



THE RETIREMENT GROUP<sup>LLC</sup>  
PARTNERS IN RETIREMENT

# Retirement/Transition Guide For Kaiser Permanente Employees



Updated  
September

2020

# Introduction

For more information on SECURE and CARES ACT, see pages 4 & 5

The Retirement Group was founded with the goal of assisting our Kaiser Permanente (KP) corporate employees in every aspect of their financial lives as they transition into retirement. We aim to provide the most personal service available, thus earning a reputation for excellence in our industry. For each of our clients we strive to help create financial stability and security to provide financial independence.

Our staff consists of experienced professionals who know KP benefits and provide a "hands on" approach to financial guidance. Not only do our clients find our team members knowledgeable, but they also discover that our staff truly cares about making their dreams a reality. We do everything in our power to keep our clients focused on where they want to go, advise them on how to get there, and continually remind them of the importance of maintaining a disciplined approach to pursue their goals.

Our company is based on the principle that education and understanding of one's current financial situation is vital to successfully make prudent decisions concerning one's financial future.



**Learn more by visiting:**

[www.theretirementgroup.com](http://www.theretirementgroup.com)

As you transition from KP, we want to share information to help you make important decisions that affect you and your family's well-being.

This guide tells you about KP benefits, steps to take, and where to find resources that will help you get the most from your retirement benefits.

Please note: This guide lists the actions you must take to access your retirement benefits. Read the Tips on Using This Guide section for more information and refer to the KP Summary Plan Description for a full description[4].

**Disclosure:** The Retirement Group is not affiliated with KP.



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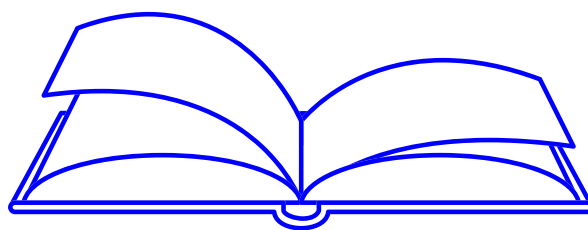
# Stages of Retirement

This specially designed guide offers a summarized list of steps to simplify your transition into retirement. We provide links to websites and other resources you will need to help you get the most from your retirement benefits.

**Please note:** This guide is a summary of the actions you must take to access your retirement benefits. For full details, you should review the KP summary plan descriptions (SPD) (4) that apply to your retirement benefits. For health and welfare benefits, if you are still an active employee, call the KP Benefits Center and request the applicable SPDs(4). This is a summary of steps to take before and after leaving KP. The official plan documents are the final authority on the terms of the plans.

**To find more in depth information on early retirement offers read our e-book**

**"Early Retirement Offers"**



## Stages of Retirement

Retirement planning, whether you are 20 or 60, is something we must actively plan towards annually. Unfortunately, numerous polls and experts say the majority of Americans don't know how much to save or the income they will need.

### Getting started... Your 20's and early 30's

Everyone knows it's critical to start in your 20's and early 30's. Many suffer from impending anxiety from not saving enough, while others are grateful they feel secure.

TIME... It is the one advantage you will never get again. As some of you may know, compounding has significant impacts on future savings. Starting early matters and the key is to increase/maximize your KP 401(k) contributions.

# Stages of Retirement

Say you open a tax-deductible Individual Retirement Account (IRA) at age 25 and invest \$100 a month until age 65. If the account earns 8% a year, you could amass \$349,100 by age 65. If you wait until age 35 to start saving the same \$100 a month, you could end up with \$149,035 when you are 65. Waiting 10 years to start saving and investing could cost you substantially.\*

There are three primary reasons why a 401(k) is such a popular retirement savings vehicle: **matching contributions, tax benefits, and compound growth.**

Matching contributions is what it sounds like: It's when your employer matches your own 401(k) contributions with company money. If your employer matches, they'll typically match up to a certain percent of the amount you put in.

Let's say that your employer matches up to 3% of your contributions to the plan, dollar for dollar. If you contribute 2% of your salary to your plan, your total 401(k) contribution will be 4% of your salary each month after the employer match is added. If you bump up your contribution by just 1% (so you're putting in 3% of your salary), your total contribution is now 6% with the employer match.

