

Questions and Answers on Retirement Incentive Option 2 (RIO2) Program

Questions on Eligibility

Q1 *What are the general provisions of the Retirement Incentive Option 2 (RIO2) program?*

- A1
- The Retirement Incentive Option 2 is a window program that will provide approved applicants 5 years of employer-paid health and dental coverage.
 - RIO2 is available to current ISU employees with 10 years of service (on or before July 30, 2010) and who are age 57 (on or before July 30, 2010). There is a separate eligibility requirement for Extension employees on federal retirement programs.
 - Eligible employees can elect to apply for the Retirement Incentive Option 2 Program beginning December 1, 2009.
 - The last day to apply for RIO2 is March 31, 2010.
 - Eligible employees approved for the program will need to fully retire no later than July 30, 2010 (the last working day in July).
 - An eligible employee is defined as 1/3rd time appointment or greater as of July 30, 2010 (Faculty, Professional and Scientific and Supervisory Merit) or ½ time appointment (Non-Supervisory Merit).

Q2 *Am I eligible for the Retirement Incentive Option 2 Program?*

- A2
- You will be eligible to participate if you are age 57 on or before July 30, 2010 and have 10 years of service as an Iowa State employee on or before July 30, 2010. Ten years of service needs to be as a Faculty, Professional and Scientific, Supervisory Merit, or Non-Supervisory Merit employee.

Q3 *Do my years of service need to be consecutive?*

- A3
- No. However you must have a total of 10 years of service at Iowa State University to be eligible.

Q4 *How does the new program differ from Phased Retirement and the previous Early Retirement Incentive program?*

- A4
- The original Retirement Incentive Option Program enrollment window ended on June 30, 2009 with full retirement to occur no later than January 31, 2010. The eligibility requirements were age 60 with 10 years of service. The Retirement Incentive Option 2 Program changes eligibility to age 57 with 10 years of service.

The Phased Retirement Program provides for continued employment for a specified time period.

Q5 *I am currently approved under the original Retirement Incentive Program. Can I elect to participate in the Retirement Incentive Option 2 Program instead?*

- A5
- No. You will be required to follow the terms of your original agreement.

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- Q6** *If I elect and am approved for the retirement incentive, when do I have to retire?*
A6 If you are approved for the retirement incentive, you will need to fully retire no later than July 30, 2010.
- Q7** *I turn age 57 after November 1, 2009 but before July 30, 2010. Can I apply for the retirement incentive?*
A7 Yes, as long as you turn age 57 on or before July 30, 2010, and your retirement date is on or after the date you attain age 57.
- Q8** *Will this incentive program be on-going?*
A8 The Retirement Incentive Option 2 Program is a window program. You can apply between December 1, 2009 and March 31, 2010 and if approved retire no later than July 30, 2010 or the date specified in your agreement.
- Q9** *I'm currently participating in the Phased Retirement Program. Can I apply for the Retirement Incentive Option 2 Program?*
A9 Yes. Employees currently on Phased Retirement can apply for the Retirement Incentive Option 2 Program. If approved, your current participation in Phased Retirement will terminate.
- Q10** *I'm an Extension employee on a Federal Retirement Program. Can I apply for the Retirement Incentive Option 2 Program?*
A0 Yes. Eligible Extension employees on Federal Retirement Programs can participate. You will receive additional communications from Extension HR.
- Q11** *If I apply for the Retirement Incentive Option 2 Program, can I rescind my request at a later date?*
A11 The request and approval are binding once they have been approved.
- Q12** *If I apply for the Retirement Incentive Option 2 Program, can I be rehired by ISU at a later date?*
A12 Consideration will be based on department need and approval and consistent with existing policies. Employment can only be on a temporary or contract basis with no benefits other than those required by law.

Questions on Applying for Retirement Incentive Option 2 Program

- Q13** *When can I first apply for the Retirement Incentive Option 2 Program?*
A13 Applications for RIO2 will be accepted beginning December 1, 2009.
- Q14** *What is the last date that I can apply for the retirement incentive?*
A14 The last day to apply for the Retirement Incentive Option Program is March 31, 2010.

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Q15 ***What is the process to apply for the Retirement Incentive Option 2 Program?***
A15 You will need to complete an application form that is available on the Human Resources Benefits web site. Complete the application and return it to your college/department.

Q16 ***If I apply for RIO2, is my decision to retire subject to approval?***
A16 An application for the Retirement Incentive Option 2 Program is subject to review and approval by your department chair/director and your dean or vice president.

