

## Retired Employees

### John Hancock Pension Plan – *Police, Fire & some Non-Public Safety Employees Hired on or after 7/1/72*

	<b><i>Benefit as of 8/1/11</i></b>	<b><i>Restructured Benefit</i></b>
<b><i>Employee Contribution:</i></b>	7% until 30 years of service	N/A (No active employees)
<b><i># Retirees:</i></b>	85 retirees & beneficiaries as of July 14, 2011 (and those that have given notice)	85 retirees and beneficiaries as of December 1, 2011 (and those that have given notice)
<b><i>Eligibility:</i></b>	<ul style="list-style-type: none"> <li>• Retirements prior to 7/1/92 – eligible at 25 years of service</li> <li>• Retirements on or after 7/1/92 – eligible at 20 years of service</li> </ul>	<ul style="list-style-type: none"> <li>• Normal retirement: - eligible at age 60 with 10 years of service</li> <li>• Early retirement – eligible at age 55 with 10 years of service or at any age with 25 years</li> <li>• Any benefit payments prior to age 60 are impacted by early retirement actuarial reduction (see table); applies retroactively to all retirees/beneficiaries receiving benefits.</li> </ul>
<b><i>Vesting Period:</i></b>	5 year vesting period	5 year vesting period
<b><i>Pension Benefit:</i></b>	<ul style="list-style-type: none"> <li>• 50% of annual salary at 20 years               <ul style="list-style-type: none"> <li>○ After 20 years an additional 2% benefit for each year up to 5 years</li> <li>○ After 25 years an additional 1% benefit for each year up to 5 years</li> <li>○ Maximum benefit of 65% of annual salary after 30 years</li> </ul> </li> <li>• Final year annual salary includes base wages, adjustments, longevity, holiday pay (limited to 13 or 14; contract specific)</li> <li>• For Public Safety, COLA based on current active position amount in contract (compounded). No COLA for non-Public Safety</li> </ul>	<p>Applied retroactively for all retirees</p> <ul style="list-style-type: none"> <li>• 40% of annual salary at 20 years               <ul style="list-style-type: none"> <li>○ After 20 years an additional 2% for each year up to 5 years</li> <li>○ After 25 years an additional 1% for each year up to 5 years</li> <li>○ Maximum benefit of 55% of annual salary after 30 years</li> </ul> </li> </ul>
<b><i>Disability Pension:</i></b>	<ul style="list-style-type: none"> <li>• Paid 66 2/3% of the salary being received by active members holding the same rank</li> <li>• Benefit continues until the member</li> </ul>	<ul style="list-style-type: none"> <li>• Retroactive calculation applied to all retirees: paid 45% of salary being received at time of retirement (no refunds from retirees of previously paid benefits)</li> </ul>

	<p>reaches the normal retirement date (contract/ordinance specific), at which time the member is transferred to the retirement list and receives normal retirement benefits</p> <ul style="list-style-type: none"> <li>• At age 62 or 65 (contract/ordinance specific) pension is reduced to no less than 50%</li> <li>• COLA based on current active position amount in contract (compounded)</li> </ul>	<ul style="list-style-type: none"> <li>• No change at normal retirement age</li> <li>• Up to 2% simple COLA applied prospectively (not compounded) each year</li> <li>• Service Connected Disability (Accidental Disability) <ul style="list-style-type: none"> <li>○ No reduction for the actuarial early retirement reduction</li> </ul> </li> <li>• Non Service Connected Disability (Ordinary Disability) <ul style="list-style-type: none"> <li>○ Eligibility: Active member becoming disabled that is not incurred as a result of the performance of his or her duties for the City of Central Falls. The member is unable to perform the essential requirements of the job and has completed at least 10 years of service.</li> <li>○ The disability benefit will be payable at age 60. Those members who elected to receive disability benefits prior to age 60 have had their benefit reduced by the early retirement actuarial reduction</li> </ul> </li> </ul>
<b><i>Circuit Breaker:</i></b>	N/A	No pension currently being received shall be reduced by more than 55% based on restructured plan, nor shall the benefit be reduced if the current pension is less than \$10,000 per year.
<b><i>Double Dipping Prohibition:</i></b>	N/A	Cannot receive compensation from the City without sacrificing pension & OPEB
<b><i>Determination of Disability</i></b>	Unfit to return to normal duties as a police officer or firefighter	Unfit to return to normal duties as a police officer or firefighter
<b><i>Recertification of Disability</i></b>	N/A	City may review disability determination for fraud.
<b><i>Outside Income Offset</i></b>	N/A	N/A

