

Management Retiree Benefits Guidelines

It is important that you be well informed before making that very important life changing decision to retire. This document describes the conditions that must be met in order to qualify as a NYPA Management Retiree. It summarizes your NYPA retiree benefits as well as the basic steps you need to complete in order to apply for your New York State and Local Retirement System pension, Social Security and Medicare benefits

NYPA Management Retiree Qualifications

To qualify as a NYPA Management Retiree, all of the following conditions must be met:

- 1) You must be a full-time NYPA Management employee. Provisional, part-time, or temporary employees are not eligible for retiree benefits.
- 2) You must be at least age 55*
- 3) You will need to meet one of the following minimum years of NYPA service to qualify for retiree benefits:
 - Employees hired before January 1, 2016 must have 10 years of NYPA service.
 - Employees hired on or after January 1, 2016 must have 15 years of NYPA service.
 - Employees rehired by NYPA or who directly transferred from New York State service must meet NYPA service requirements pursuant to Employee Policy 1.9 Transfer or Re-employment in Public Service.
 - Employees with a section 211 or 212 exemption must have 10 years of NYPA service.
- 4) Members of Tiers 1 through 6 of the New York State and Local Retirement System (NYSLRS) must immediately begin to collect retirement benefits.

OR

Participants in the New York State Voluntary Defined Contribution Plan meet the NYPA criteria stated in sections 1, 2 and 3 above.

*participants approved for disability retirement under NYSLRS may qualify at an earlier age

Notification to NYPA

You must provide your supervisor and Human Resources with at least two weeks' written notice of your intention to retire. Your notification must include your last day of work at NYPA and your effective retirement date with the NYSLRS. (Please note: The effective retirement date with the NYSLRS is the first day of your retirement, not the last day worked. The effective retirement date is the day following your last day of work at NYPA, regardless of whether that day is a Saturday, Sunday or holiday.) You are encouraged to provide Human Resources with a copy of your Retirement System Application of Service Retirement. Once notification is provided to NYPA, the Benefits Department or your local HR Representative will schedule a retiree benefits exit interview and Employee Relations will also schedule an exit interview with you prior to your last day of work.

Please note: You are required to report to work on your last day.

NYPA Retiree Benefits – Cost and Reimbursements

Currently, NYPA offers you a number of benefits in retirement - the most important of which is retiree medical coverage and post-retirement life insurance. The medical coverage is designed to assist you and your dependents with the financial burden that could result from sickness or injury, while your post-retirement life insurance coverage helps cover some of your family's expenses when you die.

In addition to these two benefits, NYPA currently reimburses both you and your spouse for your Medicare Part B premiums (base cost only) and continues your Employee Assistance Program benefit. You are also offered a few options for your unused sick days, including a cash-out of up to 100 days, and are paid for up to 40 unused vacation days.

The following chart outlines the retiree contribution to medical coverage:

	Management Employee Hired/Rehired Before 01/01/2016		Employee Hired/Rehired on or After 01/01/2016
	Employee Retires 01/01/2015 - 01/01/2019	Employee Retires after 1/1/2019	
Retirement Eligibility	10 Years of service	10 Years of service	15 Years of service
Retiree Contribution to Medical Coverage	No contribution to any medical plan	No contribution if enrolled in the NYPA Plan. If enrolled in another plan, your contribution is 50 percent of the difference between the active employee contribution to the NYPA Plan and the plan you enrolled in.	Retiree contribution is 50% of the active employee contribution

Medical Coverage

As a NYPA Management Retiree, you will continue to be covered under the medical plan option that covered you as an active employee. Then, during the annual retiree open enrollment period, you may choose another option. In general, you may choose the NYPA PPO Plan, the NYPA Choice Plan or, in some geographic areas, a health maintenance organization (HMO).

- #### NYPA PPO Plan

If you or your spouse are under age 65, the NYPA PPO Plan provides the freedom to see any physician or health care professional from in or out of the network. You do not need to designate a primary physician or obtain a referral. Benefits are available for office visits and hospital care, as well as inpatient and outpatient surgery. You can select a participating provider from the following three networks: the Empire Plan network, the UHC Options PPO network or the United Behavioral Health network (mental health providers). Prescription drug expenses are provided by Express Scripts. You are responsible for paying a copay for in-network physician visits and prescription drugs; or for out-of-network services, benefits are covered at 80% after you have paid your deductible.

