

## Pre-Retirement Training

Department of Personnel Services

Employee Benefits Office

June 25, 2024

## Agenda

Deferred Compensation 457(b) Plan

Retiree Benefits



# DEFERRED COMPENSATION PLAN





## Final Paycheck Contributions

- Terminal check
  - Final Compensation Amendment form must be on file to defer compensation
- 457(b) contributions defers taxes
  - Federal and State
- Social Security and Medicare (7.65%) will be deducted
  - Unless at the annual income maximum



### Defer Terminal Check Taxes

- Defer the following into the 457(b) plan\*
  - Vacation, CTO, and HIL accruals
  - If eligible, half of sick accrual pay-out
- Three-Year Limited Catch-Up Program\*\*
  - Check with the Benefits Office about increased limits

2024 IRS Limits							
Under Age 50	\$23,000						
Age 50 or over	\$30,500						
Limited Catch-Up	\$46,000**						



<sup>\*</sup> Up to the IRS maximums

# Special Limited Catch-Up

- "Make-up" for previous years with contributions below allowed maximum
- Only the 3 years <u>BEFORE</u> retirement year
- Up to double the normal 457(b) limit
  - (\$23,000 + \$23,000 = \$46,000 Maximum)
- Benefits Office Staff makes underutilization calculation
- Employee signs limited catch-up enrollment form
- Payroll system allows for increased contributions



## Sample Final Paycheck Contributions

#### **Cashing Out Accruals**

COMPENSATION Regular Base Pay Leave Without Pay CTO taken Sick Leave Pay Sick Leave-Family Vacation Pay Holiday Standby Pay Overtime Time and 1/2 Overtime FLSA Adjustm Term CTO Pay-SP Elig	40.86	71.00	This Period 2,901.06	Year-to-Date 57,688.77 0.00 746.64 1,411.55 820.23 495.95 1,852.88 1,503.90 2,448.20 26.24 1,054.19
Terminal Vacation Pay Correctional/MHTC	40.86	103.90	4,245.35	4,245.35 246.82
Total Compensation			8,200.60	72,540.72
***************************************	PRE	TAX DEDI	JCTIONS	
EE Paid VSP Pre Tax EE Kaiser HMO Tier B CERS Pension High			274.15	139.00 5,281.20 5,954.95
Total Pre-Tax Ded.			274.15	11,375.15
		TAXES PA	ID	• • • • • • • • • • • • • • • • • • • •
IncTax-Federal IncTax-California TX EE Medicare Tax TX EE Social Security	Тах		1,337.08 525.24 118.91 508.43	6,331.56 1,575.49 973.25 4,161.47
SDI Tax-California			29.01	618.21
Total Taxes			2,518.67	13,659.98
AFTE	R-TAX	DEDUCTION	NS/ADJUSTMEN	
Misc Union (017) Union Dues (017)				70.00 540.64
Total After-Tax Ded.				610.64
Total Net Pay			5,407.78	46,894.95

Net Pay Details	 Amount
Payroll Check	5,407.78

#### Accruals to 457(b) Plan

COMPENSATION Regular Base Pay Leave Without Pay CTO taken Sick Leave Pay Sick Leave-Family Vacation Pay Holiday Standby Pay Overtime Time and 1/2 Overtime FLSA Adjust Term CTO Pay-SP Elig Terminal Vacation Pay Correctional/MHTC	40.86			Year-to-Date 57,688.77 0.00 746.64 1,411.55 820.23 495.95 1,852.88 1,503.90 2,448.20 26.24 1,054.19 4,245.35 246.82
Total Compensation			8,200.60	72,540.72
EE Paid VSP Pre Tax EE Kaiser HMO Tier B CERS Pension High 457 Plan FT Pre-Tax	PRE	TAX DED	274.15 5,299.54	139.00 5,281.20 5,954.95 5,299.54
Total Pre-Tax Ded.			5,573.69	16,674.69
IncTax-Federal IncTax-California TX EE Medicare Tax TX EE Social Security SDI Tax-California		TAXES PA	245.11 47.11 118.91 508.43 29.01	5,239.59 1,097.36 973.25 4,161.47 618.21
Total Taxes			948.57	12,089.88
Misc Union (017) Union Dues (017)	R-TAX	DEDUCTION	NS/ADJUSTMENT	70.00 540.64
Total After-Tax Ded.				610.64
Total Net Pay			1,678.34	43,165.51