**1% Plan – Police, Fire & some Non-Public Safety Employees Hired before 7/1/72**

	<u><b>Current Benefit</b></u>	<u><b>Restructured Benefit</b></u>
<b>Employee Contribution:</b>	1%	N/A (no active employees)
<b># Active Employees:</b>	0 All participants have retired	0 All participants have retired
<b># Retirees:</b>	56 as of July 14, 2011	48 as of December 1, 2011 (8 guaranteed pensions through John Hancock not subject to restructuring)
<b>Eligibility:</b>	20 years of service	Any retirements prior to age 60 impacted by early retirement actuarial reduction (see table); applies retroactively to all retirees/beneficiaries receiving benefits.
<b>Pension Benefit:</b>	50% of annual salary at 20 years <ul style="list-style-type: none"> <li>• After 25 years an additional 2% for each year</li> <li>• Maximum benefit of 65% of salary after 33 years</li> <li>• Annual salary includes base wages, longevity, holiday pay</li> </ul>	40% of annual salary at 20 years <ul style="list-style-type: none"> <li>• Additional 2% for years 20-25</li> <li>• Additional 1% for years 25-30</li> <li>• Maximum benefit of 55% of annual salary after 30 years</li> <li>• Up to 2% simple COLA (not compounded) each year</li> </ul>
<b>Disability Pension:</b>	<ul style="list-style-type: none"> <li>• Paid 66 2/3% of the salary being received by active members holding the same rank</li> <li>• Benefit continues until the member reaches the normal retirement date (contract/ordinance specific), at which time the member is transferred to the retirement list and receives normal retirement benefits</li> <li>• At age 62 or 65 (contract/ordinance specific) pension is reduced to no less than 50%</li> </ul>	Retroactive calculation applied to all retirees, paid 45% of the salary being received at time of disability retirement (no refunds from retirees for previously paid benefits) <ul style="list-style-type: none"> <li>• No change at retirement age</li> <li>• Up to 2% simple COLA applied prospectively (not compounded) each year</li> <li>• Service Connected Disability               <ul style="list-style-type: none"> <li>○ No reduction for the actuarial early retirement reduction</li> </ul> </li> <li>• Non Service Connected Disability (Ordinary Disability)               <ul style="list-style-type: none"> <li>○ Eligibility: Active member becoming disabled that is not incurred due to the performance of his or her duties for the City of Central Falls. The member is unable to perform the essential requirements of the job and has completed at least</li> </ul> </li> </ul>

		<p>10 years of service.</p> <ul style="list-style-type: none"> <li>○ The disability annuity benefit will be payable at age 60. Those members who elected to receive disability benefits prior to age 60 have had their benefit reduced by the early retirement actuarial factor.</li> </ul>
<b><i>Vesting:</i></b>	Five year vesting	Five year vesting
<b><i>Circuit Breaker:</i></b>	N/A	No pension currently being received shall be reduced by more than 55% based on reform, nor shall the benefit be reduced if the current pension is less than \$10,000 per year.
<b><i>Double Dipping Prohibition:</i></b>	N/A	Cannot receive compensation from the City without sacrificing pension & OPEB

## Early Retirement Reductions

Employees commencing benefits before age 60 will be subject to a reduction in the benefit payable based on the following table. The table represents the fraction of the benefit to be paid at whole ages. If the benefit commences at a fractional age such as 57 and 3 months, then the appropriate factor will be determined that would be between the factors of 57 and 58.

Age at Commencemnt	Reduction Multiplier
30	0.0806
31	0.0871
32	0.0942
33	0.1018
34	0.1101
35	0.1191
36	0.1289
37	0.1395
38	0.1510
39	0.1635
40	0.1771
41	0.1919
42	0.2080
43	0.2256
44	0.2447
45	0.2657
46	0.2885
47	0.3135
48	0.3409
49	0.3709
50	0.4039
51	0.4401
52	0.4800
53	0.5240
54	0.5726
55	0.6263
56	0.6859
57	0.7521
58	0.8258
59	0.9080
60	1.0000

Plan Effective Date: July 1, 2012 (plan year)



## HRA Overview

The City of Central Falls has implemented a City-funded health reimbursement provision that will help pay for qualified health care expenses you incur during the plan year. The plan is called a “health reimbursement arrangement” (HRA), which is administrated by London Health Administrators.

