BP 7380 RETIREMENT BENEFIT POLICY

The following Retirement Benefit Policy applies to full-time Allan Hancock College Management, Supervisory, Confidential, and *Faculty Employees (See * Note below).

PLAN A

FOR AHC RETIREES BETWEEN 55 AND 65 YEARS OLD

Group I-A
Current fulltime Allan Hancock College Management, Supervisors and Confidential, and Faculty Employees Eligible to Retire by June 30, 1989

I-A-1 A minimum of ten years of consecutive full-time District service is required immediately preceding retirement to qualify for these benefits for employees who retire after June 30, 1989.

The District will contribute an amount equal to that paid toward the AHC medical insurance premium for single coverage on the AHC medical insurance plan as provided to active full-time management and faculty employees to age 65, at which time the retiree converts to plan B. The District will also contribute an amount equal to that paid toward the AHC medical insurance premium for spousal coverage on the AHC medical insurance plan as provided to spouses of active full-time management and faculty employees. Coverage for spouse is limited to one year for each year of marriage to employee at time of employee's retirement to a maximum of 15 years, or spouse's age 65, whichever comes first. If widowed, District will continue to contribute toward spouse’s coverage utilizing the same eligibility criteria cited above to age 65. Children (to age 18 or 23 if full-time college student) may be added at retiree’s expense. Children of a deceased retiree have the option to buy-in (to age 18 or 23 if full-time college student) at their own expense. Children on the AHC medical plan at the time of retirement or death of employee are automatically eligible to continue on the plan at their own expense. However, if not on the plan, they must be accepted by the insurance company.

OR
I-A-2 Retiree has option to designate the payment of medical insurance premiums up to an amount equal to that paid by the District in Plan I-A-1 towards a medical insurance plan in-lieu-of the District medical plan.

OR

I-A-3 If employee has not been on the AHC medical insurance plan, s/he will continue to receive TSA amount annually until age 65. AHC employees on this plan who wish to switch to AHC medical insurance plan at or during retirement before age 65, must pass a required physical examination and be accepted by insurance company. The same requirement applies to spouses and children not on AHC plan who wish to qualify for coverage at or during AHC employee's retirement.

* Refer to Faculty Association Agreement for faculty employees hired on or after July 1, 1993.

**Group II-A**
Employees Hired Before January 1, 1989, but Not Eligible for STRS or PERS Retirement as of June 30, 1989

II-A-1 Fifteen years of full-time District employment required.


**Group III-A**
Faculty Employees Hired after April 1, 1989 but prior to July 1, 1993.*

III-A-1 Twenty years of full-time District employment required to qualify for 50 percent of the medical insurance benefit. An additional 10 percent will be added for each year of employment to the 25th year at which time the employee becomes fully vested.


**Group IV-A**
Management Employees Hired on or after April 1, 1989 but prior to January 1, 1994

IV-A-1 Ten years of full-time District employment required to qualify for 50 percent of the medical insurance benefit. An additional 10 percent will be added for each year of employment to the 15th year at which time the employee becomes fully vested.

The District will maintain coverage for a retiree under the medical insurance plan upon PERS or STRS retirement as evidenced by the receipt of monthly retirement payments from PERS or STRS provided the employee is at least 55 years of age but less than 65 and has been a regular employee of the District for the required number of years as outlined above, and provided the retiree is actively employed by Allan Hancock College.
at the time of retirement. Upon reaching age 65, the employee converts to Plan B. The
District will also contribute an amount equal to that paid toward the AHC medical
insurance plan as provided to spouses of active full-time management and faculty
employees (at the percentage of full vesting for the retiree). The employee will also
have the option of increasing coverage for self up to 100 percent total in exchange for
less (or no) coverage for spouse. As with Group I-A-I, coverage for spouse is limited to
one year for each year of marriage to employee at time of employee’s retirement to a
maximum of 15 years, or spouse’s age 65, whichever comes first.

OR

IV-A-2 Retiree has the option to designate the payment of medical insurance premiums
up to an amount equal to that paid by the District in Plan IV-A-1 towards a medical
insurance plan in-lieu-of the District medical plan.

OR

IV-A-3 If the employee has not been on the AHC medical insurance plan, he/she will
continue to receive cash-in-lieu-of amount annually until age 65. AHC employees on
this plan who wish to purchase coverage under the AHC medical insurance plan at or
during retirement before age 65 must sign up when first eligible or wait for open
enrollment. The same requirement applies to spouses and children not on AHC plan
who wish to qualify for coverage at or during AHC employee’s retirement.

