

## Thinking About Retirement?

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If you are considering retirement, you probably have many questions. As you plan this new phase of your life, Human Resources is ready to assist in the areas of retirement benefits, health and life insurance continuation, and University benefits available after retirement. We hope to help smooth the transition to retirement when you make that decision. Look over the materials enclosed in this packet and keep the following points in mind as you consider your retirement options:

- Once you have a fairly firm retirement date in mind, you should contact the University Benefits Administration Office. We would like to talk with you briefly 4 to 5 months before you retire. This will prevent hitting any snags at the time you retire. Actual application for retirement should be made approximately 3 months prior to retirement.
  - If you are in the TN Consolidated Retirement System (TCRS), you may do your own estimate by accessing the TCRS:
    - web site at <http://treasury.tn.gov/tcrs>
    - or by phone at 1-800-770-8277
  - If you are a participant of the Optional Retirement Program (ORP) with ING and/or TIAA-CREF, you should request an estimate of benefits from the company(ies).
- Average final compensation for TCRS members is the average of your 60 highest consecutive months (5 years) of salary. Longevity payments and faculty summer compensation are used in calculating this average.
- Faculty members on an academic appointment usually retire at the end of the spring semester. TCRS members may begin retirement benefits immediately following a May retirement. Although retiring in May, faculty members remain on the payroll through August 31 to draw the remaining academic year salaries. Faculty members in the ORP will retire after the final employer contributions are made on August 31.
- An employee who earns annual leave may remain on the payroll and exhaust all leave prior to the retirement date or receive a lump sum payment of the leave. We will be glad to assist you in making any necessary calculation. Lump sum payments for annual leave may not be included as salary or service credit for retirement purposes.
- If you are in TCRS, which is a defined benefit plan, your accumulated sick leave balance will apply as creditable service. Each 20 days of sick leave will equal one month of retirement credit. For ORP members, sick leave will count as service credit when calculating the premium for insurance continuation.

## **TCRS: Maximizing your Benefit**

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As you are setting your retirement date, please consider the following factors that affect your retirement benefit. Please contact the University Benefits Administration Office at 678-3573 or [benefits@memphis.edu](mailto:benefits@memphis.edu) for assistance or clarification of any of the factors.

- If you retire in the middle of the year, it is usually advantageous to make your date of retirement on or before July 1. This will allow your cost of living adjustment (COLA) to begin on the first available date – July 1 of the year following retirement. The TCRS COLA is up to 3%.
- Faculty members: If you teach summer school or work an extended contract on Career Ladder and the extended work will give you earnings in July, consider a date of retirement at the end of the regular school year versus the date in July. You may find that receiving a benefit from TCRS for the month of June, plus starting the first COLA payment one year sooner, will be more advantageous than the earnings for the extended contract. If you have earnings on July 1 or after, your first COLA will not start until two years following your date of retirement.
- The Social Security Integration Level (SSIL) is a factor in the TCRS benefits formula and is increased on January 1 of every year. If you retire at the end of the year, make your last day of work December 30 or before. Due to the SSIL factor, if you retire on January 1, your benefits may actually be less than if you retire on December 31. If you work into January, work the full month. Working through January will offset the loss due to the increase in the SSIL.
- If your longevity date is after June 30, consider a date of retirement on or before June 30. You will have to forfeit the longevity payment due after June 30, but you will start your COLA one year sooner. This is good for some, but may not work for others. Have your benefit estimated using June 30 and an estimate with date of retirement after you receive your longevity payment. If you elect to take the longevity payment, you will forfeit the first COLA for life. Your age, health, longevity payment, benefit amount, and the COLA amounts are all factors you will want to consider in deciding which is best for you.
- Annual leave can be taken by lump sum or you may quit work and extend the annual leave on a day by day basis until exhausted. If you take the lump sum payment, your TCRS benefit will begin the next day after you quit work. If you use the annual leave, the benefit will not begin until the day after you use the last day of leave. Depending on your circumstances, extending the leave may not be to your advantage unless you need the time to qualify for retirement, insurance, or the longevity payment.

