

SAN JUAN COLLEGE

Planning for Retirement

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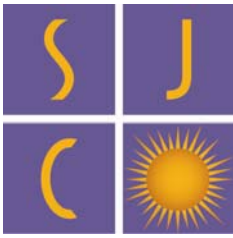


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Planning Your Retirement

Preparing for your Retirement

Plan your retirement in a businesslike manner so that it can be handled efficiently and with the greatest advantage to you.

One or two years before your actual retirement, communicate in writing or in person with the Educational Retirement office to be sure you have received credit for all of your covered employment in New Mexico. You may also check on allowed credit for military, federal, out-of-state, or U.S. Military service that you may have purchased.

One year before retirement. As you approach retirement, you may want an estimate of your projected benefits. Please direct your inquiries to the Educational Retirement Board giving specific information on when you plan to retire, your current annual salary, and the birthday of your beneficiary (if you elect an option). You may be able to estimate the amount of your own benefit by applying the formula described in this handbook.

You should, at this time, obtain verification of your date of birth and verification of date of birth for the person whom you may name as your beneficiary in the event you elect Option B or C upon your retirement. Acceptable verifications include a birth certificate, baptismal certificate, or passport.

The ERB web site, www.era.state.nm.us, has a benefit estimate calculator that provides estimates; the accuracy of your estimate depends on how closely the variables you enter match those at the time of retirement.

Get a Ballpark Estimate of Your Retirement Needs

The American Savings Education Council (ASEC) has a savings tool—the ***Ballpark Estimate*** worksheet—that can help you plan and save for a comfortable retirement. By simplifying some issues, such as projected Social Security benefits and earnings on savings, ***Ballpark*** offers users a way to obtain a rough first estimate of what you'll need for retirement. Copies of the Ballpark estimate worksheet are available on ASEC's web site www.asec.org and at www.choosetosave.org.

Request for Retirement

Notification of an employee's intent to retire should be submitted to the Human Resources Office and the appropriate Vice President at least three months before the desired retirement date.

To begin the retirement process, you must complete an Application for Retirement form (available in the Benefits Office) and provide documents of birth verification for you and that of your beneficiary if selecting Option B or C. To ensure that your retirement process moves smoothly, you should complete the application 60-90 days before your retirement date.

ERB will directly send you a comprehensive application and information regarding projected benefits.

Effective Retirement Date

Retirement dates are the first of the month following a month in which the member had earnings. The only exception is that the retirement date for a member on a 9 or 10 month contract completing the academic school year is set by state statute as of July 1.

Retirement applications must be received in the ERB office by the last day of the month prior to the retirement date. For example, a July 1 retirement application must be received by the last working day of June in order to be effective. Applications for July 1 retirement dates received in the month of retirement will be moved to the next month's retirement date.

Retirement Eligibility

The Educational Retirement Board (ERB) is a DEFINED BENEFIT plan. The monthly benefit upon your retirement is based on a formula that determines your pension.

When Can I Retire?

As a member of the Educational Retirement Board (ERB) you are eligible to retire when you meet one of the following criteria:

- * 65 plus 5: age is 65 or more with at least five years of earned service credit.
- * Rule of 75: age plus earned service credits add to the sum of 75 or more.
- * 25 and Out Rule: 25 years of earned and allowed service credit totaling 25 or more years.

Reduction of Benefit

If you are under age 60

Age 59 to 55 – reduce benefits 2.4% each year under 60
e.g. age 55 = 12% reduction.

Age 54 to 51 – reduce benefits 7.2% each year
e.g. age 51 = 40.8% reduction.

Under the 25 and out option there is NO penalty for being under age 60.

