

Retirement Plan

- A retirement medical plan can be added easily to the existing Cigna plan through an amendment, or under another carrier if the plan moves.
- No additional plans need to be added. A new class would need to be defined for the existing plan, and it would be recommended to continue coverage to age 65, at which time the employee would move to Medicare.
 - Example: *“Employees with 10+ years of employment with the City, are at least 55 years old, and who retire before age 65, with benefits ending at age 65.”*
- The City would then have to create a process for paying for the retiree coverage, including:
 - Employer/Employee contribution split
 - Process for receiving payment from the former employee
- No immediate increase in rates to add pre-65 retirement class
 - Potential future increase due to added claims liability through higher-age skewed demographics of overall group

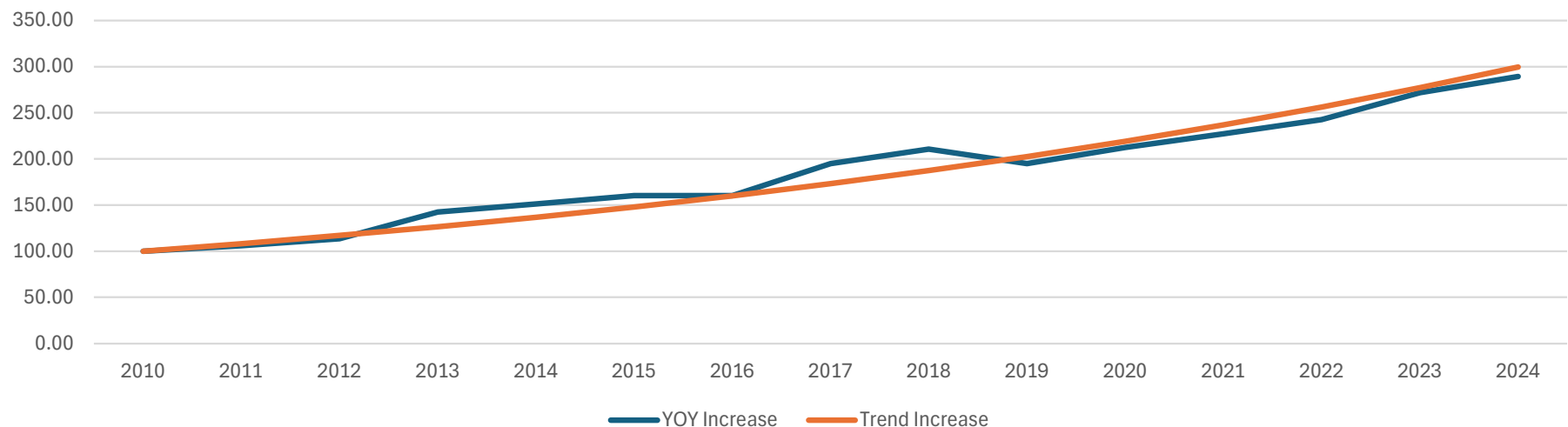
Retirement Plan Cost Scenarios

Year	Renewal	YOY Increase	Trend Increase
2010	-	100.00	100.00
2011	6.0%	106.00	108.16
2012	7.0%	113.42	116.98
2013	25.7%	142.57	126.52
2014	6.0%	151.12	136.84
2015	6.0%	160.19	148.00
2016	0.0%	160.19	160.08
2017	21.7%	194.95	173.14
2018	8.0%	210.55	187.26
2019	-7.4%	194.97	202.53
2020	8.9%	212.32	219.05
2021	7.0%	227.18	236.92
2022	6.8%	242.63	256.25
2023	12.0%	271.75	277.15
2024	6.5%	289.41	299.76
Average	8.2%		

Assuming that retirees would pay a different amount for their Medical coverage depending on the year in which they retire (as premiums change year over year), there are three scenarios for setting rules for cost increases for retirees:

- 1. YOY Increase:** Retiree Cost increases by a percentage matching the City's cost increase each year.
- 2. Trend Increase:** Cost increases are maintained as the overall trend of your group. See the chart to the left showing a 14-year trend of 8.2% for City of Dunwoody.
 - Note: A stipulation could be placed to reassess trend every "x" number of years, such as every 5 years.
- 3. Custom:** Cost increases can be capped at a % increase as chosen by the City. However, this would cause the contributions to potentially fall behind over time.