Q17 ***How will I be notified if my application is approved?***
A17 You should receive a communication regarding the status of your application within 30 days of submitting.

If your application is approved, you will receive a confirmation letter from Human Resource Services along with a copy of your application. The letter will outline your current health benefits and ISU's commitment for the five years.

If your application is not approved, you will be notified by your college or department.

Questions on Benefits

Q18 ***If I elect and am approved for the Retirement Incentive Option 2 Program, what benefits will I receive?***

A18 Upon retirement, you will be provided health and dental insurance coverage based on current health and dental elections as of the date your application for the Retirement Incentive Option 2 Application is approved for a period of five (5) years after retirement. The university will pay the employer and employee shares of health and dental insurance up to the employee and spouse/domestic partner rate (ISU HMO and PPO health programs) and up to the employee and family rate (State of Iowa health programs). If and when an employee is eligible for Medicare, the university will continue to pay health and dental premiums at the retiree health and dental insurance rates for the balance of the 5-year period (if any).

If you are an employee in the ISU HMO or PPO program with additional dependents (in addition to spouse/domestic partner) you will be provided the opportunity to make additional contributions to obtain family coverage for them.

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Q19 *Can I make changes to my health care or dental coverage at the time I retire under an approved Retirement Incentive Option 2 Program?*

A19 Your opportunity to elect different health coverage and/or dental in future years will occur during the annual Open Change period. If you make a change to your elections, you will be responsible for any additional premiums related to the change (if any). You may also change benefit elections in the event of an eligible change in family status at your cost. The ISU Benefits office can provide assistance with family status changes.

You should carefully review your current health care coverage options for 2010 during the annual Open Change for 2010 (October 23 – November 23 for Non-Supervisory Merit and November 2 – November 20 for the ISU Plan participants). If you submit your application and elect to retire after January 1, 2010 (Non-Supervisory Merit) or February 1, 2010 (ISU Plan participants), changes in election made during Open Change will carry forward to your retirement.

Remember: Benefit changes elected during Open Change in the fall are not effective until the following January 1 for non-supervisory merit employees or the following February 1 for Faculty, P&S, and Supervisory Merit employees.

Example 1: You are single at the time of your application for the Retirement Incentive Option 2 Program is approved. You subsequently marry after your application for RIO2 has been approved. You can add your spouse/partner to your existing health and/or dental coverage, but you will be responsible for the premium difference for the spouse/partner coverage upon retirement.

Example 2: You are married but have previously not covered your spouse/partner for health or dental benefits. At the next Open Change, you may elect to add your spouse/partner to your coverage but you will be responsible for the premium difference for the spouse/partner coverage upon retirement.

Q20 *I am currently on an HMO plan but plan to move out of the state of Iowa sometime after I retire. How am I impacted?*

A20 HMO plans (Wellmark's Blue Advantage or Blue Access) are only available for residents of Iowa or South Dakota. If you move out of the states of Iowa or South Dakota, your medical plan will switch to one of the PPO plans available to you. You will be responsible for any difference in the premiums due to the change in medical plans.

Dental plans are not impacted by a change in your residence.

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Q21 *After I have been retired for 5 years, what are my options for health and dental coverage?*

A21 After you have participated in the Retirement Incentive Option 2 Program for 5 years, you will be allowed to participate in health and dental benefits available to retirees at the time your participation in RIO2 ends. You will be responsible for premium payments in the same manner as existing retirees.

Q22 *I will be younger than age 60 when I retire. The University is only providing for 5 years of medical and dental coverage so I will have a gap for medical coverage until I am eligible for Medicare (typically age 65). What are my options?*

A22 After your 5 years of University provided health and/or dental coverage end, you will be eligible to participate in the ISU Retiree health and dental programs at the costs currently in place for retirees. You should discuss options with the ISU Benefits staff prior to the end of the 5 years of University provided coverage.

Q23 *I have dependents. Can they be covered if I elect the Retirement Incentive Option 2 Program?*

A23 Yes. Eligible dependents can continue to be covered for health and dental benefits in the same manner as other active ISU employees. If you have dependents other than a spouse/partner, you may be required to pay the difference in premiums.

Q24 *I'm age 64 now, what happens to my coverage when I turn 65?*

A24 When you or a dependent spouse/partner attain age 65, the ISU contribution for coverage will change to the Medicare rate and Medicare will be the primary coverage with the ISU plan as supplemental coverage.