* Refer to Faculty Association Agreement for faculty employees hired on or after July 1,
1993

Group V-A
Management Employees Hired on or after January 1, 1994

V-A-1 Ten years of full-time District employment required to qualify for 50 percent of the
medical insurance benefit. An additional 10 percent will be added for each year of
employment to the 15th year at which time the employee becomes fully vested.

The District will maintain coverage for a retiree under the medical insurance plan upon
PERS or STRS retirement as evidenced by the receipt of monthly retirement payments
from PERS or STRS provided the employee is at least 55 years of age but less than 65
and has been a regular employee of the District for the required number of years as
outlined above, and provided the retiree is actively employed by Allan Hancock College
at the time of retirement. Upon reaching age 65, the retired employee shall no longer
be eligible for District paid medical benefits. The retiree’s spouse shall not be eligible
for this benefit through District paid premium. However, the retiree may purchase
coverage for self and/or spouse. There is no conversion to Plan B under this plan.
[Board action January 1, 1994.]
Options outlined for Group I-A (I-A-2 and I-A-3) are available to this group, but refer only to single coverage (no spouse or children).

**Group VI-A**
Confidential and Supervisory Employees Hired after April 1, 1989, but prior to January 1, 1994.

VI-A-1 Twenty years of full-time District employment required to qualify for medical insurance benefit.


**Group VII-A**
Confidential and Supervisory Employees Hired on or after January 1, 1994.

VII-A-1 The District will maintain coverage for a retiree under the medical insurance plan upon PERS retirement as evidenced by the receipt of monthly retirement payments from PERS provided the employee is at least 55 years of age but less than 65 and has been a regular employee of the District for twenty or more consecutive years of service, and provided the employee is actively employed by Allan Hancock College at the time of retirement. Upon reaching age 65, the employee shall no longer be eligible for District paid medical benefits. The retiree’s spouse shall not be eligible for this benefit through District paid premium. However, the retiree may purchase coverage for self and/or spouse. There is no conversion to Plan B under this plan. [Board action January 1, 1994.]

Options as outlined for Group I-A (I-A-2 and I-A-3) are available to this group, but refer only to single coverage (no spouse or children).

* Refer to Faculty Association Agreement for faculty employees hired on or after July 1, 1993.

**PLAN B**
FOR AHC RETIREES AGE 65 AND OLDER

**Group I-B**
Current Full-time AHC Management, Supervisors & Confidential, & Faculty Employees Eligible to Retire by June 30, 1989

I-B-1 A minimum of ten years of consecutive full-time District service is required immediately preceding retirement to qualify for these benefits for employees who retire after June 30, 1989. For AHC retirees not covered by any other form of medical insurance such as national, state, employer, private or spousal coverage, etc., the District will contribute an amount equal to that paid toward the AHC medical insurance premium for single coverage as provided to active full-time management and faculty employees. The District will also contribute an amount equal to that paid toward the
AHC medical insurance premium for spousal coverage on the AHC medical insurance plan to spouse's age 65. Coverage for spouse is limited to one year for each year of marriage to employee at time of retirement to a maximum of 15 years, or spouse's age 65, whichever comes first. If AHC retiree dies, District will continue to contribute toward spouse's coverage utilizing the same eligibility criteria cited above to age 65. The retiree has the option to add his/her children (to age 18 or 23 if full-time college student) at his/her own expense. Children of a deceased AHC retiree have the option to buy-in (to age 18 or 23 if full-time college student) at their own expense. Children on the AHC medical plan at the time of retirement or death of the employee are automatically eligible to continue on the plan at their own expense. However, if not on the plan, they must be accepted by the insurance company.

OR

I-B-2 Retiree eligible for I-B-1 has option to designate the payment of medical insurance premiums up to an amount equal to that paid by the District in Plan I-B-1 towards a medical insurance plan of retiree's choice in-lieu-of the District medical plan.

OR

I-B-3 This option is for AHC retirees covered by Medicare or any other form of national, state, employer, private or spousal medical insurance. The District will pay two percent of the employee's highest average annual compensation earnable by a member during any period of three (3) consecutive years in the program toward premiums for the retiree's Medicare supplemental insurance of his/her choice, and/or Medicare Catastrophic Coverage Act of 1988 supplemental premium for Part A coverage, and/or the Medicare premium surtax, and/or the Medicare deductible, and/or other Medicare related costs. The sum received by the retiree will be increased by two percent (2%) annually on the first day of the month following the employee's retirement date anniversary.