Once you retire, if you or your spouse is age 65 or over, Medicare is your primary health care coverage. Medicare pays benefits first and the NYPA PPO Plan will be the secondary payer for hospital and major medical expenses. In addition, Express Scripts Medicare will become your Prescription Drug Plan (PDP). See Medicare section below for more details.

- **NYPA Choice Plan**

If you or your spouse are under age 65, the NYPA Choice Plan provides the freedom to see any physician or health care professional from the network. You do not need to designate a primary physician or obtain a referral. Benefits are available for office visits and hospital care, as well as inpatient and outpatient surgery. You can select a participating provider from the following three networks: the Empire Plan network, the UHC Choice network or the United Behavioral Health network (mental health providers). Prescription drug expenses are provided by Express Scripts. You are responsible for paying a copay for physician visits and prescription drugs. *There are **no** out-of-network benefits.*

Once you retire, if you or your spouse is age 65 or over, Medicare is your primary health care coverage. Medicare pays benefits first and the NYPA Choice Plan will be the secondary payer for hospital and major medical expenses. In addition, Express Scripts Medicare will become your Prescription Drug Plan (PDP). See Medicare section below for more details.

- **HMO**

If you or your spouse are under age 65, the Health Maintenance Organization (HMO) provides managed health care services which are fully covered except for copayments, coinsurance, and deductibles. Each HMO provides a specific package of benefits which include hospitalization and related coverage; medical/surgical care, and prescription drug coverage. Benefits, provider network, coverage rules and exclusions vary from one HMO to another. Most HMOs provide coverage to a specific geographic area.

After you retire, if you or your spouse is age 65 or over, Medicare is your primary health care coverage. Medicare pays benefits first and the HMO will be the secondary payer. See the Medicare section below for more details.

IMPORTANT TO KEEP IN MIND

Management Retirees cannot add a spouse or domestic partner to their medical coverage after retirement.

However, since retirement is a qualifying change of status event, you may change your health insurance coverage at retirement for the following two reasons only. If you are married and elected individual coverage, or waived coverage while you were an active employee, you may elect family coverage and cover your spouse or domestic partner and/or eligible dependents, who are eligible for coverage at the time of your retirement. You must make your change to family coverage within 30 days of your retirement. No status change may be made beyond 30 days with the exception of a change from family to individual coverage (due to divorce, student eligibility ends, dependent is no longer eligible for coverage (e.g., due to marriage), death of a dependent) – *a change which becomes irrevocable.*

If you are enrolled in an HMO plan and move out of the HMO service area, you must notify the NYPA Benefits Department within 30 days of your relocation to change medical plans. Otherwise, you cannot change your plan until the next open enrollment period.

If you die after retirement, the surviving spouse on record at the time of your retirement and/or eligible dependents will be eligible for continuation of medical coverage. Your surviving spouse will continue to be covered under the medical plan until the day s/he remarries. Your eligible dependent children may remain covered under the medical plan until age 26.

NYPA will extend domestic partner benefits to Management employees who retire as long as the employee has been in an approved domestic partnership before retirement (with the same domestic partner). If this requirement is met, NYPA will extend retiree health insurance coverage to the employee's approved domestic partner at the time of the employee's retirement. The retiree will receive an annual IRS Misc 1099 form to cover the "imputed or fair market value" of the health insurance benefits for the domestic partner. The retiree can end coverage for the domestic partner

at any time, in writing. Once coverage for the domestic partner is cancelled, the retiree cannot cover any future domestic partners.

Post-Retirement Life Insurance

When you retire, your life insurance will continue at no charge, but your life insurance amount will be reduced to 40% of the salary in force before your retirement, rounded to the nearest \$1,000. There is a minimum benefit of \$20,000 and a maximum benefit of \$50,000.

You may convert the difference between your active and post-retirement life insurance amounts to an individual policy at your own cost. You must apply for this individual life insurance conversion within 31 days of the date your coverage ends. Evidence of insurability is not required to convert your policy.

Be sure to keep your beneficiary current.

For more details about your life insurance coverage, contact your local Human Resources representative.

