

## **REVOCABLE HEALTH BENEFITS SUBSIDY POLICY**

Amended and Approved by the Board of Retirement on July 8, 2009

Effective for the Retiree Payroll Paid on January 4, 2010

### **Section 1. Background**

Since the early 1980s the Board of Retirement has recognized that health care is a major concern of retirees. In an effort to provide additional non-vested benefits to retirees, and to assist retirees with their health care costs, the Board of Retirement has determined StanCERA is to continue to provide certain retiree members, or their eligible surviving spouses, registered domestic partner or, if there is none, the eligible surviving children, (collectively referred to as “retired member”) with a subsidy (commonly known as “Revocable Health Benefits Subsidy”) from excess earnings pursuant to Government Code section 31691.1. This subsidy is not a vested benefit pursuant to Government Code Section 31692 and all StanCERA communications will remind members of this.

### **Section 2. Eligibility and Amount of Retiree Health Allowance**

**Effective September 1, 2006 through December 31, 2007**

Completed.

### **Section 3. Eligibility and Amount of Revocable Health Benefits Subsidy**

**Effective with the Retiree Payroll paid January 4, 2010**

The Board has determined that retired members will not receive a revocable health benefits subsidy beginning January 4, 2010. The revocable health benefits subsidy may commence again after the Board again reviews this policy and makes such determination. Language within this policy has been maintained in light of that possibility.

Tier 1, 2, 4 and 5 retired members who have at least five years of StanCERA service and Tier 3 retired members with 10 years of StanCERA service will receive a Revocable Health Benefits Subsidy based on their length of StanCERA service. The number of years of service eligible for the maximum Revocable Health Benefits Subsidy is 30 years. The minimum Revocable Health Benefits Subsidy is \$0.00 (zero) per month and the maximum Revocable Health Benefits Subsidy is \$0.00 (zero) per month. The monthly Revocable Health Benefits Subsidy is calculated by multiplying the retired member’s total StanCERA service in years by \$0 (zero) divided by 30.

For example, if a retired member has 25 years 2 months and 13 days of part time and full time service to Stanislaus County, 1 year and 9 months of military service credit prior to County employment, and 3 months 23 days of excess sick leave credit that was converted to retirement service credit (and the member made appropriate contributions for all of the above service), only the 25 years 2 months and 13 days of County part time and full time service will be counted towards the Revocable Health Benefits Subsidy. In this example the retired member will receive 25.2023 years of StanCERA service x \$0 / 30 = \$0.00 per month. No benefits will be paid in calendar year 2010.

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### **Section 4. Eligibility and Amount of Revocable Health Benefits Subsidy Effective January 1, 2010**

Retired members who retire on or after January 1, 2010, must have a minimum of ten (10) years of StanCERA service to receive the Revocable Health Benefits Subsidy. The Revocable Health Benefits Subsidy will be calculated as set forth in Section 3. Retired members who retired before January 1, 2010, with at least five (5) but less than ten (10) years of StanCERA service will continue to receive the subsidy as set forth in Section 3.

### **Section 5. Revocable Health Benefits Subsidy for Members Who Receive Service Connected Disability Retirement Benefits**

A retired member who receives service connected disability retirement benefits or survivor's death benefits based on a work related death, and the disability or death arose from service to a StanCERA employer, will receive a Revocable Health Benefits Subsidy based on the member's years of StanCERA service. If the member had less than 10 years of StanCERA service, the retired member will receive the same Revocable Health Benefits Subsidy as if the member had 10 years of StanCERA service.

A retired member who receives disability or death benefits based on disability or death that arose from a reciprocal system will receive a Revocable Health Benefits Subsidy based on the member's StanCERA service the same as a retired member who receives regular service retirement benefits.

### **Section 6. Eligibility of Deferred Members for Revocable Health Benefits Subsidy**

Members who have elected to defer their retirement and who either are or are not in reciprocal member status and who then retire, will receive the Revocable Health Benefits Subsidy based on the eligibility requirements in effect on the date they retire. The amount of the Revocable Health Benefits Subsidy will be based on the member's length of StanCERA service at the time of retirement.

### **Section 7. Surviving Spouse, Domestic Partner or Minor Children Eligibility**

Upon the death of a member with StanCERA service, an eligible surviving spouse or surviving domestic partner, or if none, eligible surviving children will receive the same Revocable Health Benefits Subsidy for which the member was eligible to receive if the surviving beneficiary receives a monthly retirement allowance.

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### **Section 8. Eligibility for Only One Revocable Health Benefits Subsidy**

Only one Revocable Health Benefits Subsidy will be paid to a retired member. If a retired member receives multiple monthly retirement allowances from StanCERA, the retired member shall only receive the one highest Revocable Health Benefits Subsidy based on the highest StanCERA service of one of the multiple monthly retirement allowances that the retired member receives.

### **Section 9. Payment of Monthly Revocable Health Benefits Subsidy**

Beginning January 1, 2008, the monthly Revocable Health Benefits Subsidy will be paid in arrears and prorated the same as the retired member's regular monthly retirement allowance.

### **Section 10. Annual Review and Policy Amendment Process**

This Policy shall be reviewed at least annually by the Retiree Benefits Committee in sufficient time to present recommendations for proposed changes to the Board of Retirement at the Board's administrative and benefits meeting in June each year.

Pursuant to Government Code section 31693, the Board of Retirement shall forward any proposed changes to the Retired Employees of Stanislaus County (RESCO). RESCO shall be given reasonable time to review such proposals and to provide written comments to the Board of Retirement. The Board of Retirement will then consider RESCO's input on the proposed changes.

The Board of Retirement shall provide notice to retired members, at least ninety (90) days before the effective date of any adopted changes to this Policy pursuant to Government Code section 31692.

### **Section 11. A Revocable Health Benefits Subsidy is Not a Vested Benefit**

Pursuant to Government Code section 31692 (and its reference in Government Code section 31691.1), the benefit of a Revocable Health Benefits Subsidy is not a vested right for any retired member and this benefit may be amended or repealed by the Board of Retirement by following the process outlined in section 10. All communications about this benefit will remind members that this benefit is not a vested right.