\*For illustrative purposes only

Unfortunately, many workers don't take full advantage of the employer match because they're not putting in enough themselves. A recent study revealed that employees who don't maximize the company match typically leave \$1,336 of potential extra retirement money on the table each year. (23)

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# Stages of Retirement

## Working on it... Your 30's through your 40's.

At this stage, you're likely full stride into your career and your income probably reflects that. The challenges to saving for retirement at this stage come from large competing expenses: a mortgage, raising children and saving for their college. Try investing a minimum of 10% of your salary towards retirement. Always, maximize the KP contribution match.

One of the classic conflicts is saving for retirement versus saving for college. Most financial planners will tell you that retirement should be your top priority because your child can usually find support from financial aid whereas you'll be on your own to fund your retirement.

## The home stretch... Your 50's and 60's.

Ideally, you're at your peak earning years and some of the major household expenses, such as a mortgage or child-rearing, are behind you, or soon will be. Now, it's time boost your retirement savings goal to 20% or more of your income as it's the last opportunity to stash away funds.

Workers age 50 or older, in 2020, can invest up to \$19,500 into their retirement plan/401(k). Once they meet this limit they can add an additional \$6,500 in catch up contributions. These limits are adjusted annually for inflation. If you are over 50, you may be eligible to use a catch-up contribution within your IRA.

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# New Legislation (SECURE Act)

## The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act)

- If you turn 70 ½ after the end of 2019 you will not be required to begin required minimum distributions until the age of 72.
- You may now continue to contribute to an IRA after you turn 70 ½ if you are still employed.
- If you have student loans, you are now allowed to withdraw up to \$10,000 annually from a 529 account to pay down debt.
- You are permitted to withdraw up to \$5,000, penalty-free, to assist with the cost of adopting or having a new child.
- Inherited IRAs given to non-spousal beneficiaries must now withdraw the balance of the account within 10 years of the death of the original account holder, thus eliminating a strategy known as a stretch IRA.
- Created more options for lifetime payout benefits from employer sponsored retirement savings plans.

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**TRG Blog**

# New Legislation (CARES Act)

## The Coronavirus Aid, Relief and and Economic Security Act of 2020 (CARES Act)

- Required minimum distributions (RMDs) from IRAs, Inherited IRAs, 401(k)s, 403(b)s, 457(b)s and other retirement plans have been suspended for 2020.
- For 2020, you can withdraw up to \$100,000, penalty-free, from retirement accounts such as a 401(k) or an IRA account if you qualify under one of two categories:
  - You, your spouse or a dependent is diagnosed with COVID-19.
  - You have suffered financial consequences as a result of the pandemic.
- The maximum amount that can be borrowed from a 401(k), for loans made between March 27,2020 and September 22, 2020, was increased from the lesser of \$50,000 or 50% of the plan participant's account balance to the lessor of \$100,000 or 100% of the participant's balance if you meet one the above qualifications.
- You may now qualify for a new above-the-line tax deduction of \$300 for charitable contributions. The new deduction allows those who do not itemize their tax deductions to receive a tax credit of up to \$300 per individual from donating cash to a charity in 2020.
  - The new above-the-line \$300 deduction for cash gifts cannot be given to donor-advised funds (DAFs) or supporting organizations (SOs).
- The 2020 limit for cash gifts to most public charities was increased from 60% of adjusted gross income to 100% of AGI.
- The cutoff date for making 2019 IRA, Roth IRA, Health Savings Account, Archer Medical Savings Account and Coverdell Education Savings Account contributions for 2019 has been extended from April 15th to July 15th.





Whether you're changing jobs or retiring from KP, knowing what to do with your hard-earned retirement savings can be difficult. An employer-sponsored plan, such as a Pension & 401(k), may make up the majority of your KP retirement savings, but how much do you really know about that plan and how it works? There are seemingly endless rules that vary from one retirement plan to the next, early out offers, interest rate impacts, age penalties, & complex tax impacts.

Increasing your investment balance and reducing taxes is the key to a successful retirement plan spending strategy. Our advisors at The Retirement Group can help you understand how your retirement 401(k) fits into your overall financial picture and how to make that plan work for you.



**"Neither FSC Securities Corporation nor its representatives provide tax or legal advice. Please consult with your tax or legal professional"**

"Workers are far more likely to rely on their workplace defined contribution (DC) retirement plans as a source of income. 8 in 10 believe this will be a major or minor source of income in retirement. 3 in 4 expect income to come from their personal retirement savings or investments."

