

COVID-19 Enhanced Retirement Program (CERP)

Frequently Asked Questions for eligible Staff and Faculty

Application Deadline 10/15/20

Updated: July 30, 2020

APPLICATION/AGREEMENT FORMS

Q. When I complete the Application/Agreement form, it indicates “retirement date.” What date should I put here?

A. For the application, the “retirement date” is the last day of work.

Q: Can I specify the date I want to voluntary separate?

A: You can specify the date you would like to voluntary separate; however, the date must be the last day of a pay period and it is up to leadership to approve the date.

Q: Is it a given that if I apply, it would be accepted?

A: All voluntary applications are subject to leadership approval.

Q: When will I know whether my application is approved?

A: You will be notified within 30 days from submission. Note: Employee may be notified their application status is pending, to provide Senior Leadership additional time to review organizational needs.

BENEFITS

Q. Can I make changes to my benefits during the Fall 2020 Open Enrollment?

A. Yes, you may make changes to your benefit coverages during the fall 2020 Open Enrollment that will take effect on January 1, 2021. You will need to notify HR of any changes to your medical coverage.

Q. Once I leave the University, will I participate in an annual Open Enrollment?

A. Currently USNH provides an Open Enrollment opportunity for retirees to make changes to their medical plan coverage. You may not add anyone to your coverage following your retirement date. All insurance benefit plans, premiums, and contribution rates are subject to change.

Q. How do I pay my contribution for the medical plan?

A. You will receive payment coupons from *benefitexpress*, who administers the billing for USNH medical continuation. Payments are due by the first of the month for that month’s coverage. You will also have the option to set up automatic payments. *benefitexpress* will include this information with payment coupons which will be mailed following your departure. You will have a grace period to submit your initial payment. All insurance benefit plans and contribution rates are subject to change.

Q. Will my spouse and/or eligible dependent(s) be covered under my medical plan?

A. Providing your spouse and/or eligible dependent(s) are enrolled in your medical plan on the last day of your employment, they will be covered under the medical plan until no longer eligible. Once you separate employment, you may not add members to your plan.

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Q. Does COBRA run concurrently with the continuation of my medical plan?

A. Yes, as stated in the CERP description, your separation date is your qualifying event date for COBRA continuation for medical coverage. Please reference www.unh.edu/hr/benefits for additional information re: COBRA.

Q. What happens to my dental coverage if I elect the CERP?

A. Dental coverage for you and any enrolled spouse/dependent(s) ends on the last day of the month in which your employment ends. Please note you are eligible to make changes to your coverage during the Fall 2020 Open Enrollment to take effect January 1, 2021. You and any covered spouse and/or dependent(s) will be offered COBRA for dental continuation, following your separation.

Q. May I change my level of dental coverage if I enroll in COBRA?

A. You would be able to make a change during COBRA open enrollment, which is separate from the USNH general open enrollment in the fall. The change would take effect January 1 of the next year. You will receive separate materials from *benefitexpress*, the administrator of USNH's COBRA plan, regarding COBRA open enrollment.

RETIREMENT PLAN INFORMATION

Q. Can I contribute additional money from the one-time payment or salary continuation into the USNH 403(b) Retirement Plan and/or USNH's 457(b) Deferred Compensation Plan?

A. The CERP payment is non-benefits eligible dollars and not eligible for deferral or matching contributions to USNH's 403 (b) Retirement Plan.

Q. Can I withdraw from my 403(b) while receiving the pay continuation?

A. Yes, you may access funds from your 403(b) once you are no longer a USNH employee.

CALCULATIONS AND PAYMENT

Q. If I am receiving the waive coverage or service payment, how will the lump sum payment be made?

A. There will be one payment made in the pay period following the final pay period as an active employee.

Q. How will I receive my payment?

A. Your payment will be processed in the same manner that your current payroll is directed. For example, if you have elected direct deposit for your payroll, this payment will be processed as a direct deposit.

Q. What if my "years of service" calculation is inaccurate?

A. If you believe there was an error made in determining your "years of service" for your payout amount, notify HR immediately and request that HR verify your years of service. If there was an error, a recalculation will be done.

Q. Is the payment taxable?

A. Yes.

OTHER

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Q. May I continue to work for USNH?

A. No, the acceptance of the 2020-2021 CERP plan would prohibit an individual from returning to work at USNH in any capacity; adjunct or status (benefited).

Q. What will the tax withholdings be?

A. Taxes will be withheld according to the type of payment being received.

Federal income tax withholding for CERP bonus payments will be based on the supplemental earning tax rate, which for 2020 is 22%.

For the pay continuation, federal income tax will be withheld based on the IRS withholding tables and the Form W-4 we have on file (annualized).

Internal Revenue Service regulations require that the FICA and Medicare taxes on the present value of the total amount expected to be received over the full early retirement period, are paid in the first year of “early retirement.” This methodology affects FICA and Medicare taxes only, federal income taxes are withheld when the payments are issued.

