

# Preparing to Retire

## Fall 2020

Smith College Office for Human Resources

After decades of working and saving, you can finally see retirement on the horizon.



Congratulations!

Consider taking steps today to help ensure that you have what you need to enjoy a comfortable retirement lifestyle.

**Dial back on stocks now.** You still need the growth that equities provide, but even a 15% market slide in the year before you retire can erase four years' worth of income.

**Raise cash.** Your paychecks are about to stop. So as you downshift from stocks, move that money into a savings or money market account to fund at least one year of expenses.

**Play out Social Security scenarios.** You can claim Social Security at 62, but if you can hold off until 70 your checks will be 76% bigger. Tool around [FinancialEngineers.com](https://www.financialengineers.com)'s free Social Security Income Planner to find the best strategy for you.

**Get a running start.** Put your post-career itinerary into action. Research volunteer groups that you want to join, reach out to contacts if you plan to keep a hand in work, start a new exercise routine, or begin planning that big trip.

## *Financial Planning*

Retirement used to be much simpler and have fewer choices: One day you were working and the next day you weren't. One day you lived on a paycheck and the next day on pension and Social Security checks. Your income was fixed and retirement was no mystery.

Experts estimate that you will need 70 to 90 percent of your pre-retirement income to maintain your standard of living when you stop working. You can take some action now to better understand your financial position, and determine if retirement is appropriate in the near term. While talk of stocks, raising cash, and social security benefits are daunting, you can take charge of your financial future by utilizing some key resources.

Taking some simple steps can help you determine your financial position and determine when you are positioned to retire.

**Step 1: Pull together your financial records and meet with a financial adviser.** All Smith College retirement plan participants are eligible to see Mary Ellen Gordon, Voya representative. For an appointment, email Mary Ellen at [maryellen.gordon@voyafa.com](mailto:maryellen.gordon@voyafa.com).



**Step 2: Consider shopping for a long term care policy.**

Many people find themselves needing long-term care in later life, whether in a residential facility, nursing home, or with expert in-home care. Long-term care is expensive: A private room in a nursing home averages around \$85,000 a year, though rates vary depending on your region and the type of facility. Long-term care insurance is a way to protect your retirement savings from overextension in the event you need long-term care accommodations.

Consider options and utilize resources such as sites like [Retirement Living](#).

**Step 3: Think about contributing the maximum to the retirement plan if you're not already.** The college's Retirement Plan provides a significant contribution to income replacement for employees upon retirement. The college contributes 9 percent of your eligible earnings up to an annual integration level,

and 13.3 percent of your earnings above the integration level, to your retirement account. The college's contributions to your retirement account are fully vested beginning with the first contribution and there is no matching required. If you are over the age of 50, you are eligible to make catch-up contributions. You can start, change or stop a voluntary contribution at any time in Workday. Contact the HR Benefits team with questions.

**Step 4: Visit [smithcollege.beready2retire.com](https://smithcollege.beready2retire.com)** for convenient access to a variety of information including an overview of the plan, frequently asked questions, and investment-related information. Within My Learning Center, there are planning tools and calculators, including My Retirement Overview®. This tool may help you identify any potential future shortfalls in your retirement savings and give you a better understanding of what's needed to meet your retirement income objectives. It's an easy and quick way to check where you stand.

**Step 5: Research your Social Security benefits claim options.** Social Security retirement benefits replace about 40 percent of a median wage earner's income after retiring. You may be able to estimate your benefit by using the retirement estimator on the [Social Security Administration's Website](https://www.ssa.gov/estimator/). For more information, call 1-800-772-1213.

*There is no rule in the retirement plan requiring you to move or start taking money out of your account when you retire. You will be required to take a "Required Minimum Distribution" so that you'll start to pay taxes on those assets. Once you are no longer working, and you're ready to request a transaction, you'll call the retirement service provider directly. All transaction approvals are completed online; there is no need to come into HR for a signature.*

# Healthcare Options

*Your Smith College benefits will end on the last day of the month in which you retire.*

## If you retire before you turn age 65



**Consider enrolling in your spouse's benefit plan**, if that is an option. Retiring from your job is a qualifying event to change your benefit coverage. If your spouse is eligible for benefit contributions at their place of employment, you should determine if that coverage would be a good option.