- Employee Benefit Research Institute

**As of March 2019, 71% of full-time private-sector American workers had access to an employer retirement plan, but only 56% chose to participate. Regardless of what you choose to do with the funds from your employer retirement plan, you're already ahead of 44% of all workers.(1)**

## Will KP freeze its pension?

Having ended the year in 2019 with only 65% of its pension liabilities funded coupled with the challenges the company has faced this year, relating to the COVID-19 pandemic, the question should be raised whether or not Kaiser Permanente will be the next company to freeze their pension plans. What would it look like if they did? A pension freeze would mean employees won't be able to accrue any additional future benefits. They would however be able to collect the benefits which they have already earned. Over the past several decades many corporations have moved to defined contribution (DC) plans and moved away from defined benefit (DB) plans. Companies freeze or off-load DB pension plans in order to cut down on their current pension obligations. By making the switch from a DB plan to a DC plan corporations can also shift risk from the company to the workers. The trend is good for investors because companies who relieve themselves of pension debt become less risky investments. However this trend can negatively impact employees who often rely on those DB plans for their retirement years.

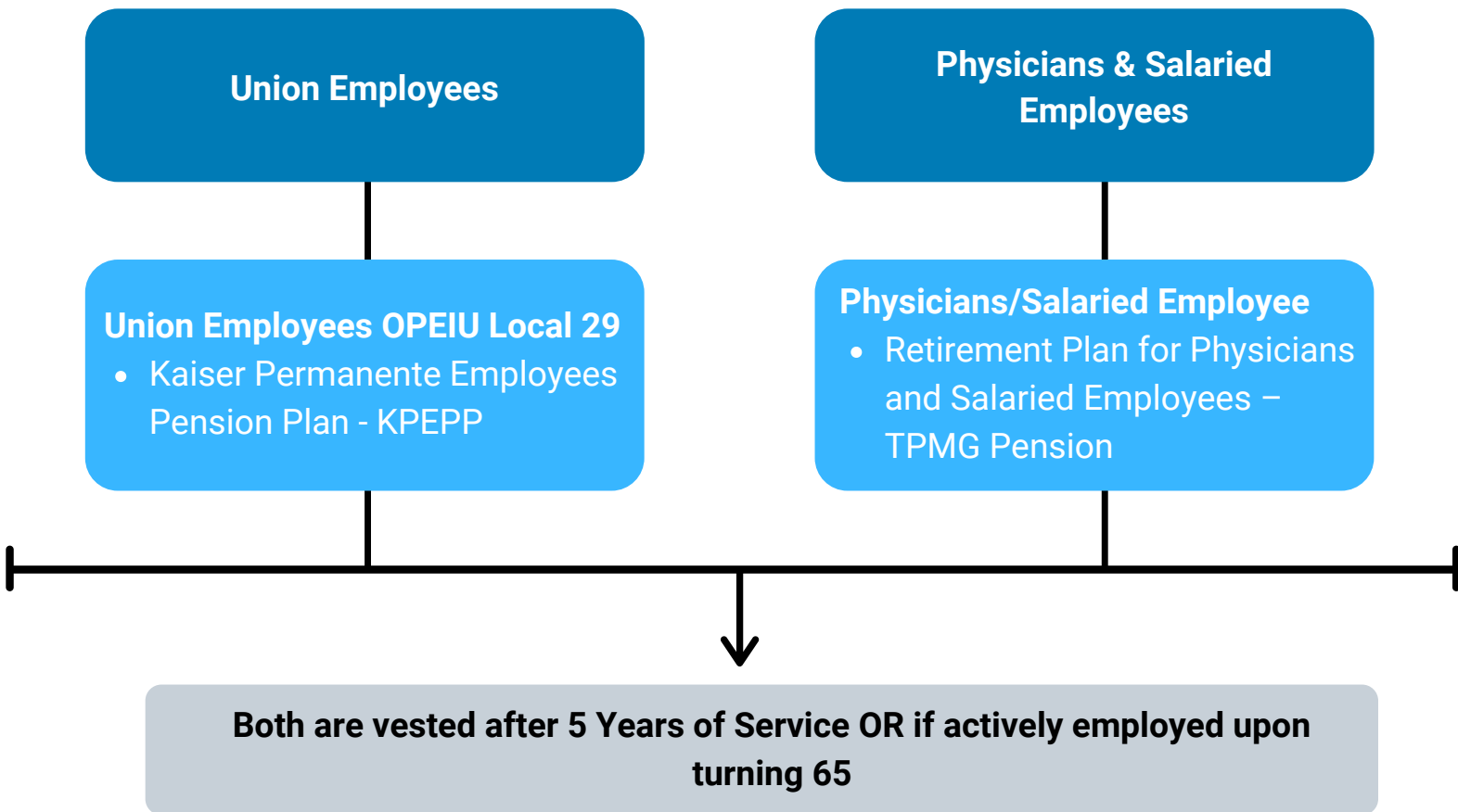


# KP Pension Plan - Overview



## Kaiser Permanente Pension Benefits Overview

**Disclaimer:** KP contains many different groups of employees that are provided with differing pension plan formulas and payout options. The following information pertains to KPEPP & TPMG.



# KP Pension Plan - (KPEPP Example)

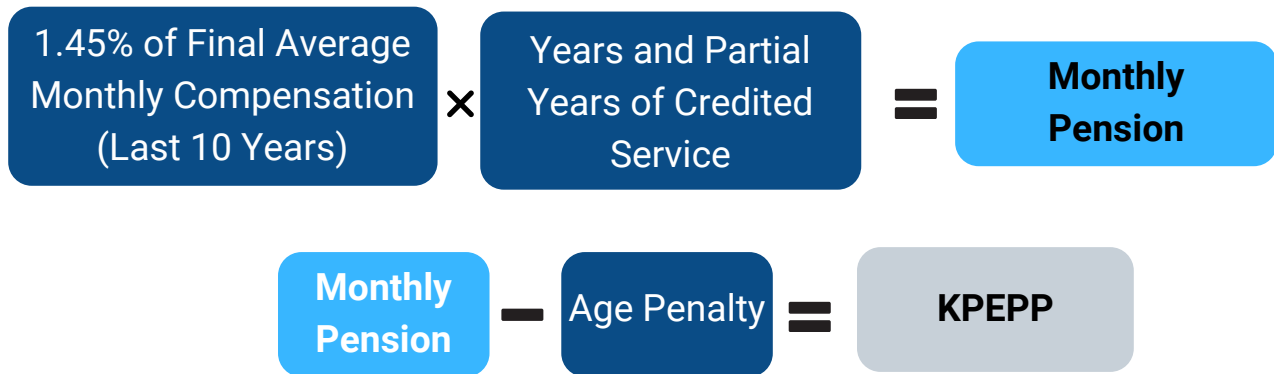
## KPEPP Eligibility

- Retirement Age: 55+
- Term of Employment: 15+ years

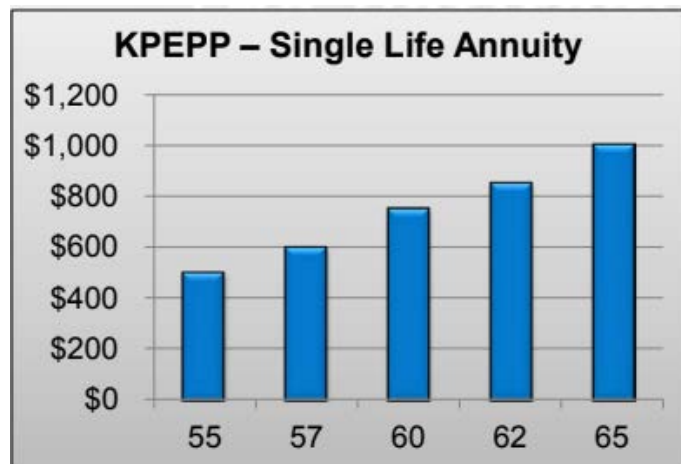
Age Penalty for Early Retirement:  
Withdrawing before age 65

