



Preparing for Retirement
and
The Meeting with HR

TIMING OF RETIREMENT

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.
- Effective 1/1/2016, active employee health insurance must end at the end of the month in which your employment ends.
- Certain employee groups (Teamsters, AMFS, AMPS, IAFF 311, MPPOA) have contractual language that may allow continued employer contributions to health insurance premium as an employer-paid annuitant.

WHEN SHOULD THE MEETING WITH HR HAPPEN?

- Your retirement exit interview with HR should be scheduled for a date about one to 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 date). 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 MEETING WITH HR 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
 - After you have provided written notice of your retirement date to Human Resources, your agency head, Central Payroll, and applicable benefit providers may be notified. If asked, HR must disclose to your supervisor or department/division head that you have provided formal notice of your intent to retire.

HEALTH INSURANCE

Options at retirement:

- Continue existing coverage through City's group health insurance program with Employee Trust Funds (ETF)

or

- Cancel coverage (effective at end of month of 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.

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)
- Yearly It's Your Choice opportunities will continue
- *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).

CANCEL HEALTH INSURANCE COVERAGE

- There may be a future opportunity to re-enroll. Re-enrollment option is subject to ETF policy.
- The current re-enrollment policy, which took effect January 1, 2019, 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
 - 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

Previously, if you canceled your coverage, you could never re-enroll in the Program.

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

HEALTH INSURANCE PREMIUMS IN RETIREMENT

2021 Monthly Local Employer Group Health Insurance Premiums	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 SOME
Dean Health Insurance	\$ 731.22	\$1,791.06	\$441.38	\$1,147.94	\$858.10
GHC of South Central Wisconsin	705.68	1,727.22	435.72	1,116.74	846.78
Quartz - UW Health	666.10	1,628.26	368.30	1,009.74	711.94
Quartz - Community	878.00	2,158.02	455.20	1,308.54	885.74
WEA Trust (Access Plan/Medicare Plus)	1,104.90	2,725.26	368.68	VARIES	712.70
UnitedHealthcare (Medicare Advantage)	N/A	N/A	250.60	VARIES	476.54

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

** All covered family members are Medicare-eligible

MEDICARE

- At age 65, you generally should enroll in Medicare Part A (hospital) – this may be automatic. 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.
- At age 65, retirees must enroll in Medicare Parts A (hospital) and B (provider services) – premium applies to Medicare Part B. Part A typically has no cost.
- Retiree's eligible spouse (age 65+) must also enroll in Medicare.

FAILURE TO ENROLL IN MEDICARE WHEN REQUIRED WILL END ELIGIBILITY FOR THE CONTINUATION OF ETF-ADMINISTERED GROUP HEALTH INSURANCE COVERAGE.

MORE ON MEDICARE

- 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

- 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.
- Dental 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, when the value of accrued sick leave at retirement is greater than \$2,000, the value will be converted 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 total value is less than \$2,000, it will be paid out on your final paycheck.
- For AMFS members, value will be administered through a VantageTrust Retirement Health Savings (RHS) account with ICMA-RC. Information is available from your employee association.
- Value of other paid leave accruals (vacation, floating holiday, compensatory) may not be placed in a *PRIME*-Choice or RHS account.

WHAT HAPPENS TO MY MONEY IF I DIE?

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

PRIME-Trust Account: Your eligible dependent (or more than one eligible dependent) 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 will be returned to the City of Madison and the City will issue a check for the remaining funds, payable 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.

401(a) Account: Balance will be paid to the designated beneficiary or beneficiaries whom you name for the account.

FLEX SPENDING

Upon retirement, you may

- 1) End deductions as of the 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 the your eligibility end-date will be processed, **up to the amount of the payroll deductions taken during the year.**

OR

- 2) 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.**

DEFERRED COMPENSATION

- If you have participated in the City's 457 deferred compensation plan (with ICMA-RC and/or Lincoln Financial Group), you may have the value of paid leave accruals contributed to your deferred compensation account, up to the annual maximum.
- Refer to CityofMadison.com/HR 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.



LIFE INSURANCE

- 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 continue at reduced amounts*:

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

* Supplemental coverage is not available beyond age 65 in retirement

LIFE INSURANCE CONTINUATION

- 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.

LIFE INSURANCE CONTINUATION FOR DEPENDENTS

- 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).
- The City generally does not maintain a record of your eligible dependents. It is your responsibility to request removal of dependent units of coverage when you no longer have any eligible dependents.

LIFE INSURANCE CLAIMS

- The City maintains the record of your coverage. Your designated beneficiary (or beneficiaries) needs to know about the coverage, and should contact City Human Resources after your death. Upon notification of death, HR will facilitate the claim (send the claim form to beneficiary or beneficiaries with instructions) and submit the completed claim form to The Hartford (the insurer).
- The benefit payment is sent directly to your beneficiary or beneficiaries. Payment of claims usually takes just a few days from the time the claim form and supporting documentation are submitted to The Hartford.

RECOMMENDATIONS FOR LIFE INSURANCE

- An employee 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. The reduced benefit amount (designed to help with “final expenses”) may not be very meaningful divided into many parts, and claims payment may be delayed until all beneficiaries are located and they submit individual claim forms.
- You should update beneficiary information, as needed, based on life events and inform your beneficiary of the need to contact the City in the event of your death.



Always Remember. . .

You have had a career in public service that has 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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