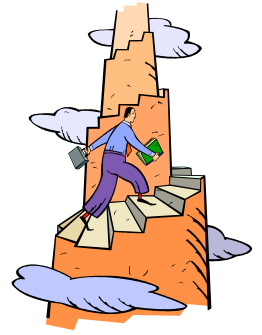


Steps to Retirement



Read your [bargaining unit contract](#):

The 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.

Complete PERA forms located at: <https://mnpera.org/retirement/> or by calling 651-296-7460

- PERA application
- [Verification of Termination](#) to complete with your HR Liaison/Payroll Specialist and submit to PERA

Work with your department’s HR Liaison

- Review your information on [Employee Self Service](#) (ESS), using a city computer.
 - Make sure your address is correct
 - Print out your Current Benefits statement to get a snapshot of your current benefits.
- Decide your last day on the payroll (retirement date). This date needs to be consistent on all forms.
- You will sign a “[Separation of Employment](#)” form to terminate City employment

Contact the Benefits department

- A month prior to retirement, notify Benefits of your retirement date by emailing your Benefits Specialist.
- Benefits will send an email explaining your retiree health coverage.

Retiree Insurance Start Date

Your active benefits will end at the end of the month in which you terminate employment. Retiree insurance will begin the following month and administered by BRI. You will receive a retiree enrollment packet in the mail from BRI (the City’s third party administrator). **You will have 60 days from the time active employee coverage ends, to elect retiree coverage.**

Optional Insurance Coverage

COBRA 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 BRI 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. BRI will provide you with exact costs for each coverage, and payment instructions.

- Employee and spousal 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.

- 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.

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.

- BRI offers open enrollment meetings for both early and regular retirees. Information will be sent to your mailing address by mid-October of each year.
- You can choose a different health plan
- 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 upon providing proof of the change; contact BRI for specific requirements.

Health Plan Carriers

Health insurance for early retirees (under age 65) is currently offered through Medica, and are same plans offered to employees. Health insurance for regular retirees (over age 65) is currently through United Healthcare, and the plans for regular retirees are different from the plans for early retirees. Once you are retired, BRI will send you a letter approx. 2 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 (PEHP)

- 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 Mission Square (formerly ICMA-RC) 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 Mission Square 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](#) or you can contact Mission Square Health at 1-800-669-7400.

VEBA/HRA

- If you have funds in the VEBA/HRA, those funds carry over from year-to-year, even into retirement

- You will be responsible for the monthly administrative fees after retirement (automatically deducted from your VEBA/HRA)
- 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 everyone have your current address information. If you move after you retire, be sure to provide your new address BRI at 320-316-0521, Mission Square at 1-800-669-7400, and your health carrier.

NOTE: This document is meant to highlight information useful to plan for retirement. Benefit administration policies and contract language supersedes information listed.