

## **RETIREE BENEFITS FOR REGULAR FACULTY AND STAFF WHO WERE HIRED OR REHIRED 1/1/96 AND THEREAFTER**

*Note: Definitions of capitalized terms that are not names are listed at the end of this policy.*

**To be eligible to receive Retiree Benefits under this policy you must satisfy the following requirements:**

1. On or after January 1, 1996, you were Hired or Rehired into a position that allowed you to receive the full range of University Benefit Plans;
2. you remain in Continuous Employment in a benefits-eligible position until you Retire; and
3. when you Retire you are at least age 60 and have completed at least 10 years of service.

If you were Hired prior to 1996, Terminated employment or moved into a position that does not entitle you to receive the full range of University Benefit Plans, and are later moved or Rehired after 1996 into a benefits-eligible position, **you will be eligible for Retiree benefits under this policy** (i.e., you will not be eligible for benefits under the Retiree Benefit plan for those whose most recent date of Hire or Rehire is before 1/1/96 (4R)).

**You are eligible to Retire if you are a Regular Full-Time or Part-Time member of faculty or staff, age 60 or over, with 10 or more years of cumulative service.** (The ten-year service requirement may be met by cumulative employment at the University or another higher education institution, as long as there is Continuous Employment at the University for the immediate 5 years prior to Retirement. To receive prior service credit for another institution, you must complete a Retiree Benefits Service Credit Form which is available from the Total Rewards Office).

University of Rochester Retirees, who return to employment at the University, should consult with the Total Rewards Division of the Office of Human Resources prior to their return to work to discuss the impact of their return to work on their benefit plan coverages. Once Retired, Retiree Benefits continue to be based on your employment status, age, and years of service at the time of initial Retirement, even if you later return to work for the University. There is no adjustment to the Retiree Level, years of service or age calculation to determine the level of Retiree Benefits based upon Rehire and employment.

Please note that the IRS prohibits the Termination of employment by an individual with the intent to be Rehired in order to access funds in the Retirement Program of the University or members of its Controlled Group. (As of January 1, 2016, members of the controlled group of the University of Rochester include: Highland Hospital, Highlands at Brighton, Highlands at Pittsford, Highlands Living Center, UR Medicine Home Care (VNS), Visiting Nurse Signature Care, High Tech Rochester, Nicholas H. Noyes Memorial Hospital, and Jones Memorial Hospital.) *All University of Rochester Retirees who return to work at the University will need to be reviewed by the Total Rewards Division of the Office of Human Resources prior to reemployment.*

## **HEALTH CARE PLANS**

When you Retire, you and your eligible dependents may continue coverage under one of the following University Health Care Plan options until age 65:

- **YOUR PPO Plan**
- **YOUR HSA-Eligible Plan**

If you are enrolled in a University Health Care Plan option at the time of Retirement, your coverage will remain with your current third party administrator (TPA) following Retirement. Retirees not currently enrolled in a University Health Care Plan, who wish to enroll for coverage, will need to select Aetna or Excellus as their TPA. The Health Program Guide explains key features of the University Health Care Plans and provides a TPA comparison grid for review. The guide is available online at [www.rochester.edu](http://www.rochester.edu) or from the Total Rewards Office.

Retirees and their eligible dependents who are eligible for Medicare as their primary coverage (usually at age 65) will qualify for the following plan options, which supplement Medicare coverage:

- Preferred Gold Standard HMO-POS (with MVP Part D Prescription Drug)
- GoldAnywhere PPO (with MVP Part D Prescription Drug)
- USA Care PPO (with MVP Part D Prescription Drug)
- Preferred Gold HMO-POS with University Major Medical
- University Complementary Care Plan with Major Medical

Retirees will need to select Aetna or Excellus as their TPA for the University Major Medical portion of the Preferred Gold HMO-POS with Major Medical Plan and for the University Complementary Care Plan with Major Medical.

The Health Program Guide for Medicare-Eligible Retirees and the Health Care Plans At-a-Glance for Medicare-Eligible Retirees Comparison Chart explain key features of the health care plans. The guide and comparison chart are available online at <http://www.rochester.edu/working/hr/benefits/retirement/post-retirement/medicare-plans.html> or from the Total Rewards Office.

The University contribution towards your Health Care Plan coverage will be based on the following factors:

- The University's maximum contribution will be 50% of the cost of single Retiree, post-age 65, Basic Medical/Major Medical coverage.
- The University's contribution will be determined at the time of Retirement, with no further increases.
- The University's contribution will be pro-rated based on years of service, i.e.: 25% of the maximum contribution for Retirement after 10 years of service, up to 100% of the maximum contribution at 25 (or more) years of service.
- If you elect to Retire early between the ages of 60 and 64, you will receive one-half the amount you would be entitled to upon reaching age 65.
- For individuals who are Regular Part-Time Employees at the time of Retirement, the University contribution will be reduced to one-half that for Regular Full-Time Employees.