As part of the Retirement Incentive Program you may continue to participate in the college's group health plan until age 65 through COBRA, with the college paying its normal benefit.

## If you retire at or after age 65

**Consider enrolling in your spouse's benefit plan**, if that is an option. If your spouse is younger than age 65 and on Smith's health plan as your dependent, they will be offered COBRA coverage for 3 years.

**Learn about Medicare.** You're eligible for Medicare on the first of the month in which you turn age 65.

Visit <https://www.medicare.gov/> for more information about how Medicare coverage applies to you.

You are not required to go onto Medicare if you are covered under a group health plan, and the same is true for your spouse.

- HR will complete the form CMS-L564 (available online) for you and your spouse if your health coverage has been through Smith. This certifies that you have been on a group health plan, preventing you from receiving a penalty. There are four different parts to Medicare:
  - Part A - Hospitalization - in general covers:
    - Inpatient care in a hospital
    - Skilled nursing facility care
    - Nursing home care (inpatient care in a skilled nursing facility that's not custodial or long-term care)
    - Hospice care
    - Home health care
  - Part B – covers 2 types of services:

- Medically necessary services: Services or supplies that are needed to diagnose or treat your medical condition and that meet accepted standards of medical practice.
- Preventive services: Health care to prevent illness (like the flu) or detect it at an early stage, when treatment is most likely to work best.
- You pay nothing for most preventive services if you get the services from a health care provider who accepts Medicare.
- Part C – Advantage care plans (HMO-type plans)
  - Medicare Advantage Plans are a type of Medicare health plan offered by a private company that contracts with Medicare to provide all your Part A and Part B benefits. Most Medicare Advantage Plans also offer prescription drug coverage. If you're enrolled in a Medicare Advantage Plan, most Medicare services are covered through the plan. Your Medicare services aren't paid for by Original Medicare.
- Part D – Drug coverage
  - Each plan that offers prescription drug coverage through Medicare Part D must give at least a standard level of coverage set by Medicare. Plans can vary the list of prescription drugs they cover (called a formulary) and how they place drugs into different "tiers" on their formularies.

**Medicare supplemental plans:** If electing Medicare Parts A & B for health coverage, you have the option to enroll in a supplemental health plan. There are plans available on the open market through providers such as Harvard Pilgrim, Blue Cross Blue Shield and others, as well as plans provided through organizations such as AARP.

**One supplemental plan is only available to Smith College retirees.** Retirees going onto Medicare Part B may purchase the Benistar Health Insurance Plan underwritten by the Hartford\*. They may also enroll eligible dependents. This plan is similar to a Medicare supplemental policy, which provides additional coverage to Medicare Parts A and B. For more information, visit <https://www.smith.edu/about-smith/hr/benefits>, below "Medicare Supplemental Health Plan for Smith College Retirees," or contact MountainOne directly at 800-447-2732.

\*You are only eligible for this plan upon retiring and going onto Medicare part B; you cannot enroll later.

**Take advantage of SHINE as a free resource.** Contact your town's council on aging or senior center and ask for an appointment with the SHINE volunteer. **SHINE** provides FREE unbiased health insurance counseling information and assistance to Massachusetts residents with Medicare, their caregivers and those approaching Medicare eligibility. Statewide, there are more than 600 certified **volunteer** counselors trained to assist residents with Medicare. <https://shinema.org/>

## *Dental and Vision Options*

You may continue to participate in the college's group dental plan for up to two years through COBRA, with the college paying its normal benefit. You may also continue to participate in the college's vision plan for up to two years through COBRA. The college does not contribute to the vision plan.

Some medicare supplemental plans may include dental coverage.

## *Other Benefits*

**Health Flexible Spending Accounts:** Your contributions will stop on your retirement date, but you may submit claims until March 31 of the following year for reimbursement of eligible expenses incurred up to your retirement date. You can elect COBRA continuation coverage to extend your Health FSA coverage. If you elect COBRA, you will contribute on an after-tax basis but you can incur expenses through your last contribution date. You have until March 31 of the following year to file for reimbursement.

**Dependent Care Flexible Spending Accounts:** Your contributions will stop on your retirement date. You may submit claims for reimbursement of eligible expenses incurred through the end of the calendar year in which you retire, provided both parents are working or actively looking for work.

