Transitions to Health Retirement
Frequently Asked Questions

How Advocate Benefits Transition during Retirement
How Medicare & Social Security Work

Health Insurance and Prescription Drug Coverage

Q. Does my coverage terminate on my last day worked?
A. Your coverage ends on the last day of the month in which you retire or terminate.

Q. What is Medicare Part A?
A. It is hospital insurance and helps cover inpatient care in hospitals and skilled nursing facilities. It also helps cover hospice and home health care.

Q. What is Medicare Part B?
A. It is medical insurance and helps cover doctors’ and other health care providers’ services. It also helps cover outpatient care, durable medical equipment and home health care not covered under Part A.

Q. How do I get Medicare Part A and B and how much do they cost?
A. If you are already eligible and receiving Social Security, you are automatically enrolled in Part A at age 65. When you apply for Part A, you are automatically enrolled in Part B unless you decline. Part A is free since you have paid for this through payroll taxes as long as you have paid Medicare taxes for 10 years or 40 quarters. For 2017, the base premium for Part B is $134.00 per month and it is income adjusted for anyone earning more than $85,000 (based on prior year tax return).

Q. When should I contact Social Security to sign up for Part A and Part B?
A. If you plan to retire at age 65, you should do this 3 months prior to retirement. The initial enrollment period (IEP) for Part B is 7 months. It starts the 1st day of the 3rd month before you turn 65 and ends the last day of the 3rd month after you turn 65. You will pay a higher premium (permanent 10% increase for each 12 month period) if you don’t enroll when first eligible.

If you continue working beyond age 65, you can sign up anytime while working. Medicare would be secondary to your Advocate coverage, so you would not want to pay for Part B. You can still enroll for Part B without penalty when you retire and your Advocate coverage terminates. This is known as a special enrollment period (SEP). You have 8 months to enroll. The 8-month period begins the month after you retire or your coverage ends whichever happens first.

Q. When can I sign up for Medicare Prescription Drug Coverage (Part D)?
A. The enrollment period is the same as Medicare Part B – 7 months. If you don’t enroll when first eligible you will pay a higher premium. Currently the late enrollment penalty is calculated by multiplying 1% of the “national base beneficiary premium ($35.63 for 2017) times the number of full months that you were eligible for but didn’t join a Medicare drug plan and went without other creditable coverage. You may have to pay this penalty as long as you have a Medicare drug plan. Medicare D is offered by private insurers. The Social Security website www.socialsecurity.gov has a tool to assist you in picking a policy. The Medicare D premium may also be adjusted due to your income.

If you are still working at age 65 your Advocate prescription coverage is better than (creditable to) Medicare part D. You do not need to purchase a Medicare drug plan. You can enroll, without penalty, once your Advocate coverage ends as long as you do so within 63 days of the termination date of your coverage. This is the special enrollment period for Part D.
Q. Does Medicare cover everything or do I need to purchase any insurance supplemental to Medicare?
A. For Part A, Medicare does not pay the hospital deductible, hospital coinsurance payments if you are confined more than 60 days, skilled nursing facility copayments if confined more than 20 days and no skilled nursing in excess of 100 days. For Part B, Medicare does not pay the 20% coinsurance, and if your physician does not accept Medicare, you are responsible for the portion that Medicare does not allow. You should purchase a supplemental policy also called a Medigap policy if you want to have these items covered.

Q. How do I apply for supplemental (Medigap) insurance?
A. You must be enrolled in both Medicare Part A and Part B. Your open enrollment period is 6 months long and begins the 1st day of the month in which you are 65 or older and also enrolled in Part B. Supplemental or Medigap polices are offered by private insurers and must follow federal and state guidelines. Plans are standardized and identified by letters. You should receive a booklet from Medicare each year called Choosing a Medigap Policy. The book lists the standard plans and shows if a benefit is covered under that plan. Once you select a plan, you can go to www.medicare.gov and click on “Compare Medigap policies.”

Q. How do I determine which supplemental plan is best for me?
A. That depends on your needs. Some people just want the plan with the lowest premium; others want to be covered for everything just in case. Prices for the same policy vary by carrier. You can contact your state department of insurance to find a complete list of available polices. To find contact information for your state go to www.medicare.gov/contacts/staticpages/sids.aspx. Senior organizations can also be a good source of information.

