payment.
- ▶ **401(a) Account:** Balance will be paid to the beneficiary or beneficiaries identified at the time the account was set up.

# Flex Spending

Employee may

- ▶ End deductions as of the date of retirement. The eligibility end-date will be the end of the Plan year (12/31). Only Requests for Reimbursement for services incurred prior to the Participant's eligibility end-date will be processed, up to the amount of the year-to-date deductions.

OR

- ▶ Deduct the balance of the annual election from the final paycheck. The eligibility end-date of the Participant will remain the end of the Plan year (12/31). Only requests for reimbursement for services incurred prior to the Participant's eligibility end-date will be processed, up to the amount of the annual election.

# Deferred Compensation

- ▶ Retiring employee who has been participating in deferred compensation (ICMA-RC or Lincoln/Alliance Benefit Group) may have the value of accrued paid leave time paid into the deferred compensation account, up to the annual maximum. Check EmployeeNet for info about maximums and/or review with a plan representative.
- ▶ Plan will be notified of employee's retirement the week following the issuance of the employee's final paycheck. Distributions from the plan may begin at that time. If distributions are needed between the retirement date and notice to the plan, an additional form is required to be completed.



# Life Insurance

- ▶ An employee who has maintained life insurance may continue it after retirement.
- ▶ If a retiring employee is age 65 or older, or when a retiree who maintains coverage reaches age 65, no more premiums will be due but coverage will continue at reduced amounts:

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

# Life Insurance Continuation

- ▶ If a retiring employee is not yet age 65, current coverage or a lower level of coverage may be continued by paying premiums to the City until age 65.
- ▶ Bills will be sent quarterly (for 3 months coverage) and must be paid *or coverage will be cancelled*.
- ▶ Employee/retiree may reduce coverage before retirement, at retirement or at any time afterward
- ▶ Dependent coverage may be continued (though not added) for qualifying dependent(s), until no longer qualified. . .

# **Life Insurance Continuation for Dependents**

- ▶ Example: Retiring employee's spouse will not reach age 65 until four years after employee's retirement date. Existing Dependent life insurance coverage may continue for that spouse until spouse reaches age 65. The City will send one bill per year.
- ▶ The same applies for a retiree's qualifying dependent child (up to age 21, or up to age 25 when full-time student).
- ▶ The City does not maintain a record of an employee's eligible dependents. It is the employee's responsibility to remove dependent units of coverage when there are no longer any eligible dependents.

# **Life Insurance Claims**

The City maintains the record of coverage. Family members need to know about the coverage, and contact HR after the retiree's death. HR will facilitate the claim (send the claim form to beneficiary or beneficiaries with instructions) and submit the completed claim to The Hartford.

The benefit is sent directly to beneficiary. Claims payments usually take less than a month from time of submittal.

# Recommendations for Life Insurance

- ▶ An employee retiring before age 65 may continue current coverage until age 65, but many retirees change to only Basic coverage at retirement .
- ▶ Because the death benefit for a retiree over age 65 is reduced, a retiree may choose to have only one or two beneficiaries rather than . . . everybody. In 40 years, the 25% benefit amount (designed to help with “final expenses”) may not be very meaningful divided into many parts, and claims will be held up until beneficiaries are located.
- ▶ Retirees need to update beneficiary information and make it possible for the City to find beneficiaries.

# **Always Remember:**

- ▶ Well, you may not always remember, but for at least a little while please keep in mind—
- ▶ You had a career in public service that allowed you to contribute to a community, and
- ▶ Your service is appreciated.
- ▶ Thank you.

# Questions?

- ▶ Contact Bill Wick, City of Madison Human Resources
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