

PERSPECTIVES

Active
Member
Edition

Planning for health insurance at retirement

The multitude of health insurance options available to PERS members at retirement can be confusing. As such, retirees can find themselves enrolled in health insurance plans that may not best serve their needs in the long term.

Retirees should carefully consider all the options available. As a part of that review, be sure to ask how long the program or plan will continue coverage, and inquire about the program options that will be available should coverage end because of age or other circumstances.

Following is a brief description of the health insurance continuation choices available to retirees.

Employer-sponsored retiree health insurance plans

Oregon statute requires Oregon public employers to make their group health insurance plans available to retirees and dependents until the retiree or dependent is Medicare eligible (at age 65 or as the result of an earlier disability).

These plans typically offer comprehensive benefits and rates similar or equal to those available to active employees, and are often the most ideal option for retirees. Some Oregon public employers pay all or a portion of the premium for their retirees.

Usually these plans are only available at retirement, and retirees who do not choose this option at retirement cannot enroll in an employer plan at a later date.

Spouse's employer-sponsored health insurance plans

Most employers allow an employee to enroll a spouse in the employer's group health insurance plan during an open enrollment period or if the spouse loses health

insurance. The additional premium may be paid by the employer or be charged to the employee.

COBRA continuation options

The Consolidated Omnibus Budget Reconciliation Act (COBRA) became law in 1986. Most employers are required to offer employees, spouses, and dependents continuation of health insurance coverage on a self-pay basis. Normally, this coverage is available for a period of 18 months following termination of employment.

Individual plans

Most health insurance companies market individual health insurance plans. These are policies issued directly to an individual and the premiums are usually age rated.

These insurance plans are not group insurance plans and an applicant may be rejected due to pre-existing medical conditions.

PERS-sponsored health insurance plans

PERS has offered health insurance to retirees and their dependents for more than 45 years. The PERS plans offer both Medicare supplemental plans and non-Medicare plans for retirees not yet eligible for Medicare.

PERS retirees with more than eight years of qualifying PERS service are eligible for a premium subsidy of \$60 per month from PERS if they are enrolled

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Full-cost “service time” purchases at retirement

PERS members who qualify can buy “service time” (retirement credit) to retire early or possibly increase the amount of their monthly retirement benefit.

Members who qualify can buy:

- military,
- out-of-state teaching,
- out-of-state police,
- wild land firefighter service, and
- duty/non-duty disability time.

For most of these purchases, the member must pay PERS the full cost of the monthly retirement benefits and cost-of-living increases. That cost can be substantial, particularly if the purchase allows a member to retire before reaching normal retirement age.

For a member who is not otherwise eligible to retire, the purchase cost can range from \$20,000 to more than \$100,000.

If a member is eligible to retire without the purchase, he/she can

Calling PERS

PERS staff tries to answer telephone calls as they come in, and calls are placed in queue and answered in the order they are received.

Our busiest days are Mondays and the first three business days of the month. Call volume increases from 8:30 to 10:00 a.m. daily.

still make a purchase to increase the monthly retirement benefit.

Each \$1 increase in a monthly retirement benefit generally costs from \$150-\$175 because the member is paying the full cost of the increase to PERS.

If you are interested in a full-cost purchase, complete the appropriate section of the Benefit Estimate form on the PERS website (<http://oregon.gov/PERS>).

The Benefit Estimate form is also available by calling Customer Service at 503-598-7377 or toll free 888-320-7377.

PERS will provide an estimated full-cost purchase amount with your benefit estimate.

Note that the final purchase cost will not be determined until you actually retire, and could change substantially from the estimated cost.

If you are eligible to retire and your monthly benefit would increase by...	The amount of your full-cost purchase could range from...
\$25	\$3,750 - 4,375
\$100	\$15,000 – 17,500
\$150	\$22,500 – 26,250

Health insurance *(continued from page 1)*

in Medicare Parts A and B and enrolled in a PERS-sponsored Medicare supplemental plan.

PERS has three health insurance enrollment opportunities for retirees:

- 1) within 90 days of receipt of the first retirement check,
- 2) within 90 days of initial Medicare eligibility, and
- 3) any time if enrolling from 24 months of previous coverage in an employer-sponsored group insurance plan. These enrollment opportunities are the same for the retiree’s spouse or dependent(s).

PERS retirees approaching Medicare eligibility must decide at that time if they want to enroll in a PERS-sponsored health insurance plan. The enrollment opportunity at the time of Medicare eligibility will most likely be the last chance retirees or dependents will have enroll in the PERS health insurance program.

If you have questions regarding the PERS Retiree Insurance Program, call 800-768-7377, or visit the PERS Retiree Insurance Program’s website: www.pershealth.com.

Tax savings are a benefit of Oregon Savings Growth Plan

One of the biggest benefits of contributing to the Oregon Savings Growth Plan (OSGP) is tax savings. Your pre-tax contributions reduce your taxable income dollar-for-dollar. And, you might be eligible for even more tax savings through a special tax credit associated with saving through OSGP.

A tax credit is a reduction in the amount of taxes you owe, and is taken when you file your annual income tax return. Under current law, if you qualify, you can claim a Saver's Tax Credit each year. The actual amount of your credit is based on your tax filing status and your Adjusted Gross Income (AGI), which must not exceed the limits allowed by the IRS.

OSGP is a 457 deferred compensation plan that provides public employees a convenient way to save for retirement. It allows employees of OSGP-participating employers to contribute a portion of their salary on a pre-tax basis.