## TCRS Retirees: Health Insurance Continuation under Age 65

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### Eligibility and Service Requirements

1. Must meet requirements for TCRS retirement: Age 60 with 10 years of service or 30 years of service regardless of age; age 55 with 10 years of service for early retirement.
  2. To continue current health plan, must be under age 65 and drawing a TCRS benefit check.
  3. *Minimum of 10 years of employment*
    - a. Enrolled in insurance plan 3 years or more immediately prior to retirement
    - b. Retirement benefits and insurance must begin immediately following termination of employment
  4. *Minimum of 20 years of employment*
    - a. Enrolled in insurance plan 1 year immediately prior to retirement
    - b. Retirement benefits and insurance must begin within 5 years following termination of employment
  5. After death of retiree, dependents may continue insurance if covered at the time of death; first 6 months are free. It is not based on dependent continuing to draw a joint and survivor check.
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### Application and Payment

1. Must apply for insurance coverage within 30 days of beginning retirement benefits; insurance may be delayed up to 5 years if retiree has at least 20 years of service and is delaying retirement benefits.
2. Application for continuation of health insurance is part of the retirement packet.
3. Premiums are based on health insurance plan enrolled in at time of retirement and years of service with the State.
4. Must remain in the same health plan at retirement but may change between the health plans each year during the Annual Enrollment Transfer Period.
5. Premiums are deducted from TCRS retirement checks. If premium is more than benefit, it is paid directly to Benefits Administration.

## Insurance Continuation after Age 65

There are four (4) parts to insurance continuation after retirement at age 65 and older. Three (3) of the parts are offered through Medicare; the fourth part is the Medicare Supplement Insurance (Medigap Policy Plan D) offered by the State of TN.

	Medicare			State of TN Medicare Supplement	
	Part A	Part B	Part D	TN Plan (administered by POMCO)	
<b>Coverage</b>	Hospitalization with \$1,316 deductible/stay	Office visits, outpatient services; \$183 deductible/year and 20% coinsurance	Prescription drugs; must choose between about 30 different plans	Some of the Medicare gaps; basic benefits, Part A deductible, skilled nursing coinsurance	
<b>2017 Monthly Cost</b>	Free	\$134*	Low: \$13.30* High: \$76.20* Ave: \$34.00	30+ year of service	\$ 88.47
				20 – 29 year of service	\$100.97
				15 – 19 year of service	\$113.47
				< 15 year of service	\$138.47
				Dependents	\$138.47
<b>Premium Deducted</b>	NA	Social Security check	Social Security check	TCRS: benefit check ORP: pay directly to State of TN	
<b>Coverage Effective Date</b>	Month turn 65	Month turn 65  However, may defer coverage until retirement; at retirement will be effective 1 <sup>st</sup> of the month following the termination of University coverage	Month turn 65  However, may defer coverage until retirement; at retirement will be effective 1 <sup>st</sup> of the month following the termination of University coverage	1 <sup>st</sup> of the month following termination of University coverage at retirement	
<b>How to Enroll</b>	Contact SSA: <a href="http://www.ssa.gov">www.ssa.gov</a> or 1-800-772-1213	Contact SSA: <a href="http://www.ssa.gov">www.ssa.gov</a> or 1-800-772-1213	After verifying in which company you wish to enroll, enroll through Medicare by phone, 1-800-633-4227 or online at <a href="http://www.medicare.gov">www.medicare.gov</a> ; may also enroll directly with chosen plan company	Complete enrollment form with Human Resources prior to last day at University	

\*Part B and Part D premiums could be higher based on income. May pay “income related monthly adjustment amount” if income was higher than \$85,000 if filing individual returns or \$170,000 if filing joint return.

## Medicare: Insurance Continuation for Retirees/Dependents over Age 65

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Medicare is administered by Social Security Administration. It is secondary insurance while you are employed and insured through the University. When you retire, Medicare Part A and B become primary and a Medigap Policy secondary.

