University of Kentucky Retiree Benefits 2014-2015 *

*Information contained in these slides are subject to change

Two Definitions of Retirement:
(eligibility determined by request of service check- contact a Retirement Officer)

Early Retirement → prior to age 65

Normal Retirement → age 65 and older

→ If hired on or after January 1st, 2006; No University health credit toward the cost of retirement health benefits.

Early vs. Normal Retirement

<table>
<thead>
<tr>
<th>Early Retirement</th>
<th>Normal Retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement prior to age 65</td>
<td>Retirement at age 65 or older</td>
</tr>
<tr>
<td>Age + Service ≥ 75</td>
<td>15 years of continuous service needed for health credit</td>
</tr>
<tr>
<td>&amp; 15 years continuous service</td>
<td></td>
</tr>
</tbody>
</table>

→ If hired on or after January 1st, 2006; No University health credit toward the cost of retirement health benefits.
Early vs. Normal Retirement

**Early Retirement**
Staff should give 90 days notice of intent to retire
Retiree Health Premiums based on eligibility as of 7/1/07 or thereafter

**Normal Retirement**
Staff should give a 30 day notice of intent to retire
Premiums and access determined by the retirees years of eligible service - 5 years or 15 years

Be sure to consider other factors such as the financial ability to retire, retirement income sources, life expectancy, etc.

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**Early Retirement**
(Prior to age 65)

Age + Years of Service ≥ 75
& must have 15 years continuous service*

*If current hire date is on or before 7/1/1997, then prior service can count toward the 15 year continuous service requirement

Premiums are based upon whether retirement eligibility occurred as of 7/1/2007 or thereafter

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**Early Retiree Rates Eligible to Retire prior to 7/1/2007**

<table>
<thead>
<tr>
<th>Benefits Structure</th>
<th>Coverage Level</th>
<th>Monthly Rate*</th>
<th>Credit for Eligible UK Retirees**</th>
<th>Monthly Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK-HMO Lexington Service Area</td>
<td>Retiree or Spouse Only</td>
<td>$740</td>
<td>$665</td>
<td>$75</td>
</tr>
<tr>
<td></td>
<td>Retiree + Children</td>
<td>$1,107</td>
<td>$665</td>
<td>$442</td>
</tr>
<tr>
<td></td>
<td>Retiree + Family</td>
<td>$1,846</td>
<td>$665</td>
<td>$1,183</td>
</tr>
<tr>
<td>UK-RHP Regional Health Plan</td>
<td>Retiree or Spouse Only</td>
<td>$740</td>
<td>$665</td>
<td>$75</td>
</tr>
<tr>
<td></td>
<td>Retiree + Children</td>
<td>$1,107</td>
<td>$665</td>
<td>$442</td>
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<td>Retiree + Family</td>
<td>$1,846</td>
<td>$665</td>
<td>$1,183</td>
</tr>
<tr>
<td>UK-FPO or Indemnity</td>
<td>Retiree or Spouse Only</td>
<td>$740</td>
<td>$665</td>
<td>$75</td>
</tr>
<tr>
<td></td>
<td>Retiree + Children</td>
<td>$1,107</td>
<td>$665</td>
<td>$442</td>
</tr>
<tr>
<td></td>
<td>Retiree + Family</td>
<td>$1,846</td>
<td>$665</td>
<td>$1,183</td>
</tr>
<tr>
<td>UK-EPD</td>
<td>Retiree or Spouse Only</td>
<td>$941</td>
<td>$665</td>
<td>$776</td>
</tr>
<tr>
<td></td>
<td>Retiree + Children</td>
<td>$1,412</td>
<td>$665</td>
<td>$747</td>
</tr>
<tr>
<td></td>
<td>Retiree + Spouse</td>
<td>$1,884</td>
<td>$665</td>
<td>$1,219</td>
</tr>
<tr>
<td></td>
<td>Retiree + Family</td>
<td>$2,355</td>
<td>$665</td>
<td>$1,690</td>
</tr>
</tbody>
</table>

*For those who became eligible for Early Retirement on or before 7/1/2007, retiree cost is 10% of the gross premium and the UK health credit is 90%.
### Early Retirement continued...