Net Pay	Details	• • •	• • •	•	•	•	• •	•	• •	•	•	٠.	•	•	• •	•	•		•				nt		
Payroll	Check														_			1	.,	6	78	3.	34	4	•



# Taxation of Final Paycheck Contribution

- Because considered supplemental income, taxation is higher than a regular paycheck
  - Formula to determine taxation is:
    - Value of the Accruals x 26 pay periods = Annualized amount

#### Example:

Value of the Accrual	Multiplied by # of pay periods per year	Transaction taxed as if you make this much annually
\$5,299.54	26	\$137,788.04



# Questions? Final Paycheck Contributions Catch-Up Programs





## Retiree Benefits





## Retiree Benefits Options

- Medical
- Dental
- Vision



- Life insurance elected directly with carrier
- RHSP start using those County contributions!
- HSA eligibility retirements
- Retiree Summary for full details



#### **Benefits Transition**

All benefits end on the <u>last day of the month</u> you are in Active status (includes Vacation, PTO/CTO, Sick Leave)

MEDICAL DENTAL VISION FSA EAP Week 1 **MONDAY TUESDAY** WEDNESDAY **THURSDAY FRIDAY** Week 2 RETIREMENT DATE! 9/10 Week 3 Week 4 **BENEFITS END** 9/30

# **Enrollment Options**

Enroll in some/all of the County Plans

Elect benefits under COBRA\*

Enroll in other option or spouse/domestic partner's benefits\*

Purchase individual coverage\*

\*THERE ARE LIMITS ON RETURNING TO COUNTY PROGRAM



### Medical Plan Enrollment

- Available to all eligible retirees
- Medical plan eligibility determined by physical zip code, not mailing address
- Leaving the region before age 65 may limit coverage options
- Cost is 100% retiree paid
- Deductions taken post-tax from pension paycheck
- If elect COBRA, it becomes exclusive election,
  - Cannot elect both COBRA and retiree benefits



## Medical Plan Options

# Non-Medicare Options (Under Age 65)







#### HMO or High Deductible

(individual accrued HDHP deductible carries over)



# Medical Plan Options

#### **Medicare Options (Over Age 65 or Disabled)**

If have **Medicare** Parts A & B at the time of retirement

 Immediately enroll in a Medicare Advantage Plan through the Benefits Office



**UnitedHealthcare** 

- Kaiser Senior Advantage Gold
- Kaiser Senior Advantage Silver

- UHC HMO
- UHC NPPO

Basic Medicare benefit gives other non-County sponsored options throughout the country if you decide to relocate.

<u>DO NOT</u> enroll in separate non–County Medicare or Medicare Part D Rx plans or will lose County coverage!



# Out of Area Coverage

#### **TRAVEL**

Only emergency coverage outside of service area



#### **MOVING**

May require change in medical plans or research on Affordable Care Act (ACA)

- Other individual plans in the new area/state
- County coverage may be available depending on the area
  - Kaiser has coverage in various areas for both early retirees and Medicare retirees
  - Nationwide PPO available through WHA/Anthem for early retirees
  - Nationwide PPO available through UHC for Medicare Retirees

Contact Benefits Staff for coverage options if planning to move



## Dental Plan Options

#### **Delta Dental**

Different benefits than active plan

- Two coverage levels:
  - Standard Plan \$1,500 annual maximum (Network, PPO and EPO)
  - Enhanced Plan \$2,500 annual maximum (Network, PPO)



If elect COBRA, it becomes the exclusive election, cannot elect both COBRA and retiree benefits



## Vision Plan Option

#### **VSP**

Same benefits as active vision plan

- Annual Exam: \$15 copay
- Frame Allowance: \$130/every other year
- In 2024 new Enhanced plan option with annual frame/contact allowance and one additional upgrade option

If elect COBRA, it becomes the exclusive election, cannot elect both COBRA and retiree benefits



# Life Insurance/ Critical Illness



- Current coverage ends last day of month
- Can convert to individual whole life coverage within 31 days of retirement date
  - More expensive
- No cash value to current County coverage
- Contact carrier for questions and conversion
  - Contact information in COBRA letter