There are 3 parts to Medicare:

Part A	Part B
<ul style="list-style-type: none"><li>• Hospitalization insurance</li><li>• No monthly premium</li><li>• 2017 annual deductible, \$1,316</li></ul>	<ul style="list-style-type: none"><li>• Medical insurance that covers doctor visits, outpatient services</li><li>• Monthly premium: \$134 (or higher depending on your income)</li><li>• 2017 annual deductible, \$183</li></ul>

Part D
<ul style="list-style-type: none"><li>• Prescription drug plan; choose between 30 different plans</li><li>• 2017 average monthly premium: \$42.17</li><li>• Medicare Standard Drug Coverage<ol style="list-style-type: none"><li>1. <b>Deductible:</b> You pay no more than \$400 of drug cost</li><li>2. <b>Initial Coverage Level:</b> Plan pays 75% and you pay 25% or other copayment until total drug cost reaches \$3,700</li><li>3. <b>Gap/Donut Hole:</b> You pay 40% of preferred brand name drugs and 51% of generics and non-preferred drugs until total out-of-pocket reaches \$4,950</li><li>4. <b>Catastrophic:</b> Plan pays 95% and you pay or 5% (small copayment) of drug cost</li></ol></li><li>• Some of the plans offer more coverage than the Medicare Standard such as a reduced or no deductible and coverage for some or all generics during the gap</li></ul>

More information regarding Medicare can be found through the following agencies:

- **Social Security Administration:** 1-800-772-1213 or [www.ssa.gov](http://www.ssa.gov); eligibility for Medicare, issue Medicare card, enroll in Part A and B
- **Medicare:** 1-800-633-4227 or [www.medicare.gov](http://www.medicare.gov); general information about Medicare, order Medicare booklets, enroll in Part D
- **State Health Insurance Assistance Program:** 1-800-525-2816; free insurance counseling services, help with choosing Medicare plans, Medigap policies, long-term health care policies, and other Medicare related questions.

## Supplement to Medicare: The Tennessee Plan

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There are 10 standardized Medigap Policies (Medigap Plans A-D, F, G, K, L, M, and N) offered through various insurance companies. These policies are designed to supplement and pay secondary to the Medicare Part A and B plans. You can contact Medicare for more information regarding each standardized Medigap Policy.

### What does the State of TN offer retirees?

The State offers one Medigap Policy called The Tennessee Plan. It is the same as the standard Medigap Policy Plan D.

Retirees and/or dependents must be age 65 or over and eligible for Medicare in order to participate. If spouse outlives the retiree, coverage may be continued, provided spouse is covered at the time of retiree's death.

Some examples of the Medicare Part A and B gaps that The Tennessee Plan covers are as follows:

- Part A deductible
- Hospital coinsurance
- Part B coinsurance

For more details, please see The Tennessee Plan brochure included in this packet or online at [http://tn.gov/assets/entities/finance/benefits/attachments/medsupp\\_brochure\\_17.pdf](http://tn.gov/assets/entities/finance/benefits/attachments/medsupp_brochure_17.pdf).

2017 Monthly Premiums		
Base monthly premium	\$138.47	
	STATE SUPPORT	YOU PAY
30+ years of service	\$50.00	\$ 88.47
20 – 29 years of service	\$37.50	\$100.97
15 – 19 years of service	\$25.00	\$113.47
Less than 15 years of service	\$ 0.00	\$138.47
Dependent (Spouse)	\$ 0.00	\$138.47

## Dental Insurance Continuation after Retirement

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If you were enrolled in dental insurance at the time of retirement, you have two ways to continue coverage. Coverage under both COBRA and retiree is the same as the active employee plans; Cigna Pre-paid plan and MetLife DPPO plan.

If you move out-of-state, you may only enroll in the MetLife DPPO plan. You can transfer to the MetLife DPPO plan within 30 days of your move.

You may also enroll or transfer between the retiree plans during the annual enrollment period (generally in the fall).

### COBRA

Under the COBRA law, you have the opportunity to continue dental coverage for up to 18 months. Following your termination of employment, the State of TN Benefits Administration will mail to your home your COBRA enrollment forms. You must return the COBRA enrollment forms within 60 days of your termination of employment date. The monthly premium is listed below; please note that the premium is 2% higher than the active employee premium. However, it is also lower than the retiree premium. The premium will be paid directly to the State of TN Benefits Administration.