Deferred Retirement

If a member is eligible to retire, there is no advantage in deferring retirement beyond age 60, as the benefit does not increase beyond that age when the member is on deferred status. The member who is on deferred status, and becomes eligible for benefits, forfeits all benefits from the date of eligibility to the date application is made for retirement

Here is an example of deferring a retirement benefit: Mary has 20 years of earned service and qualifies for retirement at age 55. She will be terminating her employment by age 55. Her monthly benefit of \$1,000 is decreased by the age penalty of 12% (2.4% per year for each year under 60 for the “Rule of 75” option). Her retirement benefit would be \$880 until cost of Living Allowances begin at age 65. Deferring her benefit to age 60 would increase her benefit to \$1,000 (no age penalty) but cost her \$52,800 (\$880 x 12 months x 5 years)). Mary would begin her admittedly large pension \$52,800 in the hole. Should would break even on this option just before her 87th birthday.

Alternative Retirement Plan

The Alternative Retirement Plan (ARP) is a DEFINED CONTRIBUTION plan. The monthly benefit upon your retirement is based on the amount you have contributed during your career. This plan is limited to selected positions in Faculty and Professional Staff.

Eligible employees may purchase annuities in either TIAA-CREF or VALIC. Eligible employees of the College, as first time new hires, may elect to participate in an alternative retirement plan in lieu of Educational Retirement Act.

- Employee contribution is 7.75%, this amount will increase by .075% through July 1, 2008.
- Employer contribution is 7.15%, this amount will increase through July 1, 2011.

Retirement Eligibility Requirements

If you elect to participate in the Alternative Retirement Plan instead of the Educational Retirement Board Plan, you must contact your alternative plan carrier for eligibility rules. TIAA-CREF can be reached at 800-842-2009 or on the web at www.tiaa-cref.org. VALIC can be reached at 800-448-2542, www.valic.com.

Service Credit

May be either “earned” or “allowed”

Earned Service

Earned service is credit for employment with an administrative unit in New Mexico. ERB defines administrative units as public schools, universities, junior colleges, technical and vocational institutions and state special schools.

In order to earn service credit a member must work more than .25 of the full-time equivalent for the job. The member contributes 7.75% of his or her per-tax earnings through a payroll deduction.

Sabbatical Leave and Leave of Absence

Earned service credit is granted for paid sabbatical leave for which contributions have been made. Service time is not earned for unpaid sabbatical leave or leave of absence.

Restoration of Earned Service Credit

A member may restore his/her contributions that were previously refunded and receive credit for the years involved by “buying back” as many years as desired up to the maximum withdrawn. Active or inactive members may buy back this service time. Withdrawn or refunded service time may not be purchased after the member has retired from ERB. Employees may buy back earned service in one of two ways:

1. Members may make a lump sum payment to buy back all or part of their withdrawn service; or
2. Members may “roll-over” retirement contributions from another plan to the ERB plan to the extent allowed by the IRS. This provision allows members to transfer funds from another retirement plan like ours, which is a 401(a) plan, or 403(b), or an IRA.

If the member subsequently withdraws contributions or the member dies prior to his/her retirement, the interest paid on restored contributions is not refundable.

Allowed Service

Five types of allowed service credit may be purchased and credited to a member’s account under the ERA. Allowed service credit is included in the computation of the member's retirement benefit and is also included in determining retirement eligibility in the "25 and Out Rule," but is **not** included in determining eligibility for retirement under the "Rule of 75".

- * Cost is actuarial, 18% to 68% of salary.
(Actuarial cost is approximately 30 to 40 percent of salary)
- * Can write a check, payroll deduction, 401(a), (k) or 403(b) rollover.
- * Can purchase up to 5 years of:

- * Out-of-state employment in a public or accredited private school or a public institution of higher learning.
- * US Military Dependents School
- * Federal Educational Service in New Mexico
- * New Mexico Private School Experience

Military Service

- * Must be purchased within 3 years of initial date of employment.
- * Cost is 10.5% of annual salary for all years of covered employment.
- * Maximum of 5 years can be added to other allowed years.

