

Getting Ready for Retirement

2024

Getting Ready for Retirement

This presentation summarizes the benefits you may be eligible for in retirement. For more detailed information, please refer to the Research Foundation Benefits Handbook.

You can also talk with staff in the Human Resources office about any questions you have.

Getting Ready for Retirement

- ❑ Health Care
- ❑ Dental Care
- ❑ Vision Care
- ❑ Life Insurance
- ❑ Vacation Payout
- ❑ Unused Sick Leave
- ❑ Retirement Plan Income
- ❑ Social Security Benefits

Retiree Health Care Coverage

Eligibility Requirements

- Age 55
- 10 years of full-time service (or equivalent)*
- Enrolled in the RF Health Plan at retirement
- Continuously employed by the RF for one year immediately prior to retirement

** Effective July 1, 2019: Service in a postdoctoral employee classified position, will not count towards Retiree Health Care Eligibility*

If you enroll, you must also enroll in Medicare Parts A and B when you first become eligible.

If you are not eligible, you can still continue coverage through COBRA for limited time or buy a new plan at www.healthcare.gov

Retiree Health Care Coverage

- ❑ Your RF Health Care benefits will continue after you retire if you meet eligibility requirements. Prior to reaching age 65 and Medicare eligibility, you are eligible to continue the RF-sponsored Health Care plan coverage and are required to pay premiums (if applicable).
- ❑ Upon reaching age 65 and becoming eligible for Medicare you (or your covered dependents) will transition off of the RF-sponsored Health Care plan.
- ❑ Medicare-eligible retirees and their Medicare-eligible dependents age 65 and older will be able to choose from a wide variety of health plans through Alight Retiree Health Solutions. You may elect to seek coverage through a non-Alight provider, but will not be entitled to the same administrative support retirees would receive through Alight.
- ❑ To help pay for this coverage, the RF will make an annual contribution to a Health Reimbursement Account (HRA) for most Medicare-eligible retirees and/or their Medicare-eligible dependents.

Retiree Health Care Coverage

For Retirees not Medicare-eligible and Under age 65

Your contribution depends on date of hire and date eligible to retire:

Hired before January 1, 1986 – No retiree contribution required for RF health coverage.

Hired on or after January 1, 1986 and before January 1, 2012

- Eligible to retire before Jan. 1, 2012 – [Retiree contribution](#) same as active employees.

- Eligible to retire on or after Jan. 1, 2012 – [Retiree contribution](#) based on years of service at the time you retire.

Retiree Health Care Coverage

For Retirees not Medicare-eligible and Under age 65

Hired 1986-2011 and not eligible to retire on or before Dec. 31, 2011

10 – 14 years of service at retirement

Retiree Contribution as a Percent of total RF Plan Cost

Age		
	Individual	Dependent
55 – 64	40%	85%

Retiree Health Care Coverage

For Retirees not Medicare-eligible and Under age 65

Hired 1986-2011 and not eligible to retire on or before Dec. 31, 2011

15 - 19 years of service at retirement

Retiree Contribution as a Percent of total RF Plan Cost

Age		
	Individual	Dependent
55 – 64	25%	55%

Retiree Health Care Coverage

For Retirees not Medicare-eligible Under age 65

Hired 1986-2011 and not eligible to retire on or before Dec. 31, 2011

20 or more years of service at retirement

Retiree Contribution as a Percent of total RF Plan Cost

Age		
	Individual	Dependent
55 – 64	15%	30%

Retiree Health Care Coverage

For Retirees not Medicare-eligible Under age 65

Hired on or after Jan. 1, 2012

Retiree Contribution as a Percent of total RF Plan Cost

10 - 14 years of service at retirement

Age		
	Individual	Dependent
55 - 64	80%	85%

15 - 19 years of service at retirement

Age		
	Individual	Dependent
55 - 64	40%	55%

20 or more years of service at retirement

Age		
	Individual	Dependent
55 - 64	15%	30%

Retiree Health Care Coverage

For Retirees not Medicare-eligible and Under age 65

Covering dependents?

You May:

Continue to cover eligible dependents who have been covered under your plan for at least one year before you retire until they become Medicare-eligible at age 65

You May Not:

Add dependents to coverage after you retire

Retiree Health Care Coverage

For Retirees not Medicare-eligible Under age 65

Thinking about changing coverage?

You May:

Change your RF coverage
or drop dependents
annually during open
enrollment

You **May Not:**

Re-enroll in RF Health
Plan if you drop
coverage

Retiree Health Care for Medicare-eligible Retirees and their Medicare Eligible Dependents

- ❑ Beginning with coverage effective for 2017, instead of enrolling in the RF-sponsored Health Care plan, individuals will be able to choose from a wide variety of health plans through Alight Retiree Health Solutions.
- ❑ To help pay for this coverage, the RF will make an annual contribution to a Health Reimbursement Account (HRA) for most Medicare-eligible retirees and/or their Medicare-eligible dependents.
- ❑ Participants can use HRA funds to be reimbursed for their individual Medicare Supplement, prescription drug, or Medicare Advantage plan premiums, as well as other eligible out-of-pocket costs, like copays and deductibles.
- ❑ The standard Part B premium is currently \$174.70 (or higher depending on your income).