Specifically, the City of Central Falls has funded an HRA with \$2,400 to be used by you for qualified health care expenses according to IRS Publication 502. Common expenses that can be reimbursed through the HRA are medical, dental and vision expenses as well as eligible insurance premiums like Medicare B. For a full list of HRA eligible expenses please refer to the following website:

[www.irs.gov/pub/irs-pdf/p502.pdf](http://www.irs.gov/pub/irs-pdf/p502.pdf)

You can use the \$2,400 for qualified expenses incurred July 1, 2012 to June 30, 2013. At the end of the plan year, your HRA will be refunded with \$2,400 for the new plan year.

You can access money in your HRA by two methods:

**HRA MasterCard** – utilize your HRA MasterCard at the point of sale. The Card can only be used to pay for qualified health care expenses.

**Manual Claim Reimbursement** – If you pay for an eligible expense out of your own pocket, you can send the receipt accompanied with a “Claim Reimbursement Form” to: **London Health Administrators, 40 Commercial Way, East Providence, RI, 02914**. Failure to send all necessary claim information, including claim reimbursement form and proof of payment, will delay claim processing.

Your HRA MasterCard(s) will be mailed to your home in a separate mailing. For all questions in regards to your HRA please call London Health Administrators at 401-435-4700 and select option #3. Our customer care representatives are here for your support and are happy to assist you.



## HRA Payment Process

**If You Incur Eligible HRA Expenses:** (such as prescriptions, dental, eyeglasses, etc.)

At health care merchant you buy healthcare products such as eyeglasses

The cashier charges you the retail price of the eyeglasses

Use your London Health HRA MasterCard to pay for the expense by swiping the Card

After the transaction is complete, your HRA account balance is automatically updated

\* Please note, if you pay for health care expenses with your personal funds, you can fax/mail the receipts to London Health for reimbursement.

**London Health Administrators.** 40 Commercial Way, East Providence, RI 02914.

P# 401-435-4700. F# 401-435-3937. Email: [customerservice@londonhealthusa.com](mailto:customerservice@londonhealthusa.com) Pg. 1



## HRA Member Website

Your HRA is accompanied by two member websites: Group's HRA Homepage, and Your Individual HRA Online Account. You can use them to track the money in your account, download forms, and view your full HRA Welcome Packet. In order to setup your online account and use it, please follow the process below.

- 1 Go to London Health Administrators' website located at [WWW.LONDONHEALTHUSA.COM](http://WWW.LONDONHEALTHUSA.COM). When on London's homepage, click **MEMBER AREA**.
  - a. If you want to view your Group's HRA Homepage, Go to Step #2
  - b. If you want to view your Individual HRA Homepage, Skip to Step #3

- 2 In order to view your Group's HRA Homepage, click one of the options on the left hand tool bar, such as **EMPLOYER FORMS** or **EMPLOYEE FORMS**. When asked please fill in your Group's Username and Password, which is stated below. When finished click **SUBMIT** and you will be automatically directed to your Group's HRA Homepage. Here you will find all the general information related to your Group's HRA.

Group's HRA Homepage Username: **CENTRALR**

Group's HRA Homepage Password: **CENTRALR**

- 3 In order to view your Individual HRA Online Account, click **VIEW MY ACCOUNT** on your Group's HRA Homepage (as seen above in Step #2). You will be directed to the **MEMBER PORTAL LAUNCH PAGE**.

- 4 Click on link titled **VIEW MY HEALTH REIMBURSEMENT ARRANGEMENT (HRA) PORTAL** located on the **MEMBER PORTAL LAUNCH PAGE**. You will then be directed to [HTTPS://BENEFITS.LONDONHEALTHUSA.COM](https://benefits.londonhealthusa.com).

- 5 Click **MEMBER SELF REGISTRATION** and you will be sent to the **USER AUTHENTICATION** page.

- 6 Complete the designated data fields:
  - Group Number = **CENTRALR**
  - ID = key in your social security number with no dashes
  - Birth Date = key in your birth date in format mm/dd/yyyy
  - Password = leave blank

When finished click **SUBMIT** and you will be sent to the **USER INFORMATION** page.

