

Side Letter
Changes to UC Retiree Health Eligibility Rules

Consistent with UC Policy, the following shall occur:

UC shall eliminate the grandfathering Rule of 50.

To be eligible for retiree health benefits, employees must meet the University's criteria at the time of retirement, which currently are:

- Choose to receive a monthly retirement benefit
- Be enrolled in or eligible to enroll in UC employee benefits on the day they retire
- Continue coverage at the time they retire
- Have a retirement date that is within 120 calendar days of the date they end UC employment
- Continue coverage until the date retirement income begins

In addition, the University currently has three sets of eligibility rules for retiree health benefits, depending on their date of membership in UCRP or their rehire date if they have a break in service of 120 calendar days or more.

ELIGIBILITY RULES FOR NSF HIRED PRIOR TO JANUARY 1, 1990 (Group 1)

NSF receive 100 percent of UC's contribution toward the medical and/or dental monthly premiums if they retire:

- Before age 55 and have at least 10 years of UCRP service credit
- At age 55 or later and have at least five years of UCRP service credit

ELIGIBILITY RULES FOR NSF HIRED OR REHIRED FROM JANUARY 1, 1990 to JUNE 30, 2013 (Group 2)

Employees are eligible for retiree health and the UC contribution toward medical and/or dental plan monthly premiums based on the following formula:

Years of UCRP Service Credit	Percentage of UC Contribution
5-9	If age plus years of service is at least 75 then 50%; otherwise not eligible
10	50%
11-20	Increases from 50% by 5% per year to 100% at 20 years

ELIGIBILITY RULES FOR NSF HIRED OR REHIRED ON OR AFTER JULY 1, 2013 (Group 3)

To encourage longer service, UC adopted a new graduated eligibility formula to determine how much it pays toward retiree health insurance premiums.

The formula is based on both the employee's years of service and age (in whole years) at retirement. UC's contribution to health care premiums increases significantly for employees who retire closer to the age at which they are eligible for Medicare.

The new formula also aligns more closely with the provisions of the 2013 Tier of the UC Retirement Plan, for which employees hired on or after July 1, 2013 are eligible.

The new rules affect UC employees hired or rehired on or after July 1, 2013.

The chart below shows the graduated eligibility formula in more detail. The percentages shown below reflect the University's contribution towards retiree health insurance premiums. For example, an employee who retires at age 65 with 20+ years of service would receive 100% of the University's total contribution, not 100% of their premium.

Graduated Eligibility Formula												
For employees hired on or after July 1, 2013												
Years of UCRP Service Credit at Retirement		50-55*	56	57	58	59	60	61	62	63	64	65
	10	0%	5.0%	10.0%	15.0%	20.0%	25.0%	30.0%	35.0%	40.0%	45.0%	50.0%
	11	0%	5.5%	11.0%	16.5%	22.0%	27.5%	33.0%	38.5%	44.0%	49.5%	55.0%
	12	0%	6.0%	12.0%	18.0%	24.0%	30.0%	36.0%	42.0%	48.0%	54.0%	60.0%
	13	0%	6.5%	13.0%	19.5%	26.0%	32.5%	39.0%	45.5%	52.0%	58.5%	65.0%
	14	0%	7.0%	14.0%	21.0%	28.0%	35.0%	42.0%	49.0%	56.0%	63.0%	70.0%
	15	0%	7.5%	15.0%	22.5%	30.0%	37.5%	45.0%	52.5%	60.0%	67.5%	75.0%
	16	0%	8.0%	16.0%	24.0%	32.0%	40.0%	48.0%	56.0%	64.0%	72.0%	80.0%
	17	0%	8.5%	17.0%	25.5%	34.0%	42.5%	51.0%	59.5%	68.0%	76.5%	85.0%
	18	0%	9.0%	18.0%	27.0%	36.0%	45.0%	54.0%	63.0%	72.0%	81.0%	90.0%
	19	0%	9.5%	19.0%	28.5%	38.0%	47.5%	57.0%	66.5%	76.0%	85.5%	95.0%
	20+	0%	10.0%	20.0%	30.0%	40.0%	50.0%	60.0%	70.0%	80.0%	90.0%	100.0%

* Those who retire between ages 50 and 55 are eligible to enroll in UC-sponsored health insurance for retirees but will not receive a UC contribution.