

Retirement is one of the biggest changes that you face in your lifetime.

This booklet covers the basic information you will need to make the transition to retirement:

PENSION SOURCES

- Payment Options
- Staff Pensions
- Forms of Pension Payment

VACATION / SICK TIME

- Pension Payroll
- Taxes

MEDICAL BENEFITS

- Medicare Coverage
- Medicare-Supplement Plans
- Comparison of Retiree Health Plan Options

PAYING YOUR SHARE OF THE PREMIUMS

- Social Security
- Social Security and Medicare Application Steps

OTHER BENEFITS

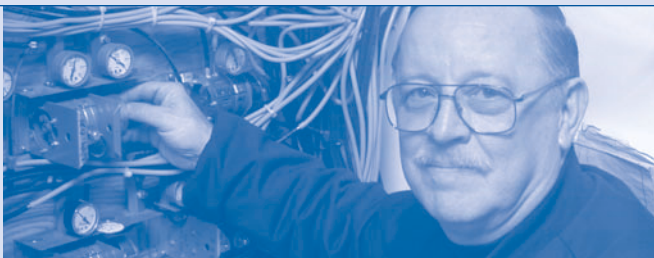
- Life Insurance
- Dental Insurance
- Child Scholarship
- Flexible Spending Accounts
- HomeBuyer Benefits
- ID Cards
- Email Accounts
- Working at Yale after Retirement
- Life Transition

Human Resources

Introduction

Retirement is one of the biggest changes you will face in your lifetime. Preparing for the transition to retirement takes careful planning. This booklet provides a wide variety of basic information to help you think through the many details, consider the time when you actually retire, and prepare to accomplish the steps to ensure your transition is a smooth one.

The Benefits Office can assist you with information and counseling. You may call us at 432-5550 to speak with a counselor by phone or schedule an appointment.



Pension Sources

As an employee of the University you may have participated in one or more of several retirement options.

- The Yale University Staff Retirement Plan – a defined benefit plan available to staff employees.
- Supplemental Retirement Accounts including the Yale University Matching Retirement Plan – available to Clerical & Technical and Service & Maintenance employees.

Retiring employees who have funds in the Matching Retirement Plan should contact their carrier (TIAA-CREF or Vanguard) to learn about distribution options.

TIAA-CREF 800-842-2776 www.tiaa-cref.org
 Vanguard 800-523-1188 www.vanguard.com

PAYMENT OPTIONS INCLUDE:

- Annuitizing all or part of the funds to ensure lifetime income for you and/or your spouse.
- Scheduled periodic withdrawals of some of the funds.
- Lump sum withdrawals of some or all of the funds.
- Delaying withdrawals of some or all of the funds for future use.

Federal regulations will require you to withdraw a certain percentage of your balance each year after you reach age 70½. This is known as *required minimum distribution*.

Withdrawals are generally taxable, so careful tax planning is suggested.

STAFF PENSIONS

Employees who retire and are vested in the Yale University Staff Retirement Plan will receive a pension from the University. To be eligible to retire with a pension from the University you must meet the following criteria:

- Age 65, and at least five years of service, or
- Age 55, and the sum of years of service and age must be at least 75.

The amount of your pension is determined by a formula that multiplies a series of percentages times your highest annual rate of base pay in your last five years of employment and then times the number of years of benefit credit. Effective January 31, 2004, the formula is as follows:

Up to \$31,000.	1.5%
\$31,001 to \$57,000	1.4%
over \$57,000	1.3%

Example:

Annual salary = \$45,000		
Up to \$31,000	1.5% x \$31,000 =	\$465
\$31,001 to \$57,000	1.4% x \$14,000 =	\$196
over \$57,000	1.3% x \$0 =	\$ 0
1 year =		\$661
30 years =		\$19,830 annual pension amount

Normal retirement age under the plan is 65. If you are eligible and elect to retire early from the University, your pension will be reduced by 4 percent per year for each year that precedes the normal retirement date (age 65). However, a participant who retires at age 55 with at least 30 years of service will have a reduction of 2 percent per year for each year that precedes the normal retirement date (age 65). A participant with 25 or more years of service who is retiring at age 60 or later shall have no reduction.



FORMS OF PENSION PAYMENT

Single Life Annuity: This form of pension provides monthly pension benefits during the Participant's own lifetime only. Under this option, payments stop when you die. If you are married and elect this option, your spouse is required to sign a waiver form.

The Qualified Joint and Survivor or Contingent Pensioner Annuity: This form of pension provides payments during your lifetime and continues payments in one of the elected options below to your spouse or contingent pensioner if he/she lives longer than you, or a contingent beneficiary.* You may choose one of three payment amounts:

- 100% of your pension amount
- 66 2/3% of your pension amount
- 50% of your pension amount

Your pension will be smaller if you elect this option. The amount varies by your age and your spouse's age, but most retirees who elect this option have their pensions reduced by 10–20 percent.

