

HFHS Benefits & Retirement Q&A

For Terminated - (HFMG Physicians/Bioscientific Staff)

1. What happens to my medical and dental coverage at the time of termination?

Your medical (including vision coverage) and dental coverage terminate at the end of the month in which you terminate employment. You have the right to continue this coverage through the Consolidated Omnibus Budget Reconciliation Act (COBRA) for up to eighteen (18) months. Within three weeks after your medical/vision or dental coverage ends, you will receive a letter from WageWorks with election form and premium information. You must apply for COBRA continuation within sixty (60) days after your date of termination. Failure to properly enroll in COBRA within 60 days will result in the loss of entitlement to COBRA continuation. A COBRA rate sheet is attached for your information. You will be required to pay the monthly cost of COBRA coverage unless otherwise noted in your severance agreement.

For employees who terminate with a severance agreement, HFHS may also temporarily pay the cost of medical/vision and dental COBRA continuation for eligible employees who were enrolled in the “active” medical and/or dental plan prior to termination, provided you elect to continue COBRA coverage when you receive the forms at your home mail. Your severance agreement will indicate the number of months of free coverage provided by HFHS. You must elect COBRA coverage in order to receive payment by HFHS.

Did you know that **HAP Personal Alliance** offers health plans for individuals and families that cost less than COBRA? For more information, call HAP at (855) WITH-HAP or visit www.HAP.org.

Depending on your age and years of vesting service, you may be eligible for the HFHS Retiree Medical Plan. If you are eligible for the HFHS Retiree Medical Plan and also eligible for a severance agreement, HFHS may temporarily pay the full cost of the Retiree Medical Plan cost in place of COBRA continuation. After your severance period expires, you will be required to pay the cost of your HFHS Retiree Medical coverage. It is recommended that you submit the HFHS Retiree Medical application as soon as possible prior to or just following your termination. Employees MUST elect to participate in the HFHS Retiree Medical Plan no later than 30 days subsequent to their termination date.

You can review retiree medical rate information on the HFHS website at www.Henry.HFHS.org under HR Connect>Benefits>Retirement>Retiree Medical>Premiums and Contributions or contact Employee Services, One Ford Place, 4E, Detroit, MI 48202 or call (855) 874-7100. If you enroll in the HFHS Retiree Medical Plan, you cannot elect COBRA medical Coverage. However, the HFHS Retiree Medical Plan does not provide dental coverage. You will need to elect COBRA continuation for dental (only) if you wish to continue your dental coverage.

2. What will happen to my other benefits such as life insurance, accidental death and dismemberment insurance (AD&D) and long-term disability insurance (LTD)?

Your employee and dependent term life insurance and accidental death and dismemberment insurance terminate the last day of the month you terminate, whereas, your short-term and long-term disability insurances terminate on your date of termination. Coverage can continue for the employee and dependent life insurance, AD&D insurance and long-term disability insurance by converting to an individual policy. You cannot convert short-term disability. You will be responsible for the monthly premium costs for these benefits. You have 30 days from the date of termination to apply for conversion rights. You must complete conversion forms that are available from Employee Services, One Ford Place, 4E, Detroit, MI 48202 or call (855) 874-7100.

If you are a Henry Ford Medical Group physician, your policy will terminate on your last day of active service. Your monthly long term disability benefit is 70% of your monthly base salary to a maximum benefit of \$17,000. Conversion rights are available by calling:

Catalyst Solutions Group, Linda Burke
Phone: (248) 647-9900
Representatives for Paul Revere Insurance Company

3. What happens to my health care and/or day care flexible spending accounts (FSA)?

If you participate in a health care flexible spending account (FSA), coverage terminates on the date your medical/vision or dental coverage ends (generally the last day of the month) unless you continue coverage through COBRA. Continuing your health care FSA through COBRA allows you to receive reimbursements for claims incurred after you terminate. If you do not elect COBRA continuation, you have 90 days from the date of termination to submit expenses for reimbursement. The expenses must be incurred prior to termination in order to receive reimbursement.

If you have a day care flexible spending account, you have 30 days from the date of termination to submit expenses for reimbursement. The expenses must be incurred prior to your termination. If you do not file claims within these time frames, the money deposited in your FSA account(s) will be forfeited. FSA reimbursements should be sent to HealthEquity, 10 Scenic Pointe Drive, Suite 100, Draper, UT 84020 or call 1-866-346-5800.

4. Will I receive payment for my unused vacation?

Payment for vacation time is limited to vacation time earned but not taken in the year of resignation. Upon resignation of employment from the HFMG and HFHS, a staff member may receive payment of up to ten (10) days of accumulated vacation time up to the month of resignation. Carryover of vacation from previous years does not qualify for payment at the time of resignation.

5. My spouse will continue to be employed at HFHS and is eligible for benefits. How does this impact our benefits?

Within 30 days of the date of your termination, your spouse can add you to his/her existing benefit elections by logging into HFHS Employee Self Service. On the home page, under the Life Events

section, select the Spouse/Dep loses Eligibility from the All other IRS Events drop down menu to initiate the process. Your spouse will be required to send the dependent documentation and a letter explaining that you recently left HFHS. Make sure to read all instructions and submit the supporting documentation to Employee Services.

Your spouse will have the opportunity to make changes to the following benefits:

Medical:	Enroll or change option
Dental:	Enroll in the identical plan you elected as an active employee
Life / Dependent Life:	Increase or decrease coverage
AD&D:	Increase or decrease coverage
LTD:	Increase or decrease coverage
Health Care FSA:	Enroll or increase
Day Care FSA:	Enroll, increase or discontinue

6. What is the status of my Pension Plan and Retirement Savings Plan (RSP) accounts now that I have terminated from Henry Ford Health System (HFHS)?

