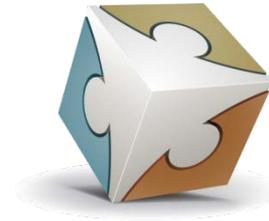


Pension & Savings



HUMAN RESOURCES



Retirement Processing

December 12, 2016



Pension & Savings

**Leah Barker, Pension and Life Insurance Administrator
Pension and Savings Team, Org 35101**

Sandia Corporation's benefits plans are maintained at the discretion of Sandia. They do not create a contract of employment. The plans may be suspended, modified, or discontinued at any time and without prior notice, subject to applicable collective bargaining agreements and except as otherwise provided by applicable law.



Welcome and Reminders

- Safety – Emergency exits front and back
- Questions – Please hold until the end and wait for the microphones
- SMEs – Please stand and face the audience when answering questions
- Cell phones interfere with the microphones; please turn yours off if you plan to ask a question (SMEs included)
- The slides from this session will be available on the web; visit HBE site: HBE.sandia.gov and search “attend a retirement planning meeting”



Our Agenda

- Identify resources to help you prepare
- Employment alternatives leading into retirement
- Considerations when selecting a retirement date
- Pension payment - “Show me the money!”
- Retirement Process
- Separation Process
- Retiree benefits overview
- Q&A



Resources to Prepare

- Sandia HBE website at: HBE.sandia.gov "Steps to Retire"
- The Pension Estimator
 - Located in HR Self Service in the Benefits & Retirement section
- Tools are available at the Fidelity NetBenefits website: www.401K.com
 - Financial Engines
- Consult a private financial planner and/or tax advisor
- Visit exit.sandia.gov to understand the separation process
- General benefits questions to HBE Customer Service at: 505-844-HBES(4237)
- Specific questions, conference call or personal appointment requests to the Retirement Team at: retiring@sandia.gov



Employment Alternatives

Consider alternative approaches to retirement planning:

Utilize vacation hours to reduce the number of hours worked leading into retirement

- Work less hours per week
- Augment full time pay by using paid time off
- No impact to pension or retiree medical and dental benefits



Employment Alternatives

Consider alternative approaches to retirement planning:

Reduce your work schedule leading into retirement

- Work less hours per week
- Gradually reduce income
- No impact to pension benefits accrued up to date of schedule change
- Reduces only the future accrual of pension benefits from schedule change to retirement
- No impact to retiree medical and dental benefits (may impact employee benefits)
- Please refer to Corporate Procedure: HR100.3.1 Request Part-Time Employment



Employment Alternatives

- **Example – working part time schedule 6 months prior to retirement**

An employee age 58 years, 7 months, with 32.54 years of credited service, and a current annual salary of \$87,000:

- » Retires on 2/02/2017 – worked full time through this date

\$4,425.83 Gross monthly pension benefit

- » Retires on 08/02/2017 – reduces schedule to 25 hours for 6 months

\$4,561.48 Gross monthly pension benefit

- » Retires on 8/02/2017 – worked full time through this date

\$4,601.95 Gross monthly pension benefit



Employment Alternatives

Consider alternative approaches to retirement planning:

Take a different position at Sandia leading into retirement

- Work a different position in a different pay band
- Gradually reduce income
- No impact to pension benefits accrued up to date of position change
- Reduces only the future accrual of pension benefits from position change to retirement
- No impact to retiree medical and dental benefits (may impact employee medical benefits)



Employment Alternatives

- **Example – taking a different position for six months leading into retirement**

An employee age 55 years, 6 months, with 22.92 years of credited service, and a current annual salary of \$155,000:

- » Retires on 2/02/2017 – worked at current salary through this date

\$5,132.56 Gross monthly pension benefit

- » Retires on 08/02/2017 – takes position with \$100,000 salary for 6 months

\$5,343.70 Gross monthly pension benefit

- » Retires on 8/02/2017 – worked at current salary of \$155,000 through this date

\$5,385.82 Gross monthly pension benefit



Considerations – Selecting a Retirement Date

- Your “last day on roll” must be a weekday even if you are not on site that day due to vacation or a holiday
- Your Retirement Date is the next day, the day your pension benefit is effective. Therefore, you may retire on Tuesday through Saturday, but not on Sunday or Monday
- You must be “on roll” through the last day of the month in order for that month’s earnings to be included in your pension calculation
- Age factors are applied the day of your birth each month through age 62
- You must be on roll the date that Non-Base Awards are paid; otherwise, they are forfeited (2016 Non-Base Awards will be paid 1/12/2017)



Considerations – Selecting a Retirement Date

- If your last day on roll is the day before a holiday, you will receive the holiday pay and will receive your pension benefit for the same day(s).
- Vacation accrued and projected through the end of the fiscal year is available to extend your time on roll unless you will have other employment for the same days. If you use vacation to extend employment prior to separation, you may complete both the Retirement and Separation processes prior to the start of your vacation.
- Unused vacation will be paid as a lump sum on your final check. However, if paid out, it will not be included in your pension calculation and may not be considered for deferrals and employer contributions to the Savings and Income Plan (401k).
- Flex time must be used prior to retirement or it will be forfeited.