*If you are unmarried, a contingent beneficiary is the person you name as your beneficiary (must be over 18).

Certain and Life Annuity of 10, 15 or 20 years: This form of pension provides payments during your lifetime and, should you die within the designated period after the benefit commences, payments in the same amount will continue to a designated beneficiary for the remainder of the period.

Again, your pension will be smaller if you elect this option. The amount varies by your age and the length of time you elect, but most retirees who elect this option have their pensions reduced by 10–20 percent.

If you are thinking about retirement, you may contact the Benefits Office to meet with a counselor to get an estimate of the dollar amount of your pension options. Once you make the decision to retire, you should meet with a Benefits Counselor approximately one to two months prior to your retirement date.

No federal or state taxes will be withheld automatically from your pension check. However, you may request to have withholdings for both federal and state taxes and you may change this amount at any time. You may want to consult your accountant regarding your tax situation before you retire.



Vacation/Sick Time

When you retire from the University, you will receive a Terminal Vacation Payment that represents any unused vacation and bonus vacation. This is normally paid to you in your final salary check. If you are going to receive a substantial payment for your unused vacation days, you may want to speak with the Payroll Office regarding how this will affect the taxes that are deducted and make appropriate adjustments if needed.

Additionally, 25 percent of your unused sick time will be paid to you in your final salary check. The remaining balance will be added to your service credit in the calculation of your staff pension.

If you are currently paid on the biweekly payroll, the rolling advance will be netted against your final regular paycheck.

PENSION PAYROLL

The pension payroll runs monthly; you should receive your check on or near the last day of the month.

While retirees can receive checks at their home address, we recommend you have your pension deposited directly to your bank account. If your regular pay has been deposited electronically, you don't need to take further action. If you have been receiving a paper paycheck, you should complete a direct deposit authorization form available from the Payroll Department or the Benefits Office or online at www.yale.edu/payroll.

TAXES

Taxes will not be automatically withheld from your pension check. You should review your particular financial circumstances to determine if having tax withheld from your pension check is appropriate. If you need assistance, please consult a tax or financial adviser. The Benefits Office does not give tax advice.

You may authorize the Benefits Office to withhold a fixed amount of federal and/or state income tax by completing a Withholding Certificate for Pension or Annuity Payment, available from the Benefits Office or online at www.yale.edu/payroll.

Medical Benefits

When you retire from Yale, the following rules apply:

If you are under age 65 and you retire from the University, you will remain in the same health insurance that you are in at the time of your retirement until you reach age 65. If you move out of the area, you may need to change to one of the other active employee medical plans that provides coverage beyond the New Haven area. You may also change plans during the fall open enrollment that runs from mid-October to mid-November of each year. Changes made during open enrollment become effective on January 1 of the following year. Please contact the Benefits Office if you wish to change your medical plan during this time. If your spouse is under age 65 and covered by your insurance, he/she has the same options.

If you are age 65 or older when you retire, you will need to transfer your health insurance to Medicare and one of the medical plans available to retirees covered by Medicare. If your spouse is under age 65, he/she will remain in your active employee health insurance until he/she reaches age 65.

There are two parts to your Medicare coverage:

Medicare Part A

Medicare Part A covers approved charges for hospitals, skilled nursing facilities, home health care and hospice care. There is no premium charged for Medicare Part A; it is financed through the Social Security tax system.

Medicare Part B

Medicare Part B covers approved charges for physicians' services, outpatient hospital care and diagnostic tests. A monthly premium is charged for Medicare Part B coverage. This monthly premium will be deducted from your Social Security check. If you are not receiving a Social Security check, Medicare will bill you on a quarterly basis.

If you elected to retire prior to age 65 and are already receiving Social Security benefits, you should be automatically enrolled in Medicare Part A and Medicare Part B. Your Medicare card will be sent to you about three months before you reach age 65.

Medicare B premiums are deducted from your Social Security check. Yale currently reimburses you in your pension check.

Medicare Supplement Plans

Medicare does not pay all of your medical costs, and Yale offers two Medicare Supplement plans to retirees over age 65 to help with the remaining eligible costs.

- The **Hartford Insurance Plan**, with a major medical component, allows for an unlimited selection of providers. Retirees who were enrolled in the Yale Health Plan at the time of retirement may continue to access the primary departments of the Yale Health Plan. The Hartford Insurance Plan provides coverage for hospitalization and most diagnostic services but does not provide coverage for some preventive services. The Major Medical Plan component covers most of the costs of prescription drugs. See chart below.

