



Retirement Guide

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INTRODUCTION

Retirement can be puzzling, especially when retiring from a state agency. There are many pieces that don't seem to fit together. Most workers only go through the process once and must rely on agency experts, including their employer and outside agencies, to guide them through the process. Retirees, depending on their age at retirement, may have to deal with up to six different agencies to complete the retirement process. Some of these agencies have multiple forms that need to be completed and often mailed to different addresses with supplemental documents. It's difficult for retirees to keep the forms straight, let alone figure out what needs to go where and when. There is undoubtedly a problem with this process and clear lack of consolidated resources available for LCC retirees.

The purpose of this guide is to assist with retirement planning and the retirement process. The retirement process should be simple and stress free so employees can focus on the transition from work into retirement and feel at ease about the decision. This guide captures essential information from each of the agency experts so retirees can plan for retirement at their convenience. Retirees will work with LCC and potentially each of the following agencies throughout the retirement process:

- Public Employees Benefit Board (PEBB)
- Washington State Department of Retirement (DRS)
- Teachers Insurance & Annuity Assoc.-College Retirement Equities Fund (TIAA-CREF)
- Voluntary Employees' Beneficiary Association (VEBA)
- Social Security Administration (regarding Social Security and Medicare benefits)

There are many steps you can take years before retirement. The first step you will take with LCC, is notifying HR and your supervisor of your intent to retire. There is no set timeline for this step because retirement is on an individual basis. Retirement can be planned, but is often unexpected; either way, it is important to be familiar with your plan, especially the retirement eligibility rules. According to an Employee Benefit Research Institute survey, almost half (47 percent) of retirees say they retired unexpectedly, often due to health problems or disabilities, a downsizing or business closure, or having to care for a spouse or other family member. This makes it even more important to be aware of your options and your benefits as you near retirement.

APPROACHING RETIREMENT

There are a variety of income factors that play a vital role in preparing for retirement. Planning will allow employees to work on pieces of the puzzle in advance. The more familiar you are with the plans and options, the easier the retirement process will be. Agency websites have

useful resources, publications, webinars, and tools to plan for your future. If you are not sure where to start, contact your HR office for assistance.

A key piece of retirement planning, that will greatly reduce stress during the retirement process, is establishing a budget. TIAA-CREF stresses the importance of creating a monthly budget for living in retirement and offers a great budgeting worksheet on their website. As you think about retirement income options, you will also want to consider funds for lump sum withdrawals at a later date in case of an emergency or unexpected event. There are several important things to think about as you approach retirement, including:

- Do you know how much income you will need in retirement?
- Do you know what your retirement benefit will be?
- How will your benefit change if you work past 65 or you decide to retire early?
- If you have PERS or TRS, will you want to increase your benefit by purchasing additional service credit?
- What other income will you have available to you in retirement?

RETIREMENT PLAN INFORMATION

Lower Columbia College employees have an employer sponsored retirement plan through one of two retirement plan administrators. The Washington State Department of Retirement (DRS) administers the Public Employee Retirement System (PERS) for classified and exempt employees and Teachers Retirement System (TRS) for faculty. The Teachers Insurance & Annuity Association-College Retirement Equities Fund (TIAA-CREF) administers the State Board Retirement Plan for exempt personnel and faculty. Contact Human Resources if you need assistance determining your current participation and contributions. Plan handbooks are available online and provide important details about your specific retirement plan.

Employees should understand their retirement plan and the eligibility rules. Plan representatives can assist with understanding what your retirement will look like. It's important to meet with representatives as you near retirement. Both DRS and TIAA-CREF recommend that employees meet with their retirement plan financial consultant 5 years before retirement. Annual appointments are recommended once you are within 3 years of retirement. This proactive approach will help ease questions and concerns. There are several income options that you will have to choose from. Planning ahead and discussing these options with your consultant will help you determine the best income option for your retirement. The following information will help you get the most out of your meeting:

- Understand how retirement is going to look
- Have information available on other pensions or assets (including spousal assets)
- Establish an expense budget

MEDICAL AND DENTAL INSURANCE

PEBB (Public Employees Benefits Board) provides a quality, comprehensive insurance package for the employees of higher education institutions. Depending on your situation, you may be able to enroll in PEBB retiree health insurance now or take action to protect your eligibility in the event you wish to enroll in the future. As an employee, your employer-sponsored benefits will continue through the end of the month in which you separate service.