Medicare Part B Reimbursement

Medicare is our country's health insurance program for people age 65 or older and many people with disabilities. It provides basic protection against the cost of health care. You and your spouse are required to have Medicare Parts A and B in effect by the first day of the month in which each of you reaches age 65. There is usually no cost for Medicare Part A; however, there is a cost for Medicare Part B. Typically, Social Security deducts the Medicare Part B premium, which usually changes yearly, from your monthly Social Security check. If you are not receiving a Social Security check, you pay the Medicare Part B premium directly to Social Security.

NYPA reimburses both retirees and their eligible spouses for the "base or standard cost" of the Medicare Part B premiums. Some retirees are also required to pay Medicare's income-related monthly adjustment amount (IRMAA). This is a higher premium charged by Medicare B and Medicare D to individuals with higher incomes. NYPA does not reimburse any IRMAA premiums. You or your spouse are not eligible for this benefit from NYPA if you receive reimbursement from another source. (If you are partially reimbursed from another source, you may be eligible for partial reimbursement.) NYPA sends you a Medicare Part B Reimbursement Form at the end of the year in which you or your spouse turns 65, and each subsequent year. When the completed form is returned, NYPA reimburses both you and your eligible spouse for the base or standard cost of the previous year's premiums. Medicare reimbursement checks are typically mailed to retirees by the end of March.

If you die after your retirement, your surviving spouse (but not your domestic partner) will be eligible for continued reimbursement of Medicare Part B premiums. However, if your surviving spouse remarries, NYPA health insurance coverage and reimbursement of Medicare Part B premiums ends.

Employee Assistance Program (EAP)

The EAP is a free, confidential referral and counseling program to help you and your family members cope with any personal problems. You may call a counselor at (800) 833-8707.

You and your family members can receive counseling for a wide range of personal problems including, but not limited to:

- Mental and emotional stress
- Family and marital problems
- Care of an elderly relative
- Drug and alcohol dependencies

- Legal or financial matters
- Dealing with disabilities

Corporate Counseling Associates (CCA) also has a website that provides work-life resources, links, self-help tools and calculators. CCA Online contains hundreds of educational articles and information, useful tips and Internet resources organized in an easy to use menu. The CCA website is www.myccaonline.com – organization code “nypa”. For more details about the EAP, see the Benefits/EAP section of the Powernet or contact your local Human Resources office.

Unused Sick Days

Upon retirement, NYPA offers several options for unused accrued sick leave:

- You may cash out up to 100 days of unused accrued sick leave;
- You may apply up to 165 unused accrued sick days toward service credit with the Retirement System; or
- You may cash out a portion of your unused accrued sick leave (up to 100 days) and apply a portion (up to 165 days) towards Retirement System service credit.

Payment for unused sick leave at retirement is not included in the calculation of your Retirement System Final Average Salary. Cashing out unused sick leave is eligible for the Deferred Compensation Plan (457 Plan) contributions, but is *not* eligible for Employee Savings Plan (401(k) Plan) contributions.

Unused Vacation Days

Upon retirement, you will receive payment for unused, accrued vacation, not to exceed 40 days. You will receive payment for the current year's vacation on a pro-rated basis (1/12 of yearly vacation days for each month of service). For more details about your vacation coverage, see Employee Policy 3.2 Vacation.

Payment for unused vacation at retirement may be included in your retirement benefit calculation, depending on your tier and certain conditions. For more information, contact the Retirement System directly at (866) 805-0990. Cashing out unused vacation days is eligible for the Deferred Compensation Plan (457 Plan) contributions, but is *not* eligible for Employee Savings Plan (401(k) Plan) contributions.

Employees' Savings Plan (401(k) Plan)

When you leave NYPA, you may keep the money invested in the Employees' Savings Plan, transfer (“roll over”) your money to another qualified retirement plan or an individual retirement account (IRA), or withdraw your assets.