* Refer to Faculty Association Agreement for faculty employees hired on or after July 1, 1993.

**Group II-B**
Employees Hired Before January 1, 1989, but not Eligible for STRS or PERS Retirement as of June 30, 1989

II-B-1 Fifteen years of full-time District employment required.

The options available to Group II-B-1 are options I-B-1, I-B-2, or I-B-3.

**Group III-B**
Faculty Employees Hired After April 1, 1989, but prior to July 1, 1993*
III-B-1 Twenty years of full-time District employment required to qualify for 50 percent of the medical insurance benefit. An additional ten percent will be added for each year of employment to the 25th year at which time the employee becomes fully vested.

The options available to Group III-B-1 are I-B-1, I-B-2, or I-B-3

**Group IV-B**
Management Employees Hired on or after January 1, 1989 but prior to January 1, 1994.

IV-B-1 Ten years of full-time District employment required to qualify for 50 percent of the medical insurance benefit. An additional 10 percent will be added for each year of employment to the 15th year at which time the employee becomes fully vested.

The options available to Group IV-B are I-B-1, I-B-2, or I-B-3.

**Group V-B**
Management Employees Hired on or after January 1, 1994.

V-B There is no conversion to Plan B for this group. However, retirees may purchase coverage for self and spouse at their own expense.

**Group VI-B**
Confidential and Supervisory Employees Hired After April 1, 1989, but prior to January 1, 1994

VI-B-1 Twenty years of full-time District employment required for 100 percent benefit.

The options available to Group VI-B-1 are I-B-1, I-B-2, or I-B-3.

**Group VII-B**
Confidential and Supervisory Employees Hired on or after January 1, 1994.

There is no conversion to Plan B for this group. However, retirees may purchase coverage for self and spouse at their own expense.

**NOTES**

Note #1 For purposes of brevity, the word DISTRICT shall be used to describe The Allan Hancock Joint Community College District. The word BOARD shall refer to the Allan Hancock Joint Community College District Board of Trustees.

Note #2 The medical insurance benefit refers to medical insurance for medical coverage. It does not include dental, vision, life or any other form of insurance. (The life insurance policy is dropped upon retirement.)
Note #3  Retirees age 55 to 65 may voluntarily switch from option I-A-1 to option I-A-2 or I-A-3, and at age 65 may convert from Option I-A-2 to I-A-3, or if eligible for Plan B, from I-B-1 to I-B-2 during retirement. See I-A-3 for exception. (On certain plans, at age 65, retiree automatically converts from Plan A to Plan B.)

Note #4  Spouse, under certain plans, is eligible for District coverage upon employee’s retirement. If eligible, spouse benefits only apply if the spouse is married to AHC employee at time of AHC employee's retirement.

Note #5  Spouse loses District benefit upon divorce, but may extend the coverage on the AHC medical insurance plan at own expense for 36 months (COBRA Act). After this extension expires, ex-spouse may purchase a conversion plan from the college insurance company. In the case where two employees are married to each other and one employee retires, and there is a subsequent dissolution of marriage or the District employed spouse leaves the employ of the District, the retiree's status will revert to the plan option he/she was eligible for at the time of retirement, or if over 65 years of age, the applicable option(s) described in Plan B, if eligible.

Note #6  Widowed spouse loses benefits if s/he remarries.

Note #7  In the event the medical insurance premium payments paid by the District are reduced by agreement with the Faculty Association as part of a negotiated agreement, the retirees will continue to receive an amount paid by the District equal to the amount paid by the District at the time of the agreement. Thus, while the retiree's benefits may be frozen, they will not be decreased.

Note #8  Eligible AHC Retirees 65 or older who do not qualify for Medicare and wish to take advantage of Options I-B-1 or I-B-2 must provide the District with proof of ineligibility for Medicare. Proof of ineligibility may be obtained either by going in person to the local Social Security Office or by calling the following toll free number 1-800-772-1213. The Social Security representative will set up a personal or teleclaim appointment at which time the necessary information will be obtained from the individual. After the claim has been processed and a determination of ineligibility made, the individual will receive a letter from the Social Security Office notifying them of their status. The employee/retiree who is ineligible for Medicare must provide a copy of that letter to the District showing proof of non-coverage before qualifying for the stated benefits.

