

Post-Retirement Benefit Co-Pay Program for Members of Clinical Faculty

OVERVIEW:

- Post-retirement benefits (PRB) include both extended health and dental benefits.
- The PRB Co-Pay Program came into effect July 1, 2015 and applies to:
 - Clinical Faculty members who, on or after July 1, 2015, retire with an immediate pension¹ from McMaster.
 - Effective July 1, 2024, Clinical Faculty members who do not participate in the Salaried Pension Plan, must have 10 years of continuous service in a full-time appointment and have attained age 60.
- To be eligible for post-retirement benefits, the member must have been enrolled in the active extended health and dental benefit plans immediately before retirement and be enrolled in a Canadian provincial health care plan.
- Post-retirement benefits must be applied for prior to retirement. Application to participate in the Post-Retirement Benefit Co-Pay Program after retirement has commenced is not permitted.

CO-PAY PERCENTAGES AND RATES:

- Eligibility for post-retirement benefits, and the applicable percentage of the cost that a Clinical Faculty member is responsible for paying, is based on continuous years of service in a full-time appointment as at the date of retirement.
- The following table provides the percentage of the cost of post-retirement benefits that a member shall contribute:

Years of continuous service in a full-time appointment	Percentage of Cost Paid by Retiree	Percentage of Cost Paid by University
25 or more	25%	75%
20 or more but less than 25	50%	50%
10 or more but less than 20	75%	25%

Note: Clinical Faculty members who retire with less than 10 years of continuous service in a full-time appointment are not eligible for post-retirement benefits.

DETERMINATION OF COST:

- The co-pay amount is based on post-retirement benefit costs for all retired members of Clinical Faculty which is used to determine the average cost per retiree with either single or family coverage.
- Co-pay rates will be determined annually based on the usage of the prior 3 years of benefits claims by all Clinical Faculty retirees with post-retirement benefits (not just those in the Co-Pay Program). The 3 year averaging is designed to reduce variability. Separate rates will be determined for Single Coverage and Family Coverage.
- The co-pay amount is not determined based on an individual retiree’s usage.
- Where the calculated rate exceeds those paid by members of the McMaster University Faculty Association (MUFA), the premium will be capped at the MUFA rates for the same period.
- The cost of post-retirement benefits will be calculated by the University in the Fall of each year, to be effective the following May 1st.
- The co-pay rate calculation information will be shared with Clinical Faculty members through the Clinical Faculty Association prior to the setting of the May 1st rate.

¹ **Immediate Pension:** An “Immediate Pension” is defined as either: i) a reduced or unreduced pension, or; ii) the commuted value of the individual's pension taken only after reaching either the Special Retirement Date or Age 65.

COVERAGE OPTIONS:

- **Single Coverage**
 - Members of Clinical Faculty who have Single Coverage immediately prior to retirement, will be eligible to continue to have Single Coverage upon retirement, provided they meet all the requirements of the Program as outlined in this document.
 - Once retired, Single Coverage cannot be increased to Family Coverage.
 - Coverage options at retirement:
 1. Continue existing Single Coverage, and pay applicable co-pay rate.
 2. Opt-out of post-retirement benefits. Once an election to opt-out has been made, the retiree cannot re-enroll in post-retirement benefits at a later date.
- **Family Coverage**
 - Members of Clinical Faculty who have Family Coverage immediately prior to retirement, will be eligible to continue to have Family Coverage (subject to age restrictions for children) for their spouse and/or dependents upon retirement, provided they meet all the requirements of the Program as outlined in this document.
 - New spouses or dependents cannot be added after retirement.
 - Spouse survivors must continue to pay the Family Coverage rate in order to maintain their benefits.
 - The member may elect to convert Family Coverage to Single Coverage at date of retirement or at any time thereafter if they determine Family Coverage is no longer required. However, once retired, Single Coverage cannot be increased to Family Coverage at any time.
 - Coverage options at retirement:
 1. Continue existing Family Coverage, and pay applicable co-pay rate.
 2. Convert to Single Coverage, and pay applicable co-pay rate.
 3. Opt-out of post-retirement benefits. Once an election to opt-out has been made, the retiree cannot re-enroll in post-retirement benefits at a later date.
- **Opting-Out of Coverage**
 - Clinical Faculty retirees may opt-out of the Post-Retirement Benefit Co-Pay program at any time, and will therefore no longer be required to pay any future co-pay costs. Payments for prior periods of coverage cannot be refunded, and the change will take effect the 1st day of the following month.
 - Members who chose to opt-out are electing to permanently opt-out of both health and dental coverage, and cannot re-enroll in post-retirement benefits at a later date.