There are three general eligibility requirements to receive PEBB retiree health insurance:

- You must enroll or defer coverage no later than 60 days after your employer-paid or COBRA coverage ends. If you miss that 60-day window, you lose all rights to enroll in the PEBB Program in the future. To regain eligibility you would have to return to work in a PEBB benefits eligible position.
- You must be vested in a Washington state-sponsored retirement plan or meet the same age and years of service as is required of state-sponsored retirees.
- You must immediately begin to receive a monthly retirement plan payment, with the following exceptions:
 - If you receive a lump sum payment instead of a monthly retirement plan payment, you are only eligible if the Department of Retirement Systems offered you the choice between a lump sum equivalent payment and an ongoing monthly payment.
 - If you are an employee retiring or separating under PERS Plan 3 or TRS Plan 3 and you meet the retirement plan's eligibility criteria when your employer-paid or COBRA coverage ends, you do not have to receive a monthly retirement plan payment.
 - If you are an employee retiring under a Washington State higher education retirement plan (TIAA-CREF) and you meet your retirement plan's eligibility criteria or you are at least age 55 with 10 years of state service, you do not have to receive a monthly retirement plan payment.

For existing laws regarding PEBB retiree benefit eligibility, see the Washington Administrative Code (WAC) chapter 182-12. A link to WAC 182-12-171, when retiring employees are eligible to enroll, is available on the LCC Retirement webpage.

Procedural requirements include:

- You must submit a Retiree Coverage Election Form (form A) to enroll or defer enrollment in retiree insurance coverage no later than 60 days after your employer-paid or COBRA coverage ends.
- If you or a dependent you wish to enroll is entitled to Medicare, you must enroll in and maintain enrollment in Medicare Part A and Part B.

If you are eligible for PEBB health care coverage and wish to defer your PEBB retiree coverage, you must be:

- Enrolled in your own or your spouse's or state registered domestic partner's comprehensive employer-paid coverage (does not include employer's retiree coverage with the exception of a federal retirement plan); or
- Enrolled in your COBRA coverage; or
- Enrolled in a federal retiree program, for example, TRICARE.

Here's what you can expect after you send your form(s) to PEBB:

1. In most cases, HR will cancel your employee coverage when processing your final paycheck. PEBB cannot enroll you in retiree coverage until this occurs.
2. The health plan that covered you as an employee will send you a cancellation letter after HR cancels your employee coverage. Federal rules require PEBB to send you a Continuation of Coverage Election Notice booklet; keep it for future reference.
3. If your application is incomplete, PEBB will send you a letter requesting more information. In most cases, your retiree coverage begins immediately after your current coverage ends.
4. Once HR cancels your employee coverage and PEBB receives all requested information, they will enroll you in PEBB retiree health coverage.
5. After they enroll you, your health plan will send you a welcome packet.

You can pay for your PEBB retiree coverage through:

- **Pension deductions**
Option for DRS retirees only. The premium deduction for the current month will come out of your end-of-the-month pension check.
- **Personal check or money order**
Make payable to the Washington State Treasurer. You will receive a monthly invoice from PEBB.
- **Automatic bank account withdrawals**
Complete an Electronic Debit Service Agreement to authorize automatic deductions. You must continue to pay your monthly premium via check or money order until you have received confirmation of automatic withdrawals from PEBB with a effective date.
- **Voluntary Employees' Beneficiary Association (VEBA) Trust account reimbursements** (Available if you have a VEBA account)
VEBA will not pay PEBB direct. You must contact the VEBA administrator at (1-888-828-4953) to make reimbursement arrangements.

PEBB will not enroll you in retiree coverage until they receive your first month's premium payment. If you choose the pension deduction option on your Retiree Coverage Election Form, you don't need to send payment for your first month's premium. Contact DRS before selecting this payment option.

VEBA

VEBA Trust offers the VEBA Medical Expense Plan for Washington State employees in general government agencies and higher education institutions. The plan is a health reimbursement account (HRA) and is funded by one-fourth of your accumulated unused sick leave balance upon retirement. An HRA is not an insurance plan, and you do not pay a premium. Employer contributions, investment earnings, and withdrawals (claims) are tax-free.

You can use your VEBA account to reimburse the cost of any qualified medical, dental, or vision insurance plan you elect to use during retirement, plus Medicare Part B, and Medicare supplemental plans. Deductibles, co-payments for office visits and prescription drugs, and prescribed over-the-counter medications are also eligible for reimbursement. VEBA covers you, your spouse, and qualified dependents. Visit veba.org for more information.