## **HEALTH CARE PLANS (continued)**

You will be billed quarterly by the University for your share of the premiums for the coverage you have selected. Retirees must continue to pay their share of the premium for health care plan and dental plan coverage to continue coverage through the University. If the University does not receive payment for the coverage, the coverage will be terminated on the last day of the month for which the premium has been paid in full and notification of the coverage cancellation will be sent to the home address from the University. Retirees enrolled in Preferred Gold Standard HMO-POS, GoldAnywhere PPO, USA Care PPO, or Preferred Gold HMO-POS will have coverage terminated in accordance with CMS regulations. Retirees whose coverage has been cancelled due to non-payment will not be eligible to re-enroll in health care plan or dental plan coverage until the next Open Enrollment period and until premiums past due are paid to the University.

Widows and widowers of Retired Regular faculty and staff members remain eligible for participation in the University Health Care Plans. Surviving Spouses pay the full cost of the Health Care Plan coverage.

## **MEDICARE**

### **Medicare Part A and Part B**

Generally, individuals become eligible for Medicare at age 65. This age is not scheduled to rise as the full retirement age for Social Security benefits gradually rises to age 67. (Medicare also may be available to you if you have been entitled to Social Security Disability Insurance benefits for two years.) Medicare is paid for, in part, by a portion of the taxes you and the University paid toward Social Security while you were working.

*Medicare* is a federal health insurance program administered by the Social Security Administration. It is a two-part program: Part A is Hospital Insurance, which helps pay for medically necessary inpatient hospital care; Part B is Medical Insurance, which can help pay for medically necessary doctors' services.

**As a Retiree, when you -- or your spouse -- become eligible for Medicare,** your University Health Care Plan coverage (and the amount you pay) will change to a special form of coverage.

*Preferred Gold HMO-POS (with University Major Medical)* and *Preferred Gold Standard HMO-POS (with MVP Part D Prescription Drug)* are Health Maintenance Organization (HMO) plans that operate under a Medicare Advantage (MA) contract and provide individuals with another way to receive their Medicare benefits. The Centers for Medicare and Medicaid Services (CMS), which administers Medicare, reimburses MVP Health Care on a monthly basis for each individual enrolled in Preferred Gold HMO-POS or Preferred Gold Standard HMO-POS from MVP Health Care. You must be enrolled in Medicare Part A (hospital) and enrolled in Part B (medical), and continue to pay your Part B premium to enroll in Preferred Gold HMO-POS (with University Major Medical) or Preferred Gold Standard HMO-POS (with MVP Part D Prescription Drug) from MVP Health Care.

The *University Complementary Care Plan with Major Medical* is designed to supplement Medicare and coordinates with Medicare Parts A and Part B. Services are paid through Medicare first. All benefits from the University Complementary Care Plan and the University Major Medical Plan deduct amounts that Medicare (Parts A and Part B) would have paid if you (or your spouse) were enrolled, whether you have actually enrolled in Medicare or not.

## **MEDICARE (continued)**

*GoldAnywhere PPO (with MVP Part D Prescription Drug)* and *USA Care PPO (with MVP Part D Prescription Drug)* are Preferred Provider Organization (PPO) plans administered by MVP Health Care that allow you to receive health care from a licensed physician or medical facility of your choice as long as that provider is eligible to be paid under Medicare rules.

**When you or your spouse becomes eligible for Medicare, in addition to enrolling in Medicare Part A and Part B through Social Security, you should contact the Total Rewards Office to complete the forms to change your own or your spouse's health care coverage to one of the plans available to University of Rochester Medicare-Eligible Retirees and eligible dependents. Your application(s) must be submitted to the Total Rewards Office no later than 30 days prior to your Medicare effective date in order to avoid delays.**

You have a seven-month period in which to apply for Medicare Part A and Part B (three months before the month in which you turn 65, the month in which you turn 65, and the three months following). If you do not apply for Medicare Part A within this initial enrollment period, you may apply later. If you apply later, you will *only* be covered retroactively for a maximum of six months before you apply.

If you do not apply for Medicare Part B within the initial seven-month enrollment period, you will be required to apply during the first three months of a calendar year and you may have to pay higher premiums. In this case, your coverage will become effective on July 1<sup>st</sup> of that year. Also, if you do not apply for Part B within the three months prior to the month in which you turn 65, you will be subject to certain waiting periods before your coverage is effective. There is no retroactivity for Part B coverage, regardless of when you apply.

There is no premium for Medicare Hospital Insurance (Part A). If you enroll in Medicare Medical Insurance (Part B), the premium is generally deducted from your monthly Social Security check.