### Retiree

If you are a TCRS retiree (drawing a benefit check) or an ORP retiree, you may also continue your dental coverage under the retiree plan after your COBRA continuation expires or if you simply wish to enroll immediately after retirement. You must complete the retiree plan enrollment form within 30 days from your termination of coverage (either active or COBRA). The monthly premium is listed below; however, please note that the premium is higher than the active employee and COBRA plans. The premium for TCRS retirees will be deducted from the TCRS benefit check. For ORP retirees, the premium must be paid directly to the State of TN Benefits Administration.

2017 Dental Insurance Premiums		
	Cigna Pre-Paid Plan	MetLife DPPO Plan
<b>COBRA</b>		
Employee only	\$13.25	\$22.82
Employee + child(ren)	\$27.51	\$52.47
Employee + spouse	\$23.48	\$43.17
Employee + spouse + child(ren)	\$32.28	\$84.46
<b>Retiree</b>		
Employee only	\$14.29	\$ 28.88
Employee + child(ren)	\$29.67	\$ 66.41
Employee + spouse	\$25.33	\$ 54.64
Employee + spouse + child(ren)	\$34.80	\$106.91

## **Basic Life Insurance Continuation after Retirement**

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The basic term life insurance is included with the health insurance as an active employee. In order to continue the life insurance at retirement, it must be converted to an individual life insurance policy through Securian (Minnesota Life). Securian (Minnesota Life) will send a conversion notice to retirees after insurance has ended through the University. If it is not converted within 31 days after the date of the letter, the insurance will terminate. Contact Minnesota Life (Securian) at 1-866-881-0631 with questions or inquires on conversion of life insurance.

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## **Optional Life Insurance Continuation after Retirement**

Retirees and/or their dependents in either the optional term or universal life program will receive a letter from the carrier for the policy concerning direct payment of insurance premiums. If insurance is continued, premiums will be paid directly to the life insurance carrier.

### **Optional Term Life Insurance with Securian (Minnesota Life)**

- Call Securian (Minnesota Life) at 1-866-881-0631 for your continuation and/or conversion options.

### **Optional Universal Life Insurance with UNUM**

- Call Unum at 1-866-298-7636 for continuation options.



## University of Memphis Benefits for Retired Employees

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Special privileges are extended to University of Memphis retirees to encourage and facilitate their work and personal contacts with other University faculty and staff members.

Included in these privileges are the following:

- Retired employees may have a new ID card made to reflect the new status as a retiree. The retiree ID card will be of valuable assistance in using campus facilities and obtaining other privileges. The Campus Card Office, located in 115 Wilder Tower, will issue the new card with an ID Card Authorization form. The ID Card Authorization form can be obtained from the University Benefits Administration Office.
- Use of library facilities
- University Store discounts
- Athletic discounts as outlined in Athletic Department policies
- Employees who retire with 10 or more years of University service are eligible to participate in the Staff Scholarship and Spouse/Dependent Discount programs. Subject to regular University admission requirements the Staff Scholarship program allows a retiree to enroll in up to 6 undergraduate or graduate hours per regular semester at no cost. The Spouse/Dependent discount offers a 50% tuition discount on undergraduate courses for spouse and dependent children through age 26.
- People age 60 or older or disabled may be eligible to audit classes at the University at no charge. There are very strict regulations governing this program. Please consult the Registrar's Office for additional information.
- Free use of campus recreation facilities by showing valid retiree ID card at the Recreation Center.
- Free access to general parking on campus. May obtain pass from Parking Office with valid UofM Retiree ID card.

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### Temporary Employment after Retirement

A retired employee may return to State service, without loss of benefits from TCRS, to teach up to 18 semester credit hours and/or work 120 days within a 12 month period. Compensation cannot exceed 60% of the retiree's final year's salary plus 5% compounded annually since retirement. A TCRS Temporary Employment form must be completed and returned to Human Resources to be filed with TCRS before the employment period begins.