

Working for the State after you retire

If you return to state employment, you can enroll as an active employee

Effective September 1, 2004, if you retired from state service and you return to work at a state agency or higher education institution that participates in the Texas Employees Group Benefits Program (GBP), you have the option to enroll in the GBP as an active employee. This option gives you tax benefits and allows you to elect other benefits not available to you as a retiree, such as Accidental Death and Dismemberment (AD&D) insurance, short- and long-term disability insurance, additional life insurance, the State Kids Insurance Program (SKIP), and TexFlex. In addition, your basic term life and dependent term life insurance benefits will increase from \$2,500 to \$5,000 as long as you are employed.



area benefits. If you enroll in HealthSelect as an active employee, your coverage changes to in-area. This means that you must select a primary care physician (PCP), get referrals to specialists and pay in-area copayments (for example, \$30 for a specialist office visit). It also means that if you use non-network benefits, you will have to meet a deductible, even if you have already paid all or part of your HealthSelect and Medicare deductibles as an out-of-area participant.

If you retired prior to January 31, 2006 and were eligible to enroll in a health plan as a retiree, the State would pay 100 percent of your health insurance premium and 50 percent of your dependents' premiums.*

If you return to work and enroll in benefits as an active employee, the employer contribution you receive will depend on your employment status. If you are classified as full-time, you will receive the full contribution of 100 percent for your premium and 50 percent for your dependents' premiums. However, if you are part-time and choose to enroll in active employee benefits, the State will pay 50 percent of your premiums and 25 percent of your dependents'.

If you enroll in benefits as an active employee:

- Your out-of-pocket insurance premiums will be deducted from your paycheck, before taxes, not from your annuity or by direct payment to ERS. This decreases your taxable income and saves you money.
- All benefits you elect will be as an active employee. In other words, you may not keep your health coverage as a retiree and enroll in optional coverage as an active employee.
- The salary you are earning as of September 1 is the salary that is used for calculating your optional life coverage amount. Therefore, if you take a position with less pay than your previous salary and enroll in

—continued

What you need to know before you decide

If you are currently enrolled in HealthSelectSM of Texas and Medicare, regardless of your age, you have out-of-

*Effective with retirements on or after January 31, 2006, employees designated as part-time for any of the three consecutive months prior to retirement continue to receive the part-time contribution on their health insurance premiums (if they qualify for GBP coverage as a retiree): 50 percent for retirees, 25 percent for dependents.

benefits as an active employee, your optional life coverage amount will be reduced.

- You will have access to a TexFlex Flexible Spending Account–Health Care or Flexible Spending Account–Dependent Day Care. (Effective September 1, 2004, you may no longer keep insurance as a retiree and enroll in a TexFlex account.) In order to enroll in TexFlex, you must enroll in benefits as an active employee.
- You will not have a waiting period for health insurance if you have already been enrolled as a retiree (or were eligible for coverage in the GBP but elected to waive coverage).
- You will be able to enroll in optional term life coverage (up to Election II) without EOI during your first 31 days of active employee enrollment. You may apply through EOI for Election III or IV.
- You will be able to enroll in dependent term life coverage without EOI during your first 31 days of active employee enrollment. If you already have dependent term life coverage, it increases from \$2,500 (for retiree status) to \$5,000 (for active employee status).
- You can change your enrollment elections or change your enrollment status if you have a QLE during the plan year (if the change is consistent with the event), and you can change your benefits or your enrollment status during the annual Summer Enrollment period.

- You can apply for the State Kids Insurance Program (SKIP) for your eligible children.

When you terminate employment:

- You will return to retiree benefits status, but you can enroll in insurance available to retirees based on the coverage you had while you were working.
- Your basic and dependent term life insurance will be reduced to the \$2,500 retiree benefit level.
- You no longer will be eligible for AD&D, optional term life (Elections III and IV), and short- and long-term disability income insurance.
- You cannot stay enrolled in TexFlex. You can have the remaining plan year contributions deducted from your final paycheck, or you can pay ERS directly. You can continue to use the money in the TexFlex account through the end of the plan year, but you no longer will have access to the PayFlex™ Debit Card. You will need to file paper claims.
- Any children in SKIP will no longer be eligible for that program.
- You no longer will be eligible for premium conversion, which means that your insurance premiums will be subtracted from your annuity check after it has been taxed. This increases your taxable income.

If you are not enrolled in health insurance as a retiree and you want to enroll in benefits as an active employee, your
–continued

The table below compares benefits for return-to-work (RTW) retirees.

