

# SOUTH CENTRAL INDIANA SCHOOL TRUST

## MEDICAL COVERAGE OPTIONS FOR EARLY RETIREES

Congratulations on your retirement. This document describes the two medical coverage options that may be available to you as an early retiree of an Indiana school corporation. Please read this document closely before making any decisions regarding your medical coverage.

### I. TWO COVERAGE OPTIONS

Upon your retirement, you may be offered the choice between two medical coverage continuation options: (a) COBRA coverage under federal law; and (b) early retiree coverage under Indiana law. The chart below provides a basic comparison of the two options that will apply in most situations.

<b><u>Option A: COBRA Coverage</u></b>	<b>-OR-</b>	<b><u>Option B: Early Retiree Coverage</u></b>
<u>Eligibility:</u> All employees eligible upon termination of employment (unless for cause).		<u>Eligibility:</u> Employee eligible for coverage if: (a) age 55 or older; (b) not eligible for Medicare; (c) completed 20 years of creditable employment experience with school corporation, 10 years of which must immediately proceed retirement; (d) completed 15 years of participation in TRF or PERF. Some employees not meeting this criteria may be eligible pursuant to terms of school personnel policy.
<u>Cost to Employee:</u> 102% of cost of coverage.		<u>Cost to Employee:</u> 100% of cost of coverage.
<u>Duration:</u> Up to 18 months; coverage terminates with other group or Medicare enrollment.		<u>Duration:</u> Coverage terminates upon Medicare eligibility.
<u>Spousal and Dependent Coverage:</u> Yes		<u>Spousal and Dependent Coverage:</u> Yes

To illustrate, assume that John Smith retires from Franklin Community School Corporation at age 57. Mr. Smith satisfies the requirements for early retiree coverage under Indiana law. Absent unforeseen circumstances, Mr. Smith will not be eligible for Medicare until age 65. If Mr. Smith

elects COBRA coverage, he may be eligible to continue to participate in the South Central Indiana School Trust for 18 months. If, however, Mr. Smith elects early retiree coverage, he may be eligible to continue to participate in the Trust for 8 years.

In many cases, early retiree coverage under Indiana law offers greater benefits than COBRA coverage. However, each situation is unique and you are ultimately responsible to determine which option is better for you.

## II. YOUR NEXT STEP

You will receive information regarding COBRA continuation coverage in the near future. If you decide that you wish to elect COBRA coverage instead of early retiree coverage under Indiana law, please complete the COBRA paperwork and return your premium as directed. You do not need to read the rest of this document if you have decided to elect COBRA coverage.

On the other hand, if you decide to elect early retiree coverage under Indiana law, you will need to take the following steps:

1. Be enrolled in the South Central Indiana School Trust prior to the date of your retirement; **or**
2. Provide written notice and enroll in the South Central Indiana School Trust on or before the 90<sup>th</sup> day following the retirement date.

You will also be offered the opportunity to continue dental coverage as an early retiree under Indiana law.

If you wish to cover your spouse and/or dependents under your early retiree coverage, you must enroll them in the South Central Indiana School Trust at the time of your retirement, if not previously enrolled.

## III. TERMINATION OF EARLY RETIREE COVERAGE

If you are an Early Retiree, your eligibility to participate in the Trust Plan will terminate upon the date you become eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq. If you are an Early Retiree and decide to terminate your coverage prior to Medicare eligibility, coverage for your Spouse and Dependents will also terminate at that time.

If you are an Early Retiree and you die prior to Medicare eligibility, your Spouse will be eligible to participate in the Trust Plan until the earliest of:

- the date that s/he becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq; or
- the date s/he remarries; or

- two years after the date of your death if your Spouse is eligible for another employer-sponsored group health plan.

If you are an Early Retiree and your coverage terminates upon Medicare eligibility, your Spouse will be eligible to participate in the Trust Plan until the earliest of:

- the date that s/he becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq; or
- if you die, the date that s/he remarries.

Coverage for other Dependents will terminate upon the earliest of:

- the date the Dependent no longer satisfies the definition of “Dependent” established by the Trust;
- the date your coverage terminates as an Early Retiree; or
- the date the Dependent becomes eligible for another employer-sponsored medical plan or Medicare. If a Dependent cannot work to support him/herself due to mental retardation or physical or mental handicap, coverage for the Dependent will terminate when neither the Early Retiree nor the Spouse is covered by the Trust Plan. Verification of Dependent status may be required at any time.

Notwithstanding the foregoing, coverage for you and any Dependents will terminate immediately if you fail to pay your premiums in a timely manner. In addition, if your school corporation withdraws from the Trust, or withdraws the class of employees from the Trust to which you were included when employed, or the date when the provisions of the material policy or collective bargaining agreement of the Early Retiree’s Participating Employer terminates his or their eligibility to participate, coverage for you and any Dependents will terminate.

## **NOTICES**

YOUR COVERAGE IS ISSUED BY A MULTIPLE EMPLOYER WELFARE ARRANGEMENT. THE MULTIPLE EMPLOYER WELFARE ARRANGEMENT MAY NOT BE SUBJECT TO ALL OF THE INSURANCE LAWS AND REGULATIONS OF INDIANA. STATE INSURANCE GUARANTY FUNDS ARE NOT AVAILABLE FOR YOUR MULTIPLE EMPLOYER WELFARE ARRANGEMENT.

THIS DOCUMENT HAS BEEN PREPARED BY THE SOUTH CENTRAL INDIANA SCHOOL TRUST AS A SUMMARY OF THE EARLY RETIREE BENEFITS PROVIDED BY THE TRUST PLAN DOCUMENT. THIS SUMMARY IS NOT INTENDED TO MODIFY OR REPLACE THE PLAN DOCUMENT. ANY QUESTIONS AS TO APPLICATION OF EARLY

RETIREE BENEFITS MUST AND WILL BE RESOLVED BY THE PLAN DOCUMENT LANGUAGE RATHER THAN THIS SUMMARY.

*Dated: November 4, 2022*

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