Retirement Benefit

Benefit Formula

Retirement benefits are determined by a formula. The formula includes three components: the final average salary (FAS), the number of years of service credit, and the constant multiplier of .0235.

$$\text{FAS X Years of Service Credit X .0235} = \underline{\text{Annual Benefit}}$$

The **Final Average Salary** and is the greater of:

- The member's average annual earnings in the last twenty calendar quarters (5 years) preceding retirement; or
- The member's average annual earnings in any twenty consecutive calendar quarters in which there are earnings.

A reduction of a member's benefit is applicable only when the member is less than age 60 and has less than 25 years of earned service credit. The reduction is 2.4% for each of the first five years under age 60, plus 7.2% of each year under age 55.

Disability Retirement

A member may be eligible for disability benefits:

- After he or she has completed ten years of earned service credit;
- Is totally disabled and unable to continue employment; or
- Unable to gain or retain other employment commensurate with his or her education, background and experience.

In order to receive benefits, the disabled member must have terminated employment because of the disability and must file an application with the ERB. This application must include a full accounting of the disability by a personal physician or physicians including a diagnosis and prognosis. The member must also have an examination by physicians appointed by the ERB. The cost of this examination is borne by the Board, but transportation and other personal expenses incurred by the applicant in presenting himself for such an examination are paid by the applicant.

The disabled member may file an application for benefits prior to termination of employment. However, the effective date of the benefit will be the first day of the month following termination of employment, or the first day of the month following the filing of application with the Retirement Board, whichever is later.

The annual disability benefit is approximately one-third of the member's Final Average Salary.

Continuing of Disability Benefits

Prior to becoming age 60, the disabled member's case is reviewed by the Retirement Board annually or more frequently if necessary. If the results of a review show that the disabled member is able to return to work, the benefits are stopped.

Subject to severe penalties, the disabled member is required to report any substantial improvement in his or her physical condition within 30 days after such improvement is known.

When a disabled member becomes age 60, a member is deemed to have retired and, thereafter, the disability benefit becomes a retirement benefit, subject to a reduction if the member elects Options B or C. The member is no longer subject to removal from status due to an improvement of condition.

Cost of Living Adjustment (COLA)

The first COLA adjustment to a retiree's annuity will be made on July 1 of the year in which the retired member reaches age 65, or on July 1 of the year following the member's retirement date, whichever is later. Thereafter, each July 1, a retiree's annuity will be adjusted by either one-half the percent change in the Consumer Price Index of the preceding calendar year or four percent, *whichever is less*. The annual adjustment shall be no less than two percent unless the CIP is less than two percent. In this case, the COLA will be the same as the percent change in the CPI.

There is no exception to the COLA age requirement of 65. A COLA adjustment is provided for those members who retired under a disability retirement or anyone who retired under a regular retirement who can provide evidence to the ERA medical review board that they were disabled at the time of retirement. The adjustment is calculated as described above and will occur on July 1 of the third year following retirement.

Taxes

Your retirement benefit is subject to federal and state income tax. At the time of your retirement, you will be given a tax deduction form to designate your tax withholdings. ERB will withhold taxes from your benefit and will provide you with a 1099R at the end of the year.

Pension Payments

Pension checks are paid on the last working day of the month. For example, a July 1 retiree will receive his or her first benefit payment on the last working day of July. The first few payments will be an estimated amount since the actual earnings have not been reported to the ERB at the time of your first payment. After the actual earnings are reported, the benefit will be recalculated and adjusted when needed.

The ERB has the capability to electronically transfer your retirement benefit into your account at the bank or certain credit union. The first deposit will be mailed to the bank or credit union and will be available several days after the last working day of the month. Thereafter, your benefit payment will be available on the last working day of each month.

Retirement Benefit Options

Three options for retirement benefits are available to you. You must make a final selection on your “official” retirement papers that you will receive from ERB in Santa Fe. An important consideration to remember when selecting a beneficiary is that once you have made a selection, at the time of your retirement, you CANNOT later change that beneficiary.

