



# Steps To Retirement

## Read your bargaining unit contract

- Available on City's Intranet <http://stpaul.gov/index.asp?NID=757>
- Contract defines "early" and "regular" retirees
- Contract dictates the eligibility requirements for City insurance benefits
- City contributions towards retiree health benefits vary by bargaining unit
- The contract in effect on your last day on the payroll (retirement date) determines your retiree benefits
- Contract explains eligibility requirements for severance pay (dollars paid for unused sick leave and vacation pay)

## Call PERA at 651-296-7460 to schedule a meeting

- Contract requires you to be receiving a pension
- Complete PERA application to apply for pension benefits
- Obtain a "Verification of Termination" form

## Contact your department's payroll person

- Decide what your last day on the payroll will be (retirement date)
- Payroll person will complete the "Verification of Termination" form and return it to PERA
- You will sign a "Separation of Employment" form to terminate City employment

After you have signed your "Separation of Employment" form:

## Contact Pat Bailey in Risk Management at 651-266-8892 to schedule a meeting

- Meeting takes about 45 minutes
- Purpose: Enroll you in retiree health coverage, set you up for payment of premiums, explain COBRA continuation, explain Post Employment Health Plan
- Should be scheduled 2-3 weeks before your last day on the payroll
- You can bring your spouse
- Bring your spouse and dependent children's Social Security numbers and dates of birth (even if they are not currently covered by your health insurance)
- Bring a blank check you can void to get set up for automatic withdrawal for premium payments for health insurance if a premium will be owed as a retiree

If you have questions about your eligibility for insurance as a retiree, call Pat at 651-266-8892. Your supervisor, payroll person, or co-workers don't always know your benefits as they pertain to retirement.

## Retiree Insurance Start Date

If you work 40 hours in a “Qualifying Pay Period,” your insurance coverage will generally extend through the next month. The deduction will be taken from your regular employee paycheck. Retiree insurance will begin the following month. Your payroll person and Pat have information on the qualifying pay periods.

For example, the qualifying pay period for insurance for November 2013 is November 2 through November 15. If you work 40 hours from November 2 through 15, and your last day on the payroll is November 15 you would have the required 40 hours in the Qualifying Pay Period. Therefore, the normal insurance deduction for December insurance would be taken from your November 29<sup>th</sup> paycheck, and your retiree insurance would start January 1.

## Optional Insurance Coverage

COBRA (Consolidated Omnibus Reconciliation Act) is a federal law that allows continuation of certain benefits once you terminate employment. You may continue some benefits by paying the full cost, plus an administration fee. The cost can change each year as premiums change or age-based rates change. A COBRA notice will be sent to your home by CieloStar after you retire, and you will have 60 days from the COBRA start date to decide if you want to continue any of the coverage. CieloStar will provide you with exact costs for each coverage, and payment instructions.

- If you are eligible for a City contribution for health insurance, you will NOT want to elect the health insurance coverage through COBRA
- Basic or salary life insurance that you had as an employee (that is not provided for in your bargaining unit contract as a retiree) can be continued via COBRA for 18 months
- Optional employee and spouse life insurance coverage that you had as an employee can be continued via COBRA for 18 months
- Dental coverage that you had as an employee can be carried via COBRA indefinitely. You must be enrolled in the dental plan at the time of your retirement to participate in the dental plan during retirement, so it's important to consider dental coverage during open enrollment prior to the year you retire
- If you are enrolled in a Medical Flexible Spending Account, and you have contributed more than you have been reimbursed at the time you retire, you may continue the FSA via COBRA through the plan year until you have incurred enough expenses to submit for reimbursement. There is no financial tax advantage to continuing to participate in the FSA, but it does allow you to extend the time that expenses can be incurred
- You will NOT want to elect COBRA for a VEBA/HRA as there is no tax advantage

## Health Insurance Coverage Changes

You can change health plans or change your health insurance coverage from family to single or single to family at the time you retire.

There is an open enrollment period each year for retirees.

- Risk Management offers open enrollment meetings for both early and regular retirees
- Information explaining the available plans and premium costs will be sent to your mailing address by mid-October of each year; call Risk Management if you don't get your packet of open enrollment information by mid-October
- You can choose a different health plan
- You can change coverage from single to family or from family to single (subject to bargaining unit contract restrictions)
- You must complete and return a benefit election form (even if you have no changes)
- Open enrollment changes take effect January 1 of the following year

If you have a status change during the year (e.g., divorce, your spouse loses or gains group coverage through an employer, etc.) current City policy allows you to change your coverage within 30 days of the event, and upon providing proof of the change; contact Risk Management for specific requirements.

### Health Plan Carriers

Health insurance for early retirees (under age 65) is currently through HealthPartners, and the same plans are offered to early retirees as to employees. Health insurance for regular retirees (over age 65) is also currently through HealthPartners, but the plans for regular retirees are different from the plans for early retirees. Once you are retired, Risk Management will send you a letter 2-3 months before you attain age 65 advising you to apply for Medicare (you will be required to purchase Medicare Part B, and you must not purchase Part D) and complete an application to enroll with the health carrier for regular retiree insurance. If you are 65 or older at the time you retire, you'll need to plan ahead and contact Social Security 2-3 months prior to your separation of employment date to ensure you get enrolled in Medicare Part B by the retiree insurance effective date.

### Post Employment Health Plan

- All bargaining units now mandate that severance pay, and sometimes vacation pay, goes into a Post Employment Health Plan if you qualify
- Severance is paid in February of the year following your retirement, and vacation is usually paid within one month after retirement
- Deposits are initially made into the ICMA VantageCare Money Market Fund, and you can change investments later; their web site is <http://www.icmarc.org/>
- Upon retirement, you will receive a packet of information explaining the ICMA VantageCare plan
- Contributions and investment growth are tax-free
- Medical expense reimbursements are tax-free
- You can save medical expense receipts for you, your spouse, and dependents from the date of your retirement and get reimbursed when the funds are deposited (similar to how an FSA works)
- Eligible expenses include health premiums, dental costs, office or prescription co-pays, Medicare Part B premium, and long-term care premiums for you, your spouse, or your dependents (even if your spouse or dependents are not on the City's health insurance plan). Information on eligible expenses can be found in Publication 502 *Medical and Dental Expenses* available on the IRS website [www.irs.gov](http://www.irs.gov) or you can contact Meritain Health Plan Administrators at 1-888-587-9441.

### VEBA/HRA

- If you have funds in the VEBA/HRA, those funds carry over from year-to-year, even into retirement.
- The City does not contribute to the VEBA/HRA after your retiree insurance effective date
- Eligible expenses can be reimbursed tax-free from the VEBA/HRA or the Post Employment Health Plan

**Important:** You will periodically receive mailings regarding your benefits that require a response from you; you can permanently lose your health insurance coverage if you don't return required forms or information by deadlines. It is critical that we have your current address information. If you move after you retire, be sure to provide your new address to Risk Management at 651-266-8892, CieloStar at 1-877-491-5980, ICMA VantageCare at 1-800-669-7400, and your health carrier!

**Note:** The purpose of this document is to highlight information which will be most useful in helping you plan for retirement, but these benefit administration policies are subject to change at any time.