



# Retirement Planning Guide

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Lehigh University Human Resources | Benefits

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## **Introduction**

Congratulations on your upcoming retirement from Lehigh University! The purpose of this guide is to provide important information to benefits-eligible faculty and staff members to assist in planning for the transition into retirement.

In addition to reviewing the information in this guide, you should consult directly a financial advisor as well as Social Security and Medicare as applicable.

## **Who is a benefits-eligible retiree?**

A benefits-eligible retiree is a faculty or staff member who leaves the University's employment and:

- Is at least age 59 ½ with 10 years of continuous, full-time service after age 49 ½, or
- Is at least age 55 with 25 years of continuous, full-time service after age 30.

## Lehigh Benefits & Retirement



### Health Insurance

Coverage under Flexible Benefits, including medical, prescription, vision and dental insurance will terminate on the last day of the month in which you work your final day. For example, if you retire on August 15, your last full day of coverage under the plans is August 31.

At the time of your retirement, you, your spouse/partner and any eligible dependents who are currently covered under your active plan(s) will have the option of continuing medical coverage either at the retiree rate (if under age 65; see pg. 6 of this Guide) or through COBRA continuation privileges. Dental insurance continuation is only available through COBRA.



### Life Insurance

The University's group term life insurance will terminate on the last day of the month in which you retire. This includes both basic and supplemental life insurance as well as dependent life insurance.

You will have the option to convert these coverages into an individual life insurance policy with Reliance Standard. While you will no longer reap the benefit of discounted group term rates, Reliance Standard will offer the conversion option to you as guaranteed-issue coverage (meaning there is no medical underwriting required).

Reliance Standard will mail a quote to convert the policy(ies) shortly after your group term coverage terminates. You will have 31 days thereafter to elect to convert the policies.



### FSA & HSA

If you participate in a Healthcare Flexible Spending Account (HCFSAs) or a Dependent Care Flexible Spending Account (DCFSAs) at the time of your retirement, you will have up to 90 days after the end of the plan year (December 31) to submit any outstanding claims for reimbursement. Eligible claims must be incurred prior to the end of the month in which you retire. Any claims incurred after the month you retire are not eligible for reimbursement unless you choose to continue participation by electing HCFSAs continuation through COBRA (DCFSAs continuation is not an option). Keep in mind that continuing your HCFSAs through COBRA means you will be remitting premiums on an after-tax basis.

The full annual amount that you elect for your HCFSAs is available to you at the beginning of the plan year. If you use all of the funds you have elected and retire mid-year, the University will not ask for the remaining contributions.

If you participate in a Health Savings Account (HSA) linked to the High Deductible Health Plan, your HSA will remain active for as long as you keep funds in the account. You are no longer eligible to contribute to the account if you are not enrolled in a qualified High Deductible Health Plan per IRS regulations, or if you are enrolled in Medicare, however you may still withdraw funds for eligible expenses and/or other qualified expenses (see here for more information: <https://healthequity.com/hsa-qme>)

## Voya Voluntary Benefits

Coverage under Voya Critical Illness, Hospital Indemnity and Accident insurance will terminate on the last day of the month in which you retire. Voya will mail a continuation notice to you within 30 days after your benefits terminate. You will have the option to continue your coverage directly through Voya.



## Health Advocate

Health Advocate offers the University's benefits-eligible employees access to the Employee Assistance Program as well as Health Advocacy services.



Access to the Employee Assistance Program will end at the end of month in which you retire. Retirees who are under age 65 and continuing coverage under a University medical plan will retain eligibility for Health Advocacy services.

## Tuition Benefits

Benefits-eligible retirees and their spouses/partners maintain University tuition remission benefits throughout their retired life. The retiree and any eligible dependents\* may continue to use tuition remission benefits for courses taken through the University only.



\*Dependents must meet certain eligibility criteria as determined by the Tuition Remission plan document(s). Dependents acquired through marriage, birth or adoption after retiring from the University are not eligible for tuition remission benefits.



## Accrued Leave

Lehigh University staff members accrue vacation on a per pay period basis. Per the Vacation Policy, up to one year's worth of accrued, unused leave will be paid out to staff members once employment ends. Vacation payout checks are normally processed in the month after your last day worked. Other leave balances (floating holiday, sick leave, etc.) have no cash value and are not paid out upon leaving the University.