1. Normal Option - if you elect the Normal Benefit there is no reduction to the monthly benefit, and there will be no continuing benefit due a beneficiary or estate upon death, except the balance, if any, of contributions. Those contributions are usually exhausted in 2 to 3 years.
 - Largest benefit amount.
 - Ends at retiree’s death.
 - Beneficiaries only get balance (if any) of the members contributions as a lump sum.
2. Option B – if you elect Option B, the monthly benefit is reduced to provide the 100% survivor’s benefit. The reduced benefit is payable during your life with the provision that, upon your death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement since the amount of the option is calculated by using both the age of the member and the beneficiary.
 - Benefit is reduced.
 - Beneficiary gets same benefit if member dies.
 - Member goes back to Normal option if beneficiary dies first.
 - Reduction is based on member and beneficiary’s age; higher if member older and beneficiary younger.
 - Beneficiary is spouse or other no more than 10 years younger.
3. Option C – if you elect Option C, the monthly benefit is reduced to provide a 50% survivor’s benefit. The benefit is payable during the life of the member with the provision that, upon the retiree’s death, one-half of the member’s benefit is paid to the beneficiary for his or her lifetime.
 - Benefit is reduced.
 - Beneficiary receives 50% of member’s benefit if member dies.
 - Reduction is based on member and beneficiary’s age (non-spouse can be more than 10 years younger).
 - Reduction is less than Option B.
 - If beneficiary dies, member’s benefit goes to Normal option.

Options before Retirement

Any member who has accrued at least five years of earned service credit is entitled to the coverage of Option B from that point to the point of actual retirement, provided that the member’s contributions remain in the fund. This coverage provides protection of funds to the beneficiary in the event of the member’s death prior to actual retirement. Under the Option B coverage provided, the member must name one beneficiary; however, that named beneficiary can be changed as often as needed prior to the member’s actual retirement.

If a member who has chosen the Option B coverage should die prior to actual retirement, the deceased member's retirement benefit would be computed as of the first of the month following the date of death, and the appropriate benefit due the beneficiary may be commenced as of that date. The beneficiary may choose to defer receipt of the deceased member's benefit to any future date up to the date on which the deceased member would have become age 60, had he or she lived.

If you elected Option B on the Educational Retirement Board's beneficiary form, your beneficiary will have the following choices:

1. Receive a lump sum distribution of your contributions, plus interest.
2. Receive a monthly lifetime benefit as if you had retired.
3. Defer receipt of the lifetime monthly benefit up to the time you would have attained age 60.

If you had denied Option B coverage or have fewer than five years of earned service credit, the beneficiary or estate is eligible to receive a lump sum payment of your contributions plus interest.

Reciprocity ERA/Public Employees Retirement Association

The ERA/PERA reciprocity Act allows service credit under PERA and ERA to be combined for retirement eligibility and benefits. The member should ask the PERA office to verify that service to ERA and vice versa. The retirement application must be filed with the system where the member is last employed. Educational employees having credit under PERA should contact the Educational Retirement Board office six months prior to retirement for an analysis of credit which may be due under this Act. Failure to notify the ERA of such service will result in a loss of benefits for that reciprocal service.

Employment after Retirement

Working after Retirement

There is no limit on a retired member's earnings if the employer is not covered by the provisions of the Educational Retirement Act. City, state or county, the federal government, private schools, public schools in another state, BIA schools, Walmart, Bill's Insurance Agency... are all Non-ERA covered employers and have no effect on your pension

\$15,000 or .25 FTE

A retired member may work with an ERA covered employer and earn up to \$15,000 (for FY 2006) or an amount calculated under the .25 or less F.T.E (full-time equivalency) provision, whichever is greater, without affecting retirement benefits. The salary is calculated on a fiscal year basis, (*July 1 through June 30*). The determination of whether a position equals .25 F.T.E. is made by the employer. If the member exceeds the established limits in a fiscal year, he or she shall be considered to be removed from retirement status and shall forfeit the retirement benefits starting on the first day of the month in which cumulative earnings exceed \$15,000 or the 25% F.T.E. provision. It is the member's responsibility to monitor their earnings from an ERA sponsored employer so that they do not exceed the maximum earnings.