Premium waiver available if disabled while Active and under age 60, must apply prior to separation to keep coverage



# Retiree Health Savings Plan (RHSP)

\$25 Employer contribution account now becomes active! Can use as of the day you retire – save receipts

Tax-free reimbursement of health expenses and some premiums for you, spouse, and/or specific dependents

Meritain, the claims administrator, will mail a benefits packet ~2 weeks after retirement

Quarterly fee

ICMA-RC is now





### RHSP - Reimbursements

- Reimbursable expenses include:
  - Premiums
  - Medical, dental, and vision expenses
    - Co-pays, out of network expenses, lenses/frames, etc.
  - Prescriptions
  - Medicare Part B expenses
- Can set up:
  - Recurring monthly reimbursement
  - Direct deposit



## Health Savings Account (HSA)

- HSA funds go into retirement
  - Can continue to spend existing HSA funds
- No HSA contributions through pension payroll
- Can make new post-tax contributions <u>IF</u> meet requirements:
  - MUST BE ENROLLED IN HDHP PLAN
  - CANNOT HAVE MEDICARE
  - \$0 BALANCE IN RHSP

TIP: Always use RHSP funds first - they are the least flexible!



## Health Savings Account (HSA)

- HSA funds can be withdrawn for non-benefit uses but is included as income and is taxable
  - 20% penalty if under age 65
  - No penalty if age 65+
- HSA funds can be used for qualified medical dental, vision, and hearing expenses
- Age 65+ HSA funds can be used for Retiree and dependent medical premiums



## Waiving Initial Enrollment

If you waive benefits at Retirement, RETURN IS POSSIBLE if:

#### WITHIN 30 DAYS OF A LIFE EVENT

- (e.g., loss of group coverage, becoming Medicare eligible)
- Losing benefits through Covered California is <u>not</u> an eligible event
- Non-payment of COBRA premium is <u>not</u> an eligible event

#### **DURING OPEN ENROLLMENT**

Must provide proof of 12 months of continuous creditable coverage

See the Retiree MyBenefits Summary and the Retiree Health Insurance Administrative Policy for more details



# Changing Coverage

- Open Enrollment Effective January 1<sup>st</sup>
- Move In Or Out Of Service Area
- Newly Eligible Family Member
- Dropping Family Member
- Change In Coverage Eligibility

day of month <u>after</u> event and enrollment

Contact the Benefits Office to determine if your event necessitates a change

Always review Open Enrollment materials each year for cost and coverage changes

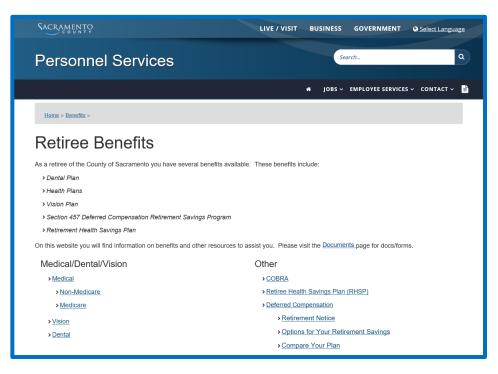


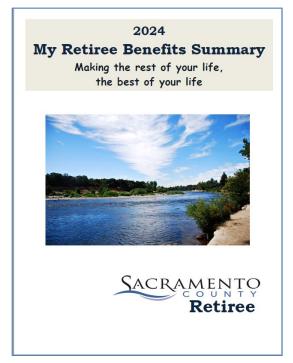
#### **Benefits Information**

#### All Retiree benefit information is online for easy access:

https://personnel.saccounty.gov/Benefits/Pages/RetiredEmployee.aspx

Forms, documents, and links to vendors and providers are always available.







#### CONTACTS

#### **Employee Benefits Office (EBO)**

**700 H Street, Room 4650** 

Phone: (916) 874-2020

FAX: (916) 874-4621

Email: MyRetireeBenefits@saccounty.gov

#### **Pre-retiree website:**

https://personnel.saccounty.gov/Benefits/Pages/Pr

e-Retiree-Resources.aspx



# Questions? Retiree Benefits





# Thank you

### Congratulations on your retirement!



