
Planning for your UNM Retirement

THE COSTS OF UNM POST-RETIREMENT BENEFITS

MODULE 3

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Purpose

This module provides an overview of UNM's retiree benefit cost calculation, including the retiree's portion of Post-Retirement medical and dental benefit premiums (for those who are eligible).

Note: Employees hired on or after July 1, 2015 do *not* qualify for UNM Post-Retirement medical and dental benefits, although upon retirement they may purchase UNM group life insurance and, if previously enrolled, group long-term care insurance. Exceptions may apply to VEBA participants.

At the conclusion of this presentation (Module 3 of a 3-part series), you will be provided additional contact and resource information.

Objectives

- High level review of retirement benefits for non-VEBA vs. VEBA participants
- Review VEBA policy provisions
- Understand how VEBA affects the cost of Post-Retirement benefits
- Review VEBA schedules for Pre-65 and 65+ retirees
- Learn how the retiree's portion of benefit premiums is calculated and review examples

Disclaimer

The information provided in this presentation is a summary of your UNM retiree benefits and is not intended to take the place of or change official Plan Documents in any way. In the event of any discrepancy between the information in this presentation and official Plan Documents, the Plan Documents will prevail.

It is your responsibility to read and become familiar with the more detailed Plan Documents that govern UNM's benefit plans, as well as University Administrative Policies (UAP) relating to your benefits and retirement, including but not exclusive to Policies 3600 and 3625.

<http://policy.unm.edu/university-policies/3000/>

Benefit Plan Documents and UAP policies may be viewed during normal business hours at the HR Service Center, or may be accessed via UNM Human Resources website: <https://hr.unm.edu>

UNM reserves the right to modify, change, or discontinue any benefit provided to employees or retirees at any time and at its sole discretion, by appropriate action of the Board of Regents or other persons designated by the Board of Regents.

Terms & Definitions

Voluntary Employee Beneficiary Association (VEBA)

VEBA is a trust established to fund certain health benefits for UNM retirees. For more details, see University Policy 3600, Section 3.2 and <https://hr.unm.edu/retiree/benefits/veba>.

VEBA Service Credits

Credits accrue annually at the rate of one service credit per fiscal year. Employees who were benefits-eligible as of June 30, 2013 who did not opt out of VEBA were credited with 25 years of VEBA service credits. Benefits-eligible employees who began employment after June 30, 2013 and contribute to VEBA, or who opted out of VEBA and later elected to contribute to it, earn one service credit per fiscal year. UNM's contribution to VEBA-eligible retiree and dependent benefit premiums is prorated according to the number of VEBA service credits earned, with the maximum contribution for those with at least 25 years of VEBA service credits.

Terms & Definitions (cont.)

Post-Retirement Benefits

UNM pre-65 and 65+ medical and dental plan coverage, with *required* prescription drug coverage, available only to VEBA-eligible retirees and dependents.

“Split Plan”

A spouse, qualified domestic partner, or pre-65 dependent of a qualified retiree can be eligible for a *different health care plan* than the retiree (aka a “Split Plan”) ONLY if *either* the retiree *or* dependent is under age 65 and the other is age 65+.

Split Plan Example: Retiree is 65+ and spouse is pre-65. Retiree will enroll in a 65+ UNM Medicare Advantage or Medicare Supplement plan. Spouse will enroll in a pre-65 UNM medical plan. If both choose to enroll in dental coverage, they must choose the same UNM dental plan option, and will pay 65+ dental plan rates.

Retirement Benefits
for
Non-VEBA vs VEBA Participants

Retirement Benefits for Non-VEBA participants

A “non-VEBA participant” is any employee who is not VEBA-eligible, not participating in VEBA, or has opted out and has not opted back into VEBA. Non-VEBA participants are *not* eligible for UNM’s Post-Retirement Benefits (medical and dental coverage), but as a UNM Retiree, can have access to:

- Life Insurance (Retiree only, continuation on a limited basis)
- Tuition Remission (Retiree full, Spouse/Domestic Partner limited)
- Dependent Education (continuation basis only)
- Long-Term Care Insurance (continuation basis only)
- UNM Discounts and more (Popejoy, Lobo Football, LoboPerks, etc.)

