Penn State University Guide to Retirement
Penn State Retiree Brochure

Congratulations on your upcoming retirement from Penn State! The Employee Benefits Division would like to provide you with the most current information for a smooth transition into retirement and outline the benefits that you may retain upon your retirement. We have prepared the following resources in an effort to help you understand the benefits you have after retirement, as well as alleviate some of the uncertainty during this important decision-making process.

Retirement Process:

Step 1:

You will want to start by meeting with a retirement planning specialist from TIAA-CREF or SERS to review your income projections and income options. Many facing retirement underestimate their net retirement income by overlooking items currently deducted from their paycheck that will no longer be withheld in retirement.

Taking these withholding items into account can significantly increase your projected spendable income. For instance, in retirement, you will no longer have Social Security and Medicare taxes withheld from your retirement checks. These two taxes amount to roughly 8% on incomes up to $106,800 annually, and 1.6% on incomes above that.

In addition, the following will not be withheld from your retirement checks:

- Unemployment Insurance
- Long-Term Disability (if you currently participate)
- Parking
- SERS or TIAA-CREF Monthly Contribution
- Life Insurance (if you currently participate)
- State & Local Tax

Step 2:

Email the Office of Human Resources at benefits@psu.edu with your name, PSU id number and retirement date. You should notify your local Human Resources Department of your intent to retire two to three months prior to your expected retirement date, or as soon as you know you plan to retire.

Step 3:

Review Employee Self Service Information Center (ESSIC) to verify your covered eligible dependents, as well as benefits in which you are currently enrolled to determine if those benefits are applicable after retirement.

You and your eligible dependents are automatically enrolled in the retiree medical plan, if you meet the eligibility requirements to retire with medical benefits. No additional forms are
necessary to enroll, unless you are Medicare eligible. (See Medical-Medicare Eligible, employees hired prior to January 1, 2010 information below)

If you wish to refuse medical coverage, you must complete the Retiree Request for Change Form. Retirees who refuse coverage will not be able to re-enroll at a later date.

Retirees who carry a spouse who is employed by Penn State, will need to remove their spouse from their benefits. Spouses will then need to enroll in the Penn State active medical plan via ESSIC.

**Eligibility**

~ Prior to January 2010~

-At least 60 years of age
-15 years of continuous full-time service
-Last 15 years enrolled in a PSU medical plan* immediately preceding retirement

-Eligible at any age
-25 years of regular full-time service
-Last 10 years enrolled in a PSU medical plan* immediately preceding retirement

~After January 2010~

-At least 60 years of age
-Completed 25 years of continuous full-time service immediately preceding retirement

-OR-

-At least 65 years of age
-Completed 15 years of continuous full-time service immediately preceding retirement

*Enrolled either as the primary subscriber or via your spouse’s PSU medical plan.

**Disclaimer:** Should you complete paperwork and Employee Benefits Division determines you are not eligible to retire with medical benefits you will be notified by mail.

**Retiree Billing**

Retirees are billed for their medical plans semi-annually each February and August. The February billing is for the coverage period January 1st through June 30th. The August billing is for July 1st through December 31st.

**ROAR-Retiree Benefits Automated Payment Program**

If you are interested, you may elect to have the payment deducted directly from your checking or savings account using the Retiree Benefits Automated Payment Program or ROAR. Penn State will notify you when the deduction has been made from your checking or savings account. You can enroll or dis-enroll from this program at any time by contacting the Bursar’s Office.
Coverages

Medical-Under 65, employees hired prior to January 2010

If you or your spouse are not Medicare eligible at the time of your retirement:

- The non-Medicare eligible individual(s) will remain in the PPO Blue health plan, which is the same plan in which you have been enrolled as an active employee.

- You do not need to take any action to continue your coverage in this plan. You will receive new ID cards, with a new group number, from Highmark Blue Shield in approximately three weeks after your retirement.

- If you are currently enrolled in the PPO Savings Plan and remain NOT eligible for Medicare, you will remain in this plan until December 31st, the end of the current plan year. Effective January 1st of the next year, you will automatically be enrolled in the PPO Blue health plan.

**NO FORMS NECESSARY-UNLESS REFUSING COVERAGE**

Medical- Medicare Eligible, employees hired prior to January 2010

If you or your spouse are Medicare eligible at the time of your retirement:

- Medicare eligible individual(s) must enroll in Medicare Parts A and B to be eligible for medical coverage through the University; contact your local Social Security office to begin this process. The Social Security office will need the pre-filled Social Security form, CMS-L564E, completed.

- Freedom Blue application form must be completed and returned to the Employee Benefits office prior to your retirement date. Also enclose a copy of your Medicare card that clearly states Part A and Part B and the effective date. If you have any question concerning the application form or the plan, call Freedom Blue PPO at 1-866-918-5285

- When you return your application, your enrollment in the University-sponsored medical plan is complete. You will receive new Freedom Blue ID cards from Highmark Blue Shield.

**Forms Needed**

- Freedom Blue Application
- Copy of Medicare Card, clearly stating effective date of Part A and B

**Send to**

Employee Benefits Division
The Pennsylvania State University
James Elliott Building
University Park, PA 16802
Forms and additional Highmark Freedom Blue information available to download on ohr.psu.edu/benefits/retirement/guide-to-retirement:

- Freedom Blue Information
- Freedom Blue Summary of Benefits
- Freedom Blue Application
- Pre-filled Social Security Form, CM-L564E

Retiring - Retiree Healthcare Reimbursement Account, Employees hired AFTER January 2010

For anyone who was hired after January 2010, the university will contribute $144 monthly into a Retiree Savings Account, administered by TIAA-CREF, to help pay for qualified medical expenses in retirement. Funds can be used to purchase health insurance and other qualified medical expenses for you and your eligible dependents.

