

## **FUHSD MANAGEMENT EMPLOYEE BENEFITS RETIREMENT PLAN**

### **ELIGIBILITY**

To be eligible for the FUHSD Management Retirement program:

1. A candidate must have a minimum of five years of service in the FUHSD as a certificated or classified administrator. If the candidate has less than five years administrative experience with the district, but has served the district in a non-administrative capacity, the Superintendent at his/her discretion may waive this provision.
2. A candidate shall be eligible for STRS/PERS retirement.
3. Persons participating in this program shall be designated Retired Program Employees of FUHSD and must be receiving a retirement allowance from the State Teachers Retirement System (STRS) or the Public Employees Retirement System (PERS).

### **HOW THE BENEFITS RETIREMENT PROGRAM WORKS**

Retirees and spouses may continue with or enroll in the same medical, dental, and vision plans as provided for active management employees for five years following their retirement. Such participation shall be contingent upon carrier requirements, which may include evidence of continuous coverage. Life insurance, employee assistance programs, and income protection are no longer benefits provided to retirees. Retirees may also choose a health plan outside of the ones provided to active members, subject to state/federal regulations. Funds to contribute toward these premiums will be available through a Health Reimbursement Arrangement (HRA).

### **HEALTH REIMBURSEMENT ARRANGEMENT (HRA)**

If you are eligible for retirement benefits, you will receive District contributions of \$26,338.56 per year (effective calendar year 2024) to a Health Reimbursement Arrangement (HRA) for 5 years. This amount is adjusted each calendar year, reflecting the cost of an HMO plan, plus vision, plus dental for a member and spouse. This amount is fixed for the five year duration, even if the aforementioned premiums increase.

The first District contribution amount into your HRA is prorated based on the school fiscal year - depending on what month one retires. Subsequent contributions are made one time annually.

The HRA is managed through an outside company (MidAmerica), and not through the District. Retirees are able to choose any qualified retirement health plan with their HRA contributions. *However, the process of enrolling and reimbursement is the sole responsibility of the retiree, and not the responsibility of the District.*

If one chooses an eligible FUHSD-sponsored health plan in retirement, CalPERS or STRS shall deduct the medical premium from your retirement check.

- The Retiree is responsible for the full premium cost.
- If electing dental and vision, the District will bill the retiree on a quarterly basis. This is separate from medical.
- A retiree can file a reimbursement request for all eligible premiums from their HRA.

### **MEDICARE REQUIREMENTS**

All retirees and spouses, regardless of location, are obliged to participate in Medicare Part B when first eligible, with fees to be paid by the retired bargaining unit employee or spouse. Furthermore, all retirees and spouses are obligated to assign their Medicare benefits to their health plan provider. *Failure to participate in Medicare Part B or to assign benefits shall constitute forfeiture of all medical benefits.*

### **INCENTIVE FOR EARLY NOTIFICATION OF INTENT TO RETIRE**

To encourage early notification for planning purposes, if the resignation is received five (5) calendar months prior to the effective date of retirement, a bonus of \$1,000 will be paid to the member in the final paycheck.

A manager who chooses to retire when eligible for benefits under STRS or PERS, even if not eligible for Management Retirement Benefits under the provisions of this policy (for example, a manager at age 55, with 30 years of service but only 3 years in this District) shall be eligible for the \$1,000 bonus of this section provided that notice is timely given.

### **RECOGNITION FOR LONGEVITY IN FUHSD**

Managers who meet eligibility requirements and who have served 30 or more years in the District shall be eligible to receive one additional year of the health reimbursement distribution amount to a Health Reimbursement Arrangement (HRA)

### **SURVIVING SPOUSE**

If a retiree dies during the five-year period in which he/she is receiving benefits, the surviving spouse, if covered at the death of the retiree, will receive these same benefits through the remainder of the five-year period, subject to the same terms applicable to spouses of active members, such as spousal coverage payments and plan changes.

### **COMMUNICATION WITH RETIREES**

To enable the District to communicate with retirees regarding benefits matters, retiree addresses and related information must be kept up to date. Retirees are obligated to update their address through the Human Resources Department.

## **FORMS TO COMPLETE**

There are 3 main forms to complete:

1. Management Retirement Program – Employee Agreement
2. Management Retirement Benefits Selection form
3. Management COBRA Election Waiver

### **Management Retirement Program – Employee Agreement**

- In signing this form, you are agreeing that you wish to opt in to the Management Retirement Program as written on Board Policy (BP/AR 4354).
- Dating the form:
  - “This Agreement is made on \_\_\_\_\_” = write the date you meet with HR.
  - Date you elect to enter the Management Retirement Program = write the 1<sup>st</sup> day of the month after your retirement date.

### **Management Retirement Benefits Selection form**

Retirement is a Qualifying Life Event (QLE), so you may make changes to your health benefits outside of Open Enrollment.

