

## **VSCSF RETIREMENT FAQs**

### **Retirement questions from members of the VSCSF**

These questions were collected from the members of the VSCSF. The answers are for current employees, eligible to retire with VSC retiree benefits, in accordance with our current health insurance plans and the current VSCSF Agreement. Any employee whose employment began on or after October 1, 2012 is not eligible to receive retirement medical or dental benefits. This information explains the contractual terms and does not replace those provisions.

1. For those of us who have been here a long time, do we have to pay anything for insurance when we retire for ourselves and spouse?

An employee who was hired prior 7/1/2000 will not be required to contribute towards the cost of premiums for the employee and the employee's spouse once retired.

An employee hired after 7/1/2000 will be required to contribute towards the cost of premiums if under age 65 (retiree or spouse). The retiree's premium contribution is based on a formula using the employee's last base annual salary at the time of retirement, applied to the percentage bracket outlined in the VSCSF Agreement. This is the "Retiree's Share of Premium." The dollar amounts may vary if premiums increase, but the percentage of premium will remain the same.

2. How does it work with the insurance if we are not of age for Medicare?

If under 65 years old, the retiree or spouse will continue to be covered by the same plan covering current active benefit-eligible employees.

3. I guess my questions revolve around the continued health insurance. Say for a person who is qualified to retire at age 58 with 15 years or 62 with at least 10 years (Article 35, section 3, part b and section 4)—who is eligible to receive continued medical & dental insurance for employee & spouse – how do the premiums work? Are they covered by the company fully or partially or not at all?

Under this section of the contract, the employee must have been hired prior to July 1, 2008. If so, and the employee is 58 years old with 15+ years of service or 62 years old with 10+ years, the employee and spouse receive medical and dental insurance for the remainder of their lives; the employee's dependents receive medical and dental insurance for one year only. If married, the retiree will pay the Retiree's Share of Premium for a 2-person plan until one of them reaches 65 years old. The retiree will continue paying the Retiree's Share of Premium for a one-person plan, until the last of them also reaches age 65. Once the retiree and spouse are both 65 years old, the retiree stops paying for a share of premium through the VSC.

4. What is the process for retiring? What is the process for continued insurance benefits?

Currently, the employee communicates with their supervisor and Campus HR of their intent to retire. Campus HR communicates with the President, who will approve/acknowledge retirement. HR Campus then communicates with HR OC, and HR OC sends instructions to the employee on next steps approximately 3 months prior retirement date. The contract requires 45 days' notice, although considering the federal government's response to Medicare filings, 90 days is recommended.

The Retiree will send monthly checks to cover the Retiree's Share of Premium to the Chancellor's Office. Additional information is provided as part of the instructions provided to the employee by HR OC.

5. What is the process for pension payments?

Employee will have to reach out to TIAA for that information. TIAA is the administrator of VSC's retirement plan and this is not handled directly by the VSC.

6. As far as the TIAA pension piece [goes], if a person retires early:

- 1) can the person start receiving the pension before 65? The employee will need to contact TIAA for that information. Eligibility will depend on whether the retiree continues working part-time for the VSC. Some retirees choose to return to work for the VSC part-time, and this will limit their ability to receive TIAA funds.
- 2) is the person required to start receiving the pension payment or can it be deferred to 65? The employee will need to contact TIAA for that information. Generally, it is up to the retiree when to begin receiving the TIAA funds, but this is also governed by federal regulations. TIAA can provide advice on this.

7. What information do we need to give the College for Retirement once you hit 62+10 years' service?

Employees who intend to retire need to communicate with their supervisor and Campus HR. See the answer above to Q.4.

8. Do you need to wait until you are 62 then give your 45 days to request retirement? Or can you send in your letter 45 days before you turn 62?

Whether an employee plans to retire at age 62 is an individual choice. Medicare enrollment happens at age 65. The contract requires 45 days' notice of retirement. We recommend that employees consider giving 90 days' notice, especially when Medicare is involved.

9. If hired before July 2008, will benefits continue with a "pay in" to the college? And at what amounts? (dental & medical?) For spouse also?