Keep your money invested in the plan

- You may leave your money in the Plan until you elect to receive it at a later date if your vested account balance is \$1,000 or more. You may delay distribution of your account until you reach age 72, or the year in which you actually retire, if later.
- If you chose this option, required minimum distributions (“RMD”) must begin no later than April 1 in the calendar year after you become age 72. Each of the benefit payment options outlined will still be available to you should you choose this deferral. However, if you defer payments to age 72 your total annual benefit payment must equal or exceed the federal RMD. An additional benefit payment will be sent to you in December of any year in which your total periodic payments do not meet or exceed your RMD.
- If you choose to leave your money in the Plan, you cannot make additional contributions or take out loans. You may continue to exchange money among the funds in your current account. Interest, dividends and other investment gains or losses, however, will continue to be credited to your account.

Rollover your account to another qualified retirement plan or an IRA

- You may rollover all or part of the taxable portion of the distribution into another employer's 401(k) plan, 403(b) plan, or 457 plan.

For questions regarding benefits, contact HR Services at HR.Services@nypa.gov or 914-287-3114.

- You may rollover all or part of the taxable portion of the distribution into a Traditional IRA, including a T. Rowe Price IRA.
- The tax consequences, distribution options, investment options, and participation costs in other plans may differ from the NYPA Employees' Savings Plan. You are encouraged to examine the requirements and limitations of any plan to which you may contemplate rolling over your plan assets.

Receive a distribution

- **Total Distribution** – You may elect to receive a single payment for the entire vested value of your account.
- **Partial Payment** – You may elect to receive a partial payment of your vested account balance and the rest of your balance will remain in the plan. There is no minimum and no limit to the number of withdrawals you may request.
- **Installment Payments** – You may elect to receive payments of your vested account balance over regular intervals. This option allows you to establish a regular payment schedule of benefits over a fixed number of years, but not to exceed your life expectancy. Your regular payment schedule may be monthly, quarterly, semi-annually, or annually.
- **Outstanding Loan Balance**
If you have an outstanding loan at retirement, you have 60 days from your retirement date to repay your loan. Loans not repaid within 60 days will be considered in default (tax consequences will occur). Loan checks should be made payable to T. Rowe Price.

For more details about the Plan, see the Employees' Savings Plan section of the Powernet, contact your local Human Resources representative or call T. Rowe Price at (800) 922-9945.

Deferred Compensation Plan (457 Plan)

When you leave NYPA, you may keep the money invested in the Deferred Compensation Plan, transfer (“roll over”) your money to another qualified retirement plan or an individual retirement account (IRA), or withdraw your assets.

Keep your money invested in the plan

- You may leave your money in the Plan until you elect to receive it at a later date if your vested account balance is \$5,000 or more. You may delay distribution of your account until you reach age 72, or the year in which you actually retire, if later.
- If you chose this option, required minimum distributions (“RMD”) must begin no later than April 1 in the calendar year after you become age 72. Each of the benefit payment options outlined will still be available to you should you choose this deferral. However, if you defer payments to age 72 your total annual benefit payment must equal or exceed the federal RMD. An additional benefit payment will be sent to you in December of any year in which your total periodic payments do not meet or exceed your RMD.
- If you choose to leave your money in the Plan, you cannot make additional contributions or take out loans. You may continue to exchange money among the funds in your current account. Interest, dividends and other investment gains or losses, however, will continue to be credited to your account.

Rollover your account to another qualified retirement plan or an IRA

- You may rollover all or part of the taxable portion of the distribution into another deferred compensation plan, a 401(k) or 403(b) plan, or an Individual Retirement Account.
- You may rollover all or part of the taxable portion of the distribution into a Traditional IRA, including a T. Rowe Price IRA.
- The tax consequences, distribution options, investment options, and participation costs in other plans may differ from the NYPA Employees' Savings Plan. You are encouraged to examine the requirements and limitations of any plan to which you may contemplate rolling over your plan assets.

Receive a distribution

You are eligible to receive a partial or total distribution of your account balance 45 days after your last day of employment with NYPA.

- **Total Distribution** – You may elect to receive a single payment for the entire vested value of your account.
- **Partial Payment** – You may elect to receive a partial payment of your vested account balance and the rest of your balance will remain in the plan. There is a \$100 minimum and a limit of 12 withdrawals you may request per calendar year.
- **Installment Payments** – You may elect to receive payments of your vested account balance over regular intervals. Each installment payment must be a minimum of \$100. This option allows you to establish a regular payment schedule of benefits over a fixed number of years, but not to exceed your life expectancy. Your regular payment schedule may be monthly, quarterly, semi-annually, or annually.
- **Outstanding Loan Balance**
If you have an outstanding loan at retirement, you have 90 days from your retirement date to repay your loan. Loans not repaid within 90 days will be considered in default (tax consequences will occur). Loan checks should be made payable to T. Rowe Price.