Q. Can I be declined for supplemental insurance?
A. No, you cannot be denied because of current health problems as long as you enroll when first eligible. If you do not enroll when first eligible, then you could be subject to underwriting and be declined or have limits placed on a pre-existing condition.

Q. What happens to my coverage with Advocate if I turn 65 during the year and am still working?
A. Your Advocate coverage remains in effect and is primary over Medicare so there is no need for you to enroll in Medicare Part B or Part D while you are still working at Advocate. You will have a special enrollment period when you leave and are over 65. This special enrollment period begins the date you terminate or your Advocate medical coverage ends and ends 63 days later. You will not be penalized for enrolling during a special enrollment period. When enrolling for Part B, Social Security will send you a form that your employer needs to complete verifying that you were covered under a group health plan. This form may be mailed to HR Direct at Advocate HR Direct 3075 Highland Parkway, Downers Grove, IL 60515. You may also fax it to 630.928.3525.

Dental Insurance
Q. Does my coverage end on my last day worked?
A. Your coverage ends the last day of the month in which you terminate.

Q. Does Medicare cover dental services?
A. No, Medicare does not cover dental services. Some Medicare Advantage Plans may cover routine dental care.

Q. Can I continue my dental coverage after I leave Advocate?
A. You may continue under the terms of Health Care Continuation (similar to COBRA.) You pay the full premium plus an administrative fee of 2%. The premiums can be found on advocatebenefits.com/sepation/continuation coverage. Tri-Star will notify you once they have received your termination. You may also contact MetLife regarding the Advocate Retiree Dental program.

Q. Can I sign up for Retiree Dental with MetLife?
A. Yes, you will receive information in the mail from MetLife if you are eligible for Retiree Dental. You may either elect it when you retire or when your Health Care Continuation ends. You can contact MetLife at 1.800.GET-MET8 (1.800.438.6388) for retiree dental information or go to www.metlife.com/mybenefits.
**Vision Insurance**

**Q. Does my coverage end on my last day worked?**
A. Your coverage ends on the last day of the month in which you terminate.

**Q. Does Medicare provide vision coverage?**
A. No, Medicare does not provide vision coverage, but some insurance companies that offer Medigap polices have discounts for some vision services. Some Medicare Advantage Plans may provide coverage for routine vision care.

**Q. Can I continue my coverage after I leave Advocate?**
A. You may continue under the terms of Health Care Continuation. You will pay the full premium as you do now plus a 2% administrative fee. The premiums can be found on advocatebenefits.com > separation > continuation coverage. Tri-Star will notify you once they have received your termination. Advocate also offers Retiree Vision through VSP. You may enroll online at www.advocateretirevision.com.

**Optional Life Insurance**

**Q. Does coverage for me and my spouse/partner end on my last day worked?**
A. Coverage ends on the last day of the month in which you terminate.

**Q. Can I continue coverage after I leave and if so, for how long and how much will it cost?**
A. You may continue if you are under age 70. It will end on the following January 1 after your 70th birthday. The same applies to your spouse/partner. The cost varies depending on the amount and your age. You will pay more than you pay as an active associate. G. Murphy and Associates will send you information on continuing the coverage once they receive your termination.

**Q. How do I determine if I still need life insurance?**
A. You should consult with a financial planner, but generally your need for life insurance decreases as you get older especially if your mortgage has been paid and you no longer have to pay college tuition.

**Basic Life Insurance**

**Q. Does my insurance end on my last day worked?**
A. Yes, basic life ends on your last day worked.

**Q. Can I convert it?**
A. There is a conversion option. You can convert all or a portion of your basic life no matter what your age without any underwriting.

**Q. How much would it cost?**
A. That depends on the amount and your age. G. Murphy and Associates will send you information on converting when they receive your termination date.

**Short- and Long-Term Disability Insurance**

**Q. Does my coverage end on my last day worked?**
A. Yes, once you have terminated, you are no longer eligible for short- or long-term disability.