Considerations – Retirement Dates in December 2016

- The federal government taxes wages at 6.2% for Social Security on 2016 earnings up to \$118,500.
- Sandia's pay period ending 12/22/2016 is the last pay period that pays out before the end of the calendar year (pays out on 12/29); income earned from December 23-31 will not be paid until January 2017, and will be subject to Social Security tax at the 2017 rate (including applicable payouts such as vacation).
- If you have earned more than \$118,500 and your last day on roll is on or before 12/22/2016, your final paycheck (including payouts such as vacation) will not be subject to the 2016 6.2% Social Security Tax.
- Please refer to CA statute requirements for differences due to CA law.



Considerations – Retirement Dates in December 2017

- The federal government taxes wages at 6.2% for Social Security on 2017 earnings up to \$127,200.
- Sandia's pay period ending 12/21/2017 is the last pay period that pays out before the end of the calendar year (pays out on 12/28); income earned from December 22-31 will not be paid until January 2018, and will be subject to Social Security tax at the 2017 rate (including applicable payouts such as vacation).
- If you have earned more than \$127,200 and your last day on roll is on or before 12/21/2017, your final paycheck (including payouts such as vacation) will not be subject to the 2017 6.2% Social Security Tax.
- Please refer to CA statute requirements for differences due to CA law.



Considerations – Schedules, Taxes and Timecards

- Payroll requests that employees on a 9/80 schedule go to a standard schedule their last week of employment, please call the payroll helpline at 844-2848 if you need assistance.
- Lump sum payouts (vacation sellback) are taxed at the Federal and State supplemental earnings withholding rates. The Federal rate is 25% and New Mexico's rate is 4.9%. These earnings are also subject to FICA taxes.
 - CA supplemental taxes - if paid at the same time as other wages will be considered a single wage payment. If paid separately a flat rate of 6.6%.
 - CA EDD PERSONAL INCOME TAX WITHHOLDING — SUPPLEMENTAL WAGE PAYMENTS
- Accurate time reporting is critical in your final 4 weeks; inform payroll directly via the Payroll Help Line at 844-2848 (Monday through Thursday 9am to 4pm and Friday 8am to 12 noon) if you have any corrected timesheets during this period.



Pension Payment – “Show me the Money!”

- Your first pension payment from Prudential will be transmitted 4-6 weeks after your retirement date.
- The payment will be retroactive to your effective retirement date; subsequent payments are mailed or posted to your account on the first business day of every month thereafter.
- Deductions from your pension payment will include:
 - Federal tax
 - State tax (if applicable)
 - United Way donation (if selected)
- There will be no Social Security tax, Medicare tax, medical/dental, life insurance or 401K deductions from your pension payment.



Retirement Process

- Select your “last day on roll” (“effective retirement date“ is always the next day).
- Inform your Manager in writing (email is sufficient) with a copy to the Retirement Specialist you have been consulting or the general Retirement Team at retiring@sandia.gov
- Receipt of your retirement notification will be confirmed by the Retirement Specialist assigned to assist you
- Follow and complete the Retirement Checkout Sheet
- Complete all required Retirement Forms and return them to your Retirement Specialist
- Complete the Corporate Separation Process – these forms are not returned to your Retirement Specialist



Separation Process

- The Corporate Separation Process may be accessed via exit.sandia.gov
- This process is self-directed and takes you through all of the required corporate steps (property transfer, records transfers, etc.) that must be completed before your exit interview with your manager and turning in your badge at IPOC.
- If you need assistance with the Corporate Separation Process, please contact your division's HR Business Partner.



Schedule Physical Exam

- **Mandatory Physical Exam**

- * If you're a participant in any of the following Occupational Medicine programs: Accident Response Group, Arsenic, Asbestos, Hazardous Waste, Hearing Conservation, Lead, Methylenedianiline (MDA), or Reactor Operators, contact Occupational Medicine Administrative Support to schedule a mandatory exit exam to ensure compliance.

