



Retirement Seminar

OFNHP Local 5017

PRESENTED BY: **Christina Kaoh, Director, Hawaii Region & Alliance Employee Benefits**

October 2020

Welcome!

Presenter:

Christina Kaoh, Alliance Director – Hawaii Region & Alliance Benefit

Format:

- 90 minutes for presentation; 20 minutes for Q&A
- Questions should go in chat at end of presentation

Objectives

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- Learn what changes lie ahead for retiree medical;
- Understand key components of your retirement benefit suite;
 - Retiree Medical
 - Sick Leave Health Reimbursement Account (HRA)
 - Defined Benefit Plan/Pension
 - Defined Contribution Plans
- Understand key dates for retirement

Alliance Bargaining Principles

- Continue to preserve affordable, high-quality health coverage for Alliance members;
- Continue to lead the industry in benefits;
- Standardize benefits across our 50,000 members and improve them where we can;
- Negotiate the most improvements for the most people and raise the floor for those who have less generous benefits.

Retiree Medical

2015 Bargaining Review

- Eligibility: Retire at age 55 with 15 YOS, or rule of 75 with 15 YOS;
- Features the Kaiser Permanente Senior Advantage Plan (see www.kp.org/medicare);
- New design in effect for those retiring after December 31, 2016 in ROCs
- Health Reimbursement Account based on YOS
- Subsidy for retiree and spouse that increases 3% a year (For 2020: \$116 for SCAL; \$87 for CO; \$36 for GA, MAS and NW);
- \$10,000 reload when retiree turns 85.

Note: Does not apply to those with a grandfathering date

The Modified Retiree Medical Benefit

For post-2016 retirees:

- Coverage begins at Medicare-eligible age;
- Co-pay are those in the KPSA plan
- Improvement to Health Reimbursement Account starting January 1, 2021;
- HRA value based on years of service \$2,500 in Jan 2021
- Premium subsidy for retiree and spouse → **eliminated for new hires in 2021**

Note: Does not apply to those with a grandfathering date



Kaiser Permanente Senior Advantage (KPSA)

- Premium subsidy can be applied against basic, or lowest-cost plan only;
- Copays, premium costs and out-of-pocket maximums vary from region to region;
- Costs subject to change year to year;
- Add on benefit: Advantage Plus for dental or vision

Select your region and county:

www.kp.org/medicare



KPSA Health Reimbursement Account

- Credited based on years of service (1,000 hours per calendar year);
- \$2,500 per year starting 2021 for ROCs
- Can be used for KPSA related expenses;
- Spouse has access when Medicare-eligible;
- \$10,000 reload when retiree turns 85;

Retiree Medical for Grandfathered Employees

Key date: hired before January 1, 1985

- Varying levels of premium cost, co-pays, and Medicare Part B reimbursement amounts;
- Group retiree medical plan;
- Most retirees will be responsible for a 30% cost-share of premium;
- Plan will mirror the active medical plan co-pays at the time of enrollment

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- Group retiree medical plan;
- Most retirees will be responsible for a 30% cost-share of premium;
- Plan will mirror the active medical plan co-pays at the time of enrollment (if co-pays are not specified)

Grandfathering: Dental/Technical, ONA & RN

Eligibility	Benefit
Hired before 1/1/85 Pension eligible w/15 YOS as of 12/31/96 (RDH, RN) or 12/31/97 (Tech) or 12/31/99 (ONA)	<ul style="list-style-type: none">• No cost-share; benefits at 65• Medical, no copays• Dental with \$5 copay• Rx with \$1 copay• Vision, survivor, Part B reimbursement (if you retire at 65), OOA and OOR
Hired before 1/1/85 Pension eligible w/15 YOS after 12/31/96 (RDH, RN) or 12/31/97 (Tech) or 12/31/99 (ONA)	<ul style="list-style-type: none">• 30% cost-share; benefits at 65• Medical with \$5 copay• Dental with \$5 copay• Rx with \$5 copay• Survivor, Part B reimbursement up to \$43.80 (if you retire at 65), OOA and OOR

Grandfathering: Pros/Lab Pros

Eligibility	Benefit
Hired before 1/1/85 Salaried before 1/1/95 Qualified for immediate pension before 1/1/97	<ul style="list-style-type: none">• No cost-share; benefits immediately• Medical, dental, vision, survivor benefit, OOA/OOR• Medicare Part B reimbursement (basic)
Hired before 1/1/85 Salaried after 1/1/95 Qualified for immediate pension before 1/1/97	<ul style="list-style-type: none">• No cost-share; benefits at 65• Medical, dental, vision, survivor benefit, OOA/OOR• Medicare Part B reimbursement (\$43.80)

Grandfathering: Pros/Lab Pros

Eligibility	Benefit
Hired before 1/1/85 Salaried before 1/1/95 Qualified for immediate pension on or after 1/1/97	<ul style="list-style-type: none">• 30% cost-share; benefits immediately• Medical, dental, vision, survivor benefit, OOA/OOR• Medicare Part B reimbursement (\$43.80)
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Retirement Instructions

To begin retiree medical benefits, contact the KPRC at least 90 days prior to your eligibility date.

- Sign up for Medicare Parts A and B.
www.medicare.gov.
- Once you receive your Medicare claim number, please call the Kaiser Permanente Medicare Sales Service Center at 1-877-603-0086 to enroll in your retiree medical benefits. You must call this toll-free number to enroll; otherwise, your subsidy will not be applied.