**Age/Service Matrix**
For Early Retirees who become eligible to retire **after 7/1/2007**:

<table>
<thead>
<tr>
<th>Age at Retirement</th>
<th>Years of Service at Retirement</th>
<th>Cost of Retiree Only Monthly Premium Paid by Retiree:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15 or more, but less than 20</td>
<td>20 or more, but less than 25</td>
</tr>
<tr>
<td>Less than 60</td>
<td>$592</td>
<td>$444</td>
</tr>
<tr>
<td>60 or more, but less than 61</td>
<td>$555</td>
<td>$407</td>
</tr>
<tr>
<td>61 or more, but less than 62</td>
<td>$518</td>
<td>$370</td>
</tr>
<tr>
<td>62 or more, but less than 63</td>
<td>$481</td>
<td>$333</td>
</tr>
<tr>
<td>63 or more, but less than 64</td>
<td>$444</td>
<td>$296</td>
</tr>
<tr>
<td>64 or more, but less than 65</td>
<td>$407</td>
<td>$259</td>
</tr>
</tbody>
</table>

If adding a spouse under age 65 or child(ren) additional rates will apply:
- Child(ren): Add $367/month
- Spouse: Add $796/month
- Spouse + Child(ren): $1,108

### Early Retirement continued...

**Age/Service Matrix**

<table>
<thead>
<tr>
<th>Age at Retirement</th>
<th>Years of Service at Retirement</th>
<th>Cost of Retiree Only Monthly Premium Paid by Retiree:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15 or more, but less than 20</td>
<td>20 or more, but less than 25</td>
</tr>
<tr>
<td>Less than 60</td>
<td>$753</td>
<td>$565</td>
</tr>
<tr>
<td>60 or more, but less than 61</td>
<td>$706</td>
<td>$518</td>
</tr>
<tr>
<td>61 or more, but less than 62</td>
<td>$659</td>
<td>$471</td>
</tr>
<tr>
<td>62 or more, but less than 63</td>
<td>$612</td>
<td>$423</td>
</tr>
<tr>
<td>63 or more, but less than 64</td>
<td>$565</td>
<td>$376</td>
</tr>
<tr>
<td>64 or more, but less than 65</td>
<td>$518</td>
<td>$329</td>
</tr>
</tbody>
</table>

If you wish to add a spouse who is under 65 yrs. old or child(ren), these additional rates apply:
- Child(ren): Add $471/month
- Spouse: Add $942/month
- Spouse + Child(ren): Add $1,414/month
At age 65 or older, retirees pay the lower Medicare Carveout Classic rate.

### Age-Service Table for Employees Hired Before January 1, 2006, Who Become Eligible to Retire After July 1, 2007

(Percent of Medical Premium Retiree Pays, Rule of 75 continues to apply)

<table>
<thead>
<tr>
<th>Age at Retirement (If not yet eligible to retire as of 7/1/2007)</th>
<th>Years of Service at Retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15 or more, but less than 20</td>
</tr>
<tr>
<td></td>
<td>25 or more</td>
</tr>
<tr>
<td>Less than 60</td>
<td>80%</td>
</tr>
<tr>
<td>60 or more, but less than 61</td>
<td>75%</td>
</tr>
<tr>
<td>61 or more, but less than 62</td>
<td>70%</td>
</tr>
<tr>
<td>62 or more, but less than 63</td>
<td>65%</td>
</tr>
<tr>
<td>63 or more, but less than 64</td>
<td>60%</td>
</tr>
<tr>
<td>64 or more, but less than 65</td>
<td>55%</td>
</tr>
<tr>
<td>At age 65 or older, everyone pays 10% or $29, whichever is higher</td>
<td>10%</td>
</tr>
</tbody>
</table>
Normal Retirement (Age 65 or older)
• Allows for regular employees to retire at age 65 or older, regardless of years of service
• Normal Retirement health benefit rates are based on years of service (unless hired after 1/1/2006, then have access only)

