



Retirement Benefits FAQs

1. Retiring at 55 with 30 years, does NEXCOM pay for medical and dental until a certain time?

Answer: If you have 10 years before 12/1/99 and have the medical upon retiring, you will have free medical/dental up to the age of 65. At 65 you may continue in the medical/dental plan but you will have to begin paying (free medical).

2. Adding unused sick leave to calculation; can it be explained further.

Answer: Unused sick leave is added to credited service (participation in the Retirement Plan) it is only used for benefit calculation purposes. It can't be used to meet continuous service or age requirement for retirement eligibility purposes.

Example: 2,000 hours of unused sick leave divided by 173 = 11.56 months (1 years added to credited service)

3. Retirement checks are direct deposit? Once a month or biweekly?

Answer: Retirement checks are direct deposited once a month on the first of each month.

4. In the Years "Certain" Option, do you get the same amount per month for this option as you would if you took regular retirement?

Answer: Under the Years Certain Option you will receive a reduced annuity based on your age. Your annuity will be a guaranteed benefit for 10 years (120 months). If you die before you have received 120 annuity payments your beneficiary will receive the same annuity amount for the remainder of the period left of the 120 months.

Example: Monthly annuity \$500.00 you received 100 payments your beneficiary will receive \$500.00 for the remaining 20 months.

5. Under 62, if there is no Social Security Offset, how is your retirement calculated?

Answer: If you are between the ages 52 and 62 the Social Security Offset is not applied. Your benefit will be based on your high three average annual earnings, the number of years you have participated in the retirement plan and reduced 4% for each year that you are younger than 62.

6. When is your annual leave payout made?

Answer: Your annual leave payout is usually paid the following pay period from your last day of work.

7. How do we proceed with our 401K after retirement? How do I set up an automatic monthly withdrawal from my 401k?

Answer: After retirement you can't contribute to the 401(K) plan but if you have an account balance of \$5,000 or more you can leave your contributions in your account and your money will continue to grow tax-deferred. You can call Prudential directly at (1-877-778-2100) to set up automatic monthly withdrawals. Withdrawal can also be made semi -annually and annually.

8. If I have been in the medical plan for a certain number of years, can I still get medical coverage and will I continue to pay for them as I do now?

Answer: You may enroll in Temporary Continuation of coverage (TCC) for up to 18 months if you are enrolled in the Aetna plan and must have 90 days in the plan. Your cost will be 102%. We do not offer dental with TCC. If you are enrolled in an HMO you have to call them to convert into an individual plan.

- a. Any idea of benefit plan coverage? The coverage will be the same except no dental. Can spouse be covered? **If your spouse is on the plan yes they can be covered**
- b. If I retire outside the US, what medical plans are available, if any? **Aetna International**

9. If I have a sick leave balance of over 2000 hours, and 173 hours is calculated as equivalent to one month's service, then this equates to approximately one additional year of service. Is this correct? How is this added to my retirement?

Answer: Yes, Example: 2,000 hours of unused sick leave divided by 173 = 11.56 months (1 years added to credited service)

10. Upon retirement, will my Basic and Optional insurance continue? What is covered and can it be converted to Survivors benefits?

Answer: You must have 15 years participation in the Basic and Optional group life insurance in order to take it into Retirement at no cost to you. Basic will reduce at 66, 67 and 68. Optional is reduced to 25% from date of retirement. This coverage is for the associate's only.

11. Will income and state tax still be deducted from my retirement benefit?

Answer: You can elect to have taxes deducted from your retirement annuity. You should check with you tax preparer or advisor for specific options.

12. In regards to my 401k, can I withdraw the full amount at age 59 without tax deducted prior to my retirement?

Answer: No, you can only withdraw from your 401(K) at age 59 ½ without an additional 10% tax penalty if you are still employed.

13. How exactly is the High Three Average Annual Earnings (HTE) calculated?

Answer: The High Three Average Annual Earnings is the highest average monthly earnings for any thirty-six (36) consecutive months for which an associate has made contributions to the Retirement Plan.

Example: Earnings: 2024 \$35,000.00
 2023 \$34,000.00
 2022 \$33,000.00
 \$102,000.00/3= \$34,000.00 high three average annual earnings

14. If you leave service early, say before 55 and you have hit the ages of minimum of 30, can you leave your contributions in the plan and receive your benefit at a later date and not receive the penalty? If so what would that age be? 62?

Answer: If you retire between the age 52 and 62 there is a 4 percent reduction for each year that you are younger than 62, but your annuity would be higher because the Social Security Offset is not applied until age 62.

15. If you retire “early”, before 65, 60 or 62 and you have not yet received full eligibility for a “normal” retirement, at what age are you penalized for, the years? Up to 62 years of age? Example: Associate retires with 58 years of age and 32 years of service – what would their penalty be?

Answer: There is not a reduction for age 65, 62, 60 with 20 years of service or 58 with 32 years of service. The 4 percent reduction is between the age of 52 and 62.

16. An early retirement is age 55 and 30 years, or age 60 and 20 years, or 62 and at least 5 years. If a person retires at 56 years of age and 30 years of service or 57 and 31 or 58 and 32 or 59 and 33, would they receive a full retirement? What about 61 and 20? Would that associate have to then wait until 62?

Answer: Yes, a retiree would receive an unreduced annuity at age 56/30, 57/31, 58/32, 59/33 and 61/20. The associate will not have to wait until age 62.

17. In the presentation, page 7 states “Credited service in the Plan includes the number of years and months during which you made contributions to the Plan”. What about the 1st year of service where the associate did not make contributions to the plan? My understanding is that first year is in fact considered credited service. Is this correct?