Contractors

ERA retirees may contract for services to ERA employers and continue to earn their pension. A retiree may earn an unlimited amount and have no effect on their ERA pension. The employer and employee must follow the IRS rules concerning who qualifies as a contractor vs. an employee.

“Return to Work” Program

The Return to Work Program allows all educational retirees (not just teachers) to return to work after taking a 12 consecutive month layout from any kind of work for an ERA covered employer. That layout must have been in the 12 months immediately preceding the return to work date. This option is the ONLY option for those who retired after January 1, 2001. The re-hired RTW employee continues to receive ERA pension benefits but does not earn service credits toward future retirement benefit improvement. The employee does not make contributions to the retirement fund. A Return to Work application must be sent to ERB in Santa Fe and approved before moving to a different employment status.

Employees who retired before January 1, 2001 and are current employees (substitutes, contractors, .25 FTE) may return without any layout period. A Return to Work application must be sent to ERB in Santa Fe and approved before moving to a different employment status.

Another Return to Work option is for employees who **retired before January 1, 2001 and suspended their retirement.** This means you canceled your retirement and became an active, contributing, ERA member after retiring the first time. The employee must have had a 12 month layout at some time and must terminate current employment and complete a **90 day layout period, which does not include scheduled breaks (summer, winter, or spring**

breaks), vacations, or sick leave. For a teacher the 90 day layout is approximately equivalent to a full semester. If you qualify and are interested in this option please call your nearest ERA office about specific layout dates. A Return to Work application must be sent to ERB in Santa Fe and approved before moving to a different employment status.

Re-employment of Retirees

Retirees may return to full-time employment covered by the ERA at any time. When this occurs, the member must notify the ERB in writing. The retirement benefit is canceled, and the member becomes an active contributing member again. Upon re-retirement, the benefit is re-computed giving consideration to the additional service credit and salary acquired during reemployment. In no case will the benefit be less than it was at the time of first retirement.

While a retired person's benefit is canceled if he returns to covered employment, the "Option" or type of benefit previously chosen remains in effect throughout periods of reemployment and subsequent retirements. For example, if a member chose Option C at the time of his or her first retirement, and dies during a period of reemployment while benefits were canceled, the member's surviving beneficiary would begin receiving monthly benefits under the terms of Option C. If the member re-retires, his or her benefits are recalculated at the Option C level.

Social Security Eligibility

Social Security pays benefits when you retire, become disabled, or die, provided you have met the eligibility requirements. To qualify for Social Security benefits, you must be fully insured, which means you must have the required number of *credits under Social Security. Most workers need 40 credits to qualify which equals 10 years of work.

*A "Social Security credit" is the measure of a person's work under the Social Security program. SSA uses a person's total covered yearly earnings to figure Social Security credits for both wages and net earnings from self-employment. The amount needed for a credit increases automatically each year that average wages increase. For 2004, workers generally receive one credit for each \$900 of earnings. For 2003, the amount of earnings for one credit is \$890. A worker can receive a maximum of four credits for any year.

Reduced Benefit before Your Normal Retirement Age

You can begin collecting Social Security benefits at age 62, but the monthly benefit will be less than if you wait to start collecting benefits until your normal retirement age. The amount of reduction to your benefits depends upon your age when the benefits begin.

Full Benefits

The Social Security Administration is gradually increasing the "normal" retirement age for persons born after 1938.