Contributions and earnings continue to grow tax-deferred until distribution. All State of Oregon employees are eligible to participate in OSGP and other Oregon public employees are eligible to participate if their employer has adopted the Plan.

Participants can contribute up to 100 percent of monthly salary (up to the allowable limit) or as little as \$25 per month as their before-tax contribution. Contributions are deducted automatically from the participant's paychecks.

For more information visit OSGP on the web at: osgp.csplans.com or call 503-378-3730 or 800-365-8494 (toll free).

Retiring within 90 days?

PERS is offering Retirement Application Assistance Sessions statewide for members retiring within 90 days. This is a one-hour meeting with a PERS retirement counselor and is for members who:

1. Have already attended a One-Year Group Counseling presentation,
2. Are within 90 days of retirement, and
3. Are prepared to submit their retirement application(s).

At the session, a retirement counselor will:

- Explain the retirement application process,
- Provide a comprehensive review of application(s), forms, and supporting documents for accuracy and completeness,
- Notarize forms (optional), and
- Answer your questions regarding the retirement process and forms.

You can register on the PERS website at <http://oregon.gov/PERS>.

Perspectives is published by the Oregon Public Employees Retirement System for the benefit of PERS/OPSRP members and employers. Address all correspondence to **PERS, P.O. Box 23700, Tigard, OR 97281-3700**. PERS headquarters office is at **11410 SW 68th Parkway, Tigard, Oregon**. **Phone 503-598-PERS** or toll-free **888-320-7377**; **TTY: 503-603-7766**. Telephone hours are 8:30 a.m. to 5:00 p.m., Monday through Friday, except holidays. PERS' Internet address is <http://oregon.gov/PERS>.

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Online Survey

Does PERS Customer Service meet your expectations? How can we improve? Please take a short survey posted on the PERS website at: <http://oregon.gov/PERS>. The survey will be available through September 1, 2008. We will provide the results in a future issue of *Perspectives*.

PERS Presentations: August 2008 - December 2008

Registration is required. Register through the PERS website (<http://oregon.gov/PERS>) in the Education Sessions section. All presentations are free, including the financial planning sessions. Space is limited.

One-Year PERS Presentations

For members within *one* year of retirement

Albany	Sep. 3
Ashland/Med.	Aug. 22; Oct. 14, 28*
Astoria	Sep. 16
Bend	Aug. 6; Oct. 2*, 6, 9
Burns	Sep. 24
Coos Bay	Sep. 10
Corvallis	Oct. 9*
Eugene/Spgfld	Sep. 17, 20*; Oct. 15; Nov. 18*, 19; Dec. 17
Grants Pass	Nov. 17
Gresham	Oct. 7, 23*; Dec. 2
Hermiston	Sep. 17*
Hillsboro	Sep. 9; Dec. 9
Hood River	Sep. 4
John Day	Sep. 25
Klamath Falls	Oct. 20
La Grande	Oct. 21; Dec. 1
Ontario	Oct. 23
Oregon City	Nov. 5
Pendleton	Oct. 8
Redmond	Sep. 22
Roseburg	Sep. 8
Salem	Aug. 12*, 13; Sep. 10; Oct. 8; Nov. 12, 15*; Dec. 9*, 10
The Dalles	Oct. 6
Tigard	Aug. <u>4</u> , 11, 18 ; Sep. 13*, 22, 27*, 29; Oct. 6 , 11*, 20, 25*, 27; Nov. 8*, 17, 24; Dec. 1 , 6*, 8, 15 (dates in bold type are for education staff; underlined dates are for P&F staff)

These sessions cover:

Individual Account Program (IAP) // Retirement eligibility and calculating the retirement benefit // Benefit estimate review // Retirement option choices // Variable account after retirement // Work after retirement provisions // Health insurance // Cost-of-living adjustments // Taxes // Review of retirement application forms.

Dates with an asterisk (*) add financial planning information presented by PERS' education partner, AIG Retirement. Additional topics at these sessions include: Social Security and Medicare // Coordinating PERS benefits with other income sources // Planning for changing income and expense needs // Investment strategies for retirement.

Five-Year PERS Presentations

For members within *five* years of retirement

Albany	Oct.28
Ashland/Med.	Aug. 19
Astoria	Oct.1
Bend	Aug. 6; Oct 7
Coos Bay	Oct. 8; Nov. 6
Eugene/Spgfld	Aug. 11*; Oct. 16*
Grants Pass	Aug. 20*
Gresham	Nov. 4
Klamath Falls	Aug. 7; Oct. 21
La Grande	Oct. 21
Ontario	Oct. 23
Oregon City	Nov. 17
Pendleton	Sep.18*; Oct. 20
Roseburg	Sep. 9
Salem	Sep. 27*; Oct 8, 22*
Tigard	Sep. 8, 20*; Oct. 18*; Nov. 3, 22*, Dec. 13*

These sessions cover:

Individual Account Program (IAP) // Benefit Estimate Calculator review// Retirement benefit information // Work after retirement provisions.

Dates with an asterisk (*) add financial planning information presented by PERS' education partner, AIG Retirement. Additional topics at these sessions include: Social Security and Medicare // Coordinating PERS benefits with other income sources // Planning for changing income and expense needs.

Other group counseling sessions...

Early Career: retirement benefit information for PERS/OPSRP members hired January 1, 1996, or after.

Completing Your Retirement Forms: for those retiring within one year, this online session is an overview of the PERS and IAP service retirement application forms.

Oregon Savings Growth Plan Workshops: learn about the benefits of tax-deferred investing.

Visit the Education Sessions section of the PERS website (<http://oregon.gov/PERS>) for more information.