- Complete this form to indicate:
  - Who will be covered by your retiree benefits.
  - If you are declining FUHSD Retiree health benefits and opting for the HRA only.
  - What your current coverage is.
  - If you are continuing or changing a CalPERS/STRS Medical plan or Dental and/or Vision program (e.g. new enrollment, opt out, dependent changes, etc...)
- If you are making changes to your dental and vision plan, complete the following:
  - Management Retiree Delta Dental Enrolment Form
  - Management Retiree VSP Vision enrolment Form

### **Management COBRA Election Waiver**

You are required to check the box on the form to indicate:

- You elect COBRA coverage (very rare)
- You decline COBRA coverage

## **IF YOU RESIGN FROM DISTRICT & ARE NOT ELIGIBLE FOR RETIREMENT BENEFITS**

Your health benefits will be paid until the end of the current month. These benefits terminate on the 1st day of the following month. You can extend your insurance for 1 month only, however you must pay the full premium on your own as the District ceases payment. COBRA enrollment forms will be sent to you either in the regular mail or by email. You have 60 days from end of coverage to enroll using the forms provided to enroll in COBRA. The cost to enroll is 102% of the total cost of the benefits (100% of premium and 2% admin fee). You can remain enrolled in COBRA for 18 months. Your life insurance and disability plan terminates on the day you retire/resign from the District.

## **FUHSD MANAGEMENT EMPLOYEE BENEFITS RETIREMENT FAQS**

- **Retirement is a benefits qualifying event so retirees are able to change their benefits. When is open enrollment time each year after retirement for retirees?**

Management Health Open Enrollment (OE) follows CALPERS OE. CALPERS usually holds OE between September-October and changes are effective Jan 1 of the following year. This is the same with active employees & retirees.

- **At what other times are retired management employees able to make changes to their benefits?**

If you meet a qualifying event status (e.g. loss of health plan, obtaining new health plan, residence change or moving). You have 30-days from the qualifying event date to make a change to your health plan.

- **If I am not going to take FUHSD benefits after I retire and receive the 5 annual payments to an HRA of \$26,338.56, are there any circumstances under which I would not receive the \$26,338.56 for 5 years?**

No. Management retirees receive this contribution annually for 5 years regardless if they are taking retiree health benefits or opt-out of health benefits.

- **Can I continue to make contributions to 403b/457 plans?**

No, you are not able to contribute to your 403b/457 plans after retirement.

- **When can I access my money invested?**

You would need to file a distribution request with TDS (our third-party administrator for 403b/457).

- **How long do active management employee District benefits continue after an employee retires?**

There is no active health care coverage for retirees. Active health coverage goes till the last day of the next month after the retirement date, and then Retirement health coverage starts.

Illustrative example: If you retire on June 15, your health coverage would end on July 31 of the same year.

- **Does the HRA Contribution amount roll over and accumulate from one year to the next in the HRA account?**

Yes. The remaining balance will rollover to the next year.

- **When is the \$1000 bonus for early notification of retirement paid?**

The early notification bonus is paid on the employee's final paycheck.

- **Can an employee's spouse enroll in PERS coverage (if the employee currently is)? Do they need to have had continuous coverage or can they start when the employee retires?**

Retirement is considered a Qualifying Life Event so the employee can make changes such as adding their spouse to their retirement plan.

- **If so (above), how does the employee indicate on the form that they want to enroll their spouse in CalPERS?**

They would indicate the change on the District retirement form and on the CalPERS enrollment form (HBD-30 form from CalPERS website).

- **If both employee and spouse want to continue with vision and dental, how do they do this on the form?**

They would indicate that on the Retirement form and complete the Vision and Dental enrollment form to include the spouse.

- **The rates sheet says the District will bill the retiree for their dental and or vision premium costs? How do they use the HRA account to pay for this?**

The retiree must submit a claim to MidAmerica.

- **When can a retiree make changes to their retirement benefit choices?**

A retiree can make changes during Open Enrollment or within 30 days of a Qualifying Life Event.

- **Can the HRA account cover costs for Medicare Part B?**

Yes, the employee can get reimbursed from the HRA account.

- **How does the retiree receive information regarding the Open Enrollment period each year?**

Personal email. Be sure to update your contact information, even in retirement, with the District

- **What happens if there is a surplus in the HRA account after 5 years? Does the retiree get a check for the surplus? Does the retiree need to “use it or lose it?”**

The funds in the HRA account are ONLY for qualified medical expenses. After the 5-years of deposits into the HRA account, any surplus remaining in the account can be used by the retiree at any time in the future for qualified medical expenses. The balance in the HRA account will not be disbursed back to the employee as a check or in any other way. The funds remain in the HRA account until they are exhausted so this is not a “use it or lose it” situation.

- **When does Medicare start for retirees?**

Retirees are able to access Medicare when they reach 65 years of age\*. If an FUHSD retiree is 65 years or older when they retire, Medicare will be in place for them as of the first day of their retirement. Because Medicare begins at age 65, Medicare will activate immediately on their retirement as the primary insurer with Kaiser being the secondary insurer. If they were to retire before 65 years, Kaiser would be the primary insurer until the retiree turned 65. All management retirees and spouses are strongly urged to participate in Medicare Part A and Part B when first eligible, with fees to be paid by the retiree. Even though the retiree is responsible for the Part B premium (Part A is free), the inclusion of Medicare Part A and Part B will significantly reduce the price of health insurance premiums. Furthermore, be sure your Medicare coverage is assigned to the same medical provider your insurance comes from (e.g. Kaiser, Anthem, Blue Shield).

\*The US Gov't sets the age for Medicare qualification, and thus is subject to change.