CO-PAY PREMIUMS IN EFFECT May 1, 2024 to April 30, 2025:

- Monthly Post-Retirement Benefit Co-Pay premiums, including taxes and administrative fees levied by Sun Life are:

Monthly Retiree Co-Pay Costs				
		Single Coverage		
<u>Years of continuous service in a full-time appointment</u>	<u>Retiree Pays</u>	<u>Health</u>	<u>Dental</u>	<u>Total</u>
25 or more	25%	\$25	\$13	\$38
20 or more but less than 25	50%	\$49	\$26	\$75
10 or more but less than 20	75%	\$74	\$40	\$114
		Family Coverage		
<u>Years of continuous service in a full-time appointment</u>	<u>Retiree Pays</u>	<u>Health</u>	<u>Dental</u>	<u>Total</u>
25 or more	25%	\$43	\$30	\$73
20 or more but less than 25	50%	\$86	\$59	\$145
10 or more but less than 20	75%	\$129	\$89	\$218

METHOD OF PAYMENT OF CO-PAY PREMIUMS:

- Co-pay premium payments are collected in the following manner:
 1. If the Clinical Faculty member is in receipt of a monthly pension from McMaster University, the co-pay premium amount will be deducted directly from the member's monthly pension payment.
 2. If the Clinical Faculty member has elected to take the commuted value of their pension, and is therefore not in receipt of monthly pension payments, then the member must provide post-dated cheques in advance for the year.
 - *Note: If a payment is not made in a given month, whether due to post-dated cheques not being provided, the bank account having insufficient funds to cover the amount of the cheque, or any other reason, the missed payment must be paid by the following month. The member will be notified in writing of the missed payment and that the payment is due immediately for the overdue amount. If 2 consecutive months of payments are missed, then the member will be notified that post-retirement benefits will be cancelled permanently effective the beginning of the third month.*
 3. If the Clinical Faculty member is not a Member of the Salaried Pension Plan, but meets the eligibility for the PRB Co-Pay program, then the member must provide post-dated cheques in advance for the year.
 - *Note: If a payment is not made in a given month, whether due to post-dated cheques not being provided, the bank account having insufficient funds to cover the amount of the cheque, or any other reason, the missed payment must be paid by the following month. The member will be notified in writing of the missed payment and that the payment is due immediately for the overdue amount. If 2 consecutive months of payments are missed, then the member will be notified that post-retirement benefits will be cancelled permanently effective the beginning of the third month*

TAX DEDUCTIBILITY OF CO-PAY PREMIUMS:

- Currently, according to the Canada Revenue Agency (the CRA), premiums that an individual pays to a private health services plan may be tax deductible.
- Clinical Faculty members are encouraged to consult with their professional tax advisor to determine whether they are eligible to claim this deduction.

COVERAGE ENDS:

- Coverage for post-retirement benefits will end the earliest date as determined by:
 - The member electing, at any time, to opt-out of post-retirement benefits.
 - The member not making their co-pay payments for 2 consecutive months, as described above.
 - The terms and conditions of the applicable Sun Life Clinical Faculty Retiree Benefit Plan.

COVERAGE CHANGES:

- Any changes to a member's coverage take effect the 1st day of the month following when notice of the change has been received and processed by the University and the Plan Administrator, Sun Life. Processing normally will occur within 2 weeks.

ADDITIONAL INFORMATION:

- For more information, please refer to:
 - The applicable Sun Life Clinical Faculty Retiree Benefit Plan.
 - The applicable University eligibility requirements for post-retirement benefits for Clinical Faculty.