

Retiree Medical Plan Change

Employee Decision Examples

It's important to make the best decision about your retiree medical benefits. Meet our sample employees with varied years of service to find out what they think about the available options for their personal situation. Based on your personal circumstances, the factors that matter to you may be different.

MEET:



Tina,
34 years old.

Years worked for the County: 1

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Alison,
24 years old.

Years worked for the County: 3

Page 3



Raphael,
30 years old.

Years worked for the County: 6

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Mohammad,
55 years old.

Years worked for the County: 8.

Years worked for another governmental agency: 26

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Christopher,
40 years old.

Years worked for the County: 15

Page 6



Dominique,
47 years old.

Years worked for the County: 17

Page 7



Aimee,
55 years old.

Years worked for the County: 20

Page 8



Maria,
55 years old.

Years worked for the County: 20

Page 9



Robert,
65 years old.

Years worked for the County: 30

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Victor,
45 years old.

Years worked for the County: 1 (but less than 1 full year of credited service)

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Meet Tina

Tina is 34 years old and started working for the County on March 1, 2022.

OPTION

1

Roll Over to HRA

One-time deposit amount = \$855

Here's how this amount was determined:

- 1 full year of credited service x \$855 = \$855

Tina's HRA balance will continue to grow, tax-free, as the County makes ongoing contributions each pay period. Tina can also invest her HRA balance to grow the account.

OPTION

2

Retain Frozen Grant

Monthly grant amount = \$25.37

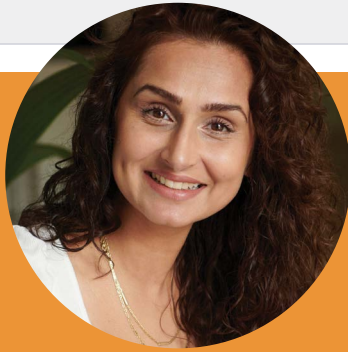
Here's how this amount was determined:

- 1 full year of credited service x \$25.37 = \$25.37
- No age or Grant COLA adjustments impact her frozen grant amount

Note: Once Tina reaches age 65, her grant amount will be reduced by 50% to \$12.69 per month because she will become eligible for Medicare Parts A and B.

No matter which option Tina chooses, contributions will be made to her HRA each pay period starting retroactively on June 16, 2023. Contributions will continue until she retires or leaves County service.

After weighing the options, Tina chooses Option 1, rolling over her frozen grant to her new HRA. Since her retirement is about 30 years away, this option will give her the best opportunity to build savings for future health care expenses. She likes that she has control over how the funds are invested.



Meet Alison

Alison is 24 years old and has been working for the County for 3 years. She has never done much thinking about her retirement benefits and wants to see which option will help her make more money in the long run.

OPTION

1

Roll Over to HRA

One-time deposit amount = \$2,565

Here's how this amount was determined:

- 3 full years of credited service x \$855 = \$2,565

Alison's HRA balance will continue to grow, tax-free, as the County makes ongoing contributions each pay period. Alison can also invest her HRA balance to grow the account.

OPTION

2

Retain Frozen Grant

Monthly grant amount = \$76.11

Here's how this amount was determined:

- 3 full years of credited service x \$25.37 = \$76.11
- No age or grant COLA adjustments impact her frozen grant amount

Note: Once Alison reaches age 65 and she becomes eligible for Medicare, her grant amount will be reduced by 50% to \$38.06 per month.

No matter which option Alison chooses, contributions will be made to her HRA each pay period starting June 16, 2023. Contributions will continue until she retires or leaves County service.

After weighing the options, Alison chooses Option 1, rolling over her frozen grant to her new HRA. Alison was hired after January 1, 2013, so she is in the 1.62% at 65 PEPRRA retirement plan. This option will give her the most flexibility for when she is ready for retirement, which is a long way off. Alison is also young and not sure if she will continue to work for the County until she retires. The money in her HRA is hers to keep if she leaves County service, but the frozen grant can only be used if she retires from the County. Alison also likes that she'll have the chance to invest her HRA balance to grow her account even more.



Raphael

Raphael is 30 years old and has been working for the County for 6 years.

OPTION

1

Roll Over to HRA

One-time deposit amount = \$5,130

Here's how this amount was determined:

- 6 full years of credited service x \$855 = \$5,130

Raphael's HRA balance will continue to grow, tax-free, as the County makes ongoing contributions each pay period. Raphael can also invest his HRA balance to grow the account.

