



Post-Retirement Benefit Co-Pay Program for Retired Staff from MUALA - Librarians

OVERVIEW:

- Post-retirement benefits (PRB) include both extended health and dental benefits.
- To be eligible for post-retirement benefits, the member must have been enrolled in the extended health and dental benefit plans as an active employee on their last day of work and must meet the eligibility requirements as defined in the applicable Sun Life Retiree Benefit Plan Booklet as well as their respective collective agreement.
- 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 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 Continuing Service	Percentage of Yearly Cost payable by Retirees	Percentage of Yearly Cost Payable by University
30 or more	25%	75%
25 or more but less than 30	50%	50%
20 or more but less than 25	75%	25%
10 or more but less than 20	100%	0%

DETERMINATION OF COST:

- The co-pay amount is based on post-retirement benefit costs for all retired staff 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 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.
- The cost of post-retirement benefits will be calculated by the University and will be effective May 1st of each year.

COVERAGE OPTIONS:

- **Single Coverage**
 - Members 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 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**

- 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</u>	<u>Retiree Pays</u>	<u>Health</u>	<u>Dental</u>	<u>Total</u>
30 or more	25%	\$21	\$12	\$33
25 or more but less than 30	50%	\$42	\$25	\$67
20 or more but less than 25	75%	\$63	\$37	\$100
10 or more but less than 20	100%	\$84	\$49	\$133
		Family Coverage		
<u>Years of Continuous Service</u>	<u>Retiree Pays</u>	<u>Health</u>	<u>Dental</u>	<u>Total</u>
30 or more	25%	\$35	\$22	\$57
25 or more but less than 30	50%	\$71	\$43	\$114
20 or more but less than 25	75%	\$106	\$64	\$170
10 or more but less than 20	100%	\$142	\$86	\$228

METHOD OF PAYMENT OF CO-PAY PREMIUMS:

- Co-pay premium payments are collected in the following manner:
 1. If the 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 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 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.
- 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 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 Retiree Benefit Plan.
 - The applicable University eligibility requirements and/or Collective Agreement for post-retirement benefits.