If you retire with less than ten years of service, you are not eligible for this benefit. If you have between 10-19 years of service and were last hired by Yale on or after January 19, 1992, your monthly contribution will be \$82.54 each for you and your spouse. Otherwise, your monthly contribution will be \$40.99 each for you and your spouse.

- **Smart Choice**, a product of Health Net, is a Medicare HMO. This is a managed care plan with a network of providers and facilities where members obtain all of their healthcare. Retired employees electing the Medicare HMO are not eligible to use the Yale Health Services Center.

If you retire with less than ten years of service, you are not eligible for this benefit. If you have between 10-19 years of service and were last hired by Yale on or after January 19, 1992, your monthly contribution will be \$57.95 each for you and your spouse. Otherwise, this coverage is free for you and your spouse.

Comparison of Retiree Health Plan Options

BENEFIT	HARTFORD/MAJOR MEDICAL MEDICARE SUPPLEMENT	HEALTH NET SMART CHOICE	HEALTH NET SMART CHOICE
	NO NETWORK REQUIREMENT	IN NETWORK-Participating Providers	OUT OF NETWORK
Hospital	Pays Medicare Part A deductible and co-insurance subject to inpatient hospital day limitations	100% at participating hospitals	You pay 20% of the amount Medicare would pay or billed charges, whichever is less
Surgery	Pays Medicare Part B deductible and 20% co-insurance on approved amounts.*	100% using participating facilities and providers	You pay 20% of the amount Medicare would pay or billed charges, whichever is less
Outpatient Surgery	Same as Surgery above	100% using participating facilities and providers	You pay 20% of the amount Medicare would pay or billed charges, whichever is less
Office Visits	Pays Medicare Part B deductible and 20% co-insurance on approved amounts.*	PCP: \$20 co-pay Specialist : \$20 co-pay	You pay 20% of the Medicare allowed amount plus remaining balances if provider does not accept Medicare assignment
Routine Physical Exam	Not covered	Annual visit covered with \$20 co-pay	Not covered out of network
Vision (routine)	Not covered	\$20 co-pay for annual eye exam	Not covered out of network
Hearing	Not covered	\$20 co-pay	Not covered out of network
Prescription Drugs	Pays 80% after \$100 deductible under major medical - \$600.00 annual out of pocket maximum then 100% coverage	\$7 Generic, \$25 Preferred Brand Name Drugs, \$35 Brand Name Drugs purchased at participating pharmacies	Not covered out of network; must use national pharmacy network
Laboratory Tests	Medicare generally pays 100% for medically necessary lab tests - some routine tests covered under Major Medical	No cost for most routine and diagnostic tests	Routine tests not covered out of network
Skilled Nursing Facility	Pays skilled nursing co-insurance amounts not covered by Medicare for 21st–100th day	Covered up to 100 days	You pay 20% of the amount Medicare would pay or billed charges, whichever is less

* In situations when providers do not accept Medicare-approved amounts, balances in excess of approved amounts are covered at 80% after a \$100 annual deductible.

Paying Your Share of the Premiums

Most retirees pay their portion of health insurance premiums via deduction from their staff pension check.

SOCIAL SECURITY

How much do I receive, and when?

Your benefits are based on your earnings averaged over most of your working career. You can obtain an estimate of your benefits at www.ssa.gov/planners/calculators.htm or by contacting your local Social Security office. You can start your Social Security benefits as early as age 62 but the amount you receive will be less than full retirement benefits. Full retirement age is 65 for people born before 1938 and gradually increases to 67 for people with a birth year 1938 and after.

When should I sign up for Social Security?

You should begin contacting the Social Security office in the January before you retire but not earlier than 3 months before you reach age 62. You can file for Social Security online at www.ssa.gov or by contacting your local Social Security office at least 3 months prior to your retirement date.

What information is required for my application?

You should have the following information available:

- Your Social Security card (or a record of your number)
- Your birth certificate
- Proof of U.S. citizenship or lawful alien status if you were not born in the U.S.
- Your military discharge papers if you had military service; and
- Your W2 form from last year

Are Social Security benefits taxable?

About 20 percent of people who get Social Security benefits have to pay taxes on their benefits. This provision generally affects people who have substantial income in addition to their Social Security.

Can I continue to work and still receive benefits?

If you are under full retirement age when you start getting your Social Security payments, \$1 in benefits will be deducted for each \$2 you earn above the annual limit. Information regarding your annual limit can be obtained online at: www.ssa.gov or by contacting Social Security at 800-772-1213.