A non-VEBA participant must elect desired benefits from the options above at retirement, and maintain benefits continuously during retirement to remain eligible for benefits, including UNM’s life insurance premium contribution.

See UAP Policy 3600 including section 3.3 and 3.4 at policy.unm.edu/university-policies/3000/3600.html

Benefits affected by VEBA

VEBA impacts the cost of these benefits for the retiree and any enrolled dependents, and is based upon the retiree's age at the time of retirement:

- Medical Coverage
- Dental Coverage

The *optional* life insurance benefit is not dependent on VEBA. Basic life insurance costs are shared by UNM and the retiree. Additional life insurance costs are 100% the retiree's expense:

- Life Insurance (continuation on a limited basis, for retiree only)

The following *optional* benefits are not dependent on VEBA. Any costs will be at the retiree's expense:

- Long Term Care Insurance (continuation basis)
- UNM Discounts and more (Popejoy, Lobo Football, LoboPerks, etc.)

Benefits Available at Retirement to Qualified UNM Retirees

Access to Elect or Continue Existing:	Qualified VEBA Participant	Non-VEBA Participant
UNM Post-Retirement Medical and Dental Benefits	✓	
UNM Life Insurance (at a modified amount)	✓	✓
UNM Long-Term Care Insurance	✓	✓
Tuition Remission (Limited for Spouse/Domestic Partner)	✓	✓
Continue Existing Dependent Education Scholarship	✓	✓
UNM Discount (Popejoy, Lobo Athletic Tickets, LoboPerks, etc.)	✓	✓
Employee Assistance Services (CARS, EOD, EHP, EOHS, and Speech and Hearing Center)	✓	✓
UNM Facilities (Computer Access, Golf Course, Library Services, Museum Stores, Recreational Services and Facilities, UNM Childcare, UNM Parking Discounts)	✓	✓

Note: UNM reserves the right to modify, change, or discontinue any benefit provided to employees or retirees at any time and at its sole discretion

Voluntary Employee Beneficiary
Association
(VEBA)
Policy Provisions

Voluntary Employee Beneficiary Association (VEBA)

UNM benefits-eligible employees as of 6/30/2013, and those hired between 7/01/2013 and 6/30/2015, who wish to access UNM retirement benefits, and did not “opt out” must participate in VEBA. See UAP Policy 3600 including section 3.3, 3.4, and 3.6 at <http://policy.unm.edu/university-policies/3000/3600.html>

- If an employee opts-out of VEBA, they forfeit access to post-retirement medical and dental benefits.
- Employees accumulate service credits as they participate in VEBA each year through payroll deduction.
- The amount of service credits in the employee’s VEBA fund determines UNM’s level of premium contribution toward cost of retirement benefits.
- Employees who participate in VEBA must have 5 continuous years of VEBA contributions leading up to retirement.

All employees must elect desired post-retirement benefits at retirement and *maintain benefits continuously* during retirement to remain eligible for UNM’s premium contribution.

VEBA-Eligible Retiree's % of Premiums

Retiree's portion of UNM post-retirement benefits is the total benefit premium minus the VEBA portion (%) that UNM contributes toward premiums for any given year, or

- Retiree's Cost = Total Premiums x retiree's % of contribution
 - VEBA portion (%) of premiums paid by age pre-65 retirees increases annually until fiscal year 2019 (see Slide 14)
 - VEBA portion (%) of premiums paid by age 65+ retirees is *currently* level at 70%, effective 7/1/2016

Percentages are based on current UNM Policy 3600 and may be subject to change in future.

See UAP Policy 3600 including section 3.3 and 3.4 at <http://policy.unm.edu/university-policies/3000/3600.html>

Calculating the Cost of Pre-65
Retirement Benefits
(for VEBA-Eligible Retirees)

Pre-65 Retiree VEBA Contribution Schedule

VEBA Service Credits (Years of Service)	5-9	10-14	15-19	20-24	25+
Fiscal Year 14 (July 13 - June 14)				40%	
Fiscal Year 15 (July 14 - June 15)				45%	
Fiscal Year 16 (July 15 - June 16)				50%	
Fiscal Year 17 (July 16 - June 17)				55%	
Fiscal Year 18 (July 17 - June 18)				60%	
Fiscal Year 19 (July 18 - June 19)	85%	80%	75%	70%	60%