## Union Calculation - KPEPP

1.45% of Final Average Monthly Compensation (Last 10 years) X Years and partial years of Credited Service = Monthly Pension - Age Penalty



| If you retire at age... | Reduction in Your Pension Is... |
|-------------------------|---------------------------------|
| 64                      | 5%                              |
| 63                      | 10%                             |
| 62                      | 15%                             |
| 61                      | 20%                             |
| 60                      | 25%                             |
| 59                      | 30%                             |
| 58                      | 35%                             |
| 57                      | 40%                             |
| 56                      | 45%                             |
| 55                      | 50%                             |



| <b>Example</b>        |   |                                  |   |
|-----------------------|---|----------------------------------|---|
| Payment Commencement: | Single Life Annuity Payable on Your Normal Retirement Date (age 65) | Reduction Percentage (per chart) | Pension Benefit Amount as a Single Life Annuity       |
| Age 55                | \$1,000 per month   | 50%                              | $\$1,000 - (\$1,000 \times .5)$<br>= \$500 per month  |
| Delayed to age 60     | \$1,000 per month   | 25%                              | $\$1,000 - (\$1,000 \times .25)$<br>= \$750 per month |
| Delayed to age 62     | \$1,000 per month   | 15%                              | $\$1,000 - (\$1,000 \times .15)$<br>= \$850 per month |
| Delayed to age 65     | \$1,000 per month   | 0%                               | \$1,000 per month                                     |

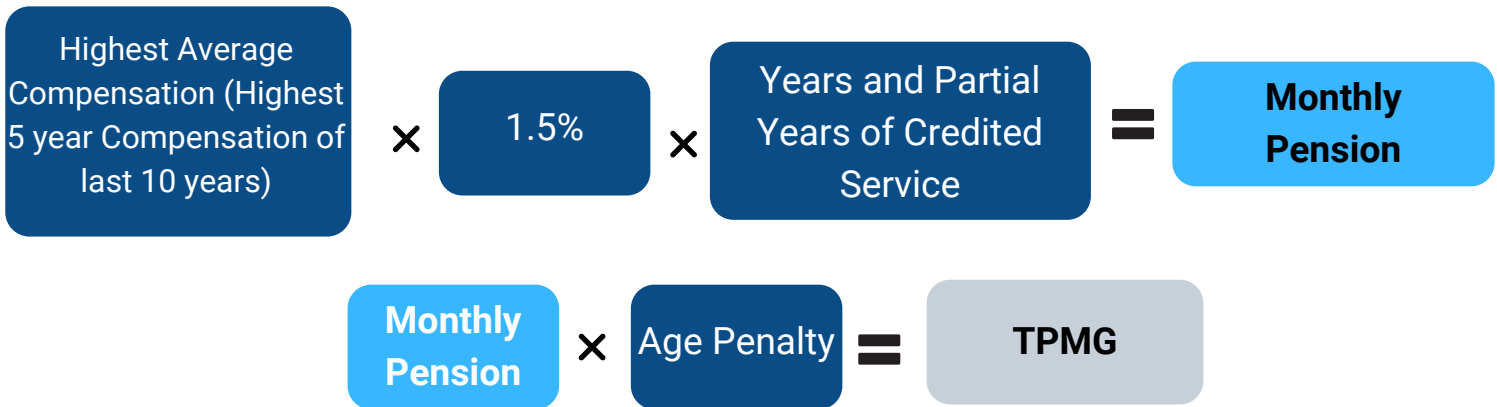
# KP Pension Plan - (TPMG Example)

## TPMG Pension Eligibility

- Retirement Age: 55+
- Term of Employment: 15+ years
- OR Age and Years of Service total 75+

## Calculation for Physicians and Salaried Employees – TPMG Pension

Highest Average Compensation (Highest 5 year compensation of last 10 years) X 1.5% X Years and Months of Credited Service = Monthly Pension – Age Penalty



| If Your Age Is... | Reduction in Your Pension Is... |
|-------------------|---------------------------------|
| 64                | 3%                              |
| 63                | 6%                              |
| 62                | 9%                              |
| 61                | 12%                             |
| 60                | 15%                             |
| 59                | 20%                             |
| 58                | 25%                             |
| 57                | 30%                             |
| 56                | 35%                             |
| 55                | 40%                             |



| If Your Age Is... | Deferred Pension Benefit Is... |
|-------------------|--------------------------------|
| 65                | 100%                           |
| 66                | 110.46%                        |
| 67                | 122.34%                        |
| 68                | 135.91%                        |
| 69                | 151.46%                        |
| 70                | 169.34%                        |