### **Medicare Part D**

Medicare Part D is the prescription drug coverage portion of Medicare. Medicare Prescription Drug coverage became available in 2006 to everyone with Medicare. Enrollment in Part D is voluntary. Prescription drug coverage offered by the University Health Care Plans, is on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered "creditable coverage."

If you enroll in Preferred Gold Standard HMO-POS (with MVP Part D Prescription Drug), GoldAnywhere PPO (with MVP Part D Prescription Drug), or USA Care PPO (with MVP Part D Prescription Drug), Part D coverage is included. If you subsequently enroll in another Part D plan outside of the University of Rochester Health Care Plans, per CMS, your enrollment in the University of Rochester plan will be canceled. (CMS does not allow a member to be enrolled in more than one plan.)

For those who elect to enroll in Preferred Gold HMO-POS with University Major Medical or University Complementary Care Plan with Major Medical, these plans offer prescription drug coverage under the Major Medical Plan. If you elect not to enroll in Medicare Part D prescription drug coverage and remain under either of these plans, because the coverage under the University of Rochester Health Care Plans is creditable coverage, you will not incur a premium penalty if you elect to enroll in Medicare Part D plan outside of the University of Rochester Health Care Plans for your prescription needs at a later time. However, enrollment in Preferred Gold HMO-POS will be canceled if you pick up a Medicare Part D plan, per CMS.

## **MEDICARE (continued)**

The Notice of Creditable Coverage for Medicare Part D Eligible Beneficiaries is on pages 18 and 19 and provides important information about prescription drug coverage and Medicare. Please refer to the Health Program Guide for Medicare–Eligible Retirees and the Health Care Plans At-a-Glance for Medicare-Eligible Retirees Comparison Chart for information on the prescription drug coverage available to University of Rochester Medicare-Eligible Retirees. (Please note that in cases where individuals qualify for special assistance due to limited income or financial resources, Medicare Part D prescription drug benefits may provide more generous coverage than the University of Rochester Health Care Plans.)

For more information about your Medicare choices and benefits, you can call 1-800-MEDICARE (1-800-633-4227). Information is also available at [www.medicare.gov](http://www.medicare.gov). If you have questions, you also may contact the Total Rewards Office of Human Resources. The Social Security Administration also has established a toll-free number for general services and information with representatives available from 7 a.m. to 7 p.m. (800-772-1213). Information is also available at [www.socialsecurity.gov](http://www.socialsecurity.gov).

## **DENTAL PLANS**

You will continue to be eligible for coverage under the University Dental Plans following Retirement. Your eligible dependents also will remain eligible to be covered by the Plans. The University will bill you for the full cost of your coverage on a quarterly basis. A schedule of the premiums can be found on page 17. The Health Program Guide explains key features of the Dental Plans. The guide is available online at <http://www.rochester.edu/working/hr/benefits/retirement/post-retirement/dental.html> or from the Total Rewards Office.

Coverage under the University's Dental Plans for widows and widowers of Retired Regular faculty and staff members is canceled upon the death of the Retiree. However, surviving spouses may elect continuation coverage for up to three years under COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985). Generally, COBRA continuation coverage must be elected within 60 days of losing coverage and surviving spouses pay 102% of the total premium.

## **GROUP LIFE INSURANCE**

University Regular Full-Time and Part-Time faculty and staff members who Retire may elect to continue University-Paid Basic Term Life, Group Universal Life (GUL), Optional Accidental Death & Dismemberment (AD&D) and Dependent Group Term Life insurance. University of Rochester Retirees pay the same premium rates as active employees for continued coverage and ported coverage. (Premium rates increase with age and are subject to change.) For more details and information on coverage continuation options, please refer to the University of Rochester Group Life Insurance Guide and contact Securian Financial by phone 1-800-941-2192; email [LifeBenefits@securian.com](mailto:LifeBenefits@securian.com); or the web [www.LifeBenefits.com](http://www.LifeBenefits.com).

### **University-Paid Life Insurance**

University-Paid Basic Term Life Insurance, University-Paid Accidental Death & Dismemberment (AD&D) Insurance and Travel Accident Insurance is canceled at Retirement.

## **GROUP LIFE INSURANCE (continued)**

You may elect to continue University-Paid Basic Term Life insurance for one year following Retirement by electing “continuation coverage.”

- If you (the Retiree) are under age 70 after the one year of continuation coverage, you may elect to “port” your University-Paid Basic Term Life insurance.
  - Under age 65, you may port up to your full amount of University-Paid Basic Term Life insurance;
  - Between age 65-70, you may port up to 65% of your University-Paid Basic Term Life insurance.

Ported Group Term Life insurance terminates when the Retiree reaches age 70. Amounts above the maximum limits and amounts lost due to age reduction/cancellation may be converted to an individual life policy.

- If you (the Retiree) are age 70 or older when the one year continuation period ends, you may convert the Group Term Insurance to an individual life policy with Securian Financial. (Individual rates may be higher than those paid by active employees.)