(% of Retiree's contribution toward benefit premiums)

Pre-65 Retiree VEBA Contribution Notes

NOTE: Pre-65 retiree premium contribution percentages reflect pre-retirement salary levels of \$35,000 and above. Premium Contribution Rates for all salary tiers are online at <https://hr.unm.edu/retiree/benefits/pre-65-contribution-rate>

UNM Employees working in a benefits-eligible position on 6/30/15 who did not opt-out of VEBA and who have been continuously contributing to VEBA since that date are “grandfathered in” with 25 years of VEBA service credits.

Pre-65 retiree medical and dental coverage premium rates are available on the Retiree Benefits webpage at <https://hr.unm.edu/retiree/benefits>

Calculating the Cost of 65+
Retirement Benefits
(for VEBA-Eligible Retirees)

65+ VEBA Contribution Schedule

See [VEBA](#) and [UNM Policy 3600](#) for more information

Effective July 1, 2016, VEBA-Eligible Retiree's % of premiums is 70%. UNM's contribution is 30%. Let's review recent retiree contribution history up to July 1, 2016:

As outlined earlier, effective July 1, 2013, the percentage that a UNM retiree pays toward the cost of medical and dental insurance premiums is determined by service credits paid into the UNM Voluntary Employee Beneficiary Association (VEBA).

The 65+ retiree's percentage of contribution toward the cost of these premiums increased 5% each year from Fiscal Year 2014 until Fiscal Year 2016, when it reached a split of 70% premium contribution by the retiree and 30% contribution by UNM.

Year	Allocation for 65+ retirees
Fiscal Year 2014	60% Retiree contribution
Fiscal Year 2015	65% Retiree contribution
Fiscal Year 2016	70% Retiree contribution

Pre-65, “Split Plan”, and 65+ Medical and Dental Cost Calculation Examples

Pre-65 example... Retiree with no dependents

A pre-65 Employee with no dependents is participating in VEBA at the time of retirement, with 5+ years of continuous contributions to VEBA **or** grandfathered in with 25 VEBA service credits. Meeting VEBA participation criteria, the employee may elect to enroll in pre-65 retiree medical and/or dental coverage, sharing the cost of premiums with UNM.

Retiree selects the UNM BlueCross BlueShield Medical Plan and Delta Dental Premier plan.

Retiree's/UNM's premium contribution for a salary of \$35,000+ is:

Retiree's share of premium for selected plan is (as of 7/1/2016)
\$_____ Total premium x *current 55%* VEBA retiree portion = \$_____ *

UNM's share of premium for selected plan (as of 7/1/2016)
\$_____ Total premium x *current 45%* VEBA UNM portion = \$_____ *

Slide 14 shows VEBA contribution portions for FY 2017-FY2019

*See Pre-65 Medical/Dental rate sheets, subject to change, on the HR Website at Retirees/Retirement Benefits/Pre-65 Retirees/Medical Insurance or Dental Insurance at <https://hr.unm.edu/retiree/benefits>

Pre-65 example... Retiree with dependent

Pre-65 Employee with a pre-65 dependent spouse is participating in VEBA at the time of retirement, with 5+ years of continuous contributions to VEBA **or** grandfathered in with 25 VEBA service credits. Meeting VEBA participation criteria, employee and spouse may elect to enroll in pre-65 retiree medical and/or dental coverage, sharing the cost of premiums with UNM.

Selects the UNM BlueCross BlueShield Medical Plan and Delta Dental Premier plan to cover retiree and spouse.

Retiree's/UNM's premium contribution for a salary of \$35,000+ is:

Retiree's share of premium for selected plan is (as of 7/1/2016)

\$_____ Total premium x *current 55%* VEBA retiree portion = \$_____ *

UNM's share of premium for selected plan (as of 7/1/2016)

\$_____ Total premium x *current 45%* VEBA UNM portion = \$_____ *

Slide 14 shows VEBA contribution portions for FY 2017-FY2019

*See Pre-65 Medical/Dental rate sheets, subject to change, on the HR Website at Retirees/Retirement Benefits/Pre-65 Retirees/Medical Insurance or Dental Insurance at <https://hr.unm.edu/retiree/benefits>

“Split Plan” example...65+ Retiree/Pre-65 Dependent

65+ Retiree with a pre-65 dependent spouse is participating in VEBA at the time of retirement, with 5+ years of continuous contributions to VEBA **or** grandfathered in with 25 VEBA service credits.