## Medical Insurance in Retirement

### For Retirees Under Age 65 and Their Eligible Dependents

Benefits-eligible retirees who are under age 65 and enrolled in a University medical plan at the time of their retirement may continue to purchase medical coverage:

- At the full premium cost, reduced by the Medical Premium Reimbursement Plan amount (see pg. 7 for more details);
- For the retiree and all eligible dependents who are covered on the plan at the time of retirement;
- As long as the coverage is continuous from the retirement date (retirees cannot re-enroll at a later date);
- Until the retiree or any covered dependent reaches their mandatory disenrollment age
  - Age 65 for retirees and spouses/partners,
  - Age 26 for dependent children

Medical coverage includes prescription and vision insurance.

If the retiree is age 65 or older but their spouse/partner is under age 65 as of their retirement date, the spouse/partner may continue to purchase Lehigh's medical coverage until they become Medicare eligible at age 65.

The cost for medical continuation coverage is billed monthly through the Bursar's Office. Bills are sent via mail to the retiree's home address on file. Electronic payment is not accepted at this time, however individual banks may offer automatic bill pay options.

Retirees continuing on a Lehigh medical plan also have the opportunity to participate in Open Enrollment each Fall, allowing them to make changes to their medical plan election for the following plan year.

If you are eligible to continue your medical insurance plan into retirement, please contact Human Resources to complete the required Retiree/Spouse Health Insurance Enrollment Form.

### For Retirees and Dependents Over Age 65

Retirees who are over age 65 at the time of their retirement are not eligible to continue medical coverage through the University as a retiree. Medicare enrollment is required, unless you have access to other employer-sponsored coverage that is considered to be creditable.

Loss of employer-sponsored coverage due to retirement will create a Special Enrollment Period (SEP) for you to enroll in Medicare. Medicare will require form CMS-L564, which a Human Resources representative can complete. This form will confirm if you have had creditable insurance coverage through the University since attaining age 65; as a result, the late enrollment penalty normally applied for deferring enrollment beyond initial eligibility at age 65 is waived.



## **COBRA Continuation**

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), Lehigh will offer you the option to continue your medical, dental, and/or healthcare FSA for up to 18 months after your retirement. The University's COBRA Administrator is Benefitfocus; a continuation packet will be mailed from Benefitfocus to your home address by the end of the month in which your benefits terminate.

The cost to continue coverage under COBRA is the full cost of the plan plus a 2% administrative fee. Payment is remitted directly to Benefitfocus.

### **Special note regarding medical coverage continuation**

For eligible retirees who are under age 65 and enrolled in a medical plan, it is more cost-effective to continue medical coverage at the retiree rate. This may or may not also provide the retiree with a longer term of coverage: the maximum benefit period that COBRA offers is 18 months, whereas eligible retirees can continue their medical plan through Lehigh until they reach age 65 (in some cases, that may be greater than 18 months from the time of retirement). While the University is still required by law to send the medical continuation option under COBRA, if your intent is to continue your medical plan at the retiree rate, do not complete the COBRA application for medical coverage. There is a separate Health Insurance Enrollment Form that can be obtained from Human Resources that is specific to retiree medical continuation coverage.

If you are over age 65, COBRA coverage is not considered to be *creditable coverage*. You must enroll in Medicare once your active employee benefits end, or enroll in another source of coverage that is creditable (i.e. another employer's coverage). If enrollment into Medicare is delayed and you do not have creditable coverage, you will incur a late enrollment penalty.

## The Medical Premium Reimbursement Plan (MPRP)

Benefits-eligible retirees, and/or their spouse/partner and eligible dependents (covered under the retiree's or spouse/partner's medical plan) are eligible for participation in the Medical Premium Reimbursement Plan (MPRP). MPRP provides a quarterly reimbursement for medical premium costs incurred by the retiree or their spouse/partner. This can include Medicare Part B premiums, supplement plan premiums, or another plan through an employer or marketplace.