Answer: You are not required to contribute to the Plan during your first year of employment and you will receive one year of credited service. The one year credited service will be used in your retirement calculation.

18. What does "COLA adjustment for eligible associates" mean? What does eligibility represent?

Answer: Associates who retire from active service or under disability are eligible to receive a cost of living increase (COLA). If an associate terminates before retirement eligibility and place their contributions in Option B they will not be eligible for a COLA increase.

19. There is a 401(k) rule called "the rule of 55" which states you can take dividends from your 401(k) if you retire from the same company you have your 401(k) with and you are at 55 without having the 10% early withdrawal penalty attached. If the company was to offer an "early retirement" and an associate went out prior to their "normal retirement" date – say 54 years of age, and the company affords them a full retirement, can an associate tap their 401(k) funds once they reach 55 without having to pay an early withdrawal penalty of 10%?

Answer: If you separate your employment in or after the year when you turn 55, you will qualify for penalty-free early withdrawals from your 401(k) Plan.

20. If the associate passes after their full retirement eligibility, however they had not retired and therefore not been given the chance to elect a spousal benefit what happens to their retirement? Does it automatically default as if they would have selected a spousal benefit and will the spouse receive the benefit? If the associate passes right prior to their full retirement date how does that work?

Answer: If you should die in active service after completing 18 months of credited service, and was married for one year a benefit will be payable to your spouse if they are named as your sole primary beneficiary.

21. For Medicare, what does the acronym SSDI mean?

Answer: SSDI= Social Security Disability Insurance

22. What is the difference between IEP and SEP in terms of enrollment?

Answer: IEP is Medicare Part B Initial Enrollment Period. SEP is Special Enrollment Period for Medicare Part B. See Slide 21 of the presentation

23. Associates that meet the three conditions for post-retirement medical and dental – are they eligible to carry this benefit for the rest of their lives? If so, I understand that it will be secondary to Medicare at 65. What about the associate's spouse in the event of the associate's death – can the spouse still be covered?

Answer: Your spouse will receive 4 free months, after the 4 months they can elect to continue in the plan as long as the associate had the 15 year participation. If they did not meet the 15 years they will still receive the 4 free month and will be offered the Temporary Continuation of Coverage.

24. After retirement, your BGL coverage will be reduced by 25% at ages 66, 67 and 68. Your OGL coverage will be reduced to 25% of your retirement benefit. For OGL, when does this occur? Can I add or change my beneficiary after age 68? Will it be paid out regardless of my age at the time?

Answer: OGL is reduced the first day of Retirement. You may change your beneficiary at any time and as many times that you like to.

25. What amount is used on the highest 3 years of consecutive earnings for the calculator? W2- Box 2 amount that is reported to SSA?

Answer: The High Three Average Earnings are your gross earnings that includes performance-based bonuses, overtime, premium pay and shift differential pay.

26. If retiring in 2025, then 2021 earnings would be used?

Answer: If your 2021 earnings are within the 36 consecutive months of your high three average earnings they will be used.

27. What deductions are taken on the retirement check?

Answer: If you eligible to take medical/dental into retirement the premiums will be taken from your annuity check.

28. Does the Social Security offset change every year up to age 65? If I retire at 62, will the offset be the same at age 63, 64 or 65? What about after 65? Would you still use the social security wages I would have received at 62?

Answer: The Social Security offset is based on the amount that you are entitled to receive from Social Security at the age of retirement 62, 63, 64 or 65. If you are older than age 65 the offset will be based on the social security amount for age 65.

29. If I choose not to collect Social Security until age 67, will that affect my retirement amount if I retire at 62?

Answer: Yes, the Social Security Offset will be applied to your benefit at age 62 regardless of when you actually take your social security.

30. For the Surviving Spouse benefit, if my spouse dies what happens to my 10% spousal deduction? Do I get that back?

Answer: The 10% reduction will be restored to your annuity benefit back to the date of retirement and all cola percentages with be reapplied to your annuity.

ADDITIONAL QUESTIONS

1. Are 401(k) withholdings taken out of leave pay out after retirement?

Answer: No

2. If there is a bonus pay out and retiring manager meets eligibility, are 401(k) withholdings taken out? **Answer: No**

3. I would like to know what happens to a person's benefits and retirement if they are single without children and they pass away?

Answer: If not vested, a return of contributions and interest will be paid to the beneficiary. You may elect, before you retire, to receive a reduced benefit with a survivor benefit payable to a named beneficiary with an insurable interest. Your retirement benefit will then be reduced by 10% with an additional 5% reduction for each full five years by which your age exceeds your beneficiary's, up to a maximum reduction of 40%. If you choose this reduced survivor benefit and die after you retire, a survivor benefit will be paid to your beneficiary for life equal to 55% of your reduced benefit.

4. For medical/dental benefits, would NEXCOM still cover after retirement even for military retired folks and their spouse with Tricare insurance coverage?

Answer: As long as you meet the eligibility requirements for Retiree Health coverage, there are no restrictions should you also have coverage through Tricare. In this case, you should carefully review your options to determine which plan/plans are appropriate for you.

5. I have heard or was told that if you were enrolled in the NEX Medical Benefits plan before a certain year, or were of a certain age, you would be grandfathered to receive free medical insurance. Is this correct, and if so what are the requirements, and is there an age limit ceiling for this free medical?

Answer: You must have 10 years in the Health Plan before 12/31/1999

6. Do retirees have any option of keeping the Flexible Spending Account as part of medical benefits?

Answer: No

****Please note that these are just standard answers based on the context of the material presented. Please consult your financial and/or tax professional for advice and guidance about your specific situation.**