If you wish to continue coverage, you must complete the Continuation/Portability Election form and send it to Securian Financial, 400 Robert Street North, St. Paul, Minnesota 55101, within 31 days of the date the coverage would otherwise terminate. To obtain the form to continue or convert your coverage, contact Securian Financial at 1-800-941-2192.

## **Employee-Paid Group Universal Life (GUL)**

You do not need to apply to continue or port GUL coverage. Securian Financial will automatically bill you to continue your GUL coverage and Optional AD&D, if any, as well as Group Term Life insurance coverage you have for your spouse/domestic partner or dependent child(ren). (To continue Optional AD&D insurance and Dependent Group Term Life insurance, you must elect to continue GUL insurance.) Ported GUL and Optional AD&D insurance terminates when the Retiree reaches age 100. Ported Dependent Group Term Life insurance coverage terminates when the dependent is no longer eligible or when the Retiree’s coverage ends.

## **TUITION BENEFITS**

Many people find Retirement a perfect time to “go back to school” to continue their education for their own satisfaction and enjoyment. **Full-time faculty/staff retirees** will be eligible for a **70%** tuition waiver benefit for **two credit-bearing courses** in each relevant semester or quarter at the University of Rochester. **Part-time staff retirees** will be eligible for a **70%** tuition waiver benefit for **one credit-bearing course** in each relevant semester or quarter at the University of Rochester. Ordinarily, graduate tuition assistance benefits up to \$5,250 in a calendar year are not taxable. However, graduate tuition assistance benefits that exceed \$5,250 in a calendar year are **taxable wages** and the imputed income will be reported on a Form 1099 each year the benefit is received.

Your dependent children remain eligible for tuition benefits, regardless of whether they had begun college before you Retired. Please see the Tuition Benefits Plan Summary available online at

<http://www.rochester.edu/working/hr/benefits/library/TuitionSPD.pdf> for tax implications for dependent children of grandfathered domestic partners.

## **OTHER BENEFITS**

### **Flexible Spending Account (FSA)**

Your FSA participation stops on the date of your Retirement. When coverage stops, you will be sent a separate document that explains your rights under COBRA continuation coverage for the Health Care FSA.

- **Health Care FSA:** You will have 90 days from the date of your Retirement to submit eligible expenses incurred prior to the FSA cancellation date.
- **Dependent Care FSA:** You will have until the end of the plan year to submit eligible expenses incurred during the plan year. The amount available for reimbursement is limited to the amount credited to your Dependent Care FSA, less any prior reimbursements.

### **Health Savings Account (HSA)**

HSA contributions via payroll deduction stop when you Retire. However, your HSA is solely owned by you and will continue with you even after you Retire. This means that you can continue to make contributions to your HSA as long as you are enrolled in HSA-eligible coverage and you will continue to have access to the funds in your HSA. Your HSA will move from the University group to an individual account within the bank, so please contact your TPA for details.

### **Vacation/PTO**

At Retirement, a payment of accumulated vacation, up to one year's entitlement, is made for staff members. Vacation cannot be used to extend a Retirement date and you cannot Retire on a vacation day.

At Retirement, you will be paid for any unused PTO hours. Individuals who Retire and later are Rehired to a PTO-eligible position within the same PTO Plan Year will not be eligible for PTO until the subsequent PTO Plan Year.

### **YOUR Benefits Extras**

The University of Rochester offers you negotiated discounts on a variety of programs. Take advantage of specially selected auto & home insurance, legal services and vision care. Log in <https://universityofrochester-retirees.corestream.com/home> or call 1-888-935-9595 today!

## **OTHER RETIREE SERVICES**

Your Retiree ID card will serve as the key to many University services and privileges. The University ID Card Office will provide you with an ID card upon request.

You may use the *University libraries* without an ID card; however, your ID card will be required if you wish to borrow books.

You can use your ID card at University branches of Chase Bank. And, your ID serves as your identification if you choose to use the *University Employee Pharmacy* and/or the *University Health Service* as a private physician on a fee-for-service basis.

University of Rochester *athletic facilities* are available for your use, subject to their normal scheduling procedures. Your ID will serve, again, to admit you to the facilities.

The Meliora dining facility also continues to be available to you. For more information, or to request to be put on their mailing list for special events, you may call 275-0852.

## **SOCIAL SECURITY BENEFITS**

Your Social Security retirement benefits are, of course, completely separate from any income you receive as a result of your participation in the University of Rochester Retirement Program.

Social Security retirement benefits are based on your earnings during your working years and continue for your lifetime. You may begin receiving benefits as early as age 62. Beginning with persons born in 1938, the full retirement age gradually increases from age 65, eventually reaching age 67 for persons born in 1960 and later.