**The reimbursement rate for FY2025-2026 is a maximum of \$122.35 per person per month.**

If you or your spouse/partner are under age 65 and continuing your medical plan through the University, the rate you pay each month factors in the MPRP amount. Therefore, MPRP reimbursements will not be sent to you directly while enrolled in a University medical plan. Once you disenroll from Lehigh's medical insurance, you will be eligible to receive the direct reimbursements through MPRP.

If you or your spouse/partner have health insurance coverage outside of the University (another employer plan, marketplace plan, and/or Medicare), you are eligible to receive reimbursements directly through the MPRP benefit. Reimbursement is issued quarterly and via direct deposit if you receive your paychecks in this way.

Retirees who do not plan to continue their Lehigh medical insurance coverage into retirement can complete a Medical Premium Reimbursement Plan Enrollment Request Form, obtained from Human Resources. Supporting documentation that outlines the total cost of coverage per month is needed in addition to the enrollment form. For retirees and spouses/partners who are enrolled in Medicare Part B, please submit a copy of your Medicare card.

Once MPRP has been established, you will be required to submit quarterly postcards (supplied by the Human Resources office) to verify that your medical premium costs have not changed – or, if there has been a change, to notify Human Resources accordingly. Please send only one postcard per quarter.

## Additional Privileges

Benefits-eligible retirees retain certain privileges upon and into their retirement that are granted and administered by other departments:

- Invitations to University events
- Parking hang tag
  - For information, see: [businessservices.lehigh.edu/retirees-volunteers](https://businessservices.lehigh.edu/retirees-volunteers)
- University ID card
- University e-mail account and other LTS privileges
  - For information, see:  
<https://lehigh.atlassian.net/wiki/spaces/LKB/pages/26690783/Retiring+From+Lehigh>



## Medicare

Medicare is comprised of three main parts: Part A, Part B and Part D. Part C, commonly known as Medicare Advantage, is oftentimes included in conversation surrounding Medicare. You become eligible for Medicare at the beginning of the month in which you turn 65. If you are still working and covered by a Lehigh University medical plan as an active employee, you may defer enrollment into Medicare without incurring a late enrollment penalty.



### Part A

Pays part of the cost of hospitalization, certain related inpatient care, skilled nursing facility or psychiatric hospital care, home health services, hospice care and some durable medical equipment.

Once you've applied for Social Security, you are automatically enrolled in Part A. This coverage is generally no cost to you.



### Part B

Pays for physician services, physical therapy, diagnostic x-rays, laboratory fees, most outpatient services and certain related services.

Enrollment is optional, and not automatic when you enroll in Part A. You must contact Medicare to enroll in Part B. If you are still employed at age 65 and enrolled in a Lehigh University medical plan, you may defer enrollment into Part B until you retire or otherwise are no longer covered.

A penalty equal to 10 percent of the premium applies for each 12-month period after you are first eligible for, but not enrolled in, Part B. The penalty amount is added to subsequent premiums. You may defer enrollment without penalty if you are still employed and participating in a Lehigh medical plan, or if your spouse is an active employee and you are covered under their group health plan. Upon retirement, you must notify the Social Security Administration to initiate application for Part B. You should start your application process 90 days prior to your retirement in order to allow sufficient time to process coverage.

Premiums for Part B are calculated based on the recipient's income from the two years prior. For more information about premiums, please visit [www.medicare.gov](http://www.medicare.gov).



### Part C

Bundles the different parts of Medicare together into one plan, based on a network of providers.



### Part D

Helps with the cost of prescription drugs.

Enrollment in Part D is optional. If you are enrolled in a Lehigh medical plan, which includes prescription drug coverage, you may defer your enrollment until you retire.

Premiums for Part D are calculated based on the recipient's income from the two years prior.

## Medigap Policies

Coinsurance and deductibles apply to many covered services under Medicare. Some of these charges may be substantial. To help offset these out-of-pocket costs, many Medicare participants opt to enroll in Medigap policies.

These policies are only available to Medicare participants, and are administered by private insurers. The plans are intended to cover the cost of deductibles, coinsurance and other charges not normally covered by traditional Medicare. Although administered by private insurers, the plans are regulated by federal and state law.

