
MANAGEMENT ADVISORY 14-005

DATE: October 13, 2014
TO: Agency and University Personnel Officers and Benefit Coordinators
FROM: Suzetta Furlong, Chief of Operations
SUBJECT: Continuing State Group Insurance Benefits as a Retiree

To continue State Group health and life insurance as a retiree, employees must be insured in the coverage they wish to continue at the time of retirement and either:

1. Immediately retire under the FRS Pension Plan (receive a monthly benefit), or
2. Immediately request and receive a distribution under the FRS Investment Plan, the State University System Optional Retirement Program (SUSORP), or the Senior Management Service Optional Annuity Program (SMSOAP).

Health Insurance

- New FRS Pension Plan retirees are auto-enrolled in their current coverage level. If the full premium is not received by the end of the first retiree coverage month, coverage is cancelled. To set up pension payroll deduction, retirees may call People First or complete the election form mailed to their mailing address in People First.
- New FRS Investment Plan, SUSORP and SMSOAP retirees must continue health insurance coverage through COBRA until they have received their immediately requested distribution.

Life Insurance

- New FRS Pension Plan retirees are auto-enrolled in the \$2,500 benefit. If the premium is not received by the end of the first retiree coverage month, coverage will be cancelled. To enroll in the \$10,000 benefit or to set up pension payroll deduction, retirees may call People First or complete the election form mailed to their mailing address in People First.
- New FRS Investment Plan, SUSORP and SMSOAP retirees must call People First to enroll in either the \$2,500 or \$10,000 benefit and receive instructions for submitting premiums.
- The life insurance plan may waive premiums for employees who retire due to disability. These employees should contact Minnesota Life.

Dental, Vision and Other Supplemental Products

- Employees who retire under any retirement plan may continue dental and vision through COBRA for up to 18 months and convert other supplemental policies by contacting the supplemental insurance company.
- Some supplemental policies may waive premiums for employees who retire due to disability. These employees should contact the insurance company directly.

Employer Responsibilities

The employer (agency, university, etc.) must verify the employee's eligibility to continue insurance coverage as a retiree and enter the appropriate PAR in People First or on the HR Action form:

- FRS Pension Plan: enter (06) Voluntary Separation with a reason of Retirement (56).
- FRS Investment Plan: enter (06) Voluntary Separation with a reason of Other (53). Agencies should not use a reason of retirement. Once a distribution is taken, the Investment Plan administrator notifies People First and the system then determines if the employee meets the vesting requirements for insurance. If so, People First processes a retirement PAR and generates the retiree package.
- SMSOAP or SUSORP: enter (06) Voluntary Separation with a reason of Other (53). Agencies should not use a reason of retirement. Once a distribution is taken, the employee must notify People First that a distribution has been taken.