## Kaiser Permanente Pension Payment Options

Union Employees & Physicians and Salaried Employees of TPMG

### Payment Options

| KPEPP   | Versus | TPMG Pension   |
|---|--------|--|
| Single Life Annuity   | =      | Single Life Annuity  |
| 100% Joint and Last Survivor Annuity  | =      | 100% Joint and Last Survivor Annuity                       |
| Joint and Survivor Annuity (50%, 66 <sup>2/3</sup> %, 75%)                      | =      | Joint and Survivor Annuity (50%, 66 <sup>2/3</sup> %, 75%) |
| Fixed Period and Life Annuity (5, 10, 15, and 20)                               | =      | Fixed Period and Life Annuity (5, 10, 15, and 20)          |
| Lump Sum  | =      | Lump Sum   |
| Level Income Annuity Option   | =      | Level Income annuity option                                |
| Fixed Period and Life Annuity (5, 10, 15, and 20) + Level Income Annuity Option | ≠      | Installment Payments                                       |

### Pension Max

Strategy to maximize pension payout to self & survivor using life insurance:

1. Employee must have good health
2. An intended beneficiary

Benefits:

1. Tax free payment benefit
2. Flexible legacy strategies
3. Maximum cash flow

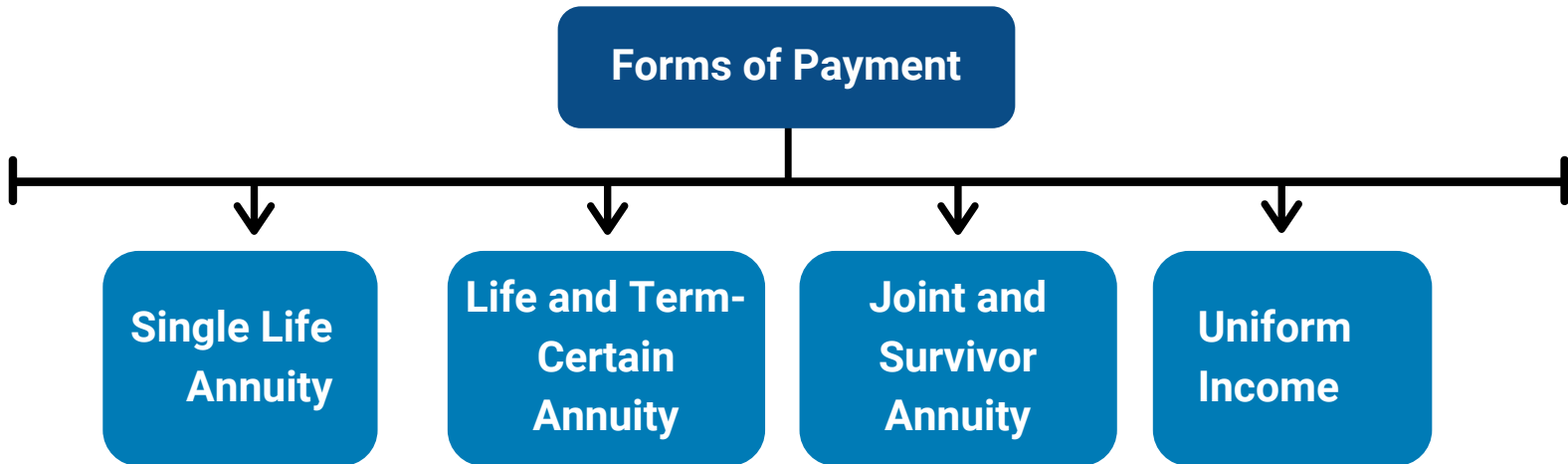
**Attend a Retirement Group Webinar on your KP Pension Plan. Click here to reserve your spot**

**Webinar RSVP**

Single Life Pension - Joint Life Pension = Spread

Use the "Spread" to buy low cost life insurance. In the event of an early death, your potential beneficiary will receive your life insurance payout instead of receiving continued benefits from Joint Life Pension.

# KP Pension Plan: Payment Options



Thinking about what to do with your pension is an important part of planning for your retirement at KP. What is best for you and your family?

You should routinely use the tools and resources found on The Retirement Group's e-book gallery, such as the [Retirekit\(17\)](#), to model your pension benefit in retirement and the pension payment options that will be available to you.

You can also contact a KP Specialist at The Retirement Group at (800)-900-5867. We will get you in front of a KP Specialist to help you start the retirement process and tell you about your payment.

