

A Look Ahead

A guide to retiring from the A&M System

Where do I start?

A checklist of things to begin doing at least six months before retiring.

- If you're in the Teacher Retirement System of Texas (TRS):
 - Consult your TRS Benefits Handbook for information on your retirement options. For a copy of this document, contact TRS at (800) 223-8778 or visit TRS online at www.trs.state.tx.us/benefits/documents/benefits_handbook.pdf#Home.
 - Purchase special service credit for retirement credit or transfer service credit, if applicable.
 - Send copies of your birth records to TRS, and if you select an Option 1, 2 or 5 retirement plan include copies of your beneficiary's birth records. Write your Social Security number on the birth records so the records can be matched with your TRS account. If your current name is different from the name on your birth records, write your current name on the records as well.
 - Contact TRS at (800) 223-8778 to request a copy of form TRS 18 (Request for Estimate of Retirement Benefits). You may also obtain this form online at www.trs.state.tx.us.
 - Complete form TRS 18 and return it to TRS to receive a retirement packet.
- If you're in the Optional Retirement Program (ORP), contact your ORP vendor(s) to discuss your retirement options. You may need to provide an original or certified copy of your and your primary beneficiary's birth certificates.
- Contact your local Social Security office to apply for Social Security (and Medicare, if applicable) benefits. You will need:
 - W-2 tax forms for the two years before retirement
 - An estimate of earnings for the year of retirement
 - A record of date of birth (the oldest available record is best)
- Contact your Human Resources office to:
 - Complete System-required ORP or TRS forms.
 - Discuss changes in your group insurance coverages.
 - Complete appropriate group insurance continuation forms.
 - If you want to defer your lump sum payment to a Tax-Deferred Account (TDA) and /or the TexaSaver DCP, contact your Human Resources Office to discuss this option. The completed paperwork must be submitted prior to your last day of work.
- Contact your Tax-Deferred Account (TDA) and/or TexaSaver DCP vendor to discuss your distribution options.

Note: *This checklist suggests starting the retirement process about six months before your actual retirement date. However, because the process can be complicated, you may want to start as early as one or two years in advance.*

How your group benefits will change after retirement

Health

In general, your health coverage will be the same as that provided to employees, and you may cover yourself and eligible dependents. However, if and when you or a dependent are eligible for Medicare (age 65 or 24 months after becoming eligible for Social Security if disabled), the A&M System's health coverage becomes secondary to Medicare coverage (meaning Medicare pays first), unless you continue working for the A&M System after retirement.

If you are retiring and are younger than 65, but your spouse is 65 or older and on your coverage, your spouse must enroll in Medicare as it will be primary. When A&M System health coverage becomes secondary, it pays benefits as if you are enrolled in both Parts A and B of Medicare. Because of this, **if you aren't enrolled in both Parts A and B of Medicare, you will pay more expenses out of your own pocket.**

You can remain in the A&M Care or the Scott & White Health Plan if it is available in your area. If you and your spouse (if covered) are 65 or older, enrolled in Medicare, and not employed by the A&M System, you have the additional option of selecting the 65 PLUS plan. You may switch health plans during each Annual Enrollment period.

Dental/Vision

Your dental and vision coverage will be the same as that provided to employees, and you'll pay the same premiums. You may cover yourself and eligible dependents.

*Note: As a retiree, in the event of your death, your spouse, **if enrolled at the time of your death**, may keep A&M System health, dental and/or vision coverage indefinitely, although he/she will no longer receive the employer contribution. Your eligible children, **if enrolled at the time of your death**, may keep coverage until they are no longer eligible.*

Disability retirees

If you are a disability retiree, some additional provisions and restrictions apply to you. These are addressed in the *About Disability* brochure, available online at www.tamus.edu/assets/files/benefits/pdf/publications/disability.pdf or from your Human Resources office.

Life Insurance

If you are insured under Basic Life, Alternate Basic Life, Optional Life and/or Dependent Life at the time of retirement, you may continue these coverages.

Basic Life: You automatically have \$7,500 of this term insurance if you have System health coverage. Basic Life includes an additional \$5,000 of Accidental Death and Dismemberment (AD&D) coverage.

You may purchase this coverage if you are not enrolled in an A&M System health plan and do not certify that you have other health coverage. However, you may not pay for it using the employer contribution. If you don't already have this coverage, you must provide evidence of insurability to enroll.

Alternate Basic Life: If you are not enrolled in an A&M System health plan but certify that you have other health coverage, you may enroll in Alternate Basic Life coverage. At retirement, you may keep or enroll in Alternate Basic Life coverage of \$50,000 or the total amount of life coverage you had immediately before retirement, whichever is less. If, after retirement, you decide to enroll in Alternate Basic Life, you will be limited to the total amount of Basic and/or Optional Life coverage you have at that time or \$50,000, whichever is less. You may not have Optional Life coverage if you enroll in Alternate Basic Life. You must provide evidence of insurability to enroll if you do not already have life coverage or to increase your coverage to \$50,000 if you had less than \$50,000 in life coverage when you enrolled in the plan.

Optional Life: If you are age 70 or older, the maximum coverage you can keep is \$60,000 or your current coverage level, whichever is less. If you are younger than age 70, the maximum amount of coverage you can keep is \$100,000 or your current coverage level, whichever is less. Once you reach age 80, your maximum coverage amount is \$30,000. If you are younger than age 70 and you have coverage of less than \$60,000, you may enroll in or increase your Optional Life coverage up to \$60,000 by providing evidence of insurability. You may not have Alternate Basic Life coverage if you enroll in Optional Life.

