

*Rhode Island Board of  
Education*

***RETIREMENT  
INFORMATION GUIDE***

Especially for Faculty &  
Non-Classified Employees

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*Although every attempt is made to keep the content of this Guide accurate and current, this information is provided for informational purposes only. The RIBOE will not be bound by any clerical or content errors. Information on these pages is also subject to change without prior notice.*

## OVERVIEW

The RI Board of Education has established a health care insurance retirement program. It is based on years of service and age at retirement.

## ELIGIBILITY

This health benefit applies to all employees who either currently participate in or will be eligible to participate in the RIBOE Alternate Retirement Plan (ARP) as defined in RI General Law 16-17.1-1 and 2. This includes employees with a primary retirement plan funded through, Metropolitan, TIAA-CREF, or VALIC.

### POST-65 HEALTH COVERAGE

#### Post-65 Medicare Supplemental Coverage Subsidy

Years of Service	Employer's Share	Employee's Share
10-15	50%	50%
16-19	70%	30%
20-27	90%	10%
28+	100%	0%

#### Cost per Month Plans Available for Retirees with Medicare A & B

### PRE-65 HEALTH COVERAGE

Currently the State offers two health insurance options upon retirement through United HealthCare for retirees under age 65. For information regarding pre-65 health insurance options, contact the Office of Human Resources.

## Health Insurance Coverage

Information regarding the level of coverage in each of the above health insurance plans is available at The Office of Human Resources.

### Frequently Asked Questions

**Q. I participate in the Phased Retirement Program and teach only one-half of the year. Are my years of service calculated at a half-time rate?**

**A. No.** The calculation of years of service for those participating in the Phased Retirement Program will be the same as they would have been if the employee had been working full-time both semesters of the academic year. Employees retiring under the BOE Phased Retirement Plan and those who choose to do so in the future will be covered by the cost sharing plan. They will participate in the plan upon retirement.

**Q. Once I select a plan, must I keep that plan?**

A. No. You will be notified of health insurance open enrollment drives as you are now. You will be able to change plans at that time. Enrollment drives for retirees are usually held in November of each year.

**Q. My spouse is not planning to retire for a few more years. He/She will be able to cover me under his/her health insurance plan until retirement. If I don't participate in the retiree health insurance coverage immediately upon my retirement, do I forfeit future coverage under the plan?**

A. No. Once your spouse has retired and is no longer covering you under his/her plan, you are allowed to begin participation in the retiree health insurance benefit based on your age and the years of service credited to you on the date of your retirement.

**Q. I plan to live out of state when I retire. Will the available plans cover me outside of Rhode Island?**

A. If your permanent residence is located outside of Rhode Island Plan 65 is your only health insurance option.

If you elect Medicare Advantage HMO, the Passport Program available for routine services outside of Rhode Island while traveling in some areas (for up to 9 months). Contact Medicare Advantage HMO for details.

**Q. Can family coverage be purchased for both COBRA and the Retiree plans?**

Yes, COBRA. If the family is comprised of two adults only (no dependents), two individual plans are less expensive. The Board of Governors pays only for the retiring employee who is 65 years old or over.

**Q. Can vision and dental coverage be purchased also?**

A. Dental and vision may be purchased for up to 18 months, through COBRA. After COBRA, vision and dental are no longer available through the current State health insurance retiree plan.

**Q. If an employee under age 65 retires, will there be any health insurance coverage?**

A. The retiree may continue either health, dental, and/or vision insurance through COBRA for up to 18 months and then transfer to the basic plan, but the retiree is responsible for 100% of the cost. The retiree will be responsible for the full premium. However, when the retiree reaches age 65, the employer-paid health insurance premium will be paid based on the years of actual service at the time of retirement.

### Example:

The retiree is 62 years old and has 24 years of service. He/She is eligible for COBRA health, dental, and vision, if selected, at his/her your own cost for up to 18 months. When the employee reaches age 65, he/she is eligible for the health plan only. The retiree will be responsible for the full premium. When the employee reaches age 65, he/she would be entitled to 90% employer contribution toward a base plan.

*An employee who retires due to a total disability should contact The Office of Human Resources for further details.*

## **CONSOLIDATED OMNIBUS BUDGET RESOLUTION ACT (COBRA)**

This federal law allows employees who are losing their medical coverage to purchase health insurance, at the group rate, from their former employer for 18 months. This allows retiring state employees to keep the health care coverage they received as active employees for 18 months.