Please Note – when you or your spouse/partner turn age 65, you must enroll in Medicare Parts A&B. Medicare Part A is for hospitalization coverage and is at no cost to you. Medicare Part B is for clinic and out-patient benefits and does require a contribution to Medicare. **You should not elect a Medicare Part D plan for pharmacy.** The current medical plans include prescription drug coverage that is considered “creditable coverage” by Medicare. While you are on the incentive, you will continue on the prescription drug plan that you had as an active employee. Prior to the 5-year incentive ending, you will be provided information on enrolling in the Medicare Part D plan required for the medical plan you continue after the incentive ends. Contact the ISU Benefits Office for details.

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Q25 *I'm already age 65, how will I be impacted for health coverage in retirement?*

A25 You will get the benefits mentioned in Q18. You should already have signed up for Medicare Part A coverage. At the time of retirement, you must sign up for Medicare Part B coverage. The ISU Benefits Office must be contacted prior to your last month of employment about the Medicare Information form required by Social Security for enrolling in Part B without a penalty. (See previous question).

Q26 *What is the impact to health coverage if I'm age 65 but my spouse is under age 65?*

A26 Medicare will be your primary health plan with ISU health plans as supplemental coverage. For your spouse under age 65, the ISU health plan will be the only coverage. You both will continue to have Medco for prescription coverage.

Q27 *Do I still need to sign up for Medicare at age 65 if I'm getting coverage through ISU?*

A27 Yes – see question #25.

Q28 *What other benefits are impacted when I retire?*

- A28
- Retirement Plans – Contributions to TIAA-CREF or IPERS will cease effective the first day of the month following your retirement.
 - Life Insurance – if you have been previously covered for life insurance during the past 10 years, you are eligible for a continued \$4000 benefit at retirement. You will also have the option for conversion or portability of existing coverage under existing life insurance guidelines.
 - Long-term Disability – terminates at retirement.
 - Voluntary Vision plan – terminates the first day of the month following retirement. You may continue under COBRA provisions.
 - Long-term Care Insurance – may be continued directly with John Hancock.

Q29 *What happens in the event of my death?*

A29 In the event of death, the university's obligation to pay the cost of the health and dental coverage will cease on the first day of the month following the date of death. A surviving spouse or dependent(s) may elect to continue current coverage as provided by other university policies or by law.

Q30 *What if I am not currently enrolled in health and/or dental benefits through ISU? Can I apply for health or dental benefits if I apply for and am approved for the Retirement Incentive Option 2 Program?*

A30 Your health and/or dental coverage elections in effect on the date your application for the Retirement Incentive Option 2 is approved determine what ISU will provide at the time of your retirement. If you had not previously elected health and/or dental benefits, you will not have an opportunity to elect these benefits in retirement.

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If you submit your Application and retire and on or after January 1, 2010 (Non-Supervisory Merit), or February 1, 2010 (Faculty, Staff and Supervisory Merit), you may consider enrolling during the annual Open Change period (see Q&A #19).

Q31 *What happens to my accumulated sick leave and vacation if I retire?*

A31 Under ISU policy, the value of your vacation balance, up to your maximum, will be paid to you unless your letter of intent says otherwise. Sick leave balances will be paid to you to a maximum of \$2000. You must apply to receive sick leave payout.

Q32 *My spouse/partner and I have the double-spouse premium contribution schedule. What will happen if one or both of us retire?*

Q32 The double spouse option will end. Contact the ISU Benefits Office at 515-294-4800 and ask to speak to a Benefits Specialist.

Q33 *I currently have a Health Care Spending Account. What is the impact to me if I retire?*

A33 Health Care Spending Accounts are funded with deferrals from your salary. Upon your retirement, you no longer have a salary and your Health Care Spending Account will end. Only eligible expenses incurred by you or a family member until the end of the month in which your salary deferral ends can be reimbursed. Contact the ISU Benefits office if additional information is needed.

Q34 *Who can I contact if I have more questions on the Retirement Incentive Option 2 Program?*

- A34
- Your department chair or director – with questions on participation in the Retirement Incentive Option 2 Program
 - ISU Benefits office – can help you with questions on health and dental benefits in retirement. Office phone is 515-294-4800 or on-line benefits@iastate.edu
 - ISU Retirement Office – can provide general information on retirement programs (IPERS and TIAA-CREF) Office phone is 515-294-4800 or on-line benefits@iastate.edu
 - TIAA-CREF – for assistance with retirement planning and investment options. Local office in Ames. Call 800-732-8353 for local appointments or speak with a national TIAA-CREF representative by calling 800-842-2776
 - Iowa Public Employees Retirement System (IPERS) – for assistance if you are participating in IPERS. Telephone is 800-622-3849. On-line at www.IPERS.org