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Late Retirement

Some people decide to continue working full-time beyond retirement age. In that case, one can increase their Social Security benefit in two ways:

- Each additional year a person works adds another year of earnings to their Social Security record. Higher lifetime earnings may result in higher benefits when one retires.
- In addition, a person's benefit will be increased by a certain percentage if he/she delays retirement. These increases, called delayed retirement credits, will be added in automatically from the time one reaches full retirement age until that individual starts taking benefits or reaches age 70.

If you wait until after your “full retirement age” to start collecting your Social Security benefits, you will earn “Delayed Retirement Credits” up to age 70. Your monthly benefit will be increased by a percentage factor depending upon the year you were born and the age you start collecting benefits.

Working after Retirement

In 2003, if you are age 65 or over, you have attained the full retirement age. If you are under age 65 throughout 2003, you are allowed to earn \$11,520 with no reduction to your Social Security benefits. If your earnings exceed the \$11,250, then one dollar of benefit is withheld for every two dollars you earn above the \$11,520.

When you reach Full Retirement Age (FRA) you no longer need to report your earnings to Social Security. You do, however, need to report earnings for those months in the calendar year before the month you reach FRA. For example, if you reach FRA in May, you would need to report your earnings for the four earlier months. During those months before you reach FRA, your benefits would be reduced \$1 for each \$3 you earned over the limit (\$30,000 in 2002 and \$30,720 in 2003).

Taxable Income

Some people who get Social Security benefits have to pay income taxes on them. This will apply to you only if you have other substantial income in addition to your benefits (for example, wages, self-employment, interest, dividends and other taxable income that you have to report on your tax return). No one pays taxes on more than 85 percent of his or her Social Security benefits and some pay on a smaller amount, based on these IRS rules. These rules are available on the Social Security web site.

How to Contact the Social Security Administration

To contact the Social Security Administration call 1-800-772-1213. You can visit their web site at www.ssa.gov. You should contact Social Security about two to three months prior to the date you wish to start collecting your Social Security benefit.

Health Insurance Eligibility

If you retire and meet the eligibility guidelines for an Educational Retirement Board or Alternative Retirement Plan benefit, you may continue your health insurance.

The insurance plan provisions in effect at the time of retirement will continue unless the college contracts with a different carrier. In this case, any changes to the plan will affect the retirees as other College employees. Retirees are considered “active” in this regard.

Premiums

The college will continue to share the premium expense for medical, dental, and vision insurance at a 60/40 split. You pay 40% of the insurance premium, and the college will contribute the other 60%. The Business Office will bill you quarterly for the premium payments.

Surviving Coverage

After the death of a retiree, the surviving spouse and/or dependent family members will not be eligible to continue participation in the College’s plan. However, the surviving dependents will be eligible to convert coverage under Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) rules and continue insurance coverage for 36 months. The premium for the elected COBRA coverage is 102% of the (combined 60/40) total premium.

Health Insurance Coverage - Under 65

Retirees under the age of 65 maintain the same level of coverage as active SJC employees.

Health Insurance Coverage - Over 65

If you are 65 years of age or older and/or you are covered by Medicare; Medicare will be your primary coverage (your claim is processed through Medicare first). Your health insurance carrier will be your secondary coverage (your claim will be processed through medical insurance second). Your health carrier will receive a claim form with a Medicare Explanation of Benefits (EOMB). The Medicare EOMB tells your health carrier how Medicare processed and paid your claim. Health carrier will pay the claim at the PCP coordinated level, the In-Network level or the Out-of-Network level depending on the type of provider you received services from.

The copay or deductible and coinsurance are your responsibility because your **Health Insurance Plan is not a supplemental policy**; it is the same plan utilized for active employees. The State of NM and San Juan College have an agreement that employees who retire from the College are eligible for the same medical benefits as an active employee.

What is Medicare?

Medicare is a federal health insurance program for persons age 65 and over. Medicare is also available for certain disabled persons who have been receiving Social Security benefits for two years. Medicare is a traditional indemnity or fee-for-service insurance plan. If you are receiving Social Security Benefits, you will automatically receive your Medicare Part A card in the mail when you turn 65. If you are over 65, you must contact the Social Security office call 1-800-772-1213.