OPTION

2

Retain Frozen Grant

Monthly grant amount = \$152.22

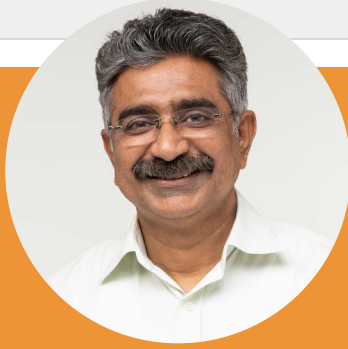
Here's how this amount was determined:

- 6 full years of credited service x \$25.37 = \$152.22
- No age or Grant COLA adjustments impact his frozen grant amount

Note: Once Raphael reaches age 65, his grant amount will be reduced by 50% to \$76.11 per month because he will become eligible for Medicare Parts A and B.

No matter which option Raphael chooses, contributions will be made to his HRA each pay period starting June 16, 2023. Contributions will continue until he retires or leaves County service.

After weighing the options, Raphael chooses Option 1, rolling over his frozen grant to his new HRA. Raphael was hired after January 1, 2013, so he is in the 1.62% at 65 PEPRRA retirement plan. Since retirement for him is a long way off, this option will give him the best opportunity to build savings for future health care expenses. This is important to him as his family has a range of atypical medical issues that sometimes need specialized care. Unlike the grant, Raphael will also be able to use his HRA if he decides to leave the County for another job before retirement.



Mohammad

Mohammad is 55 years old and has worked for the County for 8 years, after working 26 years for another governmental agency. He is ready to think about retiring now since he will have a substantial pension due to reciprocal service with his previous employer, but wants to consider all of his options.

OPTION

1

Roll Over to HRA

One-time deposit amount = \$6,840.00

Here's how this amount was determined:

- 8 full years of credited service x \$855 = \$6,840

If Mohammad chooses to keep working for the County, the County will continue to make contributions each pay period until he retires. His HRA balance will continue to grow, tax-free, and would include any potential earnings he may make from investments.

OPTION

2

Retain Frozen Grant

Monthly grant amount = \$202.96

Here's how these amounts were determined:

- 8 full years of credited service x \$25.37 = \$202.96
- No Grant COLA or additional age adjustments impact his frozen grant amount

Note: Once Mohammad reaches age 65, his grant amount will be reduced by 50% to 101.48 per month because he would be eligible for Medicare Parts A and B.

But what if Mohammad decides to retire on or before June 15, 2023?

If Mohammad decides to retire on or before June 15, 2023, he is not eligible for the retiree medical grant because he has not met the minimum requirement of 10 years of continuous service.

No matter which option Mohammad chooses, contributions will be made to his HRA each pay period starting June 16, 2023. Contributions will continue until he retires or leaves County service.

Mohammad is eligible for retiree medical from his former employer, and decides he will enroll in his former employer's retiree plan. He does not plan to enroll in a County retiree health plan and therefore has no use for the frozen grant unless he wants to use it for Medicare Part B premium reimbursement. However, he prefers the flexibility of the HRA and likes that he can use it with his former employer's retiree plan for reimbursement of post-tax health insurance premiums and other qualified medical expenses, so he chooses Option 1.

Note: Establishing reciprocity between OCERS and the pension system for the other governmental entity may impact the total pension that Mohammad will receive in retirement but has no impact for determining his eligibility for the current grant, or for calculating the frozen grant or HRA rollover.



Meet Christopher

Christopher is 40 years old and has been working for the County for 15 years.

OPTION

1

Roll Over to HRA

One-time deposit amount = \$12,825

Here's how this amount was determined:

- 15 full years of credited service x \$855 = \$12,825

Christopher's HRA balance will continue to grow, tax-free, as the County makes ongoing contributions each pay period. Christopher can also invest his HRA balance to grow the account.

OPTION

2

Retain Frozen Grant

Monthly grant amount = \$380.55

Here's how this amount was determined:

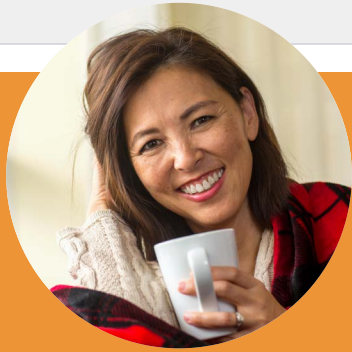
- 15 full years of credited service x \$25.37 = \$380.55
- No age or Grant COLA adjustments impact his frozen grant amount

Note: Once Christopher reaches age 65, his grant amount will be reduced by 50% to \$190.28 per month because he will now be eligible for Medicare Parts A and B.

No matter which option Christopher chooses, contributions will be made to his HRA each pay period starting June 16, 2023. Contributions will continue until he retires or leaves County service.

After weighing the options, Christopher chooses Option 1, rolling over his frozen grant to his new HRA. Christopher expects to continue working for at least another 15 years, so this option will give him the most flexibility for when he is ready to think about retirement. With the HRA, if he moves out of state or to a different country, he can use the HRA money to cover his qualified medical expenses and those of his eligible dependents.* He's also excited that he can invest his HRA money to help grow his balance, tax-free.