The key date to determine if an individual has responsibility to pay a share of premiums is July 1, 2000 (not July 1, 2008). If an employee is hired prior to July 1, 2000, there is no Retiree Share of Premium.

For all employees hired on or after July 1, 2000, the Retiree's Share of Premium will be the same percentage as it is at the time of retirement. Example: if at the time of retirement, the employee

pays 14% of the premium, the employee will be responsible to pay 14% of future premiums in retirement.

Once the retiree is over 65, the retiree stops paying for any share of the VSC contribution for the retiree's coverage (Medicare will calculate and collect its fee separately). If the retiree is aged 65+ but the spouse is not, the retiree would continue to contribute towards the premium for the spouse's one-person plan. Note that for certain retirees, there is coverage for a current spouse limited to one year while for others, current spousal coverage continues to age 65.

10. When you turn 65 and sign up for Medicare. What does "Carve-Out" Program mean? For spouse also?

The reference to "Carve-out" is the additional coverage provided by the VSC, at no additional cost to the retiree, once the retiree or the retiree's spouse turns 65 years old.

11. Do benefits such as "Shape Membership" continue?

This is decided at a campus level and may change with the transformation.

12. When do you have to sign up for Medicare?

Medicare is health insurance for people aged 65 or older. You are first eligible to sign up for Medicare 90 days prior turning age 65. Medicare may be available earlier for certain medical conditions or disabilities.

13. Do you continue to pay for healthcare insurance after you are on Medicare?

No, the Retiree Share of Premium ends when the retiree (and spouse) are enrolled in Medicare Part A and Part B. Medicare has its own premium costs, which will be paid by the retiree but those costs do not come through the VSC. In addition, the retiree will have responsibility for an annual deductible and prescription RX copays for the medical and prescription coverage, as set by Medicare. There is also a coverage limit in dental plan, as there is one currently.

14. Do I continue to pay for healthcare after I turn 65?

See the above answer to Q. 13. If the employee's spouse is not yet 65 (which is the age at which Medicare begins), the employee may continue to pay the Retiree Share of Premium for the spouse's VSC coverage.

15. How does our health insurance work? There are different categories depending on start date and time employed – please explain all the scenarios. Who needs to sign up for part B of Medicare?

All retirees must enroll in Medicare Part A and B when they turn 65 years old. See Article 35.7. Cigna is primary coverage and Medicare is secondary coverage for our retirees.

16. Who is covered under the Healthcare policy when I retire?

The eligible spouse is covered for either up to one year or until age 65, depending on your retirement date and years of service. Dependents (or Family) coverage is for one-year after retirement. See also the answer to Q. 3 above.

17. At what age can you retire and withdraw on your TIAA account?

Generally, the age is 59.5. Active employees aged 59.5 or older can access the TIAA funds that the employee has contributed (also known as deferrals). An employee can access the employer-contributed funds in their TIAA account once they retire at age 59.5 or older. However, if the retired employee continues working part-time for the VSC, this status limits the employee's ability to withdraw those funds contributed by the VSC. Employees should contact TIAA for more information.

18. How do they determine what amount you can withdraw from TIAA?

Contact TIAA for that information. Generally, there is no set withdrawal amounts until the retiree reaches a specific age. Then, there is a minimum required withdrawal according to IRS guidelines.

19. Is there a limit to how much you can withdraw?

Contact TIAA for that information. For general distributions, there are no limits, however, there are loan and hardship guidelines.

20. Can we leave our investment in TIAA?

Yes, but contact TIAA for detailed information on that question.

21. Are we able to roll our TIAA money over in an IRA account at our bank? I had heard they keep a portion of your money. Is that true?

Depending on employment status and age, retirees should be able to withdraw funds from their retirement account including roll-overs. There is the TIAA Traditional guaranteed investment in the RA/GRA contracts which has limitations on how retirees can access the funds. Contact TIAA for that information. Eligibility will also depend on whether a retired employee continues working part-time for the VSC.

