

Tentative Agreement
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2:13pm
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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.

SIDE LETTER – Retiree Health

- A. Solely for the purpose of determining ~~continuing membership in the 1976 Tier of the UCRP versus prospective membership in the 2013 Tier~~ **eligibility in Group 1 or Group 2 Retiree Health** following a period off pay status ~~for four or more consecutive months of~~ **calendar days or more**, an NSF in the IX bargaining unit with Continuing Appointment status will remain in ~~the 1976 Tier of the UCRP~~ **either Group 1 or Group 2 Retiree Health (See Side Letter: Changes to UC Retiree Health Eligibility Rules for applicable Group)** upon return to pay status provided he or she satisfies all of the conditions set forth below. The definition of an NSF, for purposes of this Side Letter, is consistent with the definition contained in Article 1 – Recognition, which provides that the term “NSF” applies to instructional faculty and non-faculty employees in the IX bargaining unit.
- 1) The NSF achieves Continuing Appointment status effective no later than October 31, 2013;
 - 2) During Fiscal Year 2012-2013, the NSF accrued UCRP service credit as an active member in the 1976 Tier, or was a UCRP member on an approved leave without pay **not more than two years (730 calendar days)**;
 - 3) On or after July 1, 2013, the NSF is off pay status for ~~four months~~ **120 calendar days** or more due to the nature of his or her appointment, but (i) returns to pay status in a UCRP-eligible position in his or her Continuing Appointment, within one year and one day following his or her last day on pay status in his or her prior Continuing Appointment or approved leave without pay **that was not for more than two years (730 calendar days)** (and resumes his or her Continuing Appointment as scheduled), or (ii) returns to pay status in his/her Continuing Appointment, and accumulates 750 hours of service in a rolling 12-month period within one year and one day following his or her last day on pay status in his or her prior Continuing Appointment or approved leave without pay **that was not for more than two years (730 calendar days)** (and resumes his or her Continuing Appointment as scheduled), thereby remaining UCRP-eligible; and
 - 4) Within the one year and one day grace period prior to returning to pay status, the NSF has not failed to resume his or her assignment in his or her Continuing Appointment

that, if accepted, would have resulted in the receipt of pay during the grace period. This provision, however, will not apply to an NSF who refuses an augmentation to his or her base appointment.

Failure to meet each of the requirements set forth above will result in the NSF ~~becoming a multi-tier member~~ **receiving Group 3 Retiree Health Coverage, if eligible.**

- B. Following a break-in-service of ~~four months~~ **120 calendar days** or more, it is incumbent upon the NSF who believes that he or she is covered by the terms of this Side Letter to self-identify by contacting the Labor Relations office at his or her campus. ~~NSF will be responsible for reimbursing the UCRP where inadequate contributions were made to the plan, which may also include interest payments.~~
- C. The University shall provide the UC-AFT with a list of NSFs ~~with Continuing Appointments with multi-tier coverage in both the 1976 and 2013 tier in June of each calendar year.~~ **and Group 3 Retiree Health coverage in June of each calendar year.**
- D. The University and the UC-AFT shall issue a joint communication to employees who may be potentially impacted by the terms of this Side Letter by ~~February~~ **November 2014.**