SOCIAL SECURITY AND MEDICARE APPLICATION STEPS

- Call your local Social Security office for an appointment. Offices in the New Haven area include:

New Haven	773-5201
Ansonia	735-6201
- Take the required documentation listed above to your appointment.
- Remember to apply for Medicare A and B when applying for Social Security.
- Send copies of: 1) your Medicare card, and 2) your spouse's Medicare card to the following address:

Yale University Benefits Office.
P. O. Box 208256
New Haven, CT 06520-8256
Fax: 432-6241 or 432-7575



Other Benefits

LIFE INSURANCE

Staff members retiring after November 1, 2003 are covered by a \$5,000 life insurance policy. Please make sure that your beneficiary information is up-to-date by reviewing it with the Benefits Counselor during your pre-retirement meeting.

Employees may continue their supplemental life insurance by purchasing a policy directly from Aetna. Your life insurance premiums will increase when you convert your group policy to an individual policy and as your age increases.

When considering whether or not to continue life insurance, remember that the most important time to carry life insurance is when you have family members who depend on your income. Retirement is a good time to re-evaluate this situation.

If your spouse needs your pension as a source of income, you should strongly consider exercising the spouse's option on your pension. That will guarantee that some or all of your pension will continue to be paid to your spouse if he or she lives longer than you do.

If you want to continue your life insurance, you should obtain a conversion form from the Benefits Office within 30 days of retirement.

DENTAL INSURANCE

You may continue your dental insurance for up to 18 months by paying the full cost plus 2 percent through COBRA. The monthly premium will be deducted from your pension check.

CHILD SCHOLARSHIP

If you are currently eligible for the child scholarship plan, you will remain eligible after retirement under the same conditions as an active employee.

FLEXIBLE SPENDING ACCOUNTS

If you have unexpended balances in your flexible spending accounts, you may submit claims until February 28 of the following year for services rendered on or before your retirement date. Payments for the services must be made during the same calendar year as the service dates.

HOMEBUYER

If you are currently receiving New Haven home buyer benefits, those benefits will continue through ten payments as if you remained an active employee.

ID CARDS

Your University ID card will continue to be useful for access to University events and programs. Each year, the ID center will contact you with instructions about how to renew the validation sticker.

EMAIL ACCOUNTS

Your Yale email account will only remain active if you continue to work on a limited basis and your department continues to pay for the account. If your department does not continue to pay for the account, it will be discontinued after you retire. You may not pay for the account yourself.

WORKING AT YALE AFTER RETIREMENT

University policy limits the number of hours that a staff retiree can work in any one plan year (from July 1 through June 30). The policy allows you to work up to 480 hours in a given plan-year without any other limitations. Once you have crossed the 480-hour threshold, you are limited to 39 hours per month. If you exceed the 39-hour per month limit, your pension will be suspended through June.

Payments for time worked will be added to your pension check.

LIFE TRANSITION

Retirement is a time of transition. For many, it represents an opportunity to accomplish some of the personal goals that busy schedules previously rendered impossible. Think in terms of what you are gaining, not losing. Take some time now to plan for a happy, healthy and rewarding retirement.

You can frequently find good information on the website prepared by the American Association of Retired Persons (AARP) at <http://www.aarp.org>.

Also, *SelfHelp Magazine* (<http://www.shpm.com>) can provide good insight.



Retirement Checklist

WHAT TO DO	WHEN
Read this booklet and discuss your thoughts with your family	When contemplating retirement
If you have reached or are approaching age 65, meet with a local Social Security office to sign up for Social Security and Medicare	2–3 months before retiring or reaching age 65, whichever is later
Meet with a Benefits Counselor to obtain a pension calculation and review your options	1–2 months before retiring
Provide copy of Medicare card to Benefits	After receiving it from Social Security
Consult with TIAA-CREF and/or Vanguard about YURAP or SRA payments	2–3 months before retiring
Make pension payment and health elections with Benefits	Prior to retirement
Make withdrawal elections with TIAA-CREF or Vanguard	Prior to retirement

HELPEFUL CONTACTS

Yale University
 Human Resources
 Benefits Office
 P.O. Box 208256
 155 Whitney Avenue, Room 130
 New Haven, Connecticut 06520-8256

203 432-5550
 fax 432-7575
www.yale.edu/benefits

This booklet summarizes the features of the various retirement benefits available to you. This booklet is not intended as a substitute for the Plan documents, individual annuity contract/certificates or individual custodial accounts governing and detailing each of the benefits. If there is any ambiguity or inconsistency between the terms of the Plan document, individual annuity contract, or individual custodial accounts and this Booklet, the terms of the Plan documents, annuity contracts or custodial accounts will control and are final. In addition, the University has reserved the right, in its discretion under circumstances that it deems advisable (including, but not limited to, a need to address law changes, cost or plan design considerations), to amend each of the relevant Plans.