# Retirement Information

If you are thinking about retiring from the Institute, there are two key areas that you will want to know about before making this important decision: Health insurance & Pension and/or Retirement income.

*HEALTH INSURANCE*
The medical coverage that you will have upon retirement will depend on several factors:

- Is your age at retirement pre or post 65?
- Do you meet the requirements to leave MBI as a retiree, having reached age 55 and 10 years of service or age 60 and 5 years?
- Will you be offered retiree health coverage or a stipend after your departure from Moody? To be eligible, your full-time hire date must be prior to January 1, 1996.

Let's first look at if you are over age 65 when you retire:

When you are age 65 or older when you retire from the Institute, your MBI "active employee" group health coverage will stop at the end of the month in which you retire (for example, June 30 or December 31). Then starting the first of the following month, your "retiree" health coverage will move to Medicare as your primary insurance.

You will need to sign up for Medicare Part B two to three months prior to your retirement. Medicare Part B is the physician office visit coverage and the cost of this insurance, in 2021, is $148/month. Medicare Part A is the hospitalization component, and you should have already enrolled into this coverage when you turned age 65. This coverage is free.

When you sign up for Medicare Part B, Human Resources will give you a form that will show that you had medical coverage through MBI until your retirement date. You will need this form so that you can prove that you had medical coverage post 65 with the Institute, otherwise you will need to pay a penalty for signing up for Part B late.

Because Medicare will become your primary coverage, it will pay first. Then you will need to decide whether or not you want to purchase an individual Medicare Supplement. There are two types of Medicare Supplement plans: Medigap & Medicare Advantage.

Medigap plans are all "lettered" Plans (i.e. Medicare Part M, Medicare Part G, etc.). They range in price depending on how rich the coverage is. They also allow you to go to any doctor that you want to – there are no restrictions, similar to a PPO health plan.

Medigap plans do not typically have prescription drug coverage within them, so you would also need to purchase Medicare Part D to go along with it.

The other type of Medicare Supplement plans are Medicare Advantage plans. They typically have medical, dental, vision, and prescription drug coverage built into them. They also typically work like an HMO, in that, you are tied to a network of doctors for your care. Premium costs for the coverage are more cost-effective than Medigap Plans, but you do not have the flexibility to go to any doctor that you want. You would have to go to a select group of doctors within the network. There are some Medicare Advantage Plans that do operate like a PPO Plan. These Plans, however, are not available in every state or county.

If you are leaving the Institute as a retiree, then MBI would give you access to work with a company called "Via Benefits" whom the Institute partners with. Via Benefits is a free service and they help retirees select a Medicare Supplement plan that is right for them. They have access to every single insurance carrier in the United States. You should think of them as an insurance broker.

When you go through the enrollment process, Via Benefits will ask you questions about your health history, how comfortable you are with using a network of doctors, how often to you go to the doctor, what medications do you take, etc. Once answering these questions, Via Benefits will select a few Plans for you to choose from.

NOTE: All of the Medicare Supplement plans are regulated by the government. So a Medigap Plan M is the same coverage in Florida as it is in Illinois. The only difference in the Plans is what the insurance carrier decides to charge you for the coverage. Blue Cross & Blue Shield may charge you $200/month for a Medicare Supplement Plan M, while United Healthcare may only charge you $180/month.

Like at the Institute, Medicare has an Open Enrollment period every year. The Open Enrollment period is typically during the first week in October through the first week in December, with the new coverage effective date as January 1. So if you are unhappy with your Medicare Supplement plan, you can always change it during the Open Enrollment period. You are not locked into it for the rest of your life.

**If you were hired full-time prior to January 1, 1996, then MBI would give you an annual stipend to help pay for your Medicare Supplement Plan. Retirees with 30 or more years of service would receive $1,500 per year; Retirees with less than 30 years of service would receive $1000 per year.** (There are no guarantees with the stipend and it may be changed or stopped at the discretion of the Institute.)

There is a wealth of information online if you take the time to research it. Here are some websites and resources for your convenience:

www.medicare.gov
www.ssa.gov

If you are younger than age 65 when you retire from the Institute – and if your full-time hire date is prior to January 1, 1996, then starting the first of the month following your departure from the institute, you will move onto Cigna's Open Access Plus (PPO) Plan.

If you have 30 or more years of service when you retire, you would pay 20% of the full cost of Cigna's Open Access Plus Plan. The premium for your spouse would be 40% of the full cost. If you have less than 30 years of service, you would pay 30% of the full cost; 50% for your spouse. (There are no guarantees with the health insurance coverage and it may be changed or stopped at the discretion of the Institute.)

You and/or your spouse would remain on this Open Access Plus Plan until you turned age 65 and then you would move to Medicare as your primary insurance and start to receive the annual stipend from the Institute to pay for a Medicare Supplement Plan.

If you were hired full-time after January 1, 1996, then you will not be offered health coverage when you retire. You will need to purchase you own coverage by either enrolling into one of the Plans through the Marketplace (Obamacare) or going directly to the insurance carrier. If you are leaving the Institute as a "retiree", then you would be able to utilize the services of Via Benefits.