Retiree Health Care for Medicare-eligible Retirees and their Medicare Eligible Dependents

2024 HRA Contribution

2024 HRA CONTRIBUTIONS	ANNUAL RF CONTRIBUTION			
	EMPLOYEES HIRED BEFORE 1/1/2012		EMPLOYEES HIRED ON OR AFTER 1/1/2012	
Service Category	Retiree	Spouse	Retiree	Spouse
10-14YOS	\$2,652	\$0	\$0	\$0
15-19YOS	\$4,721	\$173	\$3,487	\$173
20+YOS	\$5,518	\$4,032	\$5,518	\$4,032
All current retirees under pre-2012 rules and employees eligible to retire under pre-2012 rules	\$5,518	\$5,518	n/a	n/a

Retiree Health Care for Medicare-eligible Retirees and their Medicare Eligible Dependents

- ❑ You **must enroll in Medicare Parts A and B:**
 - If you are retired, apply for Medicare **3 months** before you turn 65.
 - If you are still working at 65, **3 months** before you plan to retire.
 - If you are the domestic partner of an RF employee, apply **3 months** before you turn 65 whether or not the RF employee is still working.
- ❑ To continue prescription drug coverage, you will need to purchase a Medicare Part D drug plan.
- ❑ As you approach eligibility for Medicare, you will receive an education package from Aight Retiree Health Solutions with complete information about obtaining individual health care coverage.
- ❑ You'll also learn more about the benefits this change will bring and the helpful resources that will be available to you through Aight Retiree Health Solutions.
- ❑ If your eligible dependent is Medicare-eligible and age 65, they will elect coverage through the exchange as well.

Dental and Vision Care

- If you qualify for Retiree Health Care, you may continue dental benefits as long as you wish by paying the full premium.
- If you don't qualify for Retiree Health Care, you may continue dental benefits under COBRA for 18 months while paying the full premium plus a small administrative fee.
- Whether or not you qualify for Retiree Health Care, you may continue vision care benefits under COBRA for 18 months while paying the full premium plus a small administrative fee.

Life Insurance Benefits

- Life insurance under the RF group policy ends on your last day of employment.
- You may continue coverage for up to 12 months by paying premiums directly to Securian Financial. At the end of the 12 month continuation period, you may be eligible to extend coverage through an individual life insurance policy. To request continuation, contact Securian Financial within 31 days of your last day of employment by calling 877-491-5265.
- Evidence of insurability is not required to continue or extend your coverage, but you must contact Securian Financial within 31 days.

Unused Vacation and Sick Leave

- ❑ Up to 30 days of unused vacation will be converted to a dollar amount based on your final pay rate, and paid to you as taxable income. Any tax-deferred elections will also come out of that check. **All timesheets or exception reports must be submitted before you retire.**
- ❑ Unused sick leave is not paid out. If you **qualify** for Retiree Health coverage, a retirement plan contribution will be made on the value of the unused sick leave up to 200 days, *even if you don't elect to continue health coverage as a retiree.*
- ❑ Example: 50 days leave x \$150 daily rate of pay = \$7,500 value
\$7,500 value x 10% contribution rate = \$750 contribution

Sick Leave Contributions and IRS Limits

- ❑ The IRS imposes earnings and contribution limits for the retirement plan, which can affect individuals who are highly paid and have the maximum sick leave accruals.
- ❑ The maximum compensation on which retirement plan contributions can be based is \$345,000 in 2024. This limit is calculated on your year-to-date gross earnings (including your final payouts) as well as the value of the sick leave, which can cause certain individuals to exceed the maximum compensation under the plan.
- ❑ If this combined value exceeds the limit, the RF will calculate the full benefit the plan would have paid and pays as much as possible under the plan as a retirement plan contribution. The RF then makes a taxable payment of the remainder to the employee. It will be reported on the employee's W-2 for the year it is paid.

Sick Leave Contributions and IRS Limits

- Highly paid employees with large sick leave balances may wish to consider the timing of their retirement within the calendar year. Retiring earlier in the year may prevent reaching the compensation limit and the need to make a taxable payment. However, for individuals with a split contribution rate it may affect the contribution amount based on your year to date gross at the time of retirement.
- **We recommend that you consult with your tax advisor to help determine which retirement date makes sense for you, and whether you may be able to deposit this taxable payment into an individual IRA.**

Final Pay and Retirement Contributions

- In order for Retirement Plan contributions to be made on your final compensation (including vacation pay-out), the compensation must be paid to you within the calendar year you retire, or within 75 days of the date you retire if later.
- That's why it's important to submit your final timesheets no later than your retirement date.