There are 10 different types of Medigap plans, each with a letter designation ranging from "A" to "N" (A-D, F, G, K-N). Under federal and state law, each plan must be standardized to ensure that the private insurers offering these plans are providing the same combination of benefits. For example, if you purchase a Medigap policy "A," it will offer the same coverage regardless of which insurer you purchase it from.

Premiums can vary based on gender, health and age. Premiums for the same plan can differ from company to company. Generally, there are no copayment costs for Medicare-covered services at the time of service, and no out-of-pocket maximum.

With Medigap coverage, you can go to any doctor or healthcare provider that accepts Medicare.

Prescription drug coverage is not included in a Medigap plan and must be purchased separately.

If you are age 65 or older, state and federal laws guarantee that for a period of six months following the date you first enroll in Medicare Part B, you have a right to purchase a Medigap policy and cannot be denied enrollment.

## Medicare Advantage

Medicare Advantage is also known as a Part C plan, which bundles the different parts of Medicare into one plan based on a network of providers. There are different types of Advantage plans: Health Maintenance Organization (HMO), Preferred Provider Organization (PPO), Private Fee-for-Service (PFFS) and Special Needs Plan (SNP).

HMOs and PPOs maintain specific provider networks which must have available Medicare-assigned providers in order to accept new members. HMOs generally only cover in-network providers, and referrals may be required for specialist visits. PPOs cover out-of-network providers in addition to in-network, but cost-sharing for out-of-network services is higher. Referrals are not normally required in a PPO plan. PFFS plans have no provider network, but it may be difficult to find providers that accept the plans in some areas.

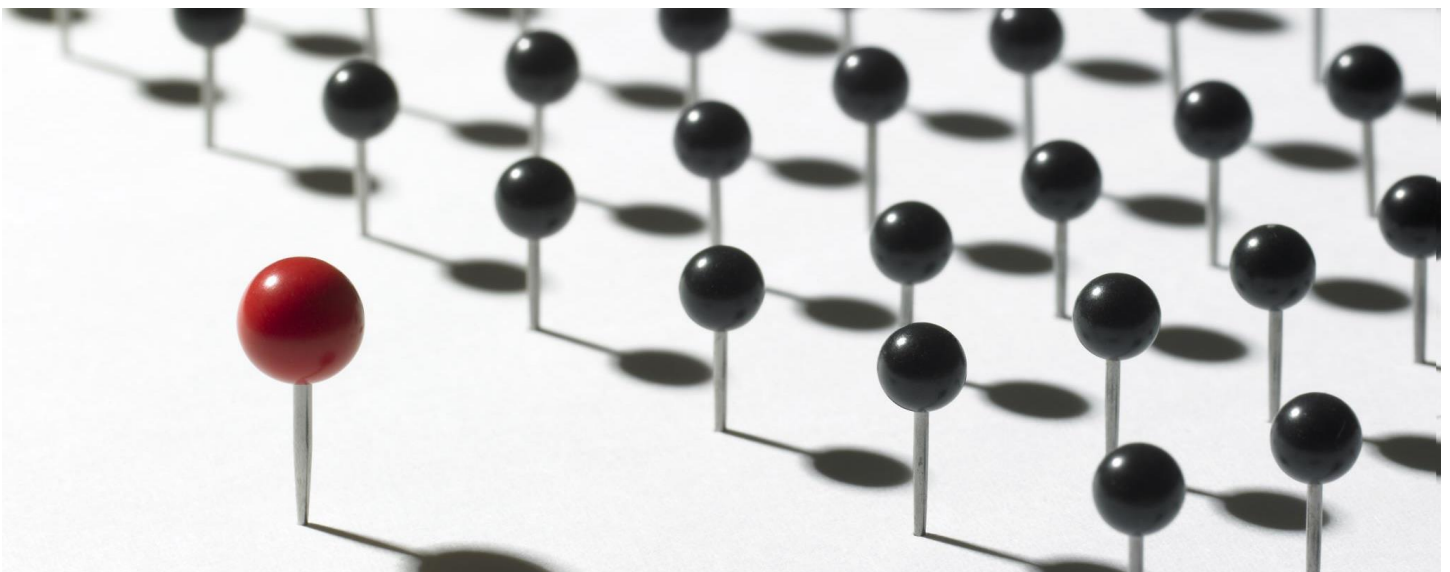
Advantage plans typically include a prescription drug plan.

