

Morehead State University
Strategic Reallocation Program
Benefits Information
(KERS)

Definitions

“*COBRA*” is an acronym for Consolidated Omnibus Budget Reconciliation Act. This Act allows the right for individuals covered on group health insurance plans to temporarily continue coverage.

“*Conversion*” is the means by which you can continue The Hartford group term life insurance coverage by changing the term policy over to an individual whole life policy without requalification.

“*Kentucky Employees Retirement System (KERS) or (KRS)*” is a retirement plan for all positions that do not require certification or a 4-year college degree.

“*Kentucky Teachers’ Retirement System (KTRS)*” is a retirement plan for all faculty and staff members who occupy a position requiring certification or graduation from a four year college or university and a condition of employment.

“*Portability*” is the means by which you can continue The Hartford group term life insurance coverage by paying premiums directly to the insurance company. Coverage continues to be guaranteed term coverage, but is no longer a part of the group policy.

A “*Sponsored Dependent*” is defined as an adult that shares primary residence with an MSU employee for at least 12 months, is not a relative and is not employed by the MSU employee. Any child of a sponsored dependent must also share primary residence with the MSU employee, is under the age of 26, the natural born or adopted child of the sponsored dependent and is not a relative of the MSU employee.

“*Supplemental Retirement Account (SRA)*” is a tax deferred account by which you can set aside earnings or lump sum payouts. There are different types of plans available, each with specific withdrawal criteria.

“*Voluntary Benefits*” are any benefit policies that are not funded by the University and are usually rated on an individual basis.

Benefits Coverage Termination

For the Strategic Reallocation programs, the health and dental insurance benefits in which you are currently enrolled will be continued through the last day of the following month after your separation date. Life insurance benefits will end on your separation date. Continuation of certain coverage may be available to you as outlined below:

COBRA

What is COBRA?

COBRA provides former employees and their covered dependents the right to temporary continuation of health, dental, vision and/or FSA coverage at group rates. This coverage, however, is only available when coverage is lost due to certain specific events, including voluntary or involuntary termination of employment for reasons other than gross misconduct.

How do I elect COBRA coverage?

You will receive a packet of information via U.S. mail from Anthem, MSU's third party administrator. You will have 60 days from the date of that notice to make your elections. You may choose to elect coverage for one or more of your current plans (health, dental and FSA). You can choose not to cover everyone you currently cover under these plans including yourself. If you elect to continue your coverage under the COBRA option you will make your elections and payments directly to Anthem.

How much does COBRA cost?

Group coverage for COBRA participants is more expensive than coverage for active employees, since the University pays a part of the premium for active employees while COBRA participants pay the entire monthly premium plus a 2% administrative fee.

You must make your initial premium within 45 days of your COBRA election and you must make subsequent payments by the first day of each month.

Health	Monthly COBRA Rates	Dental	Monthly COBRA Rates
Blue Access 500		Premier	
Single	\$585.48	Single	\$35.70
2-Person	\$878.22	2-Person	\$61.20
Family	\$1,171.98	Family	\$90.78
Blue Access 1,500		PPO-Preferred	
Single	\$462.06	Single	\$25.50
2-Person	\$692.58	2-Person	\$41.82
Family	\$923.10	Family	\$66.30
Blue Access 2,500			
Single	\$390.66		
2-Person	\$586.50		
Family	\$781.32		

Contact the Benefits Manager at 3-2097 to obtain rates for the sponsored dependent plans.

How long can I continue my COBRA coverage?

Coverage can be continued for up to 18 months. Certain qualifying events, or a second qualifying event during the initial period of coverage, may permit a beneficiary to receive a maximum of 36 months of coverage.

Health Reimbursement Arrangements (HRA)

If you qualify and are accepted for the Voluntary Buyout Plan, a lump sum amount of \$1,500 will be credited to your HRA account. If you do not currently have a HRA account, one will be established for you. You will have 12 months from your separation date to spend down your HRA balance. Any funds remaining after 12 months will be forfeited.

Flexible Spending Accounts (FSA)

If you participate in either medical reimbursement or dependent care reimbursement, you have 90 from your separation date to submit claims. Eligible claims must be **incurred** between January 1, 2014 and the last day of employment. You can find claim forms at [FSA Claim Form](#).

Life Insurance

Life Insurance may be continued in one of two ways: conversion or portability. A Notice of Continuation form will be sent to your MSU email address from the MSU Benefits Office. To get a premium quote for either or both of these options, you will submit the completed form to The Hartford.

	Life Portability	Life Conversion
Coverage Type	Group Term	Individual Life-Whole Life
Eligibility	Must have a qualifying event prior to Social Security Normal Retirement Age and the group policy must still be active. Qualifying events for employees can include termination of employment or end of membership in an eligible class.	If an insured person's coverage terminates, the insured person is entitled to convert their coverage.
Dependents	Spouse and children can port if they have a qualifying event and have been covered under the group policy; children must port with either a spouse or an employee.	Spouse and children can convert if covered under the group; children can convert alone.
Timeliness-Administrative Procedures	Insured person must return the completed Notice of Continuation form to The Hartford within 31 days from the date of the group coverage termination or 15 days from the time the employer signs the form, whichever is later. Never past 91 days.	Insured person must return the completed Notice of Continuation form to The Hartford within 31 days from the date of the group coverage termination or 15 days from the time the employer signs the form, whichever is later. Never past 91 days.
Rates	Rates are based on age and may be	Individual standard conversion

