YOUR GUIDE TO THE VOLUNTARY RETIREMENT INCENTIVE PROGRAM

VRIP

For Retirement-Eligible Employees at Wright State University

Wright State University
Human Resources
115 Medical Sciences Bldg
3640 Colonel Glenn Hwy
Dayton, OH 45435

www.wright.edu/hr  (937) 775-2120 www.wright.edu/benefits
In This Booklet

Introducing the Voluntary Retirement Incentive Program 1
Program Features 2
Eligibility 3
Calculating Your Benefit 4
Let’s Look at an Example 5
Health Reimbursement Account 6
High Deductible Health Plan 6
Medical Coverage at a Special Subsidized COBRA Rate 7
About Medicare & Social Security 8
Windfall Elimination 8
What You Need To Do 9
WSU Retiree Association 9

About This Booklet

This guide provides you with details of the Voluntary Retirement Incentive Program available from Wright State University. More complete information about the offer can be found in the official plan documents. If there are any differences between this guide and the official plan documents, the official plan documents shall govern.

Program Implementation Timeline

- Initial Program Announcement: June 2016
- VRIP Material Mailed to eligible employees and Posted to Website: June 27, 2016
- Election Period: June 27, 2016 - August 11, 2016
- Educational Sessions: July and August 2016
- Program Election Deadline: by 4:30 p.m. ET August 11, 2016
- Staff separation date: September 30, 2016
- Staff first day in retirement status: October 1, 2016
- Faculty separation date: December 31, 2016
- Faculty first day in retirement status: January 1, 2017
After careful consideration, Wright State University is offering a voluntary, enhanced retirement option for retirement-eligible employees. This program, called the Voluntary Retirement Incentive Program, is a one-time offer for eligible employees to retire.

This offer is completely voluntary. Employment status will not be affected because you choose to decline this offer.

Keep in mind that the process for determining employees eligible for the program is very different from the process for identifying those who may receive an involuntary reduction. Eligibility for the program is open to retirement-eligible employees only.

For Bargaining Unit Faculty Members (BUFM), involuntary reductions are addressed in the Collective Bargaining Agreement between the University and AAUP-WSU. When involuntary staff or non-BUFM reductions are necessary, the process is narrowly focused and examines factors such as employee performance, specific contractual and business obligations, essential functions of the position and individual department budgets. These factors are not part of the Voluntary Retirement Incentive Program.

Eligible employees who take advantage of the program will have their salary and benefits coverage enhanced. The opportunity to elect the program will be available from Monday, June 27, 2016 through Thursday, August 11, 2016 at 4:30 p.m. ET.

As an eligible employee, you can take advantage of this voluntary program by completing and returning your signed election form to HR by Thursday, August 11, 2016 at 4:30 p.m. ET. If you wish to take advantage of the program, your retirement will become effective by:

- September 30, 2016 for staff employees.
- December 31, 2016 for faculty employees.

You are encouraged to review this booklet and the enclosed materials, which will assist you in making your decision as soon as possible after the election window opens on June 27, 2016.
Program Features

The Voluntary Retirement Incentive Program offers enhanced benefits not otherwise available through your retirement plan(s) and post-retirement medical coverage. This opportunity will allow you to retire with greater benefits than you would receive under the current retirement provisions.

The features of the program are as follows:

- **Pay continuation**: Receive 4% of your base pay (as of August 1, 2016) per year of Wright State service, with a maximum of 25 years of service, paid over three years; capped at $85,000.

- **Medical benefit**: Receive a Health Reimbursement Account, or HRA, contribution from the university of $5,000 per year for three years to use toward eligible health expenses, such as purchasing coverage either outside or inside the university and paying for deductible, copayment and coinsurance costs for medical services and prescription drugs.

- **Maximum offer**: The total amount of the offer (pay continuation and medical benefit enhancement) is capped at $100,000.

