


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

<p>Early Retirement</p> <p>Retirement prior to age 65</p> <p style="text-align: center;">Age + Service ≥ 75 & 15 years continuous service</p>	<p>Normal Retirement</p> <p>Retirement at age 65 or older</p> <p style="text-align: center;">15 years of continuous service needed for health credit</p>
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 If hired on or after January 1st, 2006, no University health credit toward the cost of retirement health benefits.

Early vs. Normal Retirement

<p>Early Retirement</p> <p>Staff should give 90 days notice of intent to retire</p> <p>Retiree Health Premiums based on eligibility as of 7/1/07 or thereafter</p>	<p>Normal Retirement</p> <p>Staff should give a 30 day notice of intent to retire</p> <p>Premiums and access determined by the retirees years of eligible service-5 years or 15 years</p>
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Be sure to consider other factors such as the financial ability to retire, retirement income sources, life expectancy, etc.

Early Retirement (Prior to age 65)

Age + Years of Service \geq 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

Early Retiree Rates Eligible to Retire prior to 7/1/2007				
Benefits Structure	Coverage Level	Monthly Rate*	Credit for Eligible UK Retirees**	Monthly Cost
UK-HMO Lexington Service Area	Retiree or Spouse Only	\$ 740	\$665	\$75
	Retiree + Child(ren)	\$1,107	\$665	\$442
	Retiree + Spouse	\$1,476	\$665	\$811
	Retiree + Family	\$1,848	\$665	\$1,183
UK-RHP Regional Health Plan	Retiree or Spouse Only	\$740	\$665	\$75
	Retiree + Child(ren)	\$1,107	\$665	\$442
	Retiree + Spouse	\$1,476	\$665	\$811
	Retiree + Family	\$1,848	\$665	\$1,183
UK-PPO or Indemnity	Retiree or Spouse Only	\$740	\$665	\$75
	Retiree + Child(ren)	\$1,107	\$665	\$442
	Retiree + Spouse	\$1,476	\$665	\$811
	Retiree + Family	\$1,848	\$665	\$1,183
UK-EPO	Retiree or Spouse Only	\$941	\$665	\$276
	Retiree + Child(ren)	\$1,412	\$665	\$747
	Retiree + Spouse	\$1,884	\$665	\$1,219
	Retiree + Family	\$2,355	\$665	\$1,690

*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:

UK-HMO, RHP, PPO	Years of Service at Retirement Cost of Retiree Only Monthly Premium Paid by Retiree.		
	15 or more, but less than 20	20 or more, but less than 25	25 or More
Age at Retirement			
Less than 60	\$592	\$444	\$296
60 or more, but less than 61	\$555	\$407	\$259
61 or more, but less than 62	\$518	\$370	\$222
62 or more, but less than 63	\$481	\$333	\$185
63 or more, but less than 64	\$444	\$296	\$148
64 or more, but less than 65	\$407	\$259	\$111

If adding a spouse under age 65 or child(ren) additional rates will apply:
 Child(ren): Add \$367/month
 Spouse: Add \$736/month
 Spouse + Child(ren): \$1,108

Early Retirement continued...

Age/Service Matrix*

UK-EPO	Years of Service at Retirement Cost of Retiree Only Monthly Premium Paid by Retiree.		
	15 or more, but less than 20	20 or more, but less than 25	25 or More
Age at Retirement			
Less than 60	\$753	\$565	\$376
60 or more, but less than 61	\$706	\$518	\$329
61 or more, but less than 62	\$659	\$471	\$282
62 or more, but less than 63	\$612	\$423	\$235
63 or more, but less than 64	\$565	\$376	\$188
64 or more, but less than 65	\$518	\$329	\$141

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 \$943/month
 Spouse + Children: 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)

Age at Retirement (If not yet eligible to retire as of 7/1/2007)	Years of Service at Retirement		
	15 or more, but less than 20	20 or more, but less than 25	25 or more
Less than 60	80%	60%	40%
60 or more, but less than 61	75%	55%	35%
61 or more, but less than 62	70%	50%	30%
62 or more, but less than 63	65%	45%	25%
63 or more, but less than 64	60%	40%	20%
64 or more, but less than 65	55%	35%	15%
At age 65 or older, everyone pays 10% or \$29, whichever is higher	10%	10%	10%

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)

Normal Retirement

0-5 years eligible service <small>Not eligible for UK retirement health benefits</small>	5-15 years of eligible service <small>Eligible for Retirement Health Benefits No health credit Access Only</small>	15 or more years eligible service <small>Eligible for benefits with UK credit If hired prior to 1/1/2006</small>
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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