### **What is COBRA?**

COBRA is a federal law that allows you to continue your "active" health plan benefits for 18 months after your retirement date or until age 65, whichever comes first. Your "active" health plan benefits include your dental and vision plans, which you may also choose to, continue under COBRA for 18 months or until age 65, whichever comes first.

### **Cost**

The cost of continuing your health plan under COBRA is the group rate premium plus a 2% administrative fee. For detailed information regarding the rates for COBRA contact The Office of Human Resources. You may select a Family Plan if you have dependent children or children who are full-time students as defined by the plan you select. If you are covering yourself and a spouse, selecting two individual plans (rather than a family plan) is the most cost-effective method.

### **Implementation**

Once your retirement paperwork has been processed by the State, you will receive COBRA paperwork from the plan administrator. If you should have questions, contact The Office of Employee Benefits at 401-222-3160.

### **Maybe I'd rather have a retiree plan ...**

If you choose to elect a retiree health plan rather than continue your "active" employee benefits under COBRA, you will need to complete the application for the health care plan of your choice and submit it to the Office of Human Resources. You will be billed for your portion of the premium not covered by the RIBOE Retiree Health Insurance Program.

## **When is my COBRA plan effective?**

The application processing period may take four (4) to six (6) weeks to process; however, your coverage is effective retroactive to your date of retirement. If you incur medical expenses during this time, save your receipts to submit to your health plan provider for reimbursement once your plan has become active. In case of an emergency involving extensive medical treatment during this time, contact the Office of Employee Benefits at 401-222-3160 who will contact your health plan provider.

## **What happens after 18 months of COBRA?**

### ***If you are under 65 ...***

Your vision and dental plans end when your COBRA benefits end.

You must contact the BOG Plan Administrator at least one month prior to COBRA period ending. At that time, you will have the option of enrolling in the Early Retiree or the Value Plan. Both of these plans will be continued through the RIBOE, and you will be billed for the full premium.

If you do not choose health care, your coverage will terminate, and you will not be able to sign up for a plan until an open enrollment (in November). Or, if you wish, you may seek a health plan on your own.

### ***If you are over 65 ...***

Your active medical coverage will end the day you retire. You must enroll in Medicare Part A & B effective the 1<sup>st</sup> day of the month in which you turn 65. Your vision and dental benefits will end when COBRA benefits end (if you elect COBRA).

If you wish to continue with a supplemental health insurance plan in addition to Medicare through RIBOE, you must notify the BOG Plan Administrator at least 90 days before your COBRA ends. You may select an Over 65 Supplemental Health Plan provided you have both Parts A & B of Medicare. You will be billed for your portion of the premium through RIBOE.

If you do not notify the BOG Plan Administrator, your health care coverage will terminate, and you will not be able to join another health plan until Open Enrollment (in November, effective the following January). Or, if you wish, you may seek a health plan on your own.

## **Can I have a family plan through COBRA?**

If you have dependent children, you will be enrolled in a family plan. If your family consists of you and your spouse, you may enroll each of you in an individual account, with individual health plan account numbers. (Two individual health plans cost you less than a family plan.) If your dependent only needs coverage, they may enroll in an individual plan.

## **Who will send me a new health plan card while I'm on COBRA?**

If you have enrolled in a new or different health plan, the health plan provider will send the new card directly to you.

## **SOCIAL SECURITY**

*Social Security Administration has an extensive web site, which provides a wealth of information. Go to: <http://www.ssa.gov/>*

### **When To Apply**

Social Security Administration recommends that people apply for retirement benefits at least three (3) months before they want their benefits to begin.

### **How to Apply**

You can apply for retirement benefits on-line at <http://www.ssa.gov/>. You can also apply by calling the toll-free number (1-800-772-1213). Representatives can make an appointment for your application to be taken over the telephone or at any convenient Social Security office.

People who are deaf or hard of hearing may call the toll-free "TTY" number (1-800-325-0778) between the hours of 7:00 am and 7:00 pm Monday through Friday.

### **What Information Will I Need To Apply?**

The documents you will need to bring with you depend upon the circumstances of your claim, but here are some items you should have available:

- your Social Security number;
- your birth certificate;
- your W-2 forms or self-employment tax return for last year;
- your military discharge papers if you had military service;
- proof of U.S. citizenship or lawful alien status if you were not born in the U.S.; and
- the name of your bank and your account number so your benefits can be directly deposited into your account.