MEDICARE

A few months before turning 65, the Social Security Administration will send you information about Medicare (Medicare & You handbook, publication No. CMS-100500). You will be enrolled in Medicare Parts A & B automatically. However, because you must pay a premium for Part B coverage, you have the option of turning it down. Your initial enrollment period is 3 months before 65 (and 3 months after).

- If you are still working, waive Part B until retirement. Retiring creates a “special enrollment period,” which allows you to enroll in Part B without having to wait for the general enrollment period and avoid the 10 percent penalty for late enrollment.
 - Enroll during the 8 month period that begins following the last month your group health coverage ends, or following the month employment ends—whichever comes first.
 - If you are 65 or older upon retirement, we recommend starting the enrollment process 3 months prior to retirement.
- You can apply online or schedule an appointment with the local Social Security Administration office.

If you become Medicare eligible after retirement, be sure to contact PEBB to switch to a Medicare advantage plan. PEBB does not notify retirees when they become Medicare eligible. You will be required to send a copy of your Medicare card or a letter from the Social Security Administration that shows the effective date of Medicare Part A and B coverage. Medicare will become the primary insurer for Medicare covered services, and the PEBB medical plan becomes the secondary.

SOCIAL SECURITY

You can start your Social Security retirement benefits as early as age 62 or as late as age 70. Your monthly benefit amount will be different depending on the age you start receiving it. You can apply online or schedule an appointment with your local office. Office hours are available online and are usually 9-3, with reduced hours on Wednesdays. If you choose to:

- start your benefits early, they will be reduced based on the number of months you receive benefits before you reach your full retirement age. The reduction in your benefit amount also depends on the year you were born. The maximum reduction at age 62 will be
 - 25 percent for people who reach age 62 in 2013.
 - 30 percent for people born after 1959.
- wait until full retirement age, your benefits will not be reduced.
- delay benefits until after full retirement age, your benefit will be increased based on the number of months you do not receive benefits between full retirement age and age 70.

You could see a change in your benefit amount if you work after you start receiving benefits. Some of your benefits may be withheld if you have excess earnings. However, after you reach full retirement age, they will recalculate your benefit amount to give you credit for any months in which you did not receive some benefit because of your earnings. Considering the options, many find it difficult to decide when to start drawing on social security benefits. The Social Security Administration offers the following advice:

Consider taking benefits earlier if ...

Consider waiting to take benefits if ...

You are no longer working and really can't make ends meet without your benefits.	You are still working and make enough to impact the taxability of your benefits. (At least wait until your normal retirement age so benefits aren't further reduced due to earnings.)
You are in poor health and don't expect to make it to average life expectancy.	You are in good health and expect to exceed average life expectancy.
You are the lower-earning spouse and your higher-earning spouse can wait to file for a higher benefit.	You are the higher-earning spouse and want to be sure your surviving spouse receives the highest possible benefit.

TIMELINE

When approaching retirement, carefully research the plans and coordinate with the HR office to make sure you complete all required forms and applications within the appropriate deadlines. To assist with keeping track of the retirement process, you will want to view the LCC Retiree Checklist available on the LCC Retirement Webpage. The following guideline will help during the planning stages:

- Start working closely with your retirement plan administrator at least 12 months before retirement.
 - Verify eligibility to retire
 - Have information available on other pensions or assets
 - Establish an expense budget for living in retirement
- Ask your HR office if there are any retirement seminars scheduled
- Review the PEBB retiree plans and premiums
 - Verify eligibility
 - Premiums will differ if you are Medicare eligible upon retirement
- Depending on retirement age, research Social Security and Medicare
- Contact the HR office to answer any questions you might have about plans or the retirement process.

SUMMARY

Many employees have retired from LCC without a consolidated resource to sooth the stress. HR has assisted these retirees throughout each step of the retirement process. This guide, along with the LCC Retirement Webpage, with allow employees to plan for retirement in advance and at their convenience. Both will provide the resources and tools needed to reduce stress so employees can make informed decisions. After reading this guide, you should know the following:

- The plan eligibility rules
- The retiree benefits available to you
- How the access plan resources and tools
- Enrollment timelines
- Contact HR if you have any questions

When you are ready to start the retirement process you will already be an expert! There is life after retirement and with proper planning and assistance the pieces will come together. If you play an active role in preparing for retirement, the process itself will be a breeze.