Retirement Plan Income

You can start receiving Retirement Plan income anytime after you retire and can choose from the following distribution options:

One-life Annuity

Pays you an income for as long as you live

Two-life Annuity

Pays you and your annuity partner income for as long as either of you live **One- or Two-life**

Annuity with Guaranteed Period

Guarantees income for up to 20 years

Fixed Period

Provides income for a set period of time; payments stop at the end of the period

Qualified Distributions from Roth Accounts

With the Roth option, your after-tax Roth contributions also accumulate tax deferred, but may be taken tax free in a qualified distribution. A qualified distribution is one that occurs at least five years after the year of your first Roth contribution and is maybe either on or after attainment of age 59 1/2, on account of disability, or on or after death.

Retirement Plan Income

Interest Only

Pays the current interest earned on your TIAA Traditional Account in monthly payments

Lump Sum

A withdrawal of all or part of your account in a single cash payment (not permitted with TIAA Traditional). NOTE: Lump sums taken before age 59-1/2 can have significant tax consequences.

Transfer Payout Annuity (TPA) Option

Ten equal annual payments from TIAA Traditional Annuity

Systematic Withdrawals

Regular income payments that you specify and can be changed or suspended at any time

Retirement Plan Income

Minimum Distribution Option

Allows you to automatically take the required minimum distribution after age 73.

FEDERAL TAX REQUIREMENT

A “Required Minimum Distribution” or RMD must begin by April 1 following the later of:

- the year you reach age 73, or
- the year you terminate RF employment

If you do not arrange to take the RMD, RF authorizes TIAA-CREF to pay you automatically so you can avoid the IRS tax penalty, which is equal to 50% of the RMD you should have taken. If you have plans from more than one employer, you should consult a tax advisor to ensure you receive the required amount among all your plans.

**Required minimum distributions are not required for Roth accounts during your lifetime, but will be required after your death in a manner similar to pre-tax deferral accounts.

Retirement Rollovers

You can transfer your Retirement Plan accumulations to another retirement plan that will accept them, or to an IRA.

Direct rollovers – from one plan to another – are not taxable and not reported to the federal government as income.

Retirement Plan Income

For more information ...

- Refer to the *Research Foundation Benefits Handbook*
- Contact TIAA at:
 - 1-800-842-2252
 - www.tiaa.org
 - www.tiaa.org/rfsuny

Taxation of Retirement Income

Consult with your tax advisor about your own situation. These federal and state publications may be helpful.

- *IRS Publication 554 - Tax Guide for Seniors*

www.irs.gov

- *IRS Publication 575 – Pension and Annuity Income*

www.irs.gov

- *NYS Publication 36 - General Information for Senior Citizens and Retired Persons* www.tax.ny.gov

Social Security Benefits

- While you are working, you and the RF pay Social Security taxes to fund your Social Security retirement benefits.

- You can start collecting Social Security as early as age 62, but you will not receive the full benefit unless you delay collecting until your Full Retirement Age:
 - Born before 1938: Full benefit at age 65
 - Born 1938 – 1942: Full benefit between age 65 and 66
 - Born 1943 – 1954: Full benefit at age 66
 - Born 1955 – 1959: Full benefit between age 66 and 67
 - Born 1960 and after: Full benefit age 67

Social Security Benefits

- Early Retirement benefits increase for each year you delay starting payments. For example someone born 1943-1954 would receive 75% of full benefit at age 62, 80% at age 63, 86.6% at age 64, and 93.3% at age 65.
- If you delay starting Social Security income beyond your Full Retirement Age, you will earn “delayed retirement credits” for each month you delay up to age 70. For example someone born 1943-1954 would receive 132% of the full benefit by starting to collect at age 70.

Ready to Retire?

- 1 Get Ready!** Contact your campus benefits office 3 months in advance to verify your retiree health benefit eligibility and related costs. If you continue health coverage as a retiree, you and your covered spouse (if applicable) **must** enroll for Medicare Parts A and B when you become eligible to ensure maximum benefits under the plan. Contact TIAA for payout options under your retirement plan(s).
If eligible, contact Social Security 3 months before you want to collect a benefit.

Ready to Retire?

2 Get Set! Once you decide to retire, notify your supervisor and your HR office as soon as you can, preferably 3 months prior to retirement. Contact TIAA to complete and return the necessary paperwork within 30 days prior to your retirement date.

Ready to Retire?

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Retire!

You will receive a packet containing: 1) a letter from the benefits office upon retirement, outlining the status of your benefits and which ones can be continued, with the necessary forms; and 2) The Retiree Benefits Handbook

After you retire, you can access the Retiree Benefits Handbook and other information at www.rfsuny.org/retirees. You will continue to receive the Benefits Bulletin each year if you have Retiree Health Coverage.

Additional Resources

Social Security

www.ssa.gov

Medicare

www.medicare.gov
1-800-633-4227

Medicare & Medicaid

www.cms.gov

NY State Office for the Aging

www.aging.ny.gov

TIAA

www.tiaa.org/rfsuny
1-800-842-2252

US Dept. of Labor

www.dol.gov/ebsa/publications/nearretirement.htm

Alight Retiree Health Solutions

<http://retiree.alight.com/rfsuny>

1-844-689-7837