**To find more information on determining how much cash flow you need in retirement, read our e-book**

**"Determining Cash Flow"**



# KP Pension Plan

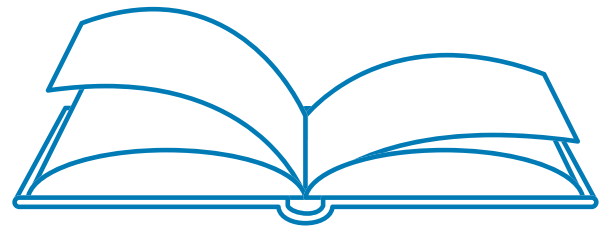
**Note:** We recommend you read the KP Summary Plan Description. The Retirement Group is not affiliated with KP.

**Next Step:**

- How do interest rates affect your decision?
- Use the "[Retirekit](#)" (17) to understand cash flow, interest rates, and explore which pension option might be the best fit for you during retirement.
- As you get closer to your retirement date, contact an KP focused advisor at The Retirement Group and also read the applicable SPD Summary(4) to start your retirement process.
- KP will need you to provide documents that show proof of birth, marriage, divorce, Social Security number, etc., for you and your spouse/legally recognized partner.
- KP has Beneficiary Designation online to make updates to your beneficiary designations, if applicable to your pension program. Please read your SPD for more details(4).

**To find more in-depth information on our Retirekit, click here**

**"Retirekit"**





## 401(k)/TSA Plans

When is the last time you reviewed your 401(k)/TSA plan account or made any changes to it? If it's been a while, you're not alone. 73% of plan participants spend less than five hours researching their 401(k)/TSA investment choices each year, and when it comes to making account changes, the story is even worse.

When you retire, if you have balances in your 401(k)/TSA plan, you will receive a Participant Distribution Notice in the mail. This notice will show the current value that you are eligible to receive from each plan and explain your distribution options. It will also tell you what you need to do to receive your final distribution. Please call The Retirement Group at (800)-900-5867 for more information and we can get you in front of an KP specialist.

### Next Step:

- Watch for your Participant Distribution Notice and Special Tax Notice Regarding Plan Payments. These notices will help explain your options and what the federal tax implications may be for your vested account balance.
- "[What has Worked in Investing](#)"(18) & "[8 Tenets when picking a Mutual Fund](#)"(7).
- To learn about your distribution options, call The Retirement Group at (800)-900-5867. Click our e-book for more information on "[Rollover Strategies for 401\(k\)s](#)".(14)
- Use the KP Online Beneficiary Designation to make updates to your beneficiary designations, if needed.

**Note:** Kaiser Permanente is mainly a non-profit organization. Therefore, most employees will have a TSA (Tax-Sheltered Annuity), also known as a 403 (b) retirement plan, instead of a 401(k). While most properties are mutual, you should ask your advisor about differences.

**Note:** If you voluntarily terminate your employment from Kaiser Permanente, you will not be eligible to receive the annual contribution.

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Financial advisor today!**

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# KP 401(k)/TSA Plan

When faced with a problem or challenge, many of us are programmed to try to figure it out on our own rather than ask for help. The Christmas Eve ritual of assembling toys without looking at the instructions and that road trip when we refused to stop to ask for directions come to mind. But when we're talking about 401(k)/TSA investing, choosing to go it alone rather than get help can really hurt.

Over half of plan participants admit they don't have the time, interest or knowledge needed to manage their 401(k)/TSA portfolio. But the benefits of getting help go beyond convenience. Studies like this one, from Charles Schwab, show those plan participants who get help with their investments tend to have portfolios that perform better: The annual performance gap between those who get help and those who do not is 3.32% net of fees. This means a 45-year-old participant could see a 79% boost in wealth at age 65 simply by contacting an advisor. That's a pretty big difference.

Getting help can be the key to better results across the 401(k)/TSA board. A Charles Schwab study found several positive outcomes common to those using independent professional advice. They include:

- **Improved savings rates** – 70% of participants who used 401(k)/TSA advice increased their contributions.
- **Increased diversification** – Participants who managed their own portfolios invested in an average of just under four asset classes, while participants in advice-based portfolios invested in a minimum of eight asset classes.
- **Increased likelihood of staying the course** – Getting advice increased the chances of participants staying true to their investment objectives, making them less reactive during volatile market conditions and more likely to remain in their original 401(k)/TSA investments during a downturn. Don't try to do it alone.