## Age To Receive Full Social Security

<u>Year of Birth</u>	<u>Full Retirement Age</u>
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-54	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960	and later 67

The earliest a person can start receiving Social Security retirement benefits will remain at 62.

### Social Security Reductions By Age

You can retire at any time between age 62 and full retirement age. However, if you start at one of these early ages, your benefits are reduced a fraction of a percent for each month before your full retirement age. As a general rule, early retirement will give you about the same total Social Security benefits over your lifetime, but in smaller amounts to take into account the longer period you will receive them.

**IMPORTANT:** There are disadvantages and advantages to taking your benefit before your full retirement age. The advantage is that you collect benefits for a longer period of time. The disadvantage is that your benefit is permanently reduced. Each person's situation is different, so make sure you contact Social Security before you decide to retire.

Year of Birth	Full Retirement Age	Age 62 Reduction Months	Total % Reduction
1937 or earlier	65	36	20.00
1938	65 and 2 months	38	20.83
1939	65 and 4 months	40	21.67
1940	65 and 6 months	42	22.50
1941	65 and 8 months	44	23.33
1942	65 and 10 months	46	24.17
1943 - 1954	66	48	25.00
1955	66 and 2 months	50	25.84
1956	66 and 4 months	52	26.66
1957	66 and 6 months	54	27.50
1958	66 and 8 months	56	28.33
1959	66 and 10 months	58	29.17
1960	67	60	30.00

*Percentage monthly and total reductions are approximate due to rounding. The actual reductions are 0.555 or 5/9 of 1% per month for the first 36 months and 0.416 or 5/12 of 1% for subsequent months.*

# MEDICARE

*Medicare has an extensive web site which provides a wealth of information. Visit the [Medicare website](#) for more detailed information.*

## **What is Medicare?**

Medicare is a federal health insurance program for persons age 65 and over, and certain disabled persons under the age of 65.

## **What does Medicare cover?**

Medicare has multiple parts:

**Medicare Part A** (Hospital Insurance) helps to pay for care in hospitals as an in-patient, critical access hospitals, skilled nursing facilities, hospice care, and some home health care. Most people do not have to pay for Part A because they and/or their spouse paid Medicare taxes while working.

**Medicare Part B** (Medical Insurance) helps to pay for doctors' services, outpatient hospital care, and some other medical services that Part A does not cover, such as the services of physical and occupational therapists, and some home health care. Beginning in 2005, new services for preventive care are being covered by Medicare Part B, including a one-time physical exam upon retirement, and cardiovascular and diabetes screening tests as needed. Part B helps pay for these covered services and supplies when they are medically necessary. Most people pay monthly for Part B.

**Medicare Part C** (Supplemental Insurance like an HMO or PPO) is another Medicare health plan choice you may have as part of Medicare. Medicare Advantage HMO Plans, sometimes called "Part C" or "MA Plans," are offered by private companies approved by Medicare.

If you join a Medicare Advantage HMO Plan, the plan will provide all of your Part A (Hospital Insurance) and Part B (Medical Insurance) coverage. In all types of Medicare Advantage HMO Plans, you're always covered for emergency and urgent care. Medicare Advantage HMO Plans must cover all of the services that Original Medicare covers except hospice care. Original Medicare covers hospice care even if you're in a Medicare Advantage HMO Plan. Medicare Advantage HMO Plans may offer extra coverage, such as vision, hearing, dental, and/or health and wellness programs. Most include Medicare prescription drug coverage (Part D).

Medicare pays a fixed amount for your care every month to the companies offering Medicare Advantage HMO Plans. These companies must follow rules set by Medicare. However, each Medicare Advantage HMO Plan can charge different out-of-pocket costs and have different rules for how you get services (like whether you need a referral to see a specialist or if you have to go to only doctors, facilities, or suppliers that belong to the plan for non-emergency or non-urgent care). These rules can change each year.

**Medicare Part D** (Prescription Coverage) began on January 1, 2006. It is insurance that covers both brand-name and generic equivalents at participating pharmacies. It was designed for retirees with very high prescription costs.