- 7 Complete data fields within **SECTION 1: USER INFORMATION** page. Click **SUBMIT** when finished. A confirmation message will be displayed if your registration is successful. To **LOG IN**, click **OK** and enter your newly created **USER ID** and **PASSWORD**.

Section 1: User Information (\* Denotes required field)

*First Name	<input type="text" value="MATT"/>	*Last Name	<input type="text" value="IOWA"/>
*SSN	<input type="text" value="080620000"/>	Address 2	<input type="text"/>
*Address 1	<input type="text" value="3912 RAVEN LANE"/>	*City	<input type="text" value="PALATINE"/>
*City	<input type="text" value="PALATINE"/>	*State	<input type="text" value="Illinois"/>
*Zip	<input type="text" value="60563"/>	Phone	<input type="text"/>
Fax	<input type="text"/>	Email Address	<input type="text"/>
If you forget your password, you can reset it by answering the question you enter.			
*Question	<input type="text"/>	*Response	<input type="text"/>
6 characters minimum			
*User ID	<input type="text"/>	*Password	<input type="text"/>

**Plan Concerning Health Care for Retirees and Survivors Who Were Enrolled in the City's Health Insurance Plan on August 1, 2011, and either (i) Were 65 Years of Age on August 1, 2011, or (ii) Shall Turn 65 Years of Age Between August 1, 2011 and June 30, 2016**

The City of Central Falls will create employer-sponsored plans for retirees and survivors who were enrolled in the City health insurance plan on August 1, 2011 and either (i) were 65 years of age on August 1, 2011, in which instance they would qualify for HRA Plan 1, or (ii) shall turn 65 years of age between August 1, 2011 and June 30, 2016, in which instance they would qualify for HRA Plan 2.

**HRA PLAN 1:** The City will establish as "HRA Plan 1," a \$2,400 plan year allowance in an Health Reimbursement Account (HRA) for those retirees and survivors who were (i) enrolled in the City's health insurance plan on August 1, 2011, and (ii) were 65 years of age on August 1, 2011. The City's obligation to fund HRA Plan 1 shall expire on June 30, 2016. A complete list of the retirees and survivors who qualify for HRA Plan 1 is annexed hereto as Exhibit 1.

**HRA PLAN 2:** The City will establish as "HRA Plan 2," a \$1,200 plan year allowance in an HRA for those retirees and survivors, who were (i) enrolled in the City's health insurance plan on August 1, 2011, and (ii) shall turn 65 years of age between August 1, 2011 and June 30, 2016. The retirees and survivors will receive a pro rata portion of the \$1,200 plan year allowance for the year in which they turn 65 years of age. The City's obligation to fund HRA Plan 2 shall expire on June 30, 2016. A complete list of the retirees and survivors who have qualified or will qualify for HRA Plan 2 is annexed hereto as Exhibit 2.

These employer-funded benefits may be used for qualified health care expenses and eligible services for the retiree and tax dependents as outlined in IRS Publication 502 below. London Health Administrators, Ltd. will administer the plan with all costs being borne by the City. Starting July 1, 2012, plan years will commence on July 1 and end on June 30 of each year. The plan prohibits rollovers of yearly allowances.

Retirees and survivors that do not qualify for HRA Plan 1 and HRA Plan 2 shall not be qualified for any health insurance benefits from the City.

#### **Insurance Premiums**

Qualified retirees and survivors can include in medical expenses insurance premiums that they pay for policies that cover medical care. Medical care policies can provide payment for treatment that includes:

- Hospitalization, surgical services, X-rays,
- Prescription drugs and insulin,
- Dental care,
- Replacement of lost or damaged contact lenses, and
- Long-term care (subject to additional limitations). See "Qualified Long-Term Care Insurance Contracts" under Long-Term Care, later.

If qualified retirees and survivors have a policy that provides payments for other than medical care, they can include the premiums for the medical care part of the policy if the charge for the medical part is reasonable. The cost of the medical part must be separately stated in the insurance contract or given to you in a separate statement.