There are two parts to Medicare: Hospital Insurance (Part A) and Medical Insurance (Part B). Generally, people who are over age 65 and getting Social Security automatically qualify for Medicare. So do people who have been getting disability benefits for two years. Part A is paid for by a portion of the Social Security tax of people still working. It helps pay for inpatient hospital care, skilled nursing care, and other services. Part B is paid for by monthly premiums of those who are enrolled and by transfers from the general fund of the U.S. Treasury. It helps pay for such items as doctor's fees, outpatient hospital visits, and other medical services and supplies.

Medicare Part A & B is available at the beginning of the month you turn 65 regardless whether you are working or retired. If you are working, you want to **decline** Medicare Part B to continue on your SJC health insurance plan. If retired, you want to **accept** Medicare Part B and contact the Employee Benefits Office.

Medicare Part A

Medicare Part A is automatically issued to all eligible persons at age 65. There is **no cost** for Medicare Part A and has no impact on your SJC health insurance if you are an active employee.

Medicare Part A helps with costs of hospitalization and limited nursing-home care. It also provides benefits for skilled nursing facility care, home health services and hospice care. The amount that Medicare Part A pays for these services changes each year.

Medicare Part B

There is a fee for Medicare Part B. The 2003 fee is \$58.70, which is deducted directly from your social Security check each month. Medicare Part B is optional. It covers primarily doctors' fees, most out of patient hospital services and certain related services. Medicare covers only services that are medically necessary and charges that are considered reasonable.

Part B does not cover custodial care, dental work and dentures, eyeglasses, hearing aids, nursing home care (except "skilled"), prescription drugs, and routine checkups.

Dental Insurance

Dental Insurance Eligibility

If you retire and meet the eligibility guidelines for an Educational Retirement Board or Alternative Retirement Plan benefit, you may continue dental insurance into retirement.

Dental Insurance Coverage

Retirees maintain the same level of coverage with their dental insurance plan as do active SJC employees. The premium for dental insurance coverage is 60/40 (college pays 60% and the employee pays 40%).

Surviving Coverage

If a retiree predeceases his/her spouse, the spouse and/or dependent family members will not be eligible to continue participation in the College's plan or be eligible for the benefit of having the College share the insurance premium. However, the surviving dependents will be eligible to convert coverage under Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) rules and continue insurance coverage for up to 36 months. The premium for the elected COBRA coverage is 102% of the (combined 60/40) **total** premium.

Vision Insurance

Vision Insurance Eligibility

If you retire and meet the eligibility guidelines for an Educational Retirement Board or Alternative Retirement Plan benefit, you may continue vision insurance into retirement.

Vision Insurance Coverage

Retirees maintain the same level of coverage with their vision insurance plan as do active SJC employees. The premium for vision insurance coverage is 60/40 (college pays 60% and the employee pays 40%).

Surviving Coverage

If a retiree predeceases his/her spouse, the spouse and/or dependent family members will not be eligible to continue participation in the College's plan or be eligible for the benefit of having the College share the insurance premium. However, the surviving dependents will be eligible to convert coverage under Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) rules and continue insurance coverage for up to 36 months. The premium for the elected COBRA coverage is 102% of the (combined 60/40) **total** premium.

Prescription Drug Program

If you are enrolled in one of the medical plans, you are automatically covered under the prescription drug program administered through Express Scripts. This program offers you the flexibility to purchase your medications either at a local pharmacy, through mail-order, or through the internet.