In addition, for those interested in continuing to receive medical coverage for themselves and eligible dependents under one of the Wright State medical plans (i.e., AAUP PPO 90/10 Plan, PPO 90/10 Plan, AAUP PPO 80/20 Plan, PPO 80/20 Plan, AAUP HDHP Plan or HDHP Plan), the university will provide a special subsidized COBRA rate that will cover 50% of the COBRA rate for up to three years.

As is standard practice and pursuant to the university’s policy, eligible employees will be paid for any unused, accrued sick time (with 10 years of state service) and/or accrued vacation after their employment with the university ends. Details are explained in the Wright Path to Retirement brochure available by visiting www.wright.edu/hr.

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**Sick and/or Vacation Payout**

**Consider Tax Savings**

You have the option of tax deferring any portion of your sick and/or vacation payout into a Supplemental Retirement Account (403(b) and/or 457(b)) through WSU. You can elect to defer any portion of your payout up to the current IRS limit.

**To Accomplish:**

1. Set up an account with an approved vendor. Visit our website for the list of approved vendors www.wright.edu/human-resources/benefits.
2. Email HR-Benefits@wright.edu with the amount you want to defer, account type (403(b) and/or 457(b)), provider name and the date of your retirement.

**Timeline for Account Set-Up & Email:**

1. For 457(b), per IRS you must take action at least one month prior to your retirement date.
2. For 403(b), you have until the 10th day in the month of your retirement.

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1 Medical plans are subject to change annually.
Eligibility

Employees eligible to take their retirement benefit, reduced or unreduced, by September 30, 2016 (for staff employees) or by December 31, 2016 (for faculty employees) are eligible for the Voluntary Retirement Incentive Program.

Retirement eligible is defined by the system or plan in which employees participate as follows:

- The State Teachers Retirement System, or STRS, defines retirement eligible as:
  - In the Defined Benefit Plan and Combined Plan: At any age with 31 years of service or age 65 with five years of service for an unreduced retirement benefit, and at any age with 30 years of service, age 55 with 26 years of service or age 60 with five years of service for a reduced retirement benefit.
  - In the Defined Contribution Plan: At age 50 with any service requirement.

- The Ohio Public Employees Retirement System, or OPERS, defines retirement eligible as:
  - In the Traditional Plan and Combined Plan: At any age with 30 years of service or age 65 with five years of service for an unreduced benefit, and at age 55 with 25 years of service or age 60 with five years of service for a reduced retirement benefit.
  - In the Member Directed Plan: At age 55 with any service requirement.

- The Ohio Public Employees Retirement System-Law Enforcement, or OPERS-LE, defines retirement eligible as age 48 with 25 years of service or age 62 with 15 years of service for an unreduced retirement benefit, and at age 52 with 15 years of service for a reduced retirement benefit.

- The Alternative Retirement Plan, or ARP, defines retirement eligible as age 59½ with any service requirement.

Those not eligible include employees who previously retired prior to May 2, 2016 from the university; part-time, on-call employees; special contract employees; and those given notice by the university prior to May 2, 2016.
Calculating Your Total Benefit

The pay continuation and contribution to the Health Reimbursement Account (HRA) are the key components of the program. Together, they provide an annual benefit for 2017, 2018 and 2019.

Pay Continuation

The amount of your pay continuation is determined using a formula that takes into account your final annual base pay as of August 1, 2016, and your years of Wright State service.

**STEP 1**

$ Enter annual base pay as of 8/1/2016

× 0.04 (or 4%)

= Total

**STEP 2**

$ Enter total from Step 1

× Enter years of WSU service, capped at 25

= Pay Continuation Total

(Not to exceed $85,000)

**STEP 3**

$ Enter total from step 2

÷ 3

= Amount of Pay Per Year for Three Years

(Not to exceed $85,000)

**STEP 4**

$ 15,000

÷ 3

= $ 5,000

Amount of HRA Per Year for Three Years

**STEP 5**

Total capped at $100,000

Add total from Step 2 plus total HRA contribution

Your pay continuation total plus the total HRA contribution from the university will be capped at $100,000.
Let’s Look at an Example

Rowdy Raider’s annual base pay as of August 1, 2016, is $89,500 and he has 17 years of Wright State service.