For more details about the Plan, see the Employees' Savings Plan section of the Powernet, contact your local Human Resources representative or call T. Rowe Price at (800) 922-9945.

When Other Benefits Coverage Ends

Your coverage under the dental plan, vision plan, and Power Flex ends at the end of the month in which your employment with NYPA ends. Long-term disability and business travel life insurance ends on your last day of work. Coverage for any supplemental benefits plans in which you are enrolled ends at the end of the month in which you retire.

Continuing Your Coverage

Under federal law, the Consolidated Omnibus Budget Reconciliation Act (COBRA) allows you to extend your dental, Power Flex health care reimbursement account, and vision benefits at the full premium cost (the amount that NYPA pays) plus a 2% administrative fee for up to 18 months. In addition, NYPA extends COBRA coverage for dental and vision an additional 18 months for a total of 36 months. For more details about COBRA, see the Benefits section of the Powernet.

If you are enrolled in the following supplemental benefit plans – long-term care, cancer protection, group legal, accident expense, or accidental death & dismemberment – you need to contact the individual providers regarding continuing coverage options.

If you have dependent life insurance, you may convert to an individual policy by completing a *Conversion of Group Term Life Insurance* application.

All of the above will be discussed during your Benefits exit interview.

Other Retirement Programs

This section is not a complete description of the New York State and Local Retirement System (NYSLRS) pension benefits, Voluntary Defined Contribution (VDC) benefits, Social Security or Medicare. For a complete description of your benefits and your responsibilities, you should contact NYSLRS, VDC, Social Security and Medicare directly or visit their websites.

New York State and Local Retirement System Pension (NYSLRS)

New York State and Local Retirement System (“Retirement System”) pension benefits are designed to help you and your dependents maintain financial stability after retirement or in the event of disability or death. Your pension, combined with Social Security benefits and your personal savings, serve to replace a portion of your active employment income.

Service Retirement Eligibility

Tier 1

- Age 55
- No minimum service required

Tiers 2, 3 & 4

- Have five or more years of credited member service
- Age 62 with full benefit
- Age 55 but less than 62 with benefit reduction
- With 30 or more years of service credit, may retire as early as 55 with no reduction

Tier 5

- Have ten or more years of credited member service
- Age 62 with full benefits
- Age 55 but less than 62 with benefit reduction

Tier 6

- Have ten or more years of credited member service
- Age 63 with full benefits
- Age 55 but less than 63 with benefit reduction

Disability retirement benefits are also available if you qualify. Contact NYSLRS for additional information.

NYSLRS can assist you in pre-retirement planning services, such as:

- Individual member consultations at locations throughout the State
- An online Benefit Projection Calculator to estimate what your pension will be when you retire.
- Plan booklets and publications that outline and explain your benefits.
- Member Annual Statements that explain the status of your membership.
- Formal benefit estimates for members within 18 months of retirement (see below).

If you are within 18 months of your first eligible date of retirement, you can request that the Retirement System calculate a General Estimate of your retirement benefits. A General Estimate provides information about your retirement benefits and the approximate amount you can expect to receive annually and monthly under each of the standard retirement options. You can receive this information by submitting a *Request for Estimate* form (RS6030). Your request must include an estimated date of retirement, the name and birth date of your intended pension beneficiary (if applicable) and a list of your entire public employment history, including military service. The form is available from the Retirement System website www.osc.state.ny.us/retire.

How to Apply for Your Pension Benefits

If you decide to retire, you must file a completed *Application for Service Retirement* (RS6037) with the Retirement System to receive your retirement benefit. **Your retirement application must be on file with the Retirement System at least 15 days, but not more than 90 days, before your retirement date.** The 15-day filing requirement is waived if you are over age 70 at retirement. For a form to be considered filed with the Retirement System, it must be received at the Retirement System's office in Albany or accepted by a Retirement System Information Representative at a consultation office. If you mail the form to the Retirement System, it is suggested that you send it "Certified Mail – Return Receipt Requested." You should also keep a copy of the form for your files, and are encouraged to provide a copy of the form to Human Resources.