If you have Medicare as either your primary health insurance or secondary health insurance, you must sign up for Part D when you sign up for Part B in order to avoid paying a higher premium. The exception to avoiding the penalty is to provide Medicare with a **certificate of creditable coverage**. This means that if you have a prescription plan that is as good as or better than Part D, through your current or former employer, you do not need to sign up for Medicare's prescription coverage plan. Upon request, The Office of Human Resources will provide you with the certificate.

State of Rhode Island employees currently enjoy prescription benefits through their United Health Plan. State of Rhode Island retirees enjoy prescription benefits through their United Health Medicare Complete Plan. Both of these plans provide equal or greater coverage than Medicare's plan.

If upon retiring, you elect United Health 65 plan, you will not have prescription coverage, and therefore must enroll in Medicare's prescription drug plan or other Medicare Health Plans that offer drug coverage. Upon retirement, Human Resources will provide you with a Certificate of Creditable Coverage. You can present that certificate to Medicare to avoid being charged a penalty for delayed enrollment.

Detailed information is available at <http://www.medicare.gov/>, or call 1-800-MEDICARE (1-800-633-4227). TTY users can call 1-877-486-2048.

## **Enrolling in Medicare**

*\*This age is NOT scheduled to rise even though the full retirement age for Social Security is rising.*

Medicare is available at the beginning of the month in which you turn age 65\*.

If you are entitled to Social Security benefits in the month you attain age 65, you are automatically enrolled in Medicare part A. You will receive your Medicare card three months before.

If you are not entitled to receive retirement benefits from Social Security at age 65, you are still eligible for Medicare Part A and/or Part B. In this case, you must apply for Medicare coverage during the three-month period before you turn 65.

Your spouse can qualify for Medicare Part A at age 65 based on your work record if you are eligible for monthly Social Security benefits, even if you are only age 62-64, or if you are receiving Social Security disability benefits. Almost everyone in the U.S. can enroll in Part B at age 65.

If you do not take Part B or Part D when you are first eligible for Medicare at age 65, you may sign up during a General Enrollment Period at your local Social Security Office. You will be charged a premium for late enrollment. This period runs from January 1 through March 31 of each year. The cost of Part B generally goes up 10% for each 12 month period that you could have participated but did not, except in special cases (*see below*). You will be charged a premium for late enrollment. You would have to pay this extra percentage for the rest of your life.

### **What if I'm age 65 or more and I'm still covered under an employer-sponsored plan?**

*Please Note: When you enroll in Part A of Medicare, you are also automatically enrolled in Part B, unless you tell the Social Security Administration that you don't want it*

If you have coverage under an employer-sponsored plan based on your or your spouse's *current* or *active* employment, you will usually want to wait until you retire to apply for Part B. This is because the employer plan may be the primary coverage, and Medicare Part B may offer little, if any, additional coverage to justify paying the Part B premium.

If you defer Part B coverage until you retire, you must enroll in Part B prior to retirement with no penalty. This is considered a *Special Enrollment Period*. Either way, your employer will continue to pay its share of your State-sponsored plan.

### **How do I pay for Medicare Part B?**

The monthly premium for Medicare Part B is deducted from your Social Security check. If you do not receive Social Security, Medicare will either send you a bill for your Part B premium every 3 months or you can use Medicare Easy Pay as an electronic payment option. This payment option allows people with Medicare to have their Medicare premiums automatically deducted from either their savings or checking account free of charge. For more information on how to sign up, go to <http://www.medicare.gov/> and then to Frequently Asked Questions.

### **Do the Medicare premiums change?**

New Medicare rates are announced each fall and become effective the following January.

### **How are my bills paid by Medicare?**

When you get services covered by the original Medicare Plan, your provider sends the bill to a private company that handles bills for Medicare. A Fiscal Intermediary pays bills for Part A services and a Medicare Carrier pays bills for Part B services. After they process the bill, you will get an Explanation of Medicare Benefits or a Medicare Summary Notice. Please check this payment notice to be sure you got all the services, medical supplies, or equipment that Medicare was billed for. If you disagree with what is covered or paid, you have the right to file an appeal.

If you have supplemental insurance (also known as medigap insurance or Part C), they may pay next, depending on the coverage provided and service received. Any portion left, is your responsibility.

## **OTHER GROUP BENEFITS AFTER RETIREMENT**

### **Life Insurance**

If you retire while you are covered under the basic life insurance plan, you may elect to continue the plan during your retirement years provided the State continues the life insurance contract.