USNH will initially pay the full amount of FICA/Medicare due by the employee and consider it an interest-free loan. The loan amount will be deducted in equal amounts from each of your bi-weekly stipend checks, until the balance is paid in full.

The current tax rate for social security is 6.2% for the employer and 6.2% for the employee, or 12.4% total. The current rate for Medicare is 1.45% for the employer and 1.45% for the employee, or 2.9% total.

Additional Medicare Tax applies to an individual's Medicare wages that exceed a threshold amount based on the taxpayer's filing status. Employers are responsible for withholding 0.9% Additional Medicare Tax on an individual's wages paid in excess of \$200,000 in a calendar year, without regard to filing status. An employer is required to begin withholding Additional Medicare Tax in the pay period in which it pays wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. There is no employer match for Additional Medicare Tax.

Only the social security tax has a wage base limit. The wage base limit is the maximum wage that is subject to the tax for that year. For earnings in 2020, this base is \$137,700.

There is no wage base limit for Medicare tax. All covered wages are subject to Medicare tax.

Questions regarding withholding should be directed to the USNH Payroll Office at 603-862-1474.

MISCELLANEOUS

Q: I am eligible, will be employed for 17 years in September, and will reach 62 this week. Will I receive the \$500 for each year of service?

A: Yes, you would be eligible if you meet the minimum age of 62 for the additional \$500 payment for each year of service (i.e. \$500 x 17 years = \$8,500).

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Q: Can you confirm my salary continuation amount?

A: Take your base salary and multiple by 75%; this is the amount to be paid over 20 pay periods and subject to applicable taxation.

Q: How is the salary continuation payment made?

A: The 75% of base salary continuation will be paid out over 20 pay periods.

Q: Did I understand that employees over the age of 65 will get \$1,000 for each year of service with UNH/USNH in addition to 75% of our annual salary paid out over 20 pay periods?

A: Yes, that's correct.

Q: When will I receive the lump sum payment for service?

A: Bonus payments will be issued in the pay period following departure and receipt of your last regular pay.

Q: Will USNH continue to pay a share of my medical insurance and I will continue to pay the employee share?

A: Yes, medical coverage will continue at the "employee rate" and you will be billed monthly. Note: plans and premiums subject to change.

Q: My husband will be retiring at the end of this year and I plan to add him to my medical coverage beginning with Jan 1, 2021. Would that still be an option for me if I were to take advantage of this offer to depart 6/30/21?

A: Yes, open enrollment and qualifying events still apply for making benefit changes, however, you will need to notify HR with any changes made to the medical coverage. Coverage continuation will be based on the medical coverage in effect at the time of departure.

Please note coverage following retirement is no longer through **active** employment and anyone eligible for Medicare must enroll in Medicare Part A and Part B if covered under the USNH plan following your retirement (this would be done as a special enrollment through the local Social Security Administration). Medicare only provides for delayed enrollment in Part B when covered through active employment. The USNH plan will be secondary to Medicare and serve as a supplement (as Medicare alone may not be sufficient); it will also provide prescription benefits so enrollment in Medicare Part D is not needed until USNH coverage ends. Failure to enroll in Medicare Part A & Part B if eligible can result in delayed enrollment in the future and higher premium costs. It will also impact how claims are paid as Cigna only pays the portion they would be responsible for had Medicare paid first. There is no reduction in premium as the secondary payer.

Q: Will my dental and vision coverage also continue through age 65?

A: No; Dental and Vision coverage will continue to the end of the month of departure. After that date continuation is only available through COBRA provisions (18 months), which must be elected. Information regarding COBRA will be sent by *benefitexpress*, the benefits/billing/COBRA administrator for USNH, following coverage termination.

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Q: Would I still have the option to contribute to an FSA account until my retirement date?

A: Yes, an FSA may be elected for the 2021 plan year and will terminate on departure date; only eligible claims incurred on or before the employment end date are eligible for reimbursement. An individual has 90 days from employment end date to submit for reimbursement. The WageWorks card is deactivated upon employment termination.

Q: Can I continue to contribute to my Retirement 403(b) account until my retirement date?

A: Yes, as an active employee you can continue to contribute to the 403(b) until your employment termination date.

Q: Does my Life Insurance coverage end on my retirement date?

A: Yes, Life Insurance ends on the last day of employment. Information regarding conversion to an individual policy will be sent by the Standard (USNH's Life Insurance vendor) following employment termination.

Q: I cover my 65-year-old spouse on my current medical plan, can I continue to cover my spouse upon my voluntary resignation?