22. What happens to your FSA medical money?

The FSA medical debit card will be deactivated by the end of the month in which the employee retires. After that, the retiree has 60 days in which to submit any reimbursement requests to Cigna. Any unused FSA medical funds will be lost.

23. What's the difference between Medicare Supplement Insurance and Medicare Advantage?

A Medicare Supplement Plan and a Medicare Advantage Plan provide different types of Medicare coverage. A Medicare Supplement Insurance policy helps to pay the out-of-pocket expenses not covered by Original Medicare. It does not increase benefits but addresses payment of the out-

of-pocket expenses. It does not include Part D coverage, although you could purchase it separately.

A Medicare Advantage plan combines Medicare Part A and B for comprehensive coverage. The VSC's Medicare Advantage Plan also includes Part D Prescription coverage, as well as vision and dental benefits and other programs and services not covered by Original Medicare. The VSC's Medicare Advantage Plan was custom designed for VSC retirees to provide the same level of benefits as the VSC's non-Medicare coverage.

24. Do we need to get Part D, along with our healthcare insurance?

No. Prescription RX coverage (known as Medicare Part D) is provided through the Cigna Medicare Advantage plan to VSC retirees and spouses over 65.

25. How soon do we meet with HR to go over benefits when we retire

Approximately 3 months prior to an employee's retirement date, HR will send instructions on next steps. After that original email, a one-on-one meeting can be arranged for those questions that cannot be answered via email.

26. Items to be accomplished from start to finish with timelines

If retiree or spouse are over 65 years old:

- Enroll in Medicare 90 days prior to retirement date.
- Inform OC HR about retirement date as we need to provide an enrollment form to retiree/spouse to present to the SSA office if they are enrolling outside of Medicare open enrollment period.
- Send copy of Medicare ID card to HR OC with effective coverage start date of Medicare **A & B** prior to the 15<sup>th</sup> day of the month employee is retiring.
- OC HR will communicate via email to retiree when the plan transfer has been processed by Cigna and when to expect new Cigna cards.

If retiree is not yet 65 years old, provide notice to supervisor. You will remain on the VSC healthcare coverage which is not connected to Medicare.

These additional questions and answers were discussed at the Town Hall on 04/01/2022:

27. What happens if I don't need the VSC healthcare coverage now; will I still be eligible for it when I retire?

Yes, as long as you are eligible for it at the time of retirement, you will be able to receive the benefit when you retire, even if you have been opting out until then.

28. What happens if I don't need the VSC healthcare coverage when I retire; will I still be able to enroll later? Example: I am covered under my spouse's healthcare coverage, and that will continue for a period of time after I retire.

Yes, as long as you are eligible for it at the time of retirement. The end of your healthcare coverage through your spouse's employment is considered a qualifying event which will allow you to enroll in the VSC coverage after retirement.

29. What happens if the contract terms change and the way an employee's premium contribution is changed in the future? Will this change how a Retiree's Share of Premium is calculated?

The terms in effect at the time of retirement will control for each retiree; future changes to the contract after you retire will not affect a Retiree's Share of Premium.

30. Is my new spouse covered if I get married after I retire?

The VSC's benefit covers the current spouse at the time of retirement. A new spouse may be added to the coverage, but the Retiree would pay the full additional cost for that coverage.

31. Once I am on Medicare, is Medicare the primary or secondary coverage?

Medicare will be the secondary coverage; CIGNA will remain the primary coverage.

32. I am going to turn 65 but I am not going to retire yet. Do I sign up for Medicare?

Yes – you should sign up for Medicare at age 65. You will only need to accept Part A (Hospitalization), which does not have a premium. Your VSC coverage means that you do not need Parts B, C, or D (all of which have a monthly premium through Medicare).

33. Once I am on Medicare, should I also obtain a Medicare Supplement policy?

No. You are only able to be enrolled in one type of additional Medicare coverage. The VSC's Medicare Advantage Plan would be lost if you obtained other coverage, and it is likely the VSC's coverage is better than other products.

The TIAA general line: 800-842-2252

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