**If Christopher had chosen Option 2 and decided to keep his frozen grant, he would still be eligible for County Retiree PPO medical plans if he moves out of state. The grant can still be used out of state, but only Retiree PPO plans are available outside of California.*



Meet Dominique

Dominique is 47 years old and has worked for the County for 17 years.

OPTION

1

Roll Over to HRA

One-time deposit amount = \$14,535

Here's how this amount was determined:

- 17 full years of credited service x \$855 = \$14,535

Dominique's HRA balance will continue to grow, tax-free, as the County makes ongoing contributions each pay period. Dominique can also invest her HRA balance to grow the account.

OPTION

2

Retain Frozen Grant

Monthly grant amount = \$431.29

Here's how this amount was determined:

- 17 full year of credited service x \$25.37 = \$431.29
- No age or Grant COLA adjustments impact her frozen grant amount

Note: Once Dominique reaches age 65, her grant amount will be reduced by 50% to \$215.65 per month because she will become eligible for Medicare Parts A and B.

No matter which option Dominique chooses, contributions will be made to her HRA each pay period starting June 16, 2023. Contributions will continue until she retires or leaves County service.

After weighing the options, Dominique chooses Option 2, retaining her frozen grant. She likes the idea of receiving a monthly benefit to help pay for her County-sponsored retiree medical plan premiums. But, she also understands that her HRA will continue to grow through per-pay-period contributions while she's working, and through additional investment earnings. She likes that she has control over how the funds are invested, and that the HRA will give her an additional nest egg to help pay for health care expenses when she retires.



Aimee

Aimee is 55 years old and has been working for the County for 20 years. She is considering retirement but hasn't made a decision on an exact date.

OPTION

1

Roll Over to HRA

One-time deposit amount = \$17,100

Here's how this amount was determined:

- 20 full years of service x \$855 = \$17,100

Aimee's HRA balance will continue to grow, tax-free, as contributions are made to her HRA each pay period until she retires. Aimee can also invest her HRA balance to grow the account.

OPTION

2

Retain Frozen Grant (and retire on or after June 16, 2023)

Monthly grant amount = \$507.40

Here's how this amount was determined:

- 20 full years of credited service x \$25.37 = \$507.40
- No age or Grant COLA adjustments impact her frozen grant amount

Note: Once Aimee reaches age 65, her grant amount will be reduced by 50% to \$253.70 per month because she becomes eligible for Medicare Parts A and B.

But what if Aimee decides to retire on or before June 15, 2023?

If Aimee decides to retire on or before June 15, 2023, her grant amount will be different. It will be \$317.12 per month.

Here's how this amount was determined:

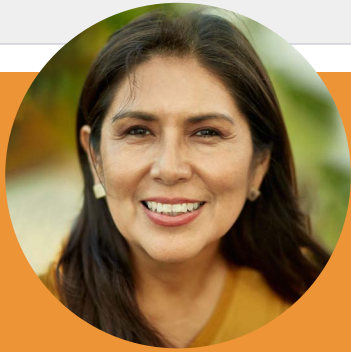
- 20 full years of credited service x \$25.37 = \$507.40
- Age adjustment for being under age 60 = a reduction of \$190.28 (5 years of 7.5% decrease per year)
- 50% reduction when Aimee turns age 65 = will reduce grant to \$158.56 per month

Aimee can also expect to receive Grant COLA adjustments to her grant since her benefit would not be frozen. Grant COLA adjustments are assumed to be 0% for 2024 and up to 3% each year thereafter.

No matter whether Aimee chooses Option 1 or Option 2, contributions will be made to her HRA each pay period starting June 16, 2023 until she retires or leaves County service.

Aimee is leaning toward Option 2, retaining her frozen grant. She has already reviewed the County's retiree medical plan options and decided to enroll in a County plan when she retires. Therefore, the frozen grant will help her pay for the premiums for this plan.

Since her grant would be significantly reduced by retiring before June 15, 2023, Aimee will not retire until a later date. And, with contributions going into her HRA, as long as she works and remains in an eligible bargaining unit, Aimee may delay retirement a few years to build savings, tax-free, in her HRA account.



Maria

Maria is 55 years old and has been working for the County for 20 years. She is nearing retirement, but she hasn't decided when she wants to retire.

OPTION

1

Roll Over to HRA

One-time deposit amount = \$17,100

Here's how this amount was determined:

- 20 full years of service x \$855 = \$17,100

Maria's HRA balance will continue to grow, tax-free, as contributions are made to her HRA each pay period until she retires. Maria can also invest her HRA balance to grow the account.