As calculated below, Rowdy will receive $20,287 per year for three years as pay continuation. In addition, Rowdy will receive $5,000 per year for three years in the form of a contribution to a Health Reimbursement Account (HRA).

Rowdy will receive a total of $75,860 from the university. These are benefits he would otherwise not be eligible to receive under the university’s normal retirement program.

**Pay Continuation**

**STEP 1**

$89,500 \times 0.04 \text{ (or 4\%)} = $3,580

Enter annual base pay as of 8/1/2016

**STEP 2**

$3,580 \times 17 = $60,860

Enter total from Step 1

**STEP 3**

$60,860 \div 3 = $20,287

Enter total from step 2

(Not to exceed $85,000)

**Medical Benefit Enhancement (HRA)**

**STEP 4**

$15,000 \div 3 = $5,000

(Not to exceed $85,000)

**STEP 5**

$75,860

Total capped at $100,000

Add total from Step 2 plus total HRA contribution
More About the Health Reimbursement Account

A Health Reimbursement Account, or HRA, is a tax-advantaged account the university will establish for you. It will be administered by myCafeteriaPlan, our flexible spending account administrator. For the next three years, beginning with the first of the month following your retirement, the university will credit your HRA with $5,000, October 1 for staff and January 1 for faculty. You can use the money in the account to pay for eligible health expenses, such as purchasing coverage outside the university (after-tax) and paying for deductible, copayment and coinsurance costs for medical services and prescription drugs.

Any amount remaining in your HRA at the end of the year will roll over and can be used in future years. At the end of the three-year period, you will have an additional 9 months to incur expenses. Then, you have until the end of year 4 to submit all reimbursements. HRA funds remaining after the fourth year will be forfeited. For a list of eligible expenses, please refer to IRS publication 502, which can be found at https://www.irs.gov/pub/irs-pdf/p502.pdf.

High Deductible Health Plan

Per IRS guidelines, individuals covered by a High Deductible Health Plan (HDHP) and an HRA are not permitted to make contributions to a Health Savings Account (HSA) after leaving the university.

Don’t worry! In addition to an HRA account, you can access funds in your HSA for qualified medical expenses.

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myCafeteriaPlan will assess a $3.50 administrative fee per month.
Medical Coverage at a Special Subsidized COBRA Rate

For those interested in continuing to receive medical coverage for themselves and eligible dependents under one of the current Wright State medical plans (AAUP PPO 90/10 Plan, PPO 90/10, AAUP PPO 80/20 Plan, PPO 80/20AAUP HDHP Plan or HDHP Plan)\(^4\), the university will provide a special subsidized COBRA rate that will cover 50% of the COBRA rates for up to three years.

Your current WSU healthcare coverage will terminate on your retirement date. COBRA coverage, if elected, will be reinstated to the first day of your retirement once the COBRA administrator, UMR, has received your subsidized payment.

For more information about COBRA benefits, please contact HR.

COBRA Enrollment

UMR, WSU’s COBRA administrator will send enrollment information to you and/or your eligible dependents within 14 days after your retirement.

You and/or your dependents have 60 days after your retirement date or the date COBRA enrollment form was sent, whichever is later, to elect COBRA coverage and return the enrollment form to UMR.

You and/or your dependents have 45 days after making your election to send your premium payment to UMR. Coverage will be reinstated to the first of the month following your retirement.

The earlier you make your COBRA payment, the faster your healthcare will be reinstated.

COBRA vendor: UMR
PO Box 1206
Wausau, WI 54402-1206
P: (800) 207-1824
F: 877-291-3241
E: mycobra@umr.com
W: www.umr.com

2016 Monthly Subsidized Rates for AAUP Faculty

<table>
<thead>
<tr>
<th></th>
<th>PPO 90/10</th>
<th>PPO 80/20</th>
<th>HDHP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>$302</td>
<td>$288</td>
<td>$235</td>
</tr>
<tr>
<td>Individual +1</td>
<td>$572</td>
<td>$545</td>
<td>$444</td>
</tr>
<tr>
<td>Individual + 2 or more</td>
<td>$997</td>
<td>$950</td>
<td>$775</td>
</tr>
</tbody>
</table>

Per Collective Bargaining Agreement, the AAUP offerings include medical, dental and vision coverage.