- **Voluntary Physical Exam**

- * If you haven't had a physical exam in the last six months, and you'd like to schedule one, call Occupational Medicine Administrative Support.

- **Physical exams should be scheduled at least three months prior to your effective retirement date. Call 505-284-2980 (NM) or 925-294-2700 (CA). Please note that these physicals are not available after retirement.**



Retiree Medical Benefits

- Retiree Medical Benefits are effective the first day of the month coincident with or following your date of retirement (the date pension benefits commence). You are covered as an employee for medical benefits through the end of the month that includes your last day on roll.
- PreMedicare or Medicare (generally age 65) Medical Benefits are determined by the Medicare eligibility of the retiree and their eligible Class I dependents independently. However, the retiree must elect benefits in order for a dependent to have access to benefits.



Retiree Medical Benefits

- The Sandia Health Benefits Plan for Retirees is maintained at the discretion of Sandia. The Sandia Health Benefits Plan for Retirees is expected to continue indefinitely. However, the Sandia Board of Directors (or designated representative) reserves the right to amend (in writing) any or all provisions of the Sandia Health Plan for Retirees, and to terminate (in writing) the Sandia Health Plan for Retirees at any time without prior notice. If the Plan is terminated, coverage under the Plan for you and your dependents will end, and payments under the Plan will generally be limited to covered expenses incurred before the termination.
- The details of the plan can be found in the Sandia Health Plan Benefits Plan for Retirees [Summary Plan Description](#) (SPD). Any inconsistency between this presentation and the SPD or plan document will be governed by the SPD/plan document.



Retiree Medical Benefits

- Sandia retiree medical and dental benefits are administered by OneExchange.
- Sandia notifies OneExchange of your upcoming retirement and provides them with your current employee coverage information for medical and dental coverage (including your covered dependent information).
- OneExchange will recognize by dates of birth who is PreMedicare and who is Medicare eligible.

Retiree Medical Benefits – Pre-Medicare



- Pre-Medicare retirees and/or Pre-Medicare Class I dependents have access to Sandia Total Health Plan with Health Reimbursement Arrangement (HRA).
- You and Sandia will share in the cost of Pre-Medicare medical coverage. The subsidy that Sandia will contribute toward the cost of coverage is based on your years of service. Payments for your portion will be collected by OneExchange.
- For those that are PreMedicare, OneExchange sets up the medical and dental coverage as it was while an employee and mails the retiree a welcome packet with an invoice to begin paying the premiums to OneExchange.

2016 and 2017 Pre-Medicare Retiree Medical Premiums

YEARS OF SERVICE	30+	25- 29	20 - 24	15 -19	10 - 14
Premium Share Member-only coverage¹	\$40	\$79	\$157	\$234	\$312
Premium Share Member +1 coverage¹	\$80	\$158	\$314	\$468	\$624
Premium Share Member + 2 coverage^{1 2}	\$120	\$237	\$471	\$702	\$936

Retiree Medical Benefits - Medicare



- Medicare eligible (generally age 65+) retirees and/or their Medicare eligible Class I dependents may enroll in Your Spending Arrangement (YSA) if they are enrolled in and continue to pay any applicable premiums for Medicare Part A and Part B.
- For those that are Medicare eligible, OneExchange will reach out to them to schedule time to visit with the Medicare eligible(s) to set up the YSA and assist them with their Medicare Supplement Plan selection and Dental coverage.
- Sandia will provide you and/or your dependent with an annual credit to the YSA . The amount of the credit is based on your years of service. If both you and your spouse receive the credit, it will be in a joint account.
- The YSA funds are generally used to purchase individual Medicare supplement plans through OneExchange.
- YSA credits can also be used for reimbursement of qualified expenses, such as: Medicare Parts A & B Premiums, Tricare Premiums, Dental Premiums, and qualified Out-of-Pocket Medical Expenses.

Retiree Medical Benefits - Medicare



2016 Retiree YSA Credits

YEARS	1 MEDICARE-ELIGIBLE	2 MEDICARE-ELIGIBLE
30+	\$2,238	\$4,476
25 - 29	\$2,110	\$4,220
20 - 24	\$1,867	\$3,734
15 - 19	\$1,624	\$3,248
10 - 14	\$1,369	\$2,738

Note: The Your Spending Arrangement annual credit amount listed will be prorated for the number of months left in the year for the new coverage you elect.

