



Considering Retirement?

Presented by: Business Services, Benefits & Payroll

Q&A to follow presentation



Retiree Benefits

As a retiree, the District gives you the option of continuing health benefits into retirement, provided you are currently enrolled at the time of retirement. Benefits can be maintained indefinitely, and survivorship is allowed.

When you retire, the medical plan you are enrolled in at the time of retirement is the same plan you will transition to as a Retiree.

- For those employees retiring at the end of the school year, your benefits as an Active employee terminate on **June 30th** (i.e. end of your contract). If Retiree benefits are elected, they would take effect July 1st. This is the same effective date as Open Enrollment. This means if you are considering costs going into retirement, plan changes are only allowed at Open Enrollment.

Open Enrollment information is communicated to you as a Retiree by personal email or postal mail. Be sure to update this information with our Personnel Department before you leave employment.



Retiree Benefits cont'd

Retiree premiums have a 10% increase over the Active Employee premium. Retirees are responsible for the full premium cost of the benefits selected, including dental coverage, as the District does not cover any portion of the cost.

Premium payments may be made by the following options:

- **Direct pay to District:** we send out an annual invoice with payment vouchers. Payments may be made by check or bill pay, on a monthly, quarterly, or annual basis.
- **Service award:** Service award funds are taxed as income and the Net amount is paid to the District as a credit on account. Premiums are deducted from this credit until depleted.
- **STRS/PERS warrant:** we notify STRS/PERS of your request to deduct premiums from your warrant. Any changes to premiums are handled by the District.
 - This method could be delayed initially if STRS/PERS does not see you as Active and therefore, will not allow deductions. If this is the case, payment made to the District is acceptable.



Early Retirees

An Early Retiree is defined as Under Age 65 at the time of retirement.

Medical plans available to Early Retirees are the same as those plans offered to Active employees (i.e. Kaiser (California), Sutter Health Plus, and WHA). The out of area medical plan option is Blue Shield, which offers both HMO and PPO options and is available throughout the US.

Early Retirees who decline retiree benefits at the time of retirement are **not able** to return to the District's group plan.

Likewise, Retirees who decline dental or vision coverage **at any time** are not able to re-enroll later.



Medicare Retirees

A Medicare Retiree is defined as Age 65 and older, and thus eligible for Medicare coverage. Medicare retirees must enroll in Medicare Parts A & B by contacting Social Security 90 days prior to your 65th birthday (or retirement date if over 65).

You can enroll online at www.socialsecurity.gov, or by making an appointment at your local Social Security Office.

Kaiser Senior Advantage (California) and United Healthcare PPO plans are available to Medicare Retirees. United Healthcare would also be an out of area option. These plans do include the benefits of Medicare Part D (Prescriptions) and therefore do not require you to enroll in Part D separately.

Medicare retirees who decline retiree benefits at the time of retirement have a one-time option to re-enroll under our District group plan during a future Open Enrollment within **three years** from their date of retirement.

Likewise, Retirees who decline dental or vision coverage **at any time** are not able to re-enroll later.



COBRA and other coverages

COBRA is offered as temporary coverage (18 months) in the event Retiree benefits are not elected. COBRA rates are 2% more than the monthly premium paid by the District.

For example, the current 2021-22 monthly rate for the Kaiser Copay, Employee only plan is \$888.00. The COBRA rate for this plan is \$905.76. The Delta dental rate would be \$115.77.

There are other options available outside of the District's plan, such as Covered California and direct-carrier plans with Kaiser, etc. Be sure to compare not only cost, but plan benefits as well.

Plan summaries can be found on the District website: [Benefits Package > District Retirees](#)



End of Service Award/ Early Retirement Incentive

Options available for receipt of award funds:

- **Cash payment:** funds are taxed as income and issued on a supplemental payroll.
- **Benefit Payment Account:** funds are taxed as income, and the NET amount is paid back to the District as a credit on account. Health benefit premiums are deducted from the credit until funds are depleted.
- **403(b) and/or 457(b):** Pre-tax funds are transferred to an open and current 403(b) or 457(b) plan with an approved provider of the District.
- **Health Savings Account (HSA):** If applicable, a portion of these funds may be contributed to a current Optum HSA with the District. HSA contributions are sheltered only from Federal tax, not State. The 2022 MAC is \$3,650 individual and \$7,300 family.

Portions of the award funds can be also contributed to any of the above, with the remaining balance paid as cash.



403(b) and 457(b)

- 403(b) plans are managed by our TPA, The OMNI Group, and the District offers over 30 service providers to choose from.
- 457(b) plans are managed by the District. Currently, we offer VALIC and CalSTRS Pension 2 457(b) plans.

Each plan allows for a maximum annual contribution- for the calendar year 2022, the MAC is \$27,000. Therefore, utilizing both plans allows employees to double their retirement contributions to \$54,000.

Waiting period??

Distributions from a 403(b) or 457(b) are available at any time following separation from service, provided you are age 59 ½ or older. Any stipulation on a waiting period would be specific to your provider, so be sure to thoroughly understand the plan you sign up for. If you currently participate in a 403(b) or 457(b) plan through the District, check with your provider on any rules regarding Distributions.