The form is available from the Retirement System website, consultation offices, or by contacting the Retirement System at (866) 805-0990. The application should be sent to the Retirement System directly. Giving your form to Human Resources does not mean that you have filed with the Retirement System. The Retirement System will send you a confirmation letter approximately two to three weeks after it receives your application.

For questions regarding benefits, contact HR Services at HR.Services@nypa.gov or 914-287-3114.

Voluntary Defined Contribution Plan (VDC)

Vesting: Vesting occurs after 366 days of active service. This period may be waived for employees coming to NYS public employment with active, employer-sponsored retirement annuity contracts from any of the currently Authorized Investment Providers. All contributions will become the property of, and all investments will be directed by the participant upon vesting.

Distributions: The VDC is designed to allow retirement at any age. Distributions from VDC contracts are permitted any time after separating from service after reaching the normal retirement age of 55. The VDC includes several flexible options designed to allow participants to plan their retirement income distribution according to their own individual needs and preferences. These include periodic and systemic cash withdrawals, guaranteed lifetime annuity payments, and a variety of blended options and lifetime annuity dependent survivor payment levels.

For more information, contact the VDC at (866) 271-0960 or www.vdc.ny.gov

Social Security Benefits

Social Security benefits replace a percentage of your earnings when you retire. The amount you will receive as your Social Security benefit is based on three factors: your age at retirement, the number of years you were in the workforce, and your overall Social Security tax contribution. Your benefits are calculated based on your highest 35 years of earnings.

How old you need to be to receive the full retirement benefit is gradually increasing from age 65 to 67. The exact age you need to reach before being eligible for full retirement benefits depends on when you were born. Those born before 1938 have full retirement at 65. Those born 1960 and later have full retirement at age 67. If you were born between 1938 and 1959, your full retirement age will be between 65 and 67.

You can start getting a reduced Social Security benefit as early as age 62. The amount of the reduction depends on your age when you start receiving Social Security.

On the other hand, you can delay your benefits until after full retirement age. Then you may receive a benefit credit. This will make your monthly payment larger. The amount of the increase depends on how long you delay benefits. The increase gets larger until you reach age 70.

You can continue to work and still get Social Security benefits. If you are younger than your full retirement age, there are limits on how much you can earn without reducing your benefit amount. Once you reach retirement age, the earnings limit is dropped.

Retirement Estimator

Social Security has an online calculator at www.socialsecurity.gov/estimator that will provide immediate and personalized benefit estimates to help you plan for your retirement. The Retirement Estimator is tied to your Social Security earnings record and eliminates the need to manually key in years of earning information. Retirement estimates are just that, estimates.

How to Apply for Social Security Benefits

To apply for benefits, contact the Social Security Administration. Start the process about three months before you want your benefits to begin. You can visit a local Social Security office in person. You can also apply by phone, (800) 772-1213, or at Social Security Administration online: www.osc.state.ny.us/retire.

Medicare

Medicare is the federal health insurance program for people age 65 and older, for some younger people with disabilities, and for people with end-stage kidney disease. It is administered by the Centers for Medicare and Medicaid Services (CMS). However, personnel at Social Security offices will help you apply for Medicare, complete forms, and answer your questions about the program.

As a retiree, when you become eligible for Medicare, it is the combination of your health benefits under NYPA's health care plan and Medicare that provides you with the most complete coverage. To avoid a reduction in your overall level of benefits, it is important to understand how NYPA's health care plan and Medicare work together, as well as NYPA's requirements for enrollment in Medicare.

