

EMPLOYEE BENEFITS

COUNTY OF RIVERSIDE HUMAN RESOURCES
Great Benefits For A Great Place To Work



If you are currently enrolled in Medicare—or will become eligible for Medicare before January 1, 2009—change in the rate calculation will not affect you, since plans for Medicare-eligible retirees are already rated separately.

The County has been working with our health care vendors, actuaries, and other benefit experts in order to set the final rates for 2009. The new rates will be announced in the 2009 annual enrollment materials, which you can expect to receive in early October 2008.

Looking Ahead to Retirement

Whether retirement is right around the corner or many years off, your life after work will be more secure if you start planning and saving early. One of the greatest expenses you will face in retirement is health care. You may have heard that the premiums will be increasing for early retirees in 2009. Let us set the record straight.

A New Expense to Plan For

Retirees who are under age 65 (or not covered by Medicare) currently get their medical coverage for much less than it really costs because the rates are combined with the rates for active employees. Since the cost of health insurance is based in part on how much the members use the medical plan, having younger, active employees in the mix helps offset the higher cost of health coverage for early retirees.

Why This Is About to Change. A new government accounting rule called GASB 45 requires public employers to report the costs

of benefits for retirees in our annual financial statements, including the amount subsidized by providing coverage to retirees at active rates. In response to the GASB rules, the County has decided to separate our active employees from early retirees (those who are not yet eligible for Medicare) when calculating the premiums for our medical plans beginning in 2009.

What You Can Expect to Pay

Although the exact amount of the increase has yet to be determined, the overall medical plan premiums for retirees who are not covered by Medicare are expected to increase significantly. To give you a general idea of what to expect, the chart below shows the estimated difference between the current medical plan premiums and what retirees who are not eligible for Medicare would pay if their rates were calculated separately. *Please keep in mind that these numbers are only an illustration based on current costs. The 2009 premiums will be higher—and costs will continue to go up each year.*

County Medical Plans	2008 Rates for Active Employees & Retirees Who Are Not Eligible for Medicare	How 2008 Rates for Retirees Who Are Not Eligible for Medicare Would Look If Calculated Separately
Exclusive Care EPO		
Retiree only	\$ 313.38	\$ 561.40
Retiree + one	\$ 639.63	\$1,145.85
Retiree + family	\$ 804.90	\$1,441.91
Blue Shield HMO		
Retiree only	\$ 414.60	\$ 677.04
Retiree + one	\$ 827.18	\$1,352.07
Retiree + family	\$1,073.32	\$1,754.77
Kaiser HMO		
Retiree only	\$ 428.00	\$ 712.00
Retiree + one	\$ 854.00	\$1,422.00
Retiree + family	\$1,109.00	\$1,848.00
Blue Shield PPO		
Retiree only	\$ 743.58	\$ 863.23
Retiree + one	\$1,486.32	\$1,725.80
Retiree + family	\$1,931.74	\$2,243.08

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When Your Rates Will Go Up

To help employees who are retiring this year adjust to the new rates, the County will subsidize their rates for up to two years. Remember, this subsidy applies *ONLY* to employees who retire in 2008—and *ALL* retirees who are not yet eligible for Medicare will pay the higher rates starting in 2011.

If you retire *BEFORE* January 1, 2009...

You will continue to pay the same rates as active employees until January 1, 2011 *or* the month in which you become eligible for Medicare, whichever comes first.

If you retire on or *AFTER* January 1, 2009...

Your rates will be calculated separately from active employees' and you will pay the higher rate for the next two years or until you are eligible for Medicare.

How You Can Prepare for the Change in Premiums

The County offers one of the best retirement programs around, with generous benefits that help you pay for expenses such as retiree health care. Still, it's important that you understand how this change affects the County's retiree medical program. It could also affect how you plan for retirement—and *when* you are financially ready to retire. Take a hard look at your savings and monthly budget, keeping the premium increase in mind—you may find it makes sense to work a while longer so you can save more. Fortunately, the County gives you two excellent ways to accumulate money for additional retiree health care expenses.

While you're still working... the Deferred Compensation Plan helps employees meet their financial goals in retirement. You may choose to contribute to mutual funds through Nationwide Retirement Solutions and/or AIG Retirement. Contributions go into your account on a tax-deferred basis, so you will not pay taxes until you withdraw your funds at retirement. For 2008, you may contribute up to \$15,500 to the plan. If you are age 50 or older (or will turn 50 in 2008), you may also make a "catch-up" contribution of up to \$5,000. For more information, please contact the providers directly at:

- Nationwide Retirement Solutions – (877) 677-3678
- AIG Valic – (888) 568-2542

When you retire... you may contribute your unused leave to the tax-sheltered VEBA Health Savings Plan. The VEBA Health Savings Plan provides tax-exempt reimbursements for your IRS-qualified health care expenses, such as copayments and deductibles. You can also use the money in the plan to pay for retiree health insurance premiums.

For help figuring out how much you'll need to save to fund these additional health insurance costs, visit the Benefits Web site at <http://benefits.rc-hr.com>, where you'll find examples and worksheets. Also, watch for future communications in the mail or with your payroll warrant.

Depending on your bargaining group, you may also be eligible to invest your unused leave in the Special Pay Plan, which allows your money to grow on a tax-deferred basis until you take it out at retirement.

The County also offers one-on-one retirement counseling sessions and pre-retirement workshops to tell you everything you need to know about retiring from the County. For the dates and times for these workshops, go to **www.workforceexchange.net** or contact the County's Benefits Information Line at (951) 955-4981.

A More Affordable Medical Plan Option

To provide a lower-cost medical alternative, the Board of Supervisors created a new medical plan designed specifically to meet the needs of our early retirees. The plan provides comprehensive coverage, costs less than many retiree health plans on the market today, and includes nationwide coverage. The 2008 premiums for the Exclusive Care Select Plan are shown below. These

premiums have already been calculated for retirees who are not yet eligible for Medicare, so they will not be affected by GASB 45.

Exclusive Care Select Plan for Retirees Who Are Not Eligible for Medicare

Retiree only	\$ 529.75
Retiree + one	\$ 962.45
Retiree + family	\$1,385.27

When the time comes for you to retire, the Exclusive Care Select Plan is an option you'll want to consider! For more information, visit **www.exclusivecare.com**, or call Member Services at (800) 962-1133.