***IRS Publication 502 -***

***[http://www.irs.gov/publications/p502/ar02.html#en\\_US\\_publink1000178947](http://www.irs.gov/publications/p502/ar02.html#en_US_publink1000178947)***

**Background information:**

The Medicare wrap around is a "guaranteed issue" market so no questions on pre-existing conditions and the retirees can choose the plan that best fits them. There are Medicare HMO plans at \$0/month. They could choose that and save their money to pay office visits or deductibles. For BCBS HMO plans on individual market, see:

<https://www.bcbsri.com/BCBSRIWeb/plansandservices/pdf/BMED2012SalesBrochure.pdf>

Retirees and survivors can also see the wrap around plans that they can choose from on the BCBSRI website. <https://www.bcbsri.com/BCBSRIWeb/plansandservices/PlansforPeoplewithMedicare/index.jsp> and click on Plan 65 for Individuals.

**EXHIBIT 1**

**Exhibit 1: HRA Plan 1 - Over 65 as of 8/1/2011 and on BCBS**

Title	Name, First	M.I.	Name, Last	Suffix	DOB	BCBS (8/1/11)	\$2400HRA
Mr.	Norman	J.	Thibeault		6/14/1924	Yes - Plan65	2,400.00
Mr.	Joseph	L.	Remy		1/27/1925	Yes - Individual	2,400.00
Mr.	Thomas	E.	Cawley	Jr.	8/26/1927	Yes - Family	2,400.00
Mr.	Maurice	R.	Bessette		7/19/1930	Yes - Family	2,400.00
Mr.	Douglas	E.	McDiarmid		10/28/1935	Yes - Family	2,400.00
Mr.	Walter	J.	Trembley		12/14/1936	Yes - Family	2,400.00
Mr.	Raymond	L.	Sullivan	Jr.	11/7/1937	Yes - Family	2,400.00
Mr.	Edward	W.	Foran		2/18/1938	Yes - Family	2,400.00
Mr.	Robert	E.	Bradley	Sr.	11/30/1938	Yes - Family	2,400.00
Mr.	James	F.	Meunier		7/10/1941	Yes - Family	2,400.00
Mr.	Matthew	G.	Dyman	Jr.	8/7/1941	Yes - Family	2,400.00
Mr.	Terrance		Hannaway	Jr.	9/24/1941	Yes - Family	2,400.00
Mr.	Howard	J.	Baskin		9/19/1942	Yes - Family	2,400.00
Mr.	Paul	A.	Lesieur		11/14/1943	Yes - Family	2,400.00
Mr.	Jeremiah	A.	O'Connor		6/8/1944	Yes - Family	2,400.00
Ms.	Laura		Haskell		4/7/1945	Yes - Plan65	2,400.00
Mr.	Daniel	F.	Cooney		2/8/1946	Yes - Family	2,400.00
Mr.	Richard	E.	Chagnon		2/11/1946	Yes - Family	2,400.00
Mr.	Walter	E.	Jamason		6/16/1946	Yes - Family	2,400.00

**EXHIBIT 2**

**Exhibit 2: HRA Plan 2 - Turning 65 after 8/1/2011 and on BCBS as of 8/1/11**

Title	Name, First	M.I.	Name, Last	Suffix	DOB	BCBS (8/1/11)	\$1200 HRA
Mr.	George	J.	Aissis		9/8/1948	Yes - Family	1,200.00
Mr.	Bruce	M.	Corrigan		8/28/1947	Yes - Family	1,200.00
Mr.	Gerald		Cournoyer		3/3/1947	Yes - Family	1,200.00
Mr.	Brian		Gardner		4/7/1947	Yes - Family	1,200.00
Mr.	Rene		Gendreau		9/21/1946	Yes - Family	1,200.00
Mr.	Frank	E.	Gendron		1/11/1949	Yes - Family	1,200.00
Mr.	Russell	J.	Gregory		6/23/1948	Yes - Individual	1,200.00
Mr.	Joseph		Laurie		4/21/1951	Yes - Family	1,200.00
Mr.	Raymond		Papineau		2/25/1949	Yes - Family	1,200.00
Mr.	Robert	G.	Salisbury		12/15/1949	Yes - Family	1,200.00
Mr.	Robert	J.	Tierney	Sr.	9/20/1947	Yes - Family	1,200.00
Mr.	Gerald		Turgeon		8/22/1946	Yes - Family	1,200.00
Mr.	Stephen	H.	Desjardin		1/16/1948	Yes - Family	1,200.00
Mr.	Thomas	S.	Jordan		8/1/1950	Yes - Family	1,200.00
Mr.	Rudolph		Legenza		8/21/1946	Yes - Family	1,200.00
Mr.	John		Leonard		9/30/1950	Yes - Family	1,200.00