Refer to the checklist found on MyHR

Retiree Medical Wins

- Nearly immediate 25% increase to the Health Reimbursement Account;
- Improvement valued at an average of \$12,000



Quiz Time! True or False?

1. I can use my KPSA HRA credited at \$2k (California) or \$2500 (ROCs) for non-KP dental and vision.
2. I can use my KPSA HRA before age 65.
3. The retiree medical benefits I have will never change.
4. I am 65 and my spouse is 64. We both can access my KPSA plan HRA because I am 65.

Sick Leave HRA



Sick Leave Health Reimbursement Account

Dental/Tech, ONA, RN: banked hours after 2005

Pros/Lab: extended sick leave hours after 2009

- 80% of value of bank converted to HRA
- For immediate use to cover IRS-eligible health expenses
- Reimbursements for KP health plan premiums only



Quiz Time! True or False?

1. I have to wait till I am 65 to use this account.
2. All sick leave hours will be converted for this account.
3. I can use my banked sick leave HRA to pay premiums for any health plan.

Pension

Pension Vocabulary

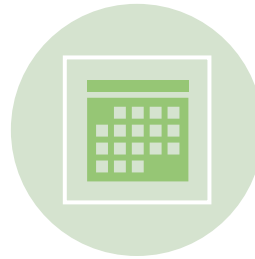
- Eligibility: Participant on first anniversary of hire date, after 1,000 compensated hours;
- Hours of service: any *compensated* hours as an employee
- Vesting: 5 years of service
- Years of service: 1,000 compensated hours, for the purposes of **vesting**
- Years of *credited service*: 1,800 (ONA, RN, DH/Tech, effective 11/2003) or 2,000 (Pros/Lab) compensated hours, for the purposes of **pension award calculation**

Pension Formula



FINAL AVERAGE MONTHLY COMPENSATION:

Average of: [first hour of
base pay in your highest
paid consecutive 60
months] x 173.33



YEARS OF CREDITED SERVICE:

1,800 OR 2,000 HOURS



MULTIPLIER:

Fraction representing
benefit amount

1.45% for DH/Tech,
RN, ONA; 1.5% for
Pros/Lab

Example

Multiplier	Years of service	FAMC	Monthly Pension Payment for Employee*
1.45%	15	\$5,000	\$1,087.50
1.45%	15	\$8,000	\$1,750
1.45%	20	\$5,000	\$1,450
1.45%	20	\$8,000	\$2,320

*Calculated as a single annuity option, normal pension at age

Additional Credit: 11/1/03 (ONA, RNs, Dental Hygienists, Technical)

If you were employed on November 1, 2003, through October 1, 2005, were not participating in the Kaiser Permanente Northwest Pension Plan (KPNPP) and ONLY participating in the ONFHP-KFHP Retirement Plan & Trust, immediately before November 1, 2003, you are eligible for more credited service:

If you are under age 60 or have less than 20 years of vesting Service as of January 1, 2006, and you are scheduled to work 20 or more hours per week, you will earn double Credited Service, based on actual hours worked, in 2006, 2007, and 2008.

If you are over age 60 and have 20 years or more of vesting Service as of January 1, 2006, you will be credited with three years of additional Credited Service immediately, regardless of your schedule.

Additional Credit: All Units

Your unused sick leave has value to you at retirement!

Pre-2006 or Pre-2010 sick leave hours will be converted to credited service years.

Early Retirement

Eligibility

- Age 55 w/10 YOS or rule of 75: ONA, DH/Tech, RN
- Age 55 w/15 YOS or rule of 75: Pros/Lab

Pension Reduction Factors:

- 5% for each year before age 65;
- 3% for Pro/Lab unit



Pension Payout Options

- Lump Sum
- Single Annuity*
- 50%*, 66.6%, 75% Joint and Survivor
- 100% Joint and Survivor with 15-year guarantee period and Pop Up
- 5-, 10-, 15-, 20- year Certain and Life Annuity
- Level Income Annuity
- Certain and Life Annuity with Level Income Option



Quiz Time! True or False?

1. My pension credited years of service are based on 1,000 compensated hours.
2. I am vested in my pension plan after 5 years of service.

Defined Contribution



Defined Contribution Plans

ONFHP-KFHP Retirement Plan and Trust (closed 2008)

- 1989 Election for the RNs
- 1993 Election for the Techs

TSA or 401(k)

- ONA and RN: 1.5% of base earnings
- Dental Hyg/Tech: 1% of base earning
- Pros/Lab Pros: 5% of base earnings
- ALL: 1% contribution if region exceeds financial target by 0.25 percentage points

EMPLOYER
CONTRIBUTION



ALLIANCE
OF HEALTH CARE UNIONS

Resources & Questions

Questions

Contact info:

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Complaints/Issues:

Data Collection Tool

<https://forms.gle/B77kxo6niznv2xTZ7>



Resources

Kaiser Permanente Retirement Center

- 866-627-2826
- myplansconnect.com/kp or link through MyHR
- Pension estimates; retiree medical; Health Reimbursement Account (HRA); Part D and Part B reimbursement; Medicare assignment

Kaiser Human Resource Service Center

- 877-457-4772
- COBRA of health insurance and dental plans
- Life insurance

Kaiser Member Services Call Center

- 800-464-4000
- Health plan conversion; Medicare assignment

Vanguard

- 800-523-1188
- www.vanguard.com
- 401K, Plan B, TSR accounts

Social Security

- 800-772-1213
- www.ssa.gov
- Social Security benefits; Medicare enrollment

Medicare

- 800-633-4227
- www.medicare.gov