Dependent Life: You may continue your current Dependent Life plan. If you have Plan A, your spouse's coverage will be reduced to \$30,000 when you reach age 70 and \$15,000 when you reach age 80. You may also change from Plan A or C to Plan B. If you change from Plan B to Plan A or C, your dependents must provide evidence of insurability. You must have life insurance coverage on yourself in order to have Dependent Life insurance.

Accidental Death and Dismemberment (AD&D)

You may continue AD&D coverage on yourself only or yourself and your dependents in increments of \$10,000 up to a maximum of:

- \$200,000 if you are younger than age 70; or
- \$60,000 if you are age 70 or older.

Long-Term Disability

The Long-Term Disability benefit is designed to replace part of your A&M System salary if you become disabled, so coverage automatically ends at retirement.

Long-Term Care

Long-Term Care coverage for retirees is the same as that provided to employees; however, you will be billed for premiums directly by the carrier. You will have the option to pay these premiums on a quarterly, semiannual or annual basis or monthly by bank draft.

Flexible Spending Accounts

As a retiree, you may enroll in Flexible Spending Account *only* if you return to A&M System employment for at least 4 1/2 months during the plan year.

Eligibility for insurance benefits and employer contribution

Under current state law, if you were retired from or employed in a benefits-eligible position with the A&M System on Aug. 31, 2003, you are eligible for the employer contribution toward your premiums as a retiree when:

- you are at least age 55 and have at least 5 years of TRS or ORP service credit, or your age plus years of service equal at least 80, or you have at least 30 years of service and,
- 3 of those years of service are with the A&M System,
- the A&M System is your last state employer, and
- you have an intact TRS or ORP account.*

If you left A&M System employment before Sept. 1, 2003, but you met the above criteria as of Aug. 31, 2003, you qualify for retiree benefit coverage under these criteria.

If you were hired by the A&M System in a benefits-eligible position after Aug. 31, 2003, or if you left A&M System employment before Aug. 31, 2003, and did not meet the criteria listed above as of Aug. 31, 2003, you are eligible for the employer contribution as a retiree when:

- you are at least age 65 and have at least 10 years of TRS or ORP service credit, or your age plus years of service equal at least 80 and you have 10 years of service credit, and,
- 10 of those years of service are with the A&M System,

- the A&M System is your last state employer, and
- you have an intact TRS or ORP account.*

Years of service in the A&M System is calculated the same way that years of service credit for TRS is calculated.

If you are in TRS, you must also provide a copy of the TRS letter that confirms that your retirement application has been processed and includes the date annuity payments will begin. In the event of a last-minute retirement, a copy of your application for TRS retirement benefits (TRS-30, Application for Service Retirement) will suffice initially. However, you must provide a copy of the confirmation letter from TRS within three months after retiring or your retiree insurance benefits will be cancelled.

You may apply the employer contribution toward your health premiums, or you may decline A&M System health coverage and use one-half of the employee-only employer contribution to purchase Alternate Basic Life, AD&D, dental and/or vision insurance. To do this, you must certify that you have other health coverage.

* *An intact TRS account is one that has not been withdrawn. An intact ORP account is a 403(b) account containing funds that can be tied to your Texas ORP account. The 403(b) account must meet the vendor's minimum balance requirement. An IRA is not a 403(b) account.*

Transferring funds after retirement to other types of investments or types of funds such as an IRA or receiving a lump-sum distribution will not affect your eligibility to continue receiving insurance benefits as a retiree.

Paying your premiums

As a retiree, you may pay your premiums:

- Monthly through bank draft, *or*
- Yearly, semiannually, quarterly or monthly by billing (at some campuses or agencies).

Former Employees

If you leave A&M System employment before retirement, you may be eligible for A&M System benefit coverage when you retire. You must meet the eligibility criteria listed on the previous page.

You may apply for coverage within 60 days of meeting the eligibility criteria or within 60 days of leaving a TRS-eligible position with another TRS-covered employer after meeting the eligibility criteria. In these cases, you may choose to have your coverage become effective:

- on the later of the first of the month following the date the Human Resources office receives your application or the first of the month after you meet the eligibility criteria, or
- on your employer contribution eligibility date (the first of the month that falls at least 90 days after the Human Resources office receives your application or you become eligible, whichever is later).

If you do not enroll on one of the above dates, you may enroll during a later Annual Enrollment period. In that case, you can choose to have your coverage become effective on the next Sept. 1 or Dec. 1.

If you choose to have your coverage become effective before your employer contribution eligibility date, you must pay the full cost of coverage until you become eligible for the employer contribution.

Returning to part-time System employment...

If you return to A&M System employment, your A&M System health coverage becomes primary to Medicare (meaning your A&M System health coverage pays first) for those months that you work. You may choose to have your premiums deducted from your paycheck rather than being billed monthly or having your bank account drafted. If you choose to have your premiums deducted from your pay, you may participate in the Pretax Health/Dental/Vision/AD&D Premium Plan. This allows you to pay your share of health, dental, vision and AD&D premiums with tax-free dollars.

As a part-time A&M System employee, you may also enroll in Flexible Spending Accounts. Contributions will be deducted from your paycheck.

If you have questions regarding the information in this brochure, contact your Human Resources office. This brochure provides a brief summary of your retiree insurance benefits. More information is available in the plan description booklets and plan documents. In case of any discrepancy between the information in this brochure and the plan documents, the plan documents will govern. Retirement criteria is subject to change without notice by the Texas Legislature.