Retirement Healthcare Savings Plan Advantages:

- Money is set aside for your healthcare expenses at retirement while you are working
- Money accumulated in your account can be used for a variety of healthcare expenses, such as healthcare insurance, co-payments, deductibles and long-term care insurance
- Healthcare savings plan can be used yourself, spouse and eligible dependents
- Tax-free growth on any earnings on the contributions Penn State makes on your behalf
- Tax-free reimbursement of qualified healthcare expenses at retirement
- On-line access to healthcare savings account, when you meet Penn State’s eligibility retirement qualifications, to:
  - Check Status of Claims
  - Submit a premium payment to health insurance provider
  - Access health and wellness tools

Additional information available to download on ohr.psu.edu/benefits/retirement/guide-to-retirement:

- Retirement Healthcare Savings Plan Fact Sheet
Dental and Vision Options—Some Options Available to All Retirees

Option 1:

Although dental and vision coverage is not a benefit provided to Penn State retirees, you may choose to continue either or both of those plans under COBRA. The maximum period of coverage under COBRA is 18 months. Employees eligible for COBRA will receive information and payment premium coupons following their retirement directly from Lifetime Benefit Solutions, Penn State’s COBRA partner. All questions regarding COBRA benefits after an individual is enrolled in COBRA should be directed to Lifetime Benefit Solutions at 1-800-828-0078.

Option 2:

You may also take advantage of a FREE discount vision program offered to retirees. This plan is available through Davis Vision. Enjoy discounts on eyeglasses, accessories, and examinations—simply present the card at a participating Davis Vision provider.

Option 3:

Pennsylvania Association of Retired State Employees (PARSE) is available for additional dental and vision benefits after COBRA benefits end, if elected at time of retirement. For more information on PARSE, please visit their website.

Option 4:

If your spouse is an active Penn State employee, they may cover you and eligible dependents under their Dental and Vision plan, which may be more cost effective than electing COBRA. If this is the case, please contact Employee Benefits.
Additional Benefits—All Retirees who meet the years of service requirement

Life

- For employees hired on or before April 30, 1954: $10,000 life insurance policy will be provided to you after retirement.
- For employees hired on or after May 1, 1954: A $5,000 life insurance benefit will be provided to you after retirement at no cost.

Please contact the Employee Benefits Division to review your beneficiary designation, if necessary.

Voluntary Life

Voluntary life insurance (beyond the $5,000 at no cost) will end upon retirement, unless you convert to an individual policy. You must complete and return the Prudential conversion form within 31 days of your retirement date.

To obtain an application, please contact Prudential at 1-800-778-3827. Please provide the contract number – 35200 when calling.

Long-Term Disability

Long-Term Disability coverage ends upon retirement. However, if you begin working elsewhere after retiring from the University, you may convert your coverage to an individual policy within 31 days following your retirement.

Prudential LTD Conversion Information and Form

Accidental Death and Dismemberment

Accidental Death and Dismemberment (AD&D) coverage will end upon retirement, unless you convert to an individual policy. You must complete and return the conversion form within 31 days of your retirement date to the Hartford address listed on the form.

Contact The Hartford at 877-320-0484 to obtain a conversion form.
Health Matters Physical Activity Programs

Retirees can participate in all Health Matters programs (with the exception of flu shots) at the same cost as active employees. It is important that you register for classes in advance. Courses are offered throughout the day at different campus locations, so you can choose the program that fits your schedule!

NOTE: Once retired, your annual flu shot is covered through the medical plan by Highmark Blue Shield, rather than through Health Matters. You should schedule your flu shot with your personal physician.

Highmark Blue Shield also offers a variety of online programs; non-Medicare eligible retirees can contact Highmark at 800-914-4384 and Medicare-eligible retirees can contact Highmark at 866-918-5285. Their website is also a valuable resource, at www.highmarkblueshield.com.

Silver Sneakers is one of the nation’s leading exercise programs designed exclusively for older adults. It is a unique physical activity, lifestyle, and social-oriented health and wellness program specifically designed for Medicare-eligible members of all fitness levels. Freedom Blue PPO members receive a complimentary membership at a participating fitness center, plus access to any participating location across the United States. Members have free access to all amenities included with a basic fitness center membership. Members, who live more than 15 miles from a participating center, can still take advantage of the Silver Sneakers Steps self-directed walking and physical activity program. To learn more or to locate a participating provider, visit the SilverSneakers website.

Educational Benefits

Educational privileges are available to retirees able to retire from the University with Benefits. The grant-in-aid is for 75% of the tuition charge and applies to Penn State resident instruction and continuing education credit courses (See University policies HR-36 and HR-37).

Educational privileges are available to a retiree’s spouse and unmarried dependent children. A spouse already receiving educational assistance from the University (such as a graduate assistantship) is not eligible for the grant-in-aid.

A completed Application for Dependent Grant-In-Aid form must be submitted to the Employee Benefits Division in order for the tuition discount to be applied for spouses or unmarried children. No forms are necessary for retirees.

For additional information or questions regarding retirement, please call the Benefits Service Center at 814-865-1473 or by emailing benefits@psu.edu.

Additional informational links are available on ohr.psu.edu/benefits/retirement/guide-to-retirement.