There are four parts to Medicare:

- **Medicare Part A**, covers inpatient care in a hospital or skilled nursing facility, hospice care and home health care.
- **Medicare Part B**, covers doctors' services, outpatient hospital services, durable medical equipment and some other services and supplies not covered by Part A. You pay for Medicare Part B premiums, but NYPA reimburses you for the "base or standard" cost of Medicare Part B, unless you receive reimbursement from another source. NYPA does not reimburse any IRMA premiums. (For more details, see the Medicare Part B Reimbursement section below.)
- **Medicare Part C** (Medicare Advantage).
- **Medicare Part D**, helps pay for prescription drugs. NYPA provides prescription drug coverage to retirees and their eligible dependents through the NYPA health care plans. Retirees eligible for Medicare and enrolled in the NYPA PPO or Choice Plan, must also enroll in NYPA's Medicare Part D Prescription Drug Plan (PDP) in order to maintain prescription drug benefits by completing the *NYPA Medicare Part D Opt-In form* and return to WPO Benefits Department. (Retirees not eligible for Medicare will remain enrolled in the same prescription plan as active employees.) You can be enrolled in only one Medicare prescription drug plan at a time. If you are enrolled in another Medicare prescription drug plan or an individual Medicare Advantage plan you will be dropped from that plan when you enroll in NYPA's Medicare PDP. See *Express Scripts Medicare PDP for NYPA Guide* or contact NYPA's Benefits Hotline, (914) 718-3114 for more information.

After retirement, as soon as you or your dependent (typically, your spouse) become eligible for Medicare coverage, your NYPA health care coverage becomes secondary to Medicare Parts A and B. The NYPA health care plan coordinates benefits with Medicare and will not pay for any hospital or medical expenses that Medicare would cover.

If you are eligible for Medicare-primary coverage and you receive covered services from a provider who has elected to opt out of Medicare, or whose services are otherwise not covered due to failure to follow applicable Medicare program guidelines, the NYPA PPO Plan and the NYPA Choice Plan will estimate the Medicare benefit that would have been paid and subtract that amount from the allowable expenses under the Plan.

Therefore, once you retire, you and your spouse must have Medicare Parts A and B in effect by the first day of the month in which each of you reaches age 65. You will also need to enroll in NYPA's Medicare Part D Prescription Drug Plan.

Since NYPA health coverage automatically becomes secondary to Medicare as soon as you are eligible for Medicare, if you fail to enroll in Medicare, you will be responsible for medical expenses that Medicare would have covered if you had enrolled on a timely basis. You will be responsible for any penalty imposed by Medicare for late enrollment. (NYPA will not reimburse you for the penalty portion of your Medicare Part B or D premiums that are attributed to late enrollment.) **The responsibility is yours:** you must make sure that you and your spouse are covered under Medicare Parts A, B and D when you turn 65.

When to Apply for Medicare Benefits

Plan ahead to avoid a gap in your coverage – Sign up three months before turning 65.

If under 65 at retirement: After you retire, Medicare coverage must be in effect on the first day of the month in which you or your spouse turns 65. NYPA requires you to have Medicare Parts A and B in effect on the first day of the month in which you are eligible. If you do not apply during the three months before your birthday, you will have a waiting period before Medicare becomes effective. During this waiting period, you will have a gap in your coverage that could be very costly to you. If you are enrolled in the NYPA PPO or Choice Plan, you will also need to enroll in NYPA's Medicare Part D Prescription Drug Plan when you turn 65.

If over 65 at retirement: When you retire, if you or your spouse is already age 65 or over, apply for Medicare Parts A and B three months before leaving employment (or as far ahead of your retirement date as possible). Explain to Social Security that you did not sign up for Medicare Part B at age 65 because you still have primary coverage through NYPA's health insurance plan. You will not be charged Medicare's late enrollment penalty. NYPA will confirm your coverage with Social Security if requested. If you are enrolled in the NYPA PPO or Choice Plan, you will also need to enroll in NYPA's Medicare Part D Prescription Drug Plan when you retire.

How to Apply for Medicare

For Medicare Parts A and B, visit your local Social Security office or call Social Security at (800) 772-1213. Information about applying for Medicare is also available on the web at www.ssa.gov.

For Medicare Part D, complete the *NYPA Medicare Part D Opt-In form* and return to WPO Benefits Department.

Please Note: The information provided above is not a complete description of your Retirement System pension benefits, VDC, Social Security or Medicare. For a complete description of your benefits and your responsibilities, you should contact the Retirement System, Social Security and Medicare directly or visit their websites.

Disclaimer:

While the Authority intends to continue the benefits and programs described in this document, the Authority reserves the right to change or terminate any of these benefits, programs or pieces of programs at any time. If there is a difference between the benefits and descriptions in this document, the plan documents and contracts will govern in every instance.