Medicare & UK Health Benefits
At age 65, you may enroll in Medicare A&B
  - Medicare A – Hospital Insurance
    - No premium for most if worked 40 quarters or more (10 yrs.)
  - Medicare B – Medical Insurance
    - $104.90 (2014, same for 2015) per month or higher, depending on income and rates usually increase each year
  - Medicare C – Supplemental (Medicare Advantage or U.K. Carveout-same as Medicare C & D)
    - Can also choose individual supplemental plan through BCBS, Anthem, United Healthcare, etc.
  - Medicare D – Prescription coverage
    - When on the UK Medicare Carve-out, UK Benefits will enroll you in Part D, no coverage gap (donut hole)
Billing when on Medicare and UK Medicare Carveout

Medicare A&B is primary and billed first, pays 80% minus deductible ($147 for 2014, same for 2015)

The remaining charges billed to the Anthem BCBS UK Medicare Carveout plan, pays 80% of what Medicare doesn't pay, after deductible

You owe (to your healthcare provider) remaining charges after Medicare and the UK Carveout payments

Be sure to provide both your Medicare A&B and UK Carveout cards to your healthcare provider.

Normal Retirement Health Premiums

...age 65 and older not a working retiree

<table>
<thead>
<tr>
<th>Benefits Structure</th>
<th>Coverage Level</th>
<th>Monthly Rate</th>
<th>UK Credit</th>
<th>Monthly Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Medicare Carveout</td>
<td>Retiree (eligible for UK credit)</td>
<td>$294/$302</td>
<td>$265/$272</td>
<td>$26/$27</td>
</tr>
<tr>
<td></td>
<td>Retiree + Spouse (eligible for UK credit)</td>
<td>$588/$604</td>
<td>$532/$538</td>
<td>$588/$604</td>
</tr>
<tr>
<td></td>
<td>Retiree Spouse (not eligible for credit)</td>
<td>$294/$302</td>
<td>$265/$272</td>
<td>$26/$27</td>
</tr>
<tr>
<td></td>
<td>Surviving Spouse (eligible for credit)</td>
<td>$588/$604</td>
<td>$532/$538</td>
<td>$588/$604</td>
</tr>
<tr>
<td></td>
<td>Retiree + Spouse (not eligible for credit)</td>
<td>$294/$302</td>
<td>$265/$272</td>
<td>$26/$27</td>
</tr>
<tr>
<td></td>
<td>Surviving Spouse (not eligible for credit)</td>
<td>$588/$604</td>
<td>$532/$538</td>
<td>$588/$604</td>
</tr>
</tbody>
</table>

* 2015 data

UK Medicare Part D

(Express Scripts—removal of maximum for non-formulary brand from 2013)

<table>
<thead>
<tr>
<th></th>
<th>Generic 20% or minimum of $8</th>
<th>Formulary Brand 40% or minimum of $20</th>
<th>Non-Formulary Brand 40% or minimum of $40</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>maximum of $50 per prescription</td>
<td>maximum of $60 per prescription</td>
<td>No maximum</td>
</tr>
</tbody>
</table>

90 Day Prescriptions

<table>
<thead>
<tr>
<th></th>
<th>Generic 10% or minimum of $24</th>
<th>Formulary Brand 30% or minimum of $60</th>
<th>Non-Formulary Brand 40% or minimum of $120</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>maximum of $100 per prescription</td>
<td>maximum of $120 per prescription</td>
<td>No maximum</td>
</tr>
</tbody>
</table>
UK Medicare Rx

- Help with your medicines/Co-Pay Counseling:
  - Contact a UK pharmacist with questions or concerns regarding your prescriptions or over-the-counter medications (859) 218-5979 or 1-855-218-5979 (toll free)
  - Kroger/Wal-Mart / $10 Generic Programs
- 90 day supply:
  - Available through Express Scripts Mail Order Pharmacy at 10% reduction in co-insurance
  - Available through any 90 day participating pharmacy

Normal Retirees (65 and over)
returning as a working retiree?

- Once you retire, can only return in temporary non-benefits eligible position
- Notify Retirement Officer if UK Working Retiree (2 FTE or greater), employer-sponsored insurance (UK-HMO, UK-PPO, UK-EPO) is primary over Medicare and eligible for Working Retiree Rates
- If working 19.99 FTE or less, no impact on insurance, can enroll in Medicare A and B
- Can work out to the advantage or disadvantage of the working retiree, depending on several factors:
  1. Prolong enrollment in Part B, save money but risk of higher premium when do enroll
  2. Continue coverage under a UK sponsored plan; HMO, RHP, PPO, EPO

2014-2015 Working Retiree Rates
working 20% or greater (at least .2 FTE)

<table>
<thead>
<tr>
<th>Benefit Structure</th>
<th>Coverage Level</th>
<th>Monthly Rate*</th>
<th>Credit for Eligible UK Retiree**</th>
<th>Monthly Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK-HMO Lexington Service Area</td>
<td>Retiree Only</td>
<td>$493</td>
<td>$466</td>
<td>$27</td>
</tr>
<tr>
<td></td>
<td>Retiree + Spouse</td>
<td>$738</td>
<td>$466</td>
<td>$272</td>
</tr>
<tr>
<td></td>
<td>Retiree + Family</td>
<td>$1,332</td>
<td>$466</td>
<td>$766</td>
</tr>
<tr>
<td>UK-RHP Regional Health Plan</td>
<td>Retiree Only</td>
<td>$493</td>
<td>$466</td>
<td>$27</td>
</tr>
<tr>
<td></td>
<td>Retiree + Spouse</td>
<td>$738</td>
<td>$466</td>
<td>$272</td>
</tr>
<tr>
<td></td>
<td>Retiree + Family</td>
<td>$1,332</td>
<td>$466</td>
<td>$766</td>
</tr>
<tr>
<td>UK-PPO or Indemnity</td>
<td>Retiree or Spouse Only</td>
<td>$493</td>
<td>$466</td>
<td>$27</td>
</tr>
<tr>
<td></td>
<td>Retiree + Spouse</td>
<td>$738</td>
<td>$466</td>
<td>$272</td>
</tr>
<tr>
<td></td>
<td>Retiree + Family</td>
<td>$1,332</td>
<td>$466</td>
<td>$766</td>
</tr>
<tr>
<td>UK-EPO</td>
<td>Retiree or Spouse Only</td>
<td>$627</td>
<td>$466</td>
<td>$361</td>
</tr>
<tr>
<td></td>
<td>Retiree + Spouse</td>
<td>$941</td>
<td>$466</td>
<td>$475</td>
</tr>
<tr>
<td></td>
<td>Retiree + Family</td>
<td>$1,256</td>
<td>$466</td>
<td>$790</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1,570</td>
<td>$466</td>
<td>$1,104</td>
</tr>
</tbody>
</table>
Phased Retirement

- Administered and approved by your department
  - UK Benefits just verifies eligibility: at least 15 years or more eligible service and age 60 or older
- All current Benefits same costs as full-time employee
- Continue to contribute to Mandatory Retirement Plan, but at reduced salary
- Access to retirement funds to supplement decrease in income

Phased Retirement (cont.)

- Phased Retirement Assignment cannot exceed 5 yrs.
- Can be no less than .5 FTE (Full Time Equivalency)
- You should refer to Administrative Regulation 3:2 and www.uky.edu/hr/Benefits/PhasedRetirementProc.html
- Not an absolute right to be granted Phased Retirement since many departments/positions may not be able to accommodate

Retiree Dental Plan Options

UK Dental

- Retiree Classic
  - 100% preventive
  - 50% minor restorative
- Retiree Ultra*
  - 100% preventive
  - 80% minor restorative
  - 20-50% major restorative

*20% orthodontia benefit available for all participants
**Delta Dental**

- **Basic**
  100% preventive
  80% minor restorative

- **Enhanced**
  Same coverage as Delta Dental Basic plan + 50% major restorative

*Orthodontia benefit available for children up to age 19*

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**2014-2015 UK Dental Plan Rates**

<table>
<thead>
<tr>
<th>UK Dental Retiree Classic</th>
<th>UK Dental Retiree Ultra</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retiree Only - $16.00</td>
<td>Retiree Only - $35.70</td>
</tr>
<tr>
<td>Retiree + Child(ren) - $33.80</td>
<td>Retiree + Child(ren) - $73.60</td>
</tr>
<tr>
<td>Retiree + Spouse - $33.80</td>
<td>Retiree + Spouse - $73.60</td>
</tr>
<tr>
<td>Retiree + Family - $53.50</td>
<td>Retiree + Family - $113.70</td>
</tr>
</tbody>
</table>

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**2014-2015 Delta Dental Plan Rates**

<table>
<thead>
<tr>
<th>Delta Dental Basic</th>
<th>Delta Dental Enhanced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retiree Only - $24.40</td>
<td>Retiree Only - $33.00</td>
</tr>
<tr>
<td>Retiree + Child(ren) - $46.30</td>
<td>Retiree + Child(ren) - $69.80</td>
</tr>
<tr>
<td>Retiree + Spouse - $51.90</td>
<td>Retiree + Spouse - $72.80</td>
</tr>
<tr>
<td>Retiree + Family - $76.30</td>
<td>Retiree + Family - $113.50</td>
</tr>
</tbody>
</table>
Vision Plan

- EyeMed provides a PPO type coverage with in and out-of-network benefits

- EyeMed network includes UK Optometrist and Ophthalmologists, Lens Crafters, Pearl Vision, JC Penney and many others

- Coverage included for:
  - Eye exams (every 12 months)
  - Contact lenses (every 12 months)
  - Frames (every 24 months) and lenses (every 12 months)

Discount on Lasik or PRK surgery

2014-2015 Vision Plan Rates

<table>
<thead>
<tr>
<th>EyeMed Coverage Level</th>
<th>Monthly Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retiree Only/Spouse Only</td>
<td>$8.60</td>
</tr>
<tr>
<td>Retiree + Child(ren)</td>
<td>$15.30</td>
</tr>
<tr>
<td>Retiree + Spouse</td>
<td>$16.10</td>
</tr>
<tr>
<td>Retiree + Family</td>
<td>$21.60</td>
</tr>
</tbody>
</table>

Good References

- Administrative Regulation 3:1
- HR Policy and Procedure 94
- HR Policy and Procedure 81
- HR Policy and Procedure 87
- “What You Need to Know: UK’s Retirement Plan” (available on Benefits Website)
Retirement Payment Options

- Lump-sum cash withdrawal
- Cash withdrawals may lead to legal & tax implications pre-age 59 1/2 (10% penalty)
- TIAA Traditional Annuity: 10 yr. payout; equal payments received only through TPA (Transfer Payout Annuity); subject to the terms of that contract
- 70 1/2 required minimum distribution from principal by April 1st following calendar year you turn 70 1/2 or April 1st of next year, whichever is later
- Single Life Annuity: larger monthly income, payment as long as you live, also available in 10, 15 or 20 year guaranteed payment period, not exceeding your life expectancy

Payment Options (cont.)

**Single Life Annuity**
- Pays as long as you live, end upon your death
- Provides larger monthly income than other options
- Also with 10, 15, or 20 year guaranteed period
- If you die during guaranteed period beneficiaries receive payment for remainder of guaranteed period
- Guaranteed period may be limited by federal tax law

**Survivor Annuity**
- Pays a lifetime income
- If annuity partner lives longer, continues to receive income for life
- Option 1: Two-Thirds Benefit to Survivor reduced at death of either, continued to survivor for life or Option 2: Full Benefit to Survivor if annuity partner survives, full income continues as long as either you or your annuity partner is living
- Half Benefit to 2nd Annuitant – if annuity partner survives you, he or she receives for life, ½ the income you would have received, if annuity partner dies before you, the full income continues to you for life

Taxation of Benefits

- Subject to income tax as you receive them from retirement income benefits, death benefits, and full or partial withdrawals
- Additional 10% tax applies to plan benefits received prior to age 59 1/2 unless one of the following applies
- You have unreimbursed medical expenses that are greater than 7.5% of your adjusted gross income
- You die or become disabled
- The distribution is paid to someone besides you under a Qualified Domestic Relations Order (e.g. a divorce settlement)
**Vacation Payout** (refer HR P & P 81)

- Unused vacation hours up to maximum of yearly accrual (i.e. 40 hrs. / week with 9+ years of service=160.0 hrs.)
- 37.5 hrs. / week with 9+ years of service=150.0 hrs.
- Refer to HR P&P 81
- If work half of pay period, will earn accrual for that pay period
- Payout to take place on final paycheck and is entered by department
- Option to choose tax sheltering of payout via a voluntary retirement plan
- Contribution limits apply
- If not currently contributing to a voluntary retirement plan, can start for the last pay period
- Be careful of converting TDL to Vacation time prior to retirement if have over yearly accrual could be subject to loss

**TDL Payout** (refer to HR P & P 87)

- Policy if hired prior to 7/1/1995
  - At retirement must have minimum of 66 days (8 hrs. = 528 hrs. or 7.5 hrs. = 495 hrs.)
  - If work half of pay period will earn accrual for that pay period
  - 22 of the 66 days paid at full hourly rate, all remaining (no cap) paid at 10%.
  - Or can be used to meet retirement eligibility
  - Department responsible to enter and process
  - Option to choose tax sheltering of payout via a voluntary retirement plan
- Contribution limits apply
- If not currently contributing to a voluntary retirement plan, can start for the last pay period
- Policy if hired after 7/1/1995
  - If have minimum of 66 days can use to meet retirement eligibility

**Payout Examples**

**Hired prior to 7/1/1995, eligible to retire, 8 hrs., $18.03 hrly. rate**

EE has 1,725 TDL hrs.

1,725 (total TDL hrs.) / 176 (22 days) = 15.4 days / mo.

176 (22 days) x $18.03 = $3,173

1,549 x $1.803 (10%) = $2,793

$3,173 + $2,793 = $5,966 (total)

**Hired after 7/1/1995, not eligible to retire until 8/5/2015, 8 hrs.**

EE has 1,725 TDL hrs.

1,725/8.0 = 215.6 days / 22 wk. days / mo. = 9.8 months

Can move retirement date from 8/5/2015 to 10/26/2014

(Retirement office will assist with these calculations)
UK Benefit Contacts
Main Customer Service Line:
257-9519 select option 3, then 1

Tina Cornett: 257-4263
Retirement Officer

Terri Kanatzar: 257-8825
Retirement Officer

Tolora Hale: 257-8845
Retirement Officer

UK Benefit Contacts (cont.)

• Pharmacy Benefit Needs
  1) Lucy Wells – 257-2519
  2) Matt McMahan - 257-2154

• Claims and Eligibility Issues
  1) Debbie Martin - 257-2124

• Billing Issues
  1) Donna Henry – 257-8830

Retirement Counseling

• Telephone
  – Fidelity 800-343-0860
  – TIAA-CREF (Local) 859-224-6900 or 800-842-2776

• Campus
  • A list of available appointments may be found at
  http://www.uky.edu/hr/benefits/retirement-financial-security/free-one-one-retirement-savings-consultations
Financial Counseling

- Up to 5 sessions per year at no cost
- All information provided will remain confidential
- Will work around employees’ schedule including before and after normal work hours
- Encourage spouses and significant others to attend one-on-one counseling sessions

For information or to schedule an appointment call 257-9487 or visit http://www.uky.edu/hr/benefits/financial-security/free-one-one-retirement-savings-consultations

Utilize your resources!

- EDUCATE YOURSELF
- TIAA-CREF
- Fidelity
- Social Security
- UK Benefits
- Financial Counseling
- Elder Care
- Health & Wellness
- Osher Lifelong Learning Institute