Costs vary by state. Generally, there is a copayment for most medical services, and plans have an out-of-pocket annual maximum. Some Medicare Advantage plans also include routine dental and vision coverage.

## Medicare Resources

Human Resources maintains a list of Medicare resources that are available to anyone interested in learning more about their Medicare options. Some of the resources listed below also offer supplement plan options as well as assistance with enrolling in Medicare. These resources are not affiliated with the University, with the exception of Health Advocate (the University's EAP/Health Advocacy vendor), but have come recommended to the Human Resources team over many years.

Organization	Services	Contact
<b>AARP</b>	Supplement plan options, general resources for age 50+	888.687.2277 aarp.org
<b>Capital Blue Cross</b>	Supplement plan options	888.234.5707 capitalbluemedicare.com
<b>Health Advocate</b>	Medicare plan guidance, Lehigh's EAP and Health Advocacy vendor	866.799.2728 members.healthadvocate.com
<b>HTA Insurance</b>	Supplement plan options, Medicare application/enrollment assistance, free seminars	610.430.6650 hta-insurance.com
<b>Main Street Financial Partners</b>	Supplement plan options, Medicare application/enrollment assistance, free seminars	800.862.1401 mainstreetfinancialpartners.com
<b>Silver Crest Insurance</b>	Supplement plan options, Medicare application/enrollment assistance	610.868.5801 silvercrestins.com
<b>Social Security Office</b> (Bethlehem location)	Medicare application/enrollment, social security income	866.783.7458 ssa.gov



## Retirement Income

### TIAA / 403(b) Accounts

Within 6 to 12 months prior to your anticipated retirement date, you should reach out to TIAA (or your own personal financial advisor) to discuss your payment options in retirement. You can schedule an individualized one-on-one conversation with TIAA's Financial Consultant who is assigned to Lehigh's contracts by calling 800-732-8353 or scheduling online at [www.tiaa.org/schedulenow](http://www.tiaa.org/schedulenow) (you will need to first create and/or log in to your online TIAA account).



When you near your set retirement date, another appointment with TIAA will be beneficial to get the process in motion to begin your desired choice of distributions from your account(s).

Prior to 2014, the University also had contracts with American Century, Vanguard and Fidelity for voluntary employee contributions. If you were employed with the University pre-2014, you may have contributed funds to one of these accounts.

Contact information is listed below so you may reach out to each vendor:

Organization	Plan Information	Contact
<b>American Century</b>	Plan # 028433001	800.345.3533 americancentury.com
<b>Fidelity Investments</b>	Plan # 54421	800.343.0860 fidelity.com/atwork
<b>TIAA</b>	Plan #s: 102256 (University contributions) 102257 (Pre-2014 EE contributions) 406311 (2014+ EE contributions)	800.842.2252 (general contact) 800.732.8353 (one-on-one scheduling) tiaa.org/lehigh
<b>Vanguard</b>	Plan # 099217	800.523.1188 vanguard.com



## Social Security

Social Security replaces a percentage of a worker's pre-retirement income for people when they retire and is based on your lifetime earnings. The amount that Social Security benefits replaces is dependent on your earnings and when you choose to start receiving benefits.

Choosing when to start receiving your benefits is personal decision that you should make in consultation with your family and financial advisor. If you wait to receive your benefits until you reach your full retirement age or after, you will receive the full benefit amount. If you choose to begin receiving your benefits prior to meeting your full retirement age, that amount will be prorated. The chart below outlines when you may meet your full retirement age:

Year of Birth	Full Retirement Age
1954 and earlier	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

You can review your Social Security benefit options or submit your application for benefits online at [ssa.gov](http://ssa.gov) or by calling your local Social Security office ([ssa.gov/locator](http://ssa.gov/locator)).

## Summary

Many factors go into planning and transitioning into retirement, and we hope this guide has been a helpful resource.

For benefits questions, please contact the Office of Human Resources at 610.758.3900 or [inben@lehigh.edu](mailto:inben@lehigh.edu).