Your husband or wife can also receive a Social Security spouse's benefit based on your earnings. A reduced spouse's benefit can be paid as early as age 62. Of course, your spouse may be entitled to a Social Security benefit based on his or her own earnings, which is paid instead of the spouse's benefit if it is larger.

To begin receiving Social Security retirement benefits, contact your local Social Security Office. (The Rochester Social Security Office is located at 200 East Main Street, Second Floor, Rochester, New York 14604; the Greece Social Security Office is located at 4050 Ridge Road West, Rochester, New York 14626). The Social Security Administration has also established a toll-free number for general services and information with representatives available from 7 a.m. to 7 p.m. (800-772-1213). Information is also available at [www.socialsecurity.gov](http://www.socialsecurity.gov).



## **RETIREMENT PROGRAM 403(b) BENEFITS**

One source of income for you during Retirement derives from investments in the University of Rochester Retirement Program.

When you withdraw your Retirement accumulations, you may choose from among several methods of payment. As you review the options shown on pages 9 and 10, please note that you may select more than one method of payment. You may request more detailed information about the various payment options from the recordkeeper TIAA directly. In addition, at any time, you may request TIAA to provide you with illustrations of your Retirement income under its various payment options. You also may elect to transfer or rollover your investments to an Individual Retirement Account (IRA), another 403(b) plan, 401(k) plan, or other qualified retirement plan in which you participate.

Since the pre-tax portion of the money in the Retirement Program has not been taxed, it will generally be subject to ordinary income tax when it is paid out to you. In other words, you will pay taxes on the University's direct contribution, your own pre-tax voluntary contributions, and the earnings on both.

Generally, Roth after-tax 403(b) contributions are not subject to income tax since you already paid taxes on the contributions. You also will not pay income tax on any earnings on your Roth after-tax contributions as long as you're at least age 59 ½ (die or become disabled) and your withdrawal is made at least five years after making your first Roth after-tax contribution. The five-year period begins on the first day of the year in which you make your first contribution to your Roth after-tax account.

Federal law generally requires 20% income tax withholding from retirement distributions paid to you in a lump sum or in installments over less than a 10-year period from pre-tax voluntary contributions, the University's direct contributions and non-qualifying Roth after-tax voluntary contributions – unless the money is rolled over directly to an IRA or another employer's qualified plan. Withholding is permitted but not required from retirement benefits paid to you as a hardship distribution, as lifetime income, as a series of substantially equal payments over a period of 10 or more years, or as minimum required distributions, but the benefits will be subject to taxation.

It is recommended that when you take a distribution from any investment fund you consult a tax advisor. The tax implications of the various methods of payment are complex. Someone familiar with your personal situation and the applicable tax laws would be in the best position to assist you in making decisions about choosing your payment options.

When you wish to receive benefits from the Retirement Program, we suggest that you contact the recordkeeper TIAA directly regarding your available options and to receive the distribution forms that you will need to complete to begin payments from these accounts. TIAA contact information can be found on page 11. Please note that for purposes of the Retirement Program, a severance from employment occurs only when a participant ceases to be employed by the University of Rochester and all members of its Controlled Group. Therefore, if you are currently employed by, or become employed by a member of the Controlled Group, you may not withdraw or rollover your University of Rochester Retirement Program accumulation. Participants should keep TIAA advised of their current address.

Representatives from TIAA are available at various times and locations at the University for **one-on-one consultations**. To take advantage of this opportunity, contact TIAA directly to schedule an appointment at 800-410-6497 or [www.tiaa.org/schedulenow](http://www.tiaa.org/schedulenow).

University of Rochester  
Office of Human Resources  
Total Rewards Office

*The University reserves the right to modify, amend, or terminate the plans at any time, including actions that may affect coverage, cost-sharing, or covered benefits, as well as benefits that are provided to current and future Retirees.*

