

Health Insurance for Retirees: The Impending Crisis for Those Hired After July 1, 2003



THE PROBLEM

- ◆ Health Insurance in retirement is a necessity
- ◆ Anyone hired after July 1, 2003 does NOT enjoy this benefit
- ◆ Rather than an insurance policy, they receive a small stipend
- ◆ That stipend only covers 24% of the cost of a family plan

THE INSURANCE STIPEND

- ◆ $\$15 \times \text{years of service} = \text{monthly stipend}$
- ◆ 1.5% annual COLA on that \$15 since 2003
- ◆ In 2023: $\$21.30 \times 20 \text{ years service} = \426 per month
- ◆ 2021 Rates: Family plan is \$1,500 - \$1,840 per month, middle plan is \$1,673. Member + Spouse middle plan: \$1,501 per month

INSURANCE MONTHLY COST

- ◆ $\$1,673 - \$426 \text{ stipend} = \$1,247 \text{ per month; } \$14,964 \text{ per year}$
- ◆ $\$1,501 - \$426 \text{ stipend} = \$1,075 \text{ per month; } \$12,900 \text{ per year}$



THEY EARNED RETIREMENT, BUT CANNOT

- ◆ 2 people hired within months of each other
- ◆ 1 can leave and enjoy a well-deserved retirement
- ◆ 1 will lose 40% or more of their pension check to insurance premiums.
- ◆ Most likely will work well beyond a safe retirement age.

IT'S NOT TOO LATE!!

- ◆ The first impacted group becomes eligible to retire in late summer of 2023