RTW retirees enrolled in retiree benefits	RTW retirees enrolled in active employee benefits
Health + \$2,500 Basic Term Life	Health + \$5,000 Basic Term Life
Can waive health insurance or select the Health Insurance Opt-Out Credit*	Can waive health insurance or select the Health Insurance Opt-Out Credit*
Dental	Dental
Optional Term Life–Election I, II or \$10,000	Optional Term Life– Election I – IV
Dependent Term Life–\$2,500	Dependent Term Life–\$5,000
Long-term Care	Long-term Care
Texa\$aver Retirees who have returned to work for the State can contribute to their Texa\$aver account, whether they are enrolled in retiree benefits or active employee benefits. (Retirees who have not returned to work cannot enroll in, have a loan on, or contribute to a Texa\$aver account. However, they can keep the account(s) they had as an active employee, change asset allocation, and use the CitiStreet Advisor Service.)	Texa\$aver TexFlex Accidental Death & Dismemberment Short- and Long-term disability insurance Premium Conversion (tax savings) Can apply for the State Kids Insurance Program
* The Opt-Out Credit can be selected only if you have comparable health insurance to what the State provides.	* The Opt-Out Credit can be selected only if you have comparable health insurance to what the State provides.

benefits coordinator can help you determine your eligibility to enroll in health coverage, whether a waiting period will apply, and whether you need EOI to add dependents to HealthSelect coverage.

What if I don't need health insurance coverage?

If you do not want the State's health insurance, you can waive that coverage during your first 31 days of employment, during Summer Enrollment, or if you have a QLE during the plan year. During those times, you also can apply for the Health Insurance Opt-Out Credit if you don't need the State's health insurance now or in the future because you are enrolled in other health insurance that is as good as or better than what the State provides. With the Opt-Out Credit, you can apply a monthly credit (up to \$60 for full-time employees and up to \$30 for part-time employees) toward dental and/or Voluntary AD&D premiums under the GBP. (Individuals who are not eligible for the state contribution toward their health insurance premium, such as adjunct faculty members, are not eligible for the Opt-Out Credit.)

You should carefully consider any decision to decline health insurance coverage. You may never again be able to enroll in the state plan, depending on your health condition. If you waive health coverage and later wish to enroll in HealthSelect, you must go through EOI and acceptance is not guaranteed. If you waive coverage, **you won't have prescription benefits and the Basic Term Life policy** (\$5,000 if you are enrolled in active employee benefits; \$2,500 if you are enrolled in retiree benefits) that is connected to the health coverage under HealthSelect or an HMO.

General information for all return-to-work retirees

If you retired from ERS or the Teacher Retirement System of Texas (TRS), you must be off the payroll for a full calendar month after retirement before you return to work. For example, if your last day on the job is May 20, with a retirement effective date of May 31, then you must wait until at least July 1 before you return to work. If you retired from a statewide retirement system other than ERS or TRS, you will need to contact that system to determine return-to-work policies.

Your benefits coordinator will notify ERS when you are hired and when you terminate employment.

If you are an ERS retiree who returns to work at an ERS agency, you will no longer contribute a portion of your monthly pay to your ERS retirement account. If you are a retiree of another system such as TRS and you work at an ERS agency, you DO contribute 6 percent of your monthly pay to an ERS retirement account.

If you are a retiree from ERS or any other statewide retirement system, and you return to work at a non-ERS agency (such as a higher education institution), ask your benefits coordinator if you will be required to make retirement contributions.

New guidelines on salary and leave accrual

Ask your payroll department or benefits coordinator about recent changes to salary and leave accrual guidelines for return-to-work retirees. These changes will not affect your annuity.

How does returning to state employment affect my Social Security and retirement annuities?

If you are already receiving Social Security benefits and you are age 65 or over, your salary won't affect your income from Social Security. For more information, call the Social Security Administration (SSA) toll-free at (800) 772-1213 or go to the website www.ssa.gov.

Returning to state employment after you retire will not affect your ERS retirement annuity, as long as you have waited at least one full calendar month before returning to work.

If you retired from another statewide retirement system, check with that system to find out if returning to state employment will affect your annuity.

How does Medicare work with my state health insurance?

Regardless of whether you have retired, if you are working and you are age 65 or over, your employer's health plan is your primary coverage, and Medicare is secondary.

If you are enrolled in HealthSelect and have chosen active employee coverage, you will have in-area benefits. If you keep retiree HealthSelect coverage, you will have out-of-area benefits.

—continued

What about Medicare when I terminate state employment?

If you are age 65 or older, it is your responsibility to notify the Social Security Administration (SSA) that you are no longer working. Call SSA at (800) 772-1213. This is especially important if you were less than 65 when you retired and returned to work, and then turned 65 while you were still working and did not enroll in Medicare Part B. If you do not notify SSA of your retirement date, your health insurance claims are paid as though Medicare is your primary payer and your state health insurance is secondary. In other words, if you haven't called SSA to start your Medicare coverage, you will be responsible for paying 80 percent or more of the cost of your medical care.

Don't forget!

The amount of optional life coverage is determined by the salary you are earning on September 1.

Taking a position with less pay than your previous salary and enrolling in benefits as an active employee means less optional life coverage.



Employees Retirement System of Texas

www.ers.state.tx.us

(512) 867-7711 in Austin, (877) 275-4377 toll-free