2016 Monthly Subsidized Rates for Staff & Non-Bargaining Unit Faculty

<table>
<thead>
<tr>
<th></th>
<th>PPO 90/10</th>
<th>PPO 80/20</th>
<th>HDHP</th>
<th>Dental</th>
<th>Vision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>$284</td>
<td>$270</td>
<td>$216</td>
<td>$15</td>
<td>$4</td>
</tr>
<tr>
<td>Individual +1</td>
<td>$538</td>
<td>$511</td>
<td>$410</td>
<td>$28</td>
<td>$7</td>
</tr>
<tr>
<td>Individual + 2 or more</td>
<td>$935</td>
<td>$888</td>
<td>$712</td>
<td>$52</td>
<td>$11</td>
</tr>
</tbody>
</table>

\(^4\) Medical plans and COBRA rates are subject to change annually.
About Medicare & Social Security

Medicare is the federal health insurance program for people who are 65 or older, certain younger people with disabilities, and people with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a transplant, sometimes called ESRD).

Please contact Social Security to discuss the various Medicare options:
- Medicare Part A - Hospital Insurance
- Medicare Part B - Medical Insurance
- Medicare Part C - Medicare Advantage Plans
- Medicare Part D - prescription drug coverage

If approaching age 65, you should sign up for Medicare three months before reaching age 65.

If age 65 or older and previously waived Medicare coverage, please contact Social Security to start your enrollment.

Social Security benefits, if applicable, are in addition to your university benefits and provide you with another source of retirement income. You can begin receiving reduced benefits as early as age 62. The earliest age at which you may be eligible to receive an unreduced Social Security benefit varies depending on your year of birth, as shown in the following table:

<table>
<thead>
<tr>
<th>Year of Birth*</th>
<th>Full Benefit Retirement Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943 – 1954</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 and 2 months</td>
</tr>
<tr>
<td>1956</td>
<td>66 and 4 months</td>
</tr>
<tr>
<td>1957</td>
<td>66 and 6 months</td>
</tr>
<tr>
<td>1958</td>
<td>66 and 8 months</td>
</tr>
<tr>
<td>1959</td>
<td>66 and 10 months</td>
</tr>
<tr>
<td>1960 and later</td>
<td>67</td>
</tr>
</tbody>
</table>

* If you were born on January 1 of any year, refer to the previous year.

If you have questions about Medicare or Social Security, please contact the Social Security Administration at [www.ssa.gov](http://www.ssa.gov) or call (800) 772-1213.
What You Need to Do

As you consider the Voluntary Retirement Incentive Program, be sure to:

- Read this guide and the other materials in your decision packet.
- Attend an educational session to learn more and get your questions answered. To view session offerings visit www.wright.edu/hr.
- Contact STRS, OPERS, OPERS-LE or ARP representatives for pertinent and relevant details about your retirement.
- Consider seeking the advice of a financial, tax, and/or legal advisor before making a final decision. In addition, you may wish to contact the Social Security Administration to be fully aware of your Social Security and Medicare retirement benefits and when benefits begin.

Wright State University and its representatives cannot advise you whether this program is appropriate for you and your family.

- Contact HR if you have any questions about the program.
- Sign and return your hardcopy election form in person or by registered mail to HR no later than the end of the election window, which is 4:30 p.m. ET on Thursday, August 11, 2016.
- An HR representative will stamp your application and provide a stamped copy.
- Finalize your retirement timely with STRS, OPERS, OPERS-LE, or ARP. The respective retirement system will notify HR.
- Inform your supervisor of your decision and work with your department to transition your responsibilities to other employees in advance of your separation date.

About This Booklet

Wright State University reserves the right to restrict the number of employees who may be eligible to elect to participate in the program without prior notice.