	different than prior Group rates.	classification.
Billing Options	Quarterly Premium	Monthly, Quarterly, Semi-annually or Annually. *1 st premium is Quarterly
Premium Rate Increases	Premium increases every 5 years (on birthdays ending in 0 or 5).	Rates do not increase due to age.
Voluntary Decreases in Coverage	Can decrease face amount once per year by 25% or 50%. Cannot reduce more than 50%.	Can decrease face amount after 7 th policy year.
Reduction in Coverage Due to Age	Coverage reduces by 75% at age 65; reduced amounts can be converted.	No age reductions.
Maximum	Can continue 50%, 75% or 100% of the amount that is ending, not to exceed \$250,000 for employee coverage, \$50,000 for spouse coverage and \$10,000 for child coverage.	No maximum-can convert full amount carried under the group.
Minimum	\$5,000 for employee and spouse.	No minimum.
Termination	Policy terminates at age 75 for employee and spouse. The policy terminates at age 19 for dependent children unless they are a full time student then coverage terminates at age 25.	Converted coverage continues until scheduled maturity date (usually age 120) at which time case surrender value is paid to insured.

Retirees will have the opportunity to enroll in a Retiree Life Insurance Plan.

Voluntary Benefits

If you have voluntary benefits through Liberty Mutual, Aflac, New York Life, etc., you can continue these plans by electing to pay the carrier directly. Contact your account representative with the appropriate company to set up new payment arrangements.

Kentucky Retirement System (KERS)

How will the amount I get from either of these plans affect my retirement?

The gross amount will be spread over your total years of service. (ex. \$15,000(VBP)/30 yrs of service=\$500. \$500 will be added to your fiscal year amount for each of the 30 years of service). This will increase your high five by a small amount.

How can I tax defer the amounts I get from either of these plans?

See the Supplemental Retirement page of this booklet for information.

Will my vacation count toward retirement?

Vacation pay out will **not** count toward retirement.

When can I retire without my benefit amount being reduced (penalized) due to age or years of service?

If you were in KERS prior to 9/1/08:

At any age with 27 years of service
Or
Age 65 with 4 years of service.

If you entered KERS 9/1/08 or later:

At age 57 & Age + years of service = 87
Or
Age 65 with 5 years of service.

When can I retire early?

If you were in KERS prior to 9/1/08:

At age 55 with at least 5 years of service
Or
Any age with 25 years of service.

If you entered KERS 9/1/08 or later:

At age 50 with at least 15 years of service

What percentage of my retiree medical insurance will be paid by the retirement system?

If you were in KERS prior to 7/1/03:

Years of Service:	
Less than 4	0%
4-9.99	25%
10 – 14.99	50%
15 – 19.99	75%
20 or more	100%

If you entered KERS between 7/1/03 & 9/1/08:

Minimum of 10 years of service at retirement to be eligible for health benefits
and
Benefit of \$10 per month for each year of service, adjusted by 1.5% annually.

If you entered KERS 9/1/08 or later:

Minimum of 15 years of service at retirement to be eligible for health benefits
and
Benefit of \$10 per month for each year of service, adjusted by 1.5% annually.

Supplemental Retirement (SRA)

How can I tax defer my VBP/RIF payment?

If you don't want to be Federal or State taxed this year on this VBP/RIF amount, defer the money into a 401(k), 403(b) or 457(b) plan.

What is the main difference between a 401(k), 403(b) and 457(b) plan?

For a 401(k) and 403(b) plan, if you take any money out (not a roll over) before age 59½ you will have 20% taxes withheld. You will get a 1099 form early the following year to show the gross amount and taxes that were withheld. You will have to claim the gross amount as income for that year and then you will be **charged a 10% penalty** when you file your tax return.

For a 457(b) plan, you can take your money out (not a roll over) when you leave employment without a penalty, 20% taxes will be withheld. You will get a 1099 form early the following year to show the gross amount that will need to be added as income for that year, but you are NOT charged a penalty when you file your taxes.

How much can be deferred?

If you are over age 50, you may be able to defer an annual total of \$46,000; \$23,000 in a 403(b) and \$23,000 in a 457(b) plan. If you are within 3 years of your normal retirement age (able to retire without an early penalty option) there is a special catch up provision that would allow you to defer additional dollars. Contact your retirement account representative with your investment company to obtain that amount.

If you are under age 50, you can defer an annual total of \$35,000; 17,500 in a 403(b) and \$17,500 in a 457(b) plan.

Who do I contact to complete the paperwork?

To obtain documents that must be completed and submitted, contact MSU's account representative with the appropriate investment company at the phone numbers listed on the back page of this booklet. An enrollment form with the investment company will need to be completed as well as MSU's internal [Supplemental Retirement Salary Reduction Agreement Form](#). Please submit this form to Human Resources, 301 Howell McDowell.

Contact Information

Anthem: 1-800-397-8434, www.anthem.com

AFLAC: Paul Richardson, 606-784-7463, www.aflac.com

TRISTAR, 800-456-4584, www.myrsc.com

Delta Dental: 800-955-2030, www.deltadentalky.com

Employee Assistance Program: 800-865-1044

Fidelity: Jeff Gibbs, 800-868-1023

Human Resources, 606-783-2097, www.moreheadstate.edu/hr

Kentucky Deferred Compensation: John Knausz, 800-793-4401, www.kentuckydcp.com

Kentucky Retirement Systems: 800-928-4646, www.kyret.ky.gov

Kentucky Teachers Retirement Systems: 800-618-1687, www.ktrs.ky.gov

Social Security Administration: 606-324-0516, 800-772-1213, 606-324-3028 (TTY)

TIAA-CREF: 800-842-2003, www.tiaa-cref.org

VALIC: Mark Spinosa, 800-892-5558 ext. 89211, www.valic.com