

July 21, 2011

MEMORANDUM #062-11HR

TO: Agency Administrators

FROM: Bobbie Chappell, Director of Human Resources

VIA: Rip Colvin, Executive Director

RE: Management Advisory # 11-016 - Vesting Requirements to Continue State Group Insurance as a Retiree

The Department of Management Services has issued Management Advisory # 11-016 regarding the continuation of state group insurance for retirees and how new vesting requirements will impact their eligibility. See Management Advisory # 11-016 attached above. Retirees are eligible to continue their state group health and life insurance as long as they begin receiving retirement benefits under the FRS Pension Plan or take a distribution under the FRS Investment Plan. It is the employer's responsibility to verify a retiree's eligibility to continue state group insurance based on the matrix provided by s. 110.123(2)(g), F.S., and s. 121.021(29), F.S., as well as IRS Code 26 USCA 72(t)(2)(A)(i).

Specific clarification was also received from the Department of Management Services regarding terminating employees who delay filing for retirement benefits until a future date. Employees in this situation will be required to file for retirement benefits or a distribution within 18 months of termination, as well as have continuous insurance coverage under COBRA during this period. Employees who fail to maintain continuous COBRA coverage, or file for retirement after the 18 months of COBRA have lapsed, will not be allowed to enroll in retiree benefits at such time or in the future. It is for this reason that employees should carefully consider the implications of their retirement date and the continuation of their state group insurance.

If you have additional questions please contact Jennifer Henderson at 850-488-2415 extension 270 or by email at RetirementCoordinator@justiceadmin.org.

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Attachments



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MANAGEMENT ADVISORY #11-016

DATE: July 13, 2011
TO: Agency and University Personnel Officers and Benefit Coordinators
FROM: Suzetta Furlong, Manager
SUBJECT: Vesting Requirements to Continue State Group Insurance Benefits as a Retiree

General Information

Recent legislation changed the vesting requirements for retirees hired on or after July 1, 2011, which affects eligibility to continue State Group Insurance benefits. Employees hired before July 1, 2011, vest under the previous requirements (see page 2).

Retirees who meet the requirements below may continue health insurance and enroll in either a \$2,500 or a \$10,000 life insurance policy. They may continue dental and vision through COBRA for up to 18 months and convert other supplemental policies by contacting the supplemental insurance company. Some life and supplemental policies may waive premiums for employees who retire due to disability. These employees should contact the insurance company directly.

Employer Responsibilities

The **employer** (agency, university, etc.) must verify the employees' eligibility to continue as a retiree using the requirements below and on page 2. Once verification is completed, then the PAR must be entered in People First.

Requirements

To be eligible to continue State Group health and life insurance as a retiree, employees must:

1. Be insured at the time of retirement, *and*
2. Immediately being receiving their retirement benefit, *and*
3. Meet one of the definitions below:
 - FRS Pension Plan: Pursuant to Section 110.123(2)(g), Florida Statutes, *retired state officer or employee or retiree* means any state or state university officer or employee who retires under a state retirement system or a state optional annuity or retirement program or is placed on disability retirement.
 - FRS Investment Plan: any state officer or state employee who retires under the Florida Retirement System Investment Plan established under part II of chapter 121 shall be considered a *retired state officer or employee or retiree* if he or she:
 1. Meets the age and service requirements to qualify for normal retirement as set forth in s.121.021(29); *or*
 2. Attains the age specified by s. 26 USCA 72(t)(2)(A)(i) of the Internal Revenue Code and has the number of years of creditable service as noted below.

Eligibility Requirements for Employees Hired before July 1, 2011, to Continue State Group Insurance Benefits

FRS Pension Plan	FRS Investment Plan
<ul style="list-style-type: none"> ➤ Members of the Regular Class, Senior Management Service Class and Elected Officers' Class reach their normal retirement date: <ul style="list-style-type: none"> • The first day of the month the member reaches age 62 and is vested; or • The first day of the month following the month the member completes 30 years of creditable service, regardless of age ➤ Members of the Special Risk Class reach their normal retirement date: <ul style="list-style-type: none"> • The first day of the month the member reaches age 55 and is vested; or • The first day of the month following the month the member completes 25 years of creditable service in the Special Risk Class; or • The first day of the month following the date the member completes 25 years of creditable service and attains age 52, which service may include a maximum of 4 years of military service credit as long as such credit is not claimed under any other system and the remaining years are in the Special Risk Class ➤ Members of all classes must receive retirement benefits immediately after retirement 	<ul style="list-style-type: none"> ➤ Members of all classes reach their normal retirement date when: <ul style="list-style-type: none"> • They reach age 62; or • They complete 30 years of creditable service; or • They complete six years of creditable service and reach the age of 59 ½ years at the time they terminate employment ➤ Members of all classes must receive a distribution immediately after retirement

Eligibility Requirements for Employees Hired on or after July 1, 2011, to Continue State Group Insurance Benefits

FRS Pension Plan	FRS Investment Plan
<ul style="list-style-type: none"> ➤ Members of the Regular Class, Senior Management Service Class and Elected Officers' Class reach their normal retirement date: <ul style="list-style-type: none"> • The first day of the month the member reaches age 65 and is vested; or • The first day of the month following the month the member completes 33 years of creditable service, regardless of age before age 65 ➤ Members of the Special Risk Class reach their normal retirement date: <ul style="list-style-type: none"> • The first day of the month the member reaches age 60 and is vested; or • The first day of the month following the month the member completes 30 years of creditable service in the Special Risk Class, regardless of age before age 60; or • The first day of the month following the date the member reaches age 57 and completes 30 years of service comprised of Special Risk Class service and up to four years wartime military service purchased under Section 121.111, Florida Statutes ➤ Members of all classes must receive retirement benefits immediately after retirement 	<ul style="list-style-type: none"> ➤ Members of all classes reach their normal retirement date when: <ul style="list-style-type: none"> • They have attained age 65; or • They have completed 33 years of creditable service; or • They have completed eight years of creditable service and have reached the age of 59 ½ years at the time they terminate employment ➤ Members of all classes must receive a distribution immediately after retirement