The benefits  
of getting help  
with your 401(k)  
investments >



= 79% more wealth

Get help with your 401(k)/TSA investments. Your nest egg will thank you.

Source: 26

## In-Service Withdrawals

**General Rules:** You may withdraw amounts from your account while still employed by an employer under the circumstances described. Certain withdrawals are subject to regular federal income tax, and if you are under age 59 1/2 you may also be subject to an additional 10% penalty tax. You can determine whether you are eligible for a withdrawal, and request one, via internet access or by calling the KP Benefits Center.

## Rolling Over Your 401(k)/TSA

As long as the participant is younger than age 72, an in-service distribution can be rolled over to an IRA. A direct rollover would avoid the 10% early withdrawal penalty as well as the mandatory 20% tax withholding. Refer to your SPD for more information & possible restrictions on rollovers/withdrawals.

Because a withdrawal permanently reduces your retirement savings and is subject to tax, you should always consider taking a loan from the plan instead of a withdrawal to meet your financial needs. Unlike withdrawals, loans must be repaid, and are not taxable (unless you fail to repay them). In some cases, as with hardship withdrawals, you are not allowed to make a withdrawal unless you have also taken out the maximum available plan loan.

**Note:** The Plan Administrator reserves the right to modify the rules regarding withdrawals at any time, and may further restrict or limit the availability of withdrawals for administrative or other reasons, in its sole discretion. All participants will be advised of any such restrictions, which will apply equally to all employees.

**For more information on rollover strategies for your 401(k), read our ebook**

**"Rollover 401(k) Strategies"**

## Borrowing from your 401(k)/TSA

**Should you borrow from your 401(k)/TSA?** Maybe you lose your job, have a serious health emergency, or face some other reason that you need a lot of cash. Banks make you jump through too many hoops for a personal loan, credit cards charge too much interest... and suddenly, you start looking at your 401(k)/TSA account and doing some quick calculations about pushing your retirement off a few years to make up for taking some money out.

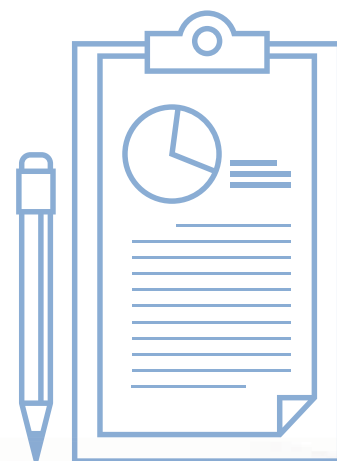
It's your money, and you need it now. But take a second to see how this could adversely affect your retirement plans.

**Remember:** Borrowing from your 401(k)/TSA may result in the following:

- **Losing growth potential on the money you borrowed**
- **Repayment and tax issues, if you leave your employer**

**To find more in-depth information  
on our Retirekit,  
click here**

**"Retirekit"**



## IRA Withdrawal

**What is the most efficient way to take my retirement income?** Your retirement assets may consist of several retirement accounts – IRAs, 401(k)s, TSAs, taxable accounts, and others. You may want to consider meeting your income needs in retirement by first drawing down taxable accounts rather than tax-deferred accounts. This may help your retirement assets last longer as they continue to potentially grow tax deferred. You will also need to plan to take the required minimum distributions (RMDs) from any employer-sponsored retirement plans and traditional or Rollover IRA accounts. That's because the IRS requires that you begin taking distributions from these types of accounts when you reach age 72 as for 2020. If you do not, the IRS may assess a 50% penalty on the amount you should have taken.

**Note:** New legislation allows individuals who did not turn 70 1/2 by the end of 2019 to take RMDs on April 1 of the year in which you turn age 72.

### Two flexible distribution options for your IRA

When you need to draw on your IRA for income or take your RMDs, you will find two flexible options. Please note that distributions from your IRA are subject to income taxes and may be subject to penalties and other conditions if you are under 59 1/2.

- **Partial withdrawals:** Withdraw any amount from your IRA at any time. If you are age 72 or over, you will have to take at least enough from one or more IRAs to meet your annual RMD.
- **Systematic withdrawal plans:** Structure regular, automatic withdrawals from your IRA