3-Tier Copay Benefit Design

The Prescription Drug Program uses a 3-tier copay to provide you with choice when filling your prescriptions, while encouraging the use of generics and formulary brand-name medications to better manage the plan's pharmacy costs. The three tiers are:

- **Generic** – Participants pay the lowest out-of-pocket cost for generic drugs. Generic medications are FDA approved and as effective and safe as their brand name equivalents.
- **Formulary Brand Name** – Participants pay higher copay than the generic medications. A formulary is a list of approved drugs that have been selected based first on clinical advantage then on cost. Brand Name drugs are under patent protection for a number of years, during which time a generic equivalent is not available.
- **Non-Formulary Brand Name** – Participants pay the highest copay for any drugs not listed as approved for use under the Express Scripts formulary. If your physician determines that there is a medical reason for you to take a non-formulary medication, you simply pay the higher copay for that drug.

How the Program Works

You have three ways to purchase your medications through the prescription drug program:

1. **Using the Retail Pharmacy Network** – For drugs you take for a short time or need right away, you may have your prescription filled at a network pharmacy and pay a percentage of the cost for up to a 30-day supply. The pharmacy network includes all major drug store chains, most grocery stores and several smaller, independent pharmacies.
2. **Using Mail Order** – For your “maintenance” (long-term) medications needs, such as high blood pressure medication, you may have up to a 90-day supply of that medication mailed to your home through the mail order program.
3. **Using the Internet** – You may also fill new prescriptions or get refills through the internet at <http://member.express-scripts.com>

Benefits NOT Carried Into Retirement

Life Insurance

Life coverage does not continue into retirement. Life can be continued under COBRA through Prudential Life Insurance Company. You will receive a COBRA Form from the Benefits Office at the time of your retirement. Follow the directions on this form to continue your life coverage.

Accidental Death and Dismemberment

Accidental death and dismemberment insurance does not continue into retirement. The policy is designed to protect employee's income and is not applicable to retirement income.

Long Term Disability

Long-term disability insurance does not continue into retirement. The policy is designed as an income protection for active employees who become severely disabled. This type of income protection policy does not apply to retirement income.

Long Term Care (LTC)

If you are covered under LTC at the time of retirement, you are eligible to continue coverage under COBRA. You will receive a COBRA form from the Employee Benefits Office. If you wish to continue your Long-Term Care coverage, please fill out the forms and mail them directly to UNUMProvident Corporation. You will be billed directly by UNUM (the carrier). UNUM's toll free number is 800-227-4165.

Retirement Resources

The Internet is an excellent resource to obtain all types of information about retirement planning, financial needs, activities, organization, and second careers. To access the information on the Internet, search for retirement lifestyles. There are over 200 Web sites on retirement lifestyles.

- * The most widely known organization is AARP (American Association of Retired Persons). AARP is an organization that deals with all types of issues for Americans 50 and over. Visit their website at www.aarp.com or call 1-800-424-3410.
- * The MSN MoneyCentral Retirement web site offers a variety of retirement information. Visit their website at www.moneycentral.msn.com
- * The Public Broadcast System's Frontline program also has a website that offers all types of retirement information. Their website is www.pbs.org.
- * The National Council on Teacher Retirement is an independent organization that safeguards the integrity of public retirement systems. This site has information about organization and legislative activities and financial advice on how to prepare for retirement. Visit their website at www.nctr.org or call 512-335-0055.
- * American Savings Education Council – www.asec.org

Other Benefits & Services

Emeritus Faculty and Staff

Emeritus is an honorary title with privileges accorded to retired faculty and staff who have met the following criteria:

- * Eligible for retirement under the Educational Retirement Act.
- * Must have completed a minimum of five (5) consecutive years of service with the College immediately prior to retirement

Privileges Provided to All Retired Faculty and Staff

- * Library Services
- * Free admission to College events.
- * Receipt of College publications.
- * Remission of tuition and fees for retiree and spouse.
- * Membership to the Health & Human Performance Center for retiree and spouse.
- * Attendance at College Association Meetings and committees as visitors.
- * Internet access.
- * Emeritus faculty will be listed for life as Emeritus in the College catalog.