**RETIREE BENEFITS FOR  
REGULAR FACULTY AND STAFF WHO WERE  
HIRED OR REHIRED 1/1/96 AND THEREAFTER**

**RETIREMENT PROGRAM 403(b) SUMMARY OF PAYMENT OPTIONS**

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| <p><b>Tier 1 and 2:</b><br/>Target Date Fund Series and Core Funds</p>   | <ul style="list-style-type: none"> <li>• Single Lump Sum Payment(s)<sup>1</sup></li> <li>• Systematic Cash Withdrawals</li> <li>• Minimum Distribution Option</li> </ul>   |
| <p><b>Tier 3:</b><br/>- TIAA Traditional Annuity (RCP/GSRA/SRA only);<br/>TIAA Restricted<sup>2</sup> and Inactive Funds<sup>3</sup></p> | <ul style="list-style-type: none"> <li>• Single Lump Sum Payment(s)<sup>1</sup></li> <li>• Systematic Cash Withdrawals</li> <li>• Fixed Period Annuities (for periods of 2 to 30 years for SRA; 5 to 30 years for a GSRA; not available for RCP)</li> <li>• Lifetime Income<sup>4</sup> <ul style="list-style-type: none"> <li>– One-Life Annuity</li> <li>– Two-Life Annuity</li> <li>– One-Life Annuity or Two-Life Annuity with a Guaranteed Period</li> </ul> </li> <li>• Minimum Distribution Option</li> </ul>   |
| <p><b>Tier 3:</b><br/>-TIAA Traditional Annuity (RC/GRA/RA only)</p>   | <ul style="list-style-type: none"> <li>• Lifetime Income<sup>4</sup> <ul style="list-style-type: none"> <li>– One-Life Annuity</li> <li>– Two-Life Annuity</li> <li>– One-Life Annuity or Two-Life Annuity with a Guaranteed Period</li> </ul> </li> <li>• Fixed Period Annuities (for periods of 2 to 30 years for a GRA; not available for RA or RC)</li> <li>• Transfer Payout Annuity (TPA) — Receive income in 10 substantially equal annual installments for GRA and RA; 84 monthly installments (7 years) for RC.</li> <li>• Interest-Only — This option provides monthly payments of the total current interest earned on your TIAA Traditional balance. Your principal remains intact while you receive the payments. Interest-Only payments are generally available only to individuals between age 55 and 70½.</li> </ul> |
| <p><b>Tier 4:</b><br/>TIAA Self-Directed Brokerage Accounts (SDBA)</p>   | <p>You cannot receive a distribution or a withdrawal directly from the SDBA. To receive distributions or withdrawals from the funds in your SDBA, you first must transfer the amount back to another core investment option in Tiers 1-3 available through the retirement plan. To initiate a transfer out of the SDBA to another account or fund available through the retirement plan, call <b>(800)410-6497</b> (online transfers are not available). The transfer back to the plan from the SDBA takes 48 to 72 hours.</p>   |

<sup>1</sup>Single lump sum payment is available from the RC or GRA account only within 120 days after severance from employment from the University and members of its controlled group, subject to a 2.5% surrender charge. If your TIAA Traditional balance is less than \$5,000, you may be able to transfer or withdraw the entire amount in a lump sum.

<sup>2</sup> TIAA-CREF Restricted Funds are investment options that are closed to contributions and transfers in as of June 15, 2012 and consist of the following seven funds: CREF Bond Market Account, CREF Equity Index Account, CREF Global Equities Account, CREF Growth Account, CREF Inflation-linked Bond Account, CREF Social Choice Account, and TIAA Real Estate Account.

<sup>3</sup> TIAA-CREF Inactive Funds are investment options that are closed to contributions and transfers in as of July 6, 2018, except participants can transfer amounts between the three inactive funds to the extent provided under the contracts: CREF Stock Account, CREF Money Market, and TIAA Traditional Annuity under the RA, GRA, SRA and GSRA contracts.

<sup>4</sup> For those who elect a lifetime annuity, the Retirement Transition Benefit option provides for a single cash payment of up to 10% of the accumulation amount being annuitized as income with the first periodic annuity payment.

**Note:** One-Life Annuity options guarantee to pay a lifetime income that you cannot outlive regardless of how long you live. Two-Life Annuity options pay you and your annuity partner (usually your spouse) a lifetime income. The annuity options with a guaranteed period pay you (and your annuity partner if you elected a Two-Life Annuity option) a lifetime income, but provide payments to a beneficiary if you (and your annuity partner, if applicable) die within the period you selected.

**RETIREMENT PROGRAM 403(b) SUMMARY OF PAYMENT OPTIONS (continued)**

**Minimum Distribution** — Federal law requires that a participant in a tax-favored retirement program like the University of Rochester's, start receiving benefits or making withdrawals by April 1 following the year they reach age 70½ or sever from employment from the University and members of its controlled group, whichever comes later. If the "minimum distribution" requirement is not met, the participant is subject to a non-deductible tax penalty equal to 50% of the amount that should have been distributed. Minimum distribution options through TIAA will pay participants who are subject to this requirement the minimum amount of income the IRS requires each year from accounts held by them without converting their accumulations into a lifetime annuity.

**TIAA**

- **Participant Information Center**  
1-800-410-6497 — representatives  
available Monday - Friday  
8:00 a.m. - 10:00 p.m., and  
Saturday 9:00 a.m. - 6:00 p.m. (ET)

- **Internet Address**  
[www.tiaa.org/rochester](http://www.tiaa.org/rochester)

- **Automated Telephone Service**  
1-800-842-2252, 24 hour access

## **Important Notice from the University of Rochester About Your Prescription Drug Coverage and Medicare**

**Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with University of Rochester and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.**

**There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:**

**1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.**

**2. The University of Rochester has determined that the prescription drug coverage offered by the University Health Care Plans is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage for all plan participants. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan – unless you are a domestic partner of a University employee or retiree. Because the federal government does not recognize a domestic partnership as marriage, a domestic partner is not considered to have coverage due to a spouse's current employment. Due to federal government regulations, domestic partners of an employee or retiree that do not join a Medicare drug plan when first becoming eligible, may pay a higher premium (a penalty) to join a Medicare drug plan later.**

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### **When Can You Join A Medicare Drug Plan?**

You can join a Medicare drug plan when you first become eligible for Medicare and each year from October 15th to December 7th.