2017 Retiree YSA Credits

YEARS	1 MEDICARE-ELIGIBLE	2 MEDICARE-ELIGIBLE
30+	\$2,272	\$4,544
25 - 29	\$2,142	\$4,284
20 - 24	\$1,895	\$3,790
15 - 19	\$1,648	\$3,296
10 - 14	\$1,390	\$2,780

Note: The Your Spending Arrangement annual credit amount listed will be prorated for the number of months left in the year for the new coverage you elect.



Considerations – Retiree Medical Benefits

- Those who retire on short notice, who change their retirement date at the last minute, or who have their last day on roll toward the end of a month, could encounter a delay in the conversion from employee to retiree status for their medical and prescription coverage. Please plan ahead. We recommend filling prescriptions before the end of the month in which you retire (Pre-Medicare retirees will use the same medical and prescription cards they used as employees).
- Medicare eligible employees or their Medicare eligible dependents do not need Medicare Part B while they are covered under the Sandia Total Health Plan. Prior to the transition to the retiree Medicare medical benefits, you will need to elect Part B coverage at www.Medicare.gov This process may take at least 60 – 90 days. Therefore, we recommend you begin the Part B enrollment process at least 3 months prior to the effective date of your retiree medical benefits.



Retiree Dental Benefits

- Same plan as active employees.
- Premium rates are the same for Pre-Medicare and Medicare eligible retirees and are not based on years of service.
- If you are Pre-Medicare and waive medical coverage, you may elect dental coverage at no cost to you. Sandia will pay the full premium from the subsidy usually applied toward medical coverage.
- Your premium payments will be collected through OneExchange.

2016 and 2017 Retiree Dental Premiums

FULL MONTHLY DENTAL PREMIUMS FOR EMPLOYEES WHO RETIRED ON OR AFTER JANUARY 1, 2012	
COVERAGE	MONTHLY PREMIUM
RETIREE ONLY	\$45.00
RETIREE + 1	\$87.00
RETIREE 2 (OR MORE)	\$115.00



Retiree Vision Benefits

- Your vision coverage will end on the last day of the month in which you retire.
- You have the option to continue coverage through COBRA for up to 18 months by paying the full premium plus a 2% administrative fee.
- Davis Vision offers the Affinity Discount Program to retirees (automatic — nothing to submit); limited to participating vendors and must be requested at time of order/purchase.



Health Care Flexible Spending Accounts

- Contributions end on your effective retirement date.
- You can submit claims for eligible expenses incurred through your retirement date.
- You have until April 15 of the following calendar year to submit your claims.



Retiree Benefits – Life Insurance

- Your Primary Group Term Life Insurance coverage is equal to your Annual Base Pay (\$50,000 maximum) at no cost to you
 - Annual base pay includes both annual base salary plus eligible non-base payments received in the preceding 12 months
- The coverage amount decreases 10% per year from age 66 through age 70.
- At age 70, the coverage stays frozen at 50% of the original amount (\$25,000 maximum).
- You can name anyone you choose as beneficiary.



Retiree Benefits – Voluntary Plans

- As an employee, you can purchase up to 6X your annual base pay in Voluntary Term Life (VTL) coverage.
- As a retiree, you can choose to keep, reduce, or cancel this coverage.
- If you are retired and age 65+, the maximum coverage you can continue is 2X final annual base pay (base + non-base pay).
- Upon retirement, your VTL coverage with MetLife continues automatically via direct bill. Premiums are the same rates for retirees and employees. MetLife will contact you to arrange your payments.
- Dependent Group Life and Voluntary Group Accident coverage end upon retirement. MetLife will send you forms giving you the option to convert or port to individual policies.



Sandia Savings & Income Plan – 401(k)

- Your 401(k) deductions and Sandia contributions end upon retirement.
- If your account balance is over \$5,000, you may leave your funds in the Savings and Income Plan. As a retiree with an account balance, you have the same access to Financial Engines and the same 401(k) investment options as employees.
- You may take distributions as needed up to 13 times per year. Each distribution must be at least \$10 up to your full account balance. Required Minimum Distributions must begin by April 1st of the year following the year you attain age 70 ½.
- Contact Fidelity Investments directly for investment and distribution information at: 1-800-240-4015 or www.401k.com



We Are Here to Help

E-mail your Retirement questions to:

retiring@sandia.gov

Call Benefits Customer Service

844-HBES (4237), Option #2



Questions?

Subject Matter Experts are here from...

Pension and Savings Team

Investment Management & Benefit Finance Team

Health Plans Team

Payroll Team

After the Q&A session, SMEs will be available to answer any additional questions you may have.



Sandia Contract Competition

- A list of Frequently Asked Questions about the contract competition is located at:

http://info.sandia.gov/contract_competition/faqs.html