

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

Message from the AVP & CHRO

As an employee eligible to retire, Wright State University is providing you an opportunity to pursue your retirement with enhanced benefits. This is a one time offering and is entirely voluntary.

Whether your plans are to make a career change, spend more time with family, pursue a professional endeavor, travel or start a new hobby, this voluntary retirement incentive program will give you a jump start.

Regardless of your decision, Wright State appreciates your dedication and years of service.



**Shari Mickey-Boggs,
AVP & CHRO**

Introducing the Voluntary Retirement Incentive Program

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)¹, 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.

¹Medical plans are subject to change annually.

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.



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.

STRS

275 E. Broad St
Columbus, OH 43215-3771
P: (888) 227-7877
W: www.strsoh.org
H: 8:00 a.m. - 5:00 p.m.

OPERS

277 East Town Street
Columbus, OH 43215-4642
P: (800) 222-PERS (7377)
W: www.opers.org
H: 8:00 a.m. - 4:30 p.m.

ARP

Contact your ARP vendor, visit <http://www.wright.edu/human-resources/benefits/retirement/alternative-retirement-plan-arp>



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.

Pay Continuation

STEP 1

$$\begin{array}{|c|} \hline \$ \\ \hline \end{array} \times \begin{array}{|c|} \hline 0.04(\text{or } 4\%) \\ \hline \end{array} = \begin{array}{|c|} \hline \$ \\ \hline \end{array}$$

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

STEP 2

$$\begin{array}{|c|} \hline \$ \\ \hline \end{array} \times \begin{array}{|c|} \hline \\ \hline \end{array} = \begin{array}{|c|} \hline \$ \\ \hline \end{array}$$

Enter total from Step 1 Enter years of WSU service, capped at 25 Pay Continuation Total²
(Not to exceed \$85,000)

STEP 3

$$\begin{array}{|c|} \hline \$ \\ \hline \end{array} \div \begin{array}{|c|} \hline 3 \\ \hline \end{array} = \begin{array}{|c|} \hline \$ \\ \hline \end{array}$$

Enter total from step 2 Amount of Pay Per Year for Three Years
(Not to exceed \$85,000)

Medical Benefit Enhancement (HRA)

STEP 4

$$\begin{array}{|c|} \hline \$ 15,000 \\ \hline \end{array} \div \begin{array}{|c|} \hline 3 \\ \hline \end{array} = \begin{array}{|c|} \hline \$ 5,000 \\ \hline \end{array}$$

Amount of HRA Per Year for Three Years

Total Benefit

STEP 5

$$\begin{array}{|c|} \hline \$ \\ \hline \end{array}$$

Total capped at \$100,000

Add total from Step 2 plus total HRA contribution

²Your 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

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

Enter annual base pay as of 8/1/2016

Total

STEP 2

$$\boxed{\$ 3,580} \times \boxed{17} = \boxed{\$ 60,860}$$

Enter total from Step 1

Enter years of WSU service, capped at 25

Pay Continuation Total²

(Not to exceed \$85,000)

STEP 3

$$\boxed{\$ 60,860} \div \boxed{3} = \boxed{\$ 20,287}$$

Enter total from step 2

(Not to exceed \$85,000)

Amount of Pay Per Year for Three Years

Medical Benefit Enhancement (HRA)

STEP 4

$$\boxed{\$ 15,000} \div \boxed{3} = \boxed{\$ 5,000}$$

Amount of HRA Per Year for Three Years

Total Benefit

STEP 5

$$\boxed{\$ 75,860} \text{ Total capped at } \$100,000$$

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 \$5,000³, 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.

Submitting a Claim is Easy!

1. Pay for the eligible expense and keep your receipt (if applicable).
2. Complete a claim form.
3. Submit your claim form along with your receipt, insurance Explanation of Benefits (EOB), pharmacy prescription history via mail, fax, email or online.
4. myCafeteriaPlan will reimburse you for your eligible expenses via direct deposit.

HRA vendor: **myCafeteriaPlan**

432 East Pearl Street
Miamisburg, OH 45342

P: (937) 865-6500

P: (800) 865-6543

F: (937) 865.6502

W: www.mycafeteriaplan.com

³ 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

	PPO 90/10	PPO 80/20	HDHP
Individual	\$302	\$288	\$235
Individual +1	\$572	\$545	\$444
Individual + 2 or more	\$997	\$950	\$775

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

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

	PPO 90/10	PPO 80/20	HDHP	Dental	Vision
Individual	\$284	\$270	\$216	\$15	\$4
Individual +1	\$538	\$511	\$410	\$28	\$7
Individual + 2 or more	\$935	\$888	\$712	\$52	\$11

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:

Year of Birth*	Full Benefit Retirement Age
1943 – 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

* 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 or call (800) 772-1213.

Key Things To Remember

The Windfall Elimination Provision can affect how Social Security calculates your retirement or disability benefit. If you work for an employer who doesn't withhold Social Security taxes from your salary, such as Wright State, any pension you receive from working at WSU can reduce your Social Security benefits.

For more information visit, <https://www.ssa.gov/pubs/EN-05-10045.pdf>.

Social Security - What You Can Do Online

visit www.ssa.gov

- Apply for Social Security benefits
- Get your Social Security Statement
- Find out if you qualify for benefits
- Estimate future benefits



WSU Retiree Association

Get Involved!

About

The Retirees Association is a service-oriented organization devoted to serving the needs of retirees, including providing opportunities for continuing service to the University. Concerned with the economic and health concerns and for the social recreational needs of their members.

Benefits of Joining

- Attend monthly meeting with friends and former colleagues
- Join an informal lunch following monthly board meetings
- Provide your individual skills to WSU and its retirees
- Provide input and influence activities and service functions of WSURA
- Stay informed about the WSU Community
- Stay up to date on statewide political activities that may impact retirement benefits
- Receive a free campus parking pass to most WSU parking lots

WSU Retiree Association

210 University Foundation Building

3070 Presidential Drive

Phone: (937) 775-2777

Email: WSURA@wright.edu

www.wright.edu/retirees-association

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.