However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.

### **What Happens To Your Current Coverage If You Decide To Join A Medicare Drug Plan?**

If you decide to join a Medicare drug plan, your current University of Rochester coverage may be affected. See below for more information about what happens to your current coverage if you join a Medicare drug plan. Please refer to the University Health Care Plan guide(s) for an explanation of prescription drug coverage under the University's plans. Your current coverage pays for other health expenses, in addition to prescription drugs, and you will still be eligible to receive all of your current health and prescription drug benefits if you choose to enroll in a Medicare prescription drug plan. Benefits from the University Health Care Plan will be coordinated with benefits from Medicare Part D. **NOTE:** If you are enrolled in GoldAnywhere PPO, Preferred Gold Standard HMO-POS, Preferred Gold HMO-POS with University Major Medical, or USA Care PPO and elect to enroll in Medicare Part D, CMS (Center for Medicare and Medicaid Services) regulations may require your enrollment in GoldAnywhere PPO, Preferred Gold Standard HMO-POS, Preferred Gold HMO-POS with University Major Medical, or USA Care PPO Plan to be cancelled.

If you do decide to join a Medicare drug plan and drop your current University of Rochester coverage, be aware that you and your dependents may not be able to get this coverage back. If you drop your coverage with the University of Rochester and enroll in a Medicare prescription drug plan, you may rejoin the University of Rochester plan during the open enrollment period held each fall for coverage effective the following January 1st. In addition, you may also be

eligible to make changes or enroll in the University of Rochester plan throughout the year, if you have a qualifying event. These events are detailed in the University Health Care Plan guide(s).

### **When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?**

You should also know that if you drop or lose your current coverage with University of Rochester and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.

If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following October to join.

### **For More Information About This Notice Or Your Current Prescription Drug Coverage...**

Contact the Total Rewards Office for further information at (585) 275-2084. **NOTE:** You'll get this notice each year. You will also get it before the next period you can join a Medicare drug plan, and if this coverage through University of Rochester changes. You also may request a copy of this notice at any time.

### **For More Information About Your Options Under Medicare Prescription Drug Coverage...**

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans.

For more information about Medicare prescription drug coverage:

- Visit [www.medicare.gov](http://www.medicare.gov)
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the "Medicare & You" handbook for their telephone number) for personalized help
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at [www.socialsecurity.gov](http://www.socialsecurity.gov), or call them at 1-800-772-1213 (TTY 1-800-325-0778).

**Remember: Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).**

Date: October 1, 2018  
Name of Entity/Sender: University of Rochester  
Contact – Position/Office: Human Resources, Total Rewards Office  
Address: 60 Corporate Woods, Suite 310, PO Box 270453, Rochester, NY 14627  
Phone Number: (585) 275-2084

## Definitions

You may find it helpful to understand the following terms, which are used to define eligibility for participation in various benefit plans:

- Appointment:** The action which begins a relationship with the University in a specific position, such as member of the faculty; the period during which such a relationship is in effect.
- Continuous Employment:** Actively at work in a position eligible for the full range of University Benefit Plans. Absences due to Leave of Absence or Layoff would be included in determining continuous employment.
- Controlled Group:** Any entity in which the University of Rochester, directly or indirectly, owns a controlling interest in or any tax-exempt organization(s) that is under “common control” with the University based on 80% of the directors or trustees being either representatives of or directly or indirectly controlled by the University of Rochester. As of August 31, 2012, members of the Controlled Group include: Highland Hospital, Highlands at Brighton, Highlands at Pittsford, Highlands Living Center, Visiting Nurse Service (VNS), Visiting Nurse Signature Care, and High Tech Rochester.
- Full-Time:** For hourly staff: a regular weekly work schedule of at least 35 hours; for professional, administrative, and supervisory staff: a weekly work schedule of 40 hours or more; for faculty: a normal full teaching and research load as defined for the faculty by the college or school concerned.
- Retiree Level:** The Retiree Benefits Program to which a Retiree is assigned, determined by the Retiree’s most recent date of Hire or Rehire, Continuous Employment, Retirement eligibility date, and Retirement date.
- Hired:** For purposes of determining Retiree Benefits, “hired” is defined as an Appointment to a position that is eligible for the full range of University Benefit Plans.
- Layoff (indefinite):** Indefinite suspension of University employment because of reduction of staff or elimination of a position for more than four months or for unspecified duration, not over one year.
- Layoff (temporary):** Temporary suspension of University employment because of reduction of staff or elimination of a position with the expectation of return to work within four months of the day the layoff begins.
- Leave of Absence:** Approved absence which does not end, but does change, the Appointment relationship. Leave may be for research or study, to permit a visiting appointment elsewhere, for personal reasons, or for disability.
- Part-Time:** A regular weekly or monthly schedule which is less than that required for Full-Time status but generally not less than 17.5 hours per week in the case of hourly and professional, administrative, and supervisory staff. For faculty it indicates that the individual carries at least half the normal (full) teaching and research load as defined for faculty by the college or school concerned.