**Health Savings Account (HSA):** The HSA balance is yours to keep and you can make contributions to your account until you reach age 65. You can continue to use HSA funds to pay for qualified health expenses for you and your tax dependents. Contact Health Equity at 1-866-346-5800 for more details.

**Life Insurance:** You will receive life insurance continuation information from Human Resources near your retirement date. If you are interested in converting your life insurance options, send the completed form(s) to Lincoln Financial no later than 31 days after the end of coverage.

**Long Term Disability (LTD) Coverage:** Your LTD insurance coverage ends on your last day of employment. You may elect to continue coverage if you are under age 65. You will receive LTD continuation information from Human Resources near your retirement date. If you are interested in converting your LTD coverage, send the completed form to Lincoln Financial no later than 31 days after the end of coverage.

There is no option to port or convert if you are age 65 or older.

**OneCard:** If you meet the criteria of a Smith retiree of being age 62 or older plus a minimum of 10 years of service, you and your spouse are eligible for a OneCard, which provides access to a variety of campus resources. Contact the OneCard office at 413-585-4487 to make an appointment to receive a retiree OneCard.

**Smith E-mail and Network Accounts:** Retirees with 25+ years of service continue to be eligible to use college e-mail and network computer accounts. Direct your questions regarding the use of these resources to the IT Service Center in Stoddard Hall 203 at 585-4487 or [ithelp@smith.edu](mailto:ithelp@smith.edu).

**Parking:** Retirees are eligible to purchase a decal for parking on campus. The cost of the decal and the applicable parking regulations are the same as those for faculty and staff.

# *Lifestyle Planning*

Many people give little thought to how they will spend their time in retirement, but they should. After all, the biggest use of their time in the years leading up to retirement—working—will be no more. While many retirees report a near honeymoon-like period for the first six to nine months of retirement, many report an eventual urge to become more productive in retirement than they had anticipated. To have a successful and happy retirement, you'll want to plan for everything, including what you hope to do.

No matter your personality, studies have shown that retirees who keep a busy schedule with three to four regular activities and who maintain their relationships and social interaction tend to lead happier retirements. Keeping engaged can boost your physical and mental health, and recent studies have even shown how certain activities in retirement can reduce your risk of developing diseases like Alzheimer's. In addition to having a plan for your time (even if it's just a general idea), thinking about how you want to spend your time in retirement now can help you prepare.

- Sign up for AARP to receive all the latest news about finances, health and wellness, volunteer and business opportunities, networking resources, and great travel deals.

# *Legal Preparation*

It is important to get your legal documents in order. AARP recommends that every adult should have an advance directive in which you explain the type of health care you do or do not want when you can't make your own decisions. You should also appoint someone who can speak for you to make sure your wishes are carried out.

- **Have a talk with family members about your end-of-life wishes.** When planning for your future medical care, prepare your advance directives to be sure your loved ones make health choices according to your wishes.
- **Prepare a Living Will.** A living will (or instruction directive) alerts medical professionals and your family to the treatments you want to receive or refuse. In most states this document only goes into effect if you meet specific medical criteria and are unable to make decisions.
- **Select a power of attorney.** In a health care power of attorney (or health care proxy) you select the family member or trusted friend you want to make health care decisions for you when you cannot. In this document you should give directions to the person you select as your spokesperson (or health care agent or proxy) about the full range of care you want. It is very important that you talk with this person about your health care wishes.
- **Utilize our EAP** for a resource when looking for appropriate council or services.

# Questions?

Contact a Benefits Consultant in Human Resources by calling 413-585-2270 or emailing [hrbenefits@smith.edu](mailto:hrbenefits@smith.edu).

## Contacts

- **Voya:** 1-800-584-6001 or [smithcollege.beready2retire.com](http://smithcollege.beready2retire.com)
- **TIAA:** 1-800-842-2776 or [www.tiaa-cref.org](http://www.tiaa-cref.org)
- **Fidelity:** 1-800-343-0860 or [www.fidelity.com](http://www.fidelity.com)
- **American Century:** 1-800-345-3533 or [www.americancentury.com](http://www.americancentury.com)
- **Pax World:** 1-800-372-7827 or [www.paxworld.com](http://www.paxworld.com)