Note #9  Medical insurance benefits and deductible schedules shall not be less for retirees than provided regular management and faculty employees who were hired at the same time.
Note #10  Medical insurance benefits and deductible schedules are subject to change.

Note #11  Sabbatical Leave and Willie Brown Act participants and Board approved leaves of absences for up to two years do not constitute a break in service for purposes of establishing eligibility for these retirement benefits. However, time taken for a leave of absence will not count toward total years of service credit for the purpose of qualifying for these benefits.

Note #12  Spouses are not eligible for AHC medical insurance program at age 65 unless the spouse is an employee of AHC who has been carried on the AHC policy as a dependent. At age 65, the spouse could then opt for Plan B as appropriate. (However, the spouse may be eligible for coverage at his/her own expense.)

Note #13  If two AHC employees/retirees are married to each other, then one must take coverage as a dependent, if they choose to enroll in the District paid medical plan. This does not apply if they are enrolled in different District medical insurance plans.

Note #14  The period of November 15-December 15 each year is the only open enrollment period for AHC medical insurance. The effective date of commenced coverage will be January 1 of the following year. These restrictions also apply to spouses and dependents.

Note #15  The District reserves the right to select a carrier to provide claims, services, and administration for benefits.

Note #16  The District reserves the right to determine the basis for establishing equivalency in considering individual carrier plans.

Note #17  Retiree must draw STRS or PERS retirement pay to qualify for retiree medical benefits and must have been actively employed at Allan Hancock College at the time of retirement. The college recognizes some time may elapse between the time STRS or PERS retirement papers are filed and the STRS or PERS checks actually are processed, and will provide the medical benefits for the retiree during this time.

Note #18  Employee must inform District in writing of initial coverage decision within 35 days of retirement.

Note #19  For those not eligible for the above, the District will permit enrollment by any former District management and faculty retiree employee and spouse or surviving spouse in the medical (indemnity or HMO) or dental plans currently provided for active management and faculty employees, at premium rates set by the insurance companies. The coverage may be
fully paid for by the retiree and/or spouse, but nothing compels the medical or dental plan carriers to underwrite this liability (AB 528 – effective January 1, 1986).

Note #20 Payments, when applicable, will be paid quarterly in advance.

Note #21 This policy shall be governed and construed in accordance with the laws of the State of California excluding that body of law applicable to conflicts of law. In the event any such provision to either party shall be held by a court of appropriate jurisdiction to be contrary to California or Federal law, the remaining provisions of this policy shall remain in force and effect.

Note #22 Faculty refers to any instructor, counselor, librarian or any other employee who will retire under STRS and/or PERS and who is on the District’s "Certificated Contract Salary Schedule" at the time of retirement.

Note #23 Management refers to any employee who will retire under STRS and/or PERS and who is on the District’s "Management Salary Schedule" at the time of retirement.

Note #24 Children eligible for coverage, where applicable, to age 18 or 23 if full-time college student.

Note #25 AHC regular employees who work less than full-time will receive pro-rata medical benefits at same percentage of their contract for medical insurance.

Addendum to Board Policy 3405

Policy additions and corrections required by changes in Internal Revenue Services regulations, District benefits changes, or insurance company guidelines will continue to be updated in this addendum. Current changes are as follows:

1. In cases where children may be added to a retiree’s health benefits coverage, the applicable age parameters have been changed, so that the references to children now reads, “Children (to age 19 or 25 if unmarried and a dependent according to IRS regulations) may be added at retiree’s expense.”

2. All references in the policy to TSA (tax-sheltered annuity) now refer to "cash-in-lieu-of" benefit. The change came into effect when the District adopted the Section 125 plan so that employees could tax shelter certain medical-related expenses.

3. If employees who have not been on the District medical insurance plan wish to switch to the District plan at or during retirement before age 65, they must sign up when first eligible or wait for open enrollment. Previously, a physical examination and acceptance by the insurance company were required. The same requirement applies to spouse and
children not on the AHC plan who wish to qualify for coverage at or during the AHC employee’s retirement.

4. The open enrollment period referred to in the policy is now mid-August to mid-September, and the effective date of coverage is now October 1.

5. Board Policy 3405 does not apply to faculty members hired on or after July 1, 1993. Those employees are now covered by the Agreement Between the Allan Hancock Joint Community College District and the Faculty Association of Allan Hancock College.

* Refer to Faculty Association Agreement for faculty employees hired on or after July 1, 1993.

Adopted: 1/18/94
Revised: 2/29/02

(Replaces Board Policy 3405)