- Regular:** Period of Appointment in hourly and professional, administrative, and supervisory positions that is expected to exceed four months, unless otherwise defined in collective bargaining agreements; period of Appointment for faculty-instructional staff that is at least one year (or one academic year) or, if shorter, is expected to be renewed. Appointments primarily for furthering education (for example, graduate assistant) are not considered “regular” Appointments.
- Rehired:** For purposes of determining Retiree Benefits, “rehired” is defined as an Appointment to a position that is eligible for the full-range of University Benefit Plans from an Appointment that was not eligible for the full range of University Benefit Plans or following Termination or Retirement.
- Retirement or Retire:** Ending of Appointment (whether voluntary or involuntary) at normal retirement age (as defined by the University of Rochester Retirement Program) or beyond after having met the ten-year service requirement or,
- for Regular Full-Time and Part-Time faculty and staff Hired or Rehired prior to 1/1/96 at an earlier age if the individual has reached age 55 and has met the ten-year service requirement. (The ten-year service requirement may be met by cumulative employment at the University or another higher education institution).
  - for Regular Full-Time and Part-Time faculty and staff Hired or Rehired 1/1/96 and thereafter at an earlier age if the individual has reached age 60 and has met the ten-year service requirement. (The ten-year service requirement may be met by cumulative employment at the University or another higher education institution, as long as there is Continuous Employment at the University for the immediate 5 years prior to Retirement).

Once Retired, Retiree Benefits continue to be based on employment status, age, and years of service at the time of initial Retirement, even if the Retiree returns to work. There is no adjustment to the Retiree Level, years of service, or age calculation to determine the level of Retiree Benefits based upon Rehire and employment. However, in the event a Retiree returns to work and becomes eligible for Health Care Plan coverage, Dental Plan coverage, and/or University-Paid Basic Term Life insurance coverage because the Retiree has satisfied the eligibility criteria for active employees to participate, the Retiree will be limited to the active employee options, and will become ineligible for the Retiree Benefit options.

**Retirees (University Retired faculty and staff members):** Regular Full-Time and Part-Time faculty and staff who were Hired or Rehired prior to 1/1/96 and who have Retired and (1) who have reached age 55 and (2) who have met the ten-year service requirement. (The ten-year service requirement may be met by cumulative employment at the University or another higher education institution).

Regular Full-Time and Part-Time faculty and staff who were Hired or Rehired 1/1/96 and thereafter and who have Retired and (1) who have reached age 60 and (2) who have met the ten-year service requirement. (The ten-year service requirement may be met by cumulative employment at the University or another higher education institution, as long as there is Continuous Employment at the University for the immediate 5 years prior to Retirement)

**TAR (Time-As-Reported):** Appointment with (1) no regular schedule or (2) in which the individual is generally expected to work fewer than 17.5 hours per week in the case of hourly and professional, administrative, and supervisory staff, unless otherwise defined in collective bargaining agreements. For faculty it indicates that the individual carries less than half the normal (full) teaching and research load as defined for faculty by the college or school concerned.

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|--------------------------------------|---|
| <b>Temporary:</b>                    | Period of Appointment in hourly and professional, administrative, and supervisory positions of not over four months, unless otherwise defined in collective bargaining agreements; period of Appointment for faculty-instructional staff of less than one year (or one academic year) <u>and</u> for which renewal is not expected.   |
| <b>Termination:</b>                  | Ending of Appointment for reason other than Retirement.   |
| <b>University Benefit Plans:</b>     | Employee benefit plans sponsored by the University of Rochester, including Long Term Disability plans (Plan 504, 512 or 521), Group Life Insurance (Plan 505), Travel Accident Insurance (Plan 506), Health Care Plans (Plan 517), Severance Pay (Plan 514), Employee Assistance Plan (Plan 515), Dental Plans (Plan 518), Long-Term Care Plan (Plan 519), and the Retirement Program (Plan 003). |
| <b>University Dental Plans:</b>      | Employee benefit plans providing dental insurance benefits sponsored by the University of Rochester, through Plan 518   |
| <b>University Health Care Plans:</b> | For purposes of this summary only, means employee benefit plans providing medical insurance benefits sponsored by the University of Rochester, including Plan 517.  |