Meeting VEBA participation criteria, 65+ retiree may enroll in a UNM Medicare plan. Pre-65 spouse will enroll in a pre-65 UNM medical plan. If both elect dental coverage, both must enroll in the same UNM dental plan option. Retiree shares the cost of premiums with UNM.

Spouse selects the UNM BlueCross BlueShield Medical Plan. Retiree selects the 65+ AARP Medicare Advantage Plan F *with* RxPreferred Prescription Drug Plan. Both select Delta Dental Premier coverage.

Retiree's/UNM's premium contribution for a salary of \$35,000+ is:

Retiree's share of premium for selected plans is (as of 7/1/2016)

\$_____ Total premium x *current 70%* VEBA retiree portion = \$_____ *

UNM's share of premium for selected plans (as of 7/1/2016)

\$_____ Total premium x *current 30%* VEBA UNM portion = \$_____ *

*For more information on premiums, see Pre-65 and 65+ Medical/Dental web pages, subject to change, on the HR Website at <https://hr.unm.edu/retiree/benefits>

65+ example... Retiree with no dependents

Age 65+ Employee with no dependents is participating in VEBA at the time of retirement, with 5+ years of continuous contributions to VEBA **or** grandfathered in with 25 VEBA service credits.

Meeting VEBA participation criteria, employee may elect to enroll in 65+ retiree medical and/or dental coverage, sharing the cost of premiums with UNM.

Selects the Presbyterian Premier Medicare Advantage with Prescription Drug (MAPD) HMO from the 65+ MAPD and Medicare Supplement options offered, and Delta Dental Premier plan.

Retiree's/UNM's premium contribution is calculated as follows:

Retiree's share of premium for selected plan is (as of 7/1/2016)

\$_____ Total premium x *current* 70% VEBA retiree portion = \$_____ *

UNM's share of premium for selected plan (as of 7/1/2016)

\$_____ Total premium x *current* 30% VEBA UNM portion = \$_____ *

*As indicated on the 65+ Medical and Dental Plan rate sheet, subject to change.

(See the HR website for more info <https://hr.unm.edu/retiree/benefits/65-plus-enrollment>)

65+ example... Retiree with Dependent

Age 65+ Employee with a 65+ dependent spouse is participating in VEBA at the time of retirement, with 5+ years of continuous contributions to VEBA **or** grandfathered in with 25 VEBA service credits.

Meeting VEBA participation criteria, employee and spouse may elect to enroll in 65+ retiree medical and/or dental coverage, sharing the cost of premiums with UNM.

Both must elect the same 65+ Medical and Dental plan from among coverage options offered (see Retiree benefits page of HR Website).

Retiree's/UNM's premium contribution is calculated as follows:

Retiree & Dependent's premium for selected plan is (as of 7/1/2016)

\$_____ Total premium x *current* 70% VEBA retiree portion = \$_____ *

UNM's share of premium for selected plan (as of 7/1/2016)

\$_____ Total premium x *current* 30% VEBA UNM portion = \$_____ *

*As indicated on the 65+ Medical and Dental Plan rate sheet, subject to change
(See the HR website for more info <https://hr.unm.edu/retiree/benefits/65-plus-enrollment>)

Contacts and Resources

UNM Benefits <https://hr.unm.edu/>

505-277-MyHR (6947)

New Mexico Educational Retirement Board (NMERB) <https://www.nmerb.org/>

Albuquerque: 505-888-1560

Santa Fe: 505-827-8030

Toll-Free: 866-691-2345

Alternative Retirement Plan (ARP)

TIAA, Mark Largent: 480-350-3249

Fidelity, Sam Casad: 303-549-6274

Social Security Administration <https://ssa.gov>

Toll-free: 800-772-1213

Albuquerque: 505-346-6694

Reminder

- You have completed Module 3 of a 3-part online series
- To learn more about UNM Retirement, complete Modules 1 and 2

Thank You