A: Coverage following your retirement is no longer through active employment and anyone eligible for Medicare must enroll in Medicare Part A and Part B if covered under the USNH plan following your voluntary resignation (this would be done as a special enrollment through the Social Security Administration). Medicare only provides for delayed enrollment in Part B when covered through active employment. The USNH plan will be secondary to Medicare and serve as a supplement (as Medicare alone is not sufficient); it will also provide prescription benefits so enrollment in Medicare Part D is not needed until coverage ends. Failure to enroll in Medicare Part A & Part B if eligible can result in delayed enrollment in the future and higher premium costs, it will also impact how claims are paid as Cigna will only pay the portion they would be responsible for had Medicare paid first. Premiums are not reduced as the secondary payer.

Q: How will vacation time be handled? If you retire as of a certain date would you still get your 30-day payout of time?

A: Yes, personal days (vacation), up to max of 30 days, would be paid as a lump sum payment.

Q: If I leave my retirement funds with TIAA and/or Fidelity following retirement, will there be any fees to leave the funds or to move funds around?

A: Once you retire there are no additional fees to leave your retirement funds in the plan or when moving funds around.

Q: Where can I find information about Medicare?

A: Resources include: Official Medicare website <https://www.medicare.gov/> and includes information related to finding local Medicare contact information, signing up for plans, costs, coverage, drug coverage (Part D), forms, help & Resources.

Q: Can I keep the USNH medical plan if I find another job?

A: Yes, you can continue coverage up to 5 ½ or age 65 or you can opt out but may not later re-enroll.

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ARC (Additional Retirement Contribution) - eligible employees only

- Q. If I have ARC, and my spouse becomes Medicare eligible before me, does the USNH medical benefits coverage for the spouse end when they become Medicare eligible, or can the spouse remain on USNH coverage until I turn 65?**
- A. If an ARC retiree's spouse turns 65 before the retiree turns 65, the spouse may remain on the retiree's medical benefit plan until the coverage terminates for the retiree, however, our insurance will be secondary to Medicare. Regardless of age, if your spouse or eligible covered dependent is Medicare eligible, it is necessary for the Medicare eligible spouse/dependent to enroll in Medicare Part A and B as the coverage through USNH is no longer through someone who is **actively** at work. Failure to enroll in Medicare can result in higher Medicare premiums a delayed effective date when enrolling in the future. Claims will also be impacted; in the absence of Medicare the USNH group plan will only pay the portion it would be responsible for had Medicare paid first. You should contact the local Social Security Administration for more information at www.ssa.gov or 1-800-772-1213. It is important to note that the USNH medical insurance is no longer through **active** employment. Premiums are not reduced as a secondary payer.
- Q. If I have ARC, what happens to my spouse's benefits if I turn 65 first?**
- A. Your spouse's benefits will end when your benefits end. Where applicable, medical benefits will run concurrent with COBRA provisions.
- Q. If I have ARC and I pass away will my spouse remain on the employee's benefits plan?**
- A. If an ARC retiree passes away, the spouse is not eligible to remain on the retiree's benefits plan but would be offered continued medical coverage through COBRA. Medical benefits run concurrent with COBRA.

Medicare Complementary Plan (MCP) - eligible employees only (as elected in 1994)

- Q. Is there a cost for the MCP if I am age 65 or over?**
- A. There is currently no premium cost for the MCP for you or your eligible spouse who is age 65 or over. If at the time you transition to the MCP you are covering a spouse and/or eligible dependent(s) under the active medical plan, they may remain under that plan, as may be amended from time to time, until they are no longer eligible for coverage. Premium contributions to cover a spouse and/or eligible dependent(s) will be the same as active employees for a maximum of 3 years at the EE rate or to the departing employee's 65th birthday whichever is

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greater; thereafter, the rate will be 50% of the total premium cost of the coverage. On the first day of the month in which the spouse attains age 65, or the first day of the prior month if their birthday falls on the first, they will transition to the MCP. Spouses who are over 65 at the time of departure will transition to the MCP on the first of the month following the employee's departure date. All insurance benefit plans and contribution rates are subject to change.

Q. Do I change to the MCP as soon as I turn 65?

A. Yes, on the first of the month in which you attain 65 (or the month prior if your birthday falls on the first of the month), you will transition to the MCP. You must be enrolled in Medicare Parts A and B to receive the full benefit of the MCP. The same applies to your spouse.

Q. What does the MCP cover? How long does that last?

A. The MCP serves as a supplement to Medicare covered expenses. Information regarding Medicare is available at www.medicare.gov. For more information on the MCP you may go to <https://www.usnh.edu/resource/retirees>.

Q. Are the current plans for active employees different than Medicare and the MCP for retirees (ex: coverage for exercise programs or preventive maintenance programs)?

A. Yes; the MCP serves a supplement to Medicare covered expenses and is driven by what Medicare coverage. Wellness programs (such as gym memberships) are not offered through Medicare or the MCP. You should refer to the Medicare website at www.medicare.gov for information regarding Medicare coverage. All insurance benefit plans and contribution rates are subject to change.