OPTION

2

Retain Frozen Grant

Monthly grant amount = \$507.40

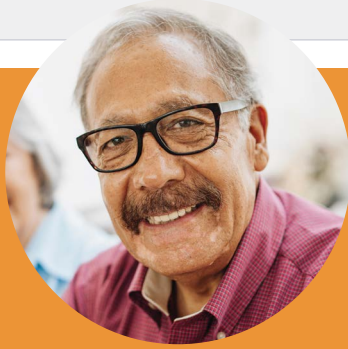
Here's how this amount was determined:

- 20 full years of credited service x \$25.37 = \$507.40
- No age or Grant COLA adjustments impact her frozen grant amount

Note: Once Maria reaches age 65, her grant amount will be reduced by 50% to \$253.70 per month because she will become eligible for Medicare.

No matter which option Maria chooses, contributions will be made to her HRA each pay period starting June 16, 2023 until she retires or leaves County service.

Maria is leaning toward Option 1, rolling over her frozen grant to her new HRA. She likes this option because of the flexibility to use the money in her HRA to pay for a variety of health care expenses. Plus, Maria's grandchildren live in another state, and she is considering moving closer to them after retirement.



Meet Robert

Robert is 65 years old and has worked for the County for 30 years. He is sure he wants to retire in 2023 and wants to weigh his options. If Robert retires after June 16, 2023, he has these options:

OPTION

1

Roll Over to HRA

One-time deposit amount = \$25,650.00

Here's how this amount was determined:

- 30 full years of credited service x \$855 = \$25,650

If Robert chooses to keep working for the County, the County will continue to make contributions each pay period until he retires. His HRA balance will continue to grow, tax-free, and would include any potential earnings he may make from investments.

OPTION

2

Retain Frozen Grant

(retiring on or after June 16, 2023)

Monthly grant amount = \$317.13

One-time deposit to HRA = \$4,275.00

Here's how these amounts were determined:

- 25 full years of credited service x \$25.37 = \$634.25
- 50% reduction because Robert is age 65, reduces to \$317.13 per month
- No grant COLA or additional age adjustments impact his frozen grant amount

Robert also receives a one-time deposit to an HRA because he has more than 25 full years of credited service. This deposit equals \$4,275.00 (5 full years of credited service x \$855).

But what if Robert decides to retire on or before June 15, 2023?

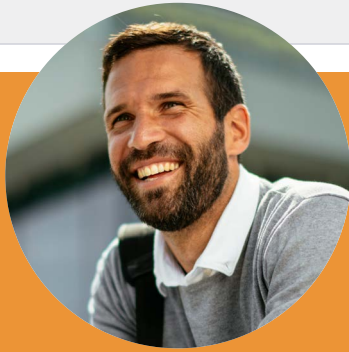
If Robert decides to retire on or before June 15, 2023, his grant amount will be different. It will be \$436.05 per month.

Here's how this amount was determined:

- 25 full years of credited service x \$25.37 = \$634.25
- Age adjustment for being over age 60 = an additional \$237.84 (5 years of 7.5% increase per year)
- 50% reduction because Robert is age 65 = reduces grant to \$436.05 per month

Robert can also expect to receive grant COLA adjustments to his grant since his benefit would not be frozen. Grant COLA adjustments are assumed to be 0% for 2024 and up to 3% each year thereafter.

After weighing his options, Robert decides to retire before June 15, 2023. This will allow him to receive a grant that's nearly \$120 higher per month and also receive future grant COLA adjustments. Robert has already decided to enroll in a County retiree medical plan, so he will use his grant to pay for his retiree health premium. Depending on which County retiree health plan he chooses, he can also use the remaining balance of his grant for reimbursement of Medicare Part B premium.



Meet Victor

Victor is 45 years old. He started working for the County on June 2, 2022. He did not have at least one full year of credited service as of March 9, 2023, so he'll have to wait until July, 2023 to make his election, at which time he'll have 30 days to make his decision.

OPTION

1

Roll Over to HRA

One-time deposit amount = \$855

Here's how this amount was determined:

- 1 full year of credited service x \$855 = \$855

Victor's HRA balance will continue to grow, tax-free, as the County makes ongoing contributions each pay period. Victor can also invest his HRA balance to grow the account.

OPTION

2

Retain Frozen Grant

Monthly grant amount = \$25.37

Here's how this amount was determined:

- 1 full year of credited service x \$25.37 = \$25.37
- No age or Grant COLA adjustments impact her frozen grant amount

Note: Once Victor reaches age 65, his grant amount will be reduced by 50% to \$12.69 per month because he will become eligible for Medicare Parts A and B.

No matter which option Victor chooses, contributions will be made to his HRA each pay period starting retroactively on June 16, 2023. Contributions will continue until he retires or leaves County service.

After weighing the options, Victor chooses Option 1, rolling over his frozen grant to his new HRA. He likes that he has control over how the funds are invested.