**Q. Can any portion be converted?**
A. No, these benefits cannot be converted to individual policies.

**Paid Time Off**

**Q. When will my PTO be paid out?**
A. Generally, it is paid out on your last check.

**Q. How will it be taxed?**
A. It is taxed at the supplemental tax rate.

**Q. Will any deductions, other than taxes, be taken?**
A. Yes, your 401(k) deduction will also be taken.

**Flexible Spending Accounts**

**Q. What happens if I have money left in my flex spending account when I leave?**
A. It remains in your account after termination. You can continue to submit claims for expenses that were incurred prior to your termination. The last day to file for reimbursement is March 31st following the calendar year in which you terminate. If you have a Health Care FSA, you could extend your coverage period by continuing to contribute to the account with after tax dollars. With a Dependent Care FSA, you cannot elect to extend your coverage period with after tax contributions. Expenses after your termination date will not be covered and you would lose any money left in your account after March 31st.
**Deductible Reimbursement Account/ Copay/Coinsurance Reimbursement Account/ Health Futures Account**

**Q. If I have money left in my DRA/CCRA account, what happens to it when I retire?**
A. As long as you are 60 or over and have 3 years of service, your DRA/CCRA balance will transfer into your Health Futures Account (HFA).

**Q. What types of expenses will my Health Futures Account reimburse?**
A. Long term Care Premiums, Medicare Part B and Part D premiums, dental, vision, hearing expenses, prescription drugs, over-the-counter medical equipment are some examples of covered expenses. If you have a question about specific expense, call Tri-Star at 800.727.0182.

**RETIREMENT QUESTIONS**

**General**

**Q. How much income will I need during retirement?**
A. This is different for every individual depending on circumstances. Experts estimate you will need anywhere from 70% to 90% of your pre-retirement income depending on your lifestyle.

**Q. Do I have enough money now?**

**Q. Once I terminate, how do I get income from my 401(K), 403(b), and Pension Plan?**
A. Contact Advocate Benefits Service Center (ABSC) for a pension application or information on withdrawing your 401(k) and 403(b) money. The number is 1.800.775.4784.

**Q. Will I be taxed on the income from 401(K), 403(b) and Pension Plan?**
A. Yes, since it was set aside on a pre-tax basis, you will have to report it as income when you take a distribution in cash. Taxes can be deferred by rolling your money into an IRA.

**Q. Can I leave my money with Advocate or do I have to roll it over into an IRA? If I leave it, is there a maximum age at which point I have to take it?**
A. Once your employment has ended at Advocate, you can still leave your money in the plans until you turn 70½ years old.

**Pension**

**Q. How do I find out about my pension benefits?**
A. Go to advocatebenefits.com at any time to review your pension balance. If you are over 55 and planning to retire, you may request an estimate showing your monthly benefit options.

**Q. How do I get my money when I terminate?**
A. A pension application will be automatically mailed to your home once your termination date has been processed. Complete and mail the application back and a quote will be mailed to you.

**Q. How much time does it take for my pension to be paid out after I terminate?**
A. Generally, it takes between 3 and 4 months for you to get payments from the plan. You can complete the pension application before your retirement date to help expedite this process.

**Q. What are my options for distribution?**
A. You may take a lump sum, roll your money into an IRA or the Advocate 401(k) plan or take a monthly annuity.

**Q. If I can take a monthly benefit, what are my options and what should I select?**
A. Your options are single life or, if married, a survivor benefit for your spouse. The best annuity option is a personal choice. This is based on your income needs after you retire, how you are at budgeting your money, your health and the health of your spouse if you are married. You should talk to a financial planner to see which option is best for you.
Q. If I roll my pension money into my 401(K) once I terminate, how does that work?
A. Once your termination has been processed and you are over 55, you can roll your pension money into your 401(k). This will give you more flexibility in paying yourself during retirement since you can request installment payments on a monthly, semi-monthly, quarterly or annual schedule. This gives you flexibility to the timing and amount of your payments.

Q. Can I roll my pension into an IRA?
A. Yes, the pension money can be rolled into a personal IRA or into your new employer’s pension plan if applicable.

401(K), 403(B)
Q. How do I find out about my 401(k) account?
A. Go to advocatebenefits.com at any time to review your account balance. You still have access to your account, including changing your investment options and retirement planning tools, after termination.

Q. How do I get my money when I terminate?
A. A 401(k) termination packet will be automatically mailed to your home address once your termination has been processed. You go online to advocatebenefits.com or call 1.800.775.4784 to request a distribution.

Q. What are my options for distribution?
A. You can still leave your money in the plan after you terminate or you can elect installment payments (monthly, semi-monthly, quarterly or annually), roll your money over to an IRA or take a cash payment to yourself.