

VSCUP RETIREMENT FAQs

Retirement questions from members of the VSC United Professionals Units (PAT-SUP)

These questions were collected from the members of the VSCUP. The answers are for current employees, eligible to retire with VSC retiree benefits, in accordance with our current health insurance plans and the current VSCUP Agreements. 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. Please share all the specifics of what is covered, as there are lots of options when signing up for Medicare.**

The VSC retiree health insurance offers medical coverage that complements Medicare Part A and Part B coverages; offers prescription drugs coverage (the equivalent to Medicare Part D); and offers dental coverage that includes cleanings, general maintenance, and routine exams. See also Q. 13, below for more information on Medicare coverage.

- 2. What the cost will be for an employee.**

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 for medical and dental premiums costs. 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 VSCUP Agreements. 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.

If the retiree is responsible to pay premiums contributions, 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.

- 3. There will be some forms that the college needs to fill out before an employee retires. Will the employee have to pay a penalty to Medicare because it is less than six months before retirement?**

The HR OC department will have to fill out a Medicare employer form for the employee or spouse to be able to enroll in Medicare Part A and Part B outside of open enrollment. That form will allow the employee to enroll in Medicare without paying a penalty to Medicare if

the enrollment is within a 90-day period within the employee's retirement date.

4. How much notice needs to be given in advance of retiring?

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. 90-day-notice is recommended when the federal government has to respond to a Medicare filing.

5. Is there a knowledgeable person at the VSC that knows the ins and outs of the details regarding retirement? Is there a retirement specialist in HR?

Yes – OC HR knows the ins and outs of the details regarding retirement when it comes to what needs to happen with health insurance transition, last payroll, giving out TIAA advisors contact information, as well as sending instructions about what needs to be accomplished. Laura Macieira is the “retirement specialist” when it comes to what needs to be accomplished on a human resources standpoint. In addition, the campus HR people are knowledgeable, although they will involve the OC to address details.

Employees should contact Social Security directly for questions regarding those benefits.

Regarding a financial retirement specialist, TIAA has financial advisors with whom the employee can schedule a meeting to address questions related to the TIAA retirement account.

The TIAA general line: 800-842-2252

Our current TIAA advisors are:

Rick O'Brien: (ph): 401.276.3721 ROBrien@tiaa.org

Chris Dabrowski: (ph): 585.246.4678 Christopher.Dabroski@tiaa.org

Peter Berkery: (ph): 516.454.4042 Peter.Berkery@tiaa.org

6. Is there paperwork that needs to be completed?

Yes. You should provide your notice of retirement in writing to your supervisor and campus HR. You will then follow the instructions and forms that OC HR will send out closer to retirement date.

7. How soon prior to retirement date do I need to submit the paperwork?

The instructions sent to the employee prior to effective retirement date will describe the timelines in the event there is the need for returning paperwork to OC HR.

8. Is there any change to the employee's current health insurance?

Upon retirement, the current medical plan will change to a Medicare Advantage plan for the Retiree and/or spouse if they are over 65 years old.

9. 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. All retirees must enroll in Medicare Part A and B when they turn 65 years old. See Article 27.5. Cigna is primary coverage and Medicare is secondary coverage for our retirees.

10. 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, as described by Article 27.5. 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 if you are not retiring (all of which have a monthly premium through Medicare).

11. 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.

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

The eligible spouse is covered for life. Dependents (or Family) coverage is for one-year after retirement. See Article 27.3. and 27.4.

13. 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.

14. **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.

15. **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.

16. **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.

17. **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.

18. **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.

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

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

20. **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.

21. **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.

22. 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.

23. 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.

24. 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.

25. Can we leave our investment in TIAA?

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

26. 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.

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

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

28. When I retire will I be paid out my unused vacation and personal time?

On the last payroll, the employee will be paid the accrued balance of Vacation leave. Personal, Float and Sick time balances are not paid out.

29. **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.

30. **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.

31. **Is there an opportunity to continue to work part-time?**

This depends on whether there are part-time roles available. If a retiree works part-time for the VSC, it may impact their ability to receive some TIAA benefit (see Q. 22, above).

32. **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 15th 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.

Updated 04/27/2022