*RETIREMENT & PENSION BENEFITS*

When you retire from the Institute, you may have several retirement or pension benefits to access. You may have retirement accounts with AIG Retirement Services and/or TIAA-Cref. You may also have either a frozen or grandfathered pension benefit from the MBI Pension Plan.

Defined Contribution Plans – AIG Retirement Services & TIAA-Cref

If you have a retirement account with AIG Retirement Services and/or TIAA-Cref, you will continue to manage it once you retire from MBI. You can decide how it is invested and when you want to take a distribution. You may also want to transfer out the funds into another retirement plan you may have with another company, like Vanguard or Fidelity, etc. The Institute will have no other involvement with your retirement accounts once you leave employment with MBI.

Defined Benefit – MBI Pension Plan

This pension is the Institute's former retirement benefit prior to the AIG Retirement Services defined contribution plan. It was a benefit that you did not need to contribute into, but it was based on your years of service and average earnings – and then put into a formula to determine the pension benefit.

Depending on your full-time hire date, you may have either a "frozen" pension benefit or were grandfathered into the MBI Pension Plan in 2006. In 2006, the Institute's pension plan was closed to new participants.

To be "grandfathered" into the MBI Pension Plan, you needed to have at least 5 years of service, be at least 40 years old, and age and service combined needed to be 50 points or more. If you met these conditions, then you remained in the Plan and continued to accrue a pension benefit. Otherwise, you moved to AIG Retirement Services.

If you moved to AIG Retirement Services in 2006 for your MBI retirement benefit, you would have a "frozen" benefit that would have been from your hire date through December 31, 2005. Human Resources has sent participants benefit statements showing their accrued pension every 3 years.

The accrued pension benefit was calculated based on you starting your pension at age 65. Once you submit your retirement letter, Human Resources puts together the necessary paperwork for you to start receiving your pension benefits the first of the month following retirement or a later date selected by you.

There are several different payment options to chose from. Listed below are the various types and how they pay out:

***Single Life Annuity***

The Single Life Annuity is the normal payment form for single participants. This payment form provides you with monthly payments for your lifetime. All payments under this option cease upon your death.

***Joint & Survivor Annuity***

If you elect a Joint & Survivor Annuity, payments under the plan will be made to you for your lifetime, and upon your death, payments will continue to be made for the life of your spouse. Your spouse will receive 50%, 75% or 100% (as selected by you) of the benefit amount you were receiving.

Because your pension benefits may be paid over two lives, the amount of your payments under the Joint & Survivor Annuity will be less than if your benefits were received in the form of a Single Life Annuity. The amount of the reduction depends on the age of your spouse and the percentage of your benefits your spouse will receive. For example, the younger your spouse is, the smaller your monthly pension will be. Similarly, increasing the survivor percentage from 50% to 75% or 100% will lower the amount of the monthly pension paid to you.

If you are married when your pension begins, federal law provides that your benefits will be paid to you in the form of a 50% Joint & Survivor Annuity with your spouse. (This form of benefit is called a Qualified Joint & Survivor Annuity or a "QJSA".) You may elect not to receive your benefits in this form. However, if you elect a payment form other than any Joint & Survivor annuity with your spouse, your spouse must consent to your election by signing the Spousal Consent Form and having it notarized.

***Certain and Life Annuity***

The Certain and Life Annuity is payable for a period of 10, 15 or 20 years as selected by you, with payments continuing during your entire lifetime. Should you die prior to the expiration of the period you elected (10, 15 or 20 years), your pension will continue to be paid to your beneficiary until the end of the elected (10, 15 or 20 years) period.

You have the right to change your beneficiary at any time during the elected period. If you and your named beneficiary die before the end of the elected period, any remaining guaranteed payments will be paid to your contingent beneficiary, if any, or in a lump sum to your estate.

***Lump Sum Payment***

If the present value of your accrued benefit is less than $50,000, then you would be offered a lump sum payment option. You can either transfer the funds into a tax-deferred account or take a cash payment. If you take a cash payment, the amount is required to withhold a 20% federal tax.

*OTHER ITEMS TO KNOW:*

If you are not yet age 65 when you retire from the Institute, you may still commence your pension benefit. Because you are starting your pension prior to age 65, there is a reduction to the monthly payments

If you older than age 65 when you retire, then your pension benefit would typically increase in value. This increase is due to the fact that there will be a shorter timeframe until your death (actuarially) than if you started it at age 65. The benefit would increase approximately 6-7% each year.

At age 72, you will be required to take a "Required Minimum Distribution" from your retirement and/or pension benefit, if you have not already started taking payments. If you are still working full-time at age 72, then this requirement is not necessary until you stop working.

Once your pension benefit starts, you will not be able to change the payment choice. It is locked in for the rest of your life.

Annuity payments will be made at the end of every month. If the last day of the month occurs on a Saturday or Sunday, you will be paid your pension on the prior Friday.

Your pension benefit is considered taxable income. Thus, you will be given a W-4P for federal withholding tax. At the end of every year, you will receive a 1099-R showing the annual amount that you received for the whole year.

If you should have any additional questions about this information, please contact Peter Miller in the Human Resources – Benefits department.