Model Increase For Each Scenario, Assuming \$100 Starting Point



Retirement Plan Cost Scenarios

Scenario 1: Premium increases match the last 9 years, and EE and ER costs match the same % increases

	YOY Trend Increase	Last 9 Renewals	EE+SP Premium		Employer Cost (100% EE Only Premium)		Employee Cost (Cost of adding dependent)	
			PEPM Rate	PEPM Rate	Annual Cost	PEPM Rate	Annual Cost	
2024	-	-	2,667.07	1,270.08	15,240.96	1,396.99	16,763.88	
2025	8.2%	0.0%	2,667.07	1,270.08	15,240.96	1,396.99	16,763.88	
2026	8.2%	21.7%	3,245.82	1,545.69	18,548.25	1,700.14	20,401.64	
2027	8.2%	8.0%	3,505.49	1,669.34	20,032.11	1,836.15	22,033.77	
2028	8.2%	-7.4%	3,246.08	1,545.81	18,549.73	1,700.27	20,403.27	
2029	8.2%	8.9%	3,534.99	1,683.39	20,200.66	1,851.60	22,219.17	
2030	8.2%	7.0%	3,782.43	1,801.23	21,614.70	1,981.21	23,774.51	
2031	8.2%	6.8%	4,039.64	1,923.71	23,084.50	2,115.93	25,391.17	
2032	8.2%	12.0%	4,524.40	2,154.55	25,854.64	2,369.84	28,438.11	
2033	8.2%	6.5%	4,818.48	2,294.60	27,535.20	2,523.88	30,286.59	

- These projections assume that CoD pays 100% of the EE Only cost of premium, and employees pay the dependent portion. Thus, employer costs listed work for both EE Only and EE + Spouse elections.
- Projections assume enrollments in the Employee + Spouse Tier (retirees would most likely only be in this or the EE Only tier)
- Projection is limited to 10 years. If retirees over age 55 are allowed to stay on plan until they are Medicare-eligible (usually at age 65), then they would be limited to this time period.
- The last 9 years of actual CoD renewals are used for projection purposes to give realistic numbers while impossible to accurately project exact future increases.

Scenario 2: Premium increases match the last 9 years, EE increases match 14-yr Trend, ER Pays Difference

	YOY Trend Increase	Last 9 Renewals	EE+SP Premium		Employer Cost (100% EE Only Premium)		Employee Cost (Cost of adding dependent)	
			PEPM Rate	PEPM Rate	Annual Cost	PEPM Rate	Annual Cost	
2024	-	-	2,667.07	1,270.08	15,240.96	1,396.99	16,763.88	
2025	8.2%	0.0%	2,667.07	1,156.13	13,873.51	1,510.94	18,131.33	
2026	8.2%	21.7%	3,245.82	1,611.63	19,339.56	1,634.19	19,610.33	
2027	8.2%	8.0%	3,505.49	1,737.99	20,855.91	1,767.50	21,209.98	
2028	8.2%	-7.4%	3,246.08	1,334.41	16,012.90	1,911.68	22,940.10	
2029	8.2%	8.9%	3,534.99	1,467.37	17,608.46	2,067.61	24,811.36	
2030	8.2%	7.0%	3,782.43	1,546.16	18,553.95	2,236.27	26,835.26	
2031	8.2%	6.8%	4,039.64	1,620.95	19,451.43	2,418.69	29,024.25	
2032	8.2%	12.0%	4,524.40	1,908.41	22,900.96	2,615.98	31,391.80	
2033	8.2%	6.5%	4,818.48	1,989.11	23,869.32	2,829.37	33,952.47	