You will continue to receive Interest Accruals on your Pension Plan account until you take a distribution. You will not receive any additional contributions to the RSP after your final regular paycheck. You will, however, continue to experience earnings/losses on your RSP account until you take a distribution. If you qualify, a final Supplemental RSP accrual will be added to your RSP account next January.

7. How does ‘vesting’ work and how will my years of Vesting Service affect my Pension Plan and RSP accounts?

Your years of vesting determine the percentage of your retirement account(s) that are due to you in the form of a benefit. You receive one (1) year of Vesting Service for each HFHS payroll year that you earn at least 1,000 Hours of Service.

Pension Plan Vesting: In order to be 100% vested in the Pension Plan, you must have earned at least three (3) years of Vesting Service. You are not eligible to receive any of the funds in your Pension Plan account if you have less than three (3) years of Vesting Service at the time of your termination.

Retirement Savings Plan Vesting: Vesting in the RSP works differently. You are always 100% vested in your contributions – in other words, you will always receive the money you contributed to the RSP, plus or minus any earnings or losses. Vesting toward the HFHS matching contributions works as follows: You must have earned at least two (2) years of Vesting Service to receive 20% of the HFHS matching contributions, three (3) years to receive 50% and four (4) years of Vesting Service to receive 75% of the HFHS matching contributions. Finally, if you have earned five (5) or more years of Vesting Service, you will receive 100% of the HFHS matching contributions.

8. How do I know the number of years of Vesting Service that I have earned?

The annual retirement statement that is mailed to your home will show you the years of Vesting Service you have earned. If you cannot locate the most recent annual statement, you can contact the HFHS Retirement Center at 888-649-4636 and speak to a representative. You will need your retirement password in order to speak to a representative. If you do not currently have a password, please see Q9 for instructions on how to obtain one.

9. How do I apply for my Pension Plan and/or RSP benefits?

In order to process your retirement benefits, you will need a password from the HFHS Retirement Center. New passwords were mailed to all employees in July of 2008. If you are unable to locate that password, please contact the HFHS Retirement Center (888) 649-4636 and request one to be mailed to you. It will take approximately five (5) business days from the time you make the request.

The HFHS Retirement Center will mail you a Separation From Employment Notice for both the Pension Plan and RSP by the week after your last regular pay check. After you receive these Notices, you may begin the process to receive your retirement benefits. If you do not receive these Notices from the HFHS Retirement Center by the end of that week, please contact the Retirement Center at (888) 649-4636 and request the information be sent to you.

10. What kinds of distributions are available to me from the Pension Plan and Retirement Savings Plan?

The Retirement Savings Plan has only a lump sum benefit option. Your Pension Plan benefit is available as a lump sum or a monthly annuity (monthly check). You can choose to take either a taxable distribution or “rollover” your accounts from either Plan into an Individual Retirement Account (IRA) or another company’s eligible retirement plan. However, the rollover option is not available from the Pension Plan if you choose a monthly benefit. When you receive your distribution information in the mail for the Pension Plan; these options will be described in detail to you. Under certain conditions, you can leave your benefit in these Plans for a distribution at a later date (see Q11 below).

11. Will I have to pay income taxes on the HFHS Pension Plan and RSP dollars paid directly to me that are not rolled over into an IRA or another company’s qualified Plan?

Yes. You will be required to pay income taxes (federal, state, etc.) on any distribution of your Pension Plan or RSP that is payable directly to you. A Form 1099-R (similar to a W-2 form) will be mailed to you by January 31 of each year that you receive a payment from the HFHS Pension Plan and/or RSP. The dollars on the Form 1099-R are reported to the IRS as taxable income and must be recorded as such when filing your yearly taxes. Also, if you receive a taxable lump sum distribution from the HFHS Pension Plan or the RSP prior to age 59½ and you are not at least age 55 on your termination date, you may also be subject to an additional 10% excise tax. **It may be beneficial to contact a tax advisor regarding your personal income taxes and how retirement distributions and rollovers may affect them.**

12. Will I have taxes withheld if I choose a lump sum benefit paid to me?

Yes. HFHS is required by Federal law to withhold 20% on any portion of a lump sum made payable to you. The 20% amount is sent to the IRS to be credited against your taxes for the year of distribution. You will receive a check for the remaining 80% of the original lump sum amount. In addition, state taxes may also be required to be withheld from your payment. Taxes are deferred if you choose to roll over your account to another company's eligible plan or a traditional IRA.

13. Can my funds be left in the HFHS Pension and/or RSP after I terminate from HFHS?

Depending on your account balance in each of the two Plans, this may be an option for you. If your vested Plan account balance is \$1,000 or greater, you may leave your funds in that Plan and process a distribution at a later date. However, if your vested account balance is less than \$1,000 when you terminate employment, you MUST take a total distribution (rollover or cash-out) from that Plan. Your benefit will automatically be paid to you in one lump sum. You may elect to rollover this amount to an IRA or another company's eligible retirement plan, but you cannot elect a later payment date or an alternate form of payment.

14. I have a 403(b) (TSA) account that I have contributed to while employed by HFHS. What happens to that account?

No further contributions will be made to your 403(b) account through HFHS payroll after your final regular paycheck. As far as the status of your 403(b) account going forward, you should discuss your opportunities for distributions with your 403(b) vendor directly.

Empower Retirement: 1-800-856-7771

MetLife Resources: 1-877-948-4638

Fidelity Investments: 1-800-343-0860

If you have additional questions that are not addressed in this document, contact Employee Services at (855) 874-7100 for assistance.