If your basic life insurance policy has not been fully reduced prior to retirement, the value of your life insurance policy will be reduced at a rate of 2% per month subsequent to retirement until the value is equal to 25% of the amount of insurance in effect immediately prior to your 65<sup>th</sup> birthday.

Your Accidental Death & Dismemberment (AD&D) and supplemental life insurance coverage will terminate at retirement. There is no conversion option for AD&D. You may, however, convert your supplemental life insurance to an individual policy if you wish. You will not be required to show proof of good health when you apply for conversion coverage. Your converted policy may be any kind of individual policy the insurance company is issuing (except a term policy or one with disability or supplementary benefits) for the amount you are converting and for your age (nearest birthday) on the date your policy will be issued.

You must apply to convert your coverage and pay your first premium within 31 days following the date you are no longer eligible for coverage. Your conversion policy will become effective at the end of this 31-day period. If you die within this 31-day period, your death benefits will be paid as if you were still covered under the plan.

To apply for life insurance conversion, contact the Aetna Life Insurance Company at 1-800-523-5065.

### **AFLAC Insurance Policies**

Retirees may continue their AFLAC insurance policies under the terms and conditions of said policy. If you wish to continue coverage of any of the above-listed policies, you should contact AFLAC directly at 401-521-7700 to arrange for direct billing.

### **Pre-Taxed Benefits**

Upon retirement, you are no longer eligible for Section 125 pre-taxed benefits, such as the medical spending accounts, dependent care accounts or life insurance.

### **Legal Insurance**

There is no provision through the carrier to convert this insurance to a direct bill account; therefore, it cannot be continued after retirement.

# WORKING AFTER RETIREMENT

## Social Security Earnings Limit

The Senior Citizens Freedom to Work Act of 2000, effective January 1, 2000, eliminated the retirement earnings test for persons who have attained full retirement age (FRA).

A limit on earnings from current work activity continues to apply to beneficiaries under full retirement age (FRA). If you earn more than the earnings limit, Social Security will reduce your benefits and your family members' benefits that are based on your work record. If a family member earns more than the earnings limit, only that person's benefit is reduced.

If you are under the FRA throughout 2010, you are allowed to earn \$14,160 with no reduction in benefits. (Please note that earnings limits change annually!) If your earnings exceed this amount, then \$1 of benefits is withheld for every \$2 you earn above \$14,160.

In some cases, if you are working under your FRA and continue working, you might consider applying for retirement benefits, especially if family members are eligible for benefits on your earnings record. Even if your earnings exceed the allowable limit, some benefits may still be payable.

*For more information on current earning limits refer to Social Security's web site at <http://www.ssa.gov/>.*

## Quick Phone / Web Reference

Agency	Telephone	For Hearing or Speech Impaired	Web Site
Aetna	800-523-5065	860-273-1364	<a href="http://www.aetna.com">www.aetna.com</a>
AFLAC	401-521-7700	800-622-2345 ext. 2096	<a href="http://www.aflac.com">www.aflac.com</a>
CCRI's Office of Human Resources	401-825-2311	401-825-2345	<a href="http://www.ccri.edu/hr">www.ccri.edu/hr</a>
Delta Dental	800-843-3582 401-752-6100	N/A	<a href="http://www.deltadentalri.com">www.deltadentalri.com</a>
Employees Retirement System of RI	401-457-3900	401-521-8980	<a href="http://www.ersri.org">www.ersri.org</a>
Medicare	800-MEDICARE	877-486-2048	<a href="http://www.medicare.gov">www.medicare.gov</a>
Metropolitan	401-243-8823	800-638-5433	<a href="http://www.wmg.metlife.com">www.wmg.metlife.com</a>
URI's Office of Human Resources	401-874-2921	800-745-5555	<a href="http://www.uri.edu/hr">www.uri.edu/hr</a>
RIC's Office of Human Resources	401-456-8216	401-456-8216	<a href="http://www.ric.edu/hr">www.ric.edu/hr</a>
Social Security Administration	800-772-1213	800-325-0778	<a href="http://www.ssa.gov">www.ssa.gov</a>
TIAA	800-842-2776	800-842-2755	<a href="http://www.tiaa.org/opc">www.tiaa.org/opc</a>
United HealthCare	866-202-0434	800-545-6751	<a href="http://www.myuhc.com">http://www.myuhc.com</a>

**VALIC**

800-448-2542

800-248-2542

[www.valic.com](http://www.valic.com)