Benefits Structure	Coverage Level	Monthly Rate	UK Credit	Monthly Cost
UK	Retiree (eligible for UK credit)	\$294/\$302	\$265/\$272	\$29/\$30
Medicare	Retiree + Spouse (eligible for UK credit)	\$588/\$604	\$265/\$272	\$323/\$332
Carveout	Retiree Spouse (not eligible for credit)	\$294/\$302	\$ 0	\$294/\$302
Classic	Surviving Spouse (eligible for credit)	\$294/\$302	\$133/\$136	\$161/\$166
Plan	Retiree + Spouse (not eligible for credit)	\$588/\$604	\$ 0	\$588/\$604

* 2013 Rates

UK Medicare Part D

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

Generic	20% or minimum of \$8	maximum of \$50 per prescription
Formulary Brand	40% or minimum of \$20	maximum of \$60 per prescription
Non-Formulary Brand	50% or minimum of \$40	No maximum

90 Day Prescriptions

Generic	10% or minimum of \$24	maximum of \$100 per prescription
Formulary Brand	30% or minimum of \$60	maximum of \$120 per prescription
Non-Formulary Brand	40% or minimum of \$120	No maximum

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)

Benefits Structure	Coverage Level	Monthly Rate*	Credit for Eligible UK Retirees**	Monthly Cost
UK-HMO Lexington Service Area	Retiree or Spouse Only	\$ 493	\$466	\$27
	Retiree + Child(ren)	\$738	\$466	\$272
	Retiree + Spouse	\$984	\$466	\$518
	Retiree + Family	\$1,232	\$466	\$766
UK-RHP Regional Health Plan	Retiree or Spouse Only	\$493	\$466	\$27
	Retiree + Child(ren)	\$738	\$466	\$272
	Retiree + Spouse	\$984	\$466	\$518
	Retiree + Family	\$1,232	\$466	\$766
UK-PPO or Indemnity	Retiree or Spouse Only	\$493	\$466	\$27
	Retiree + Child(ren)	\$738	\$466	\$272
	Retiree + Spouse	\$984	\$466	\$518
	Retiree + Family	\$1,232	\$466	\$766
UK-EPO	Retiree or Spouse Only	\$627	\$466	\$161
	Retiree + Child(ren)	\$941	\$466	\$475
	Retiree + Spouse	\$1,256	\$466	\$790
	Retiree + Family	\$1,570	\$466	\$1,104

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

2014-2015 UK Dental Plan Rates

UK Dental Retiree Classic	UK Dental Retiree Ultra
Retiree Only - \$16.00	Retiree Only - \$35.70
Retiree + Child(ren) - \$33.80	Retiree + Child(ren) - \$73.60
Retiree + Spouse - \$33.80	Retiree + Spouse - \$73.60
Retiree + Family - \$53.50	Retiree + Family - \$113.70

2014-2015 Delta Dental Plan Rates

Delta Dental Basic	Delta Dental Enhanced
Retiree Only - \$24.40	Retiree Only - \$33.00
Retiree + Child(ren) - \$46.30	Retiree + Child(ren) - \$69.80
Retiree + Spouse - \$51.90	Retiree + Spouse - \$72.80
Retiree + Family - \$76.30	Retiree + Family - \$113.50

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

EyeMed Coverage Level	Monthly Rates
Retiree Only/Spouse Only	\$ 8.60
Retiree + Child(ren)	\$15.30
Retiree + Spouse	\$16.10
Retiree + Family	\$21.60

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 ½ -(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 ½ required minimum distribution from principal by April 1st following calendar year you turn 70 ½ 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.)

<p>Single Life Annuity</p> <ul style="list-style-type: none"> • Pays as long as you live, ends 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 beneficiary(ies) receive payment for remainder of guaranteed period • Guaranteed period may be limited by federal tax law 	<p>Survivor Annuity</p> <ul style="list-style-type: none"> • 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 Survivor-full income continues as long as either you or your annuity partner is living • Half Benefit to 2nd Annuitant-continues as long as you live, 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
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Taxation of Benefits

<ul style="list-style-type: none"> • 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 age 59 1/2 unless one of the following applies • you retire or leave employer and begin lifetime income option • Leave employment in, or after, the calendar year in which you attain age 55 	<ul style="list-style-type: none"> • 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)
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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
- 5% & 10% match on Mandatory Retirement plan
- 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 hrly. 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)
1,549

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, 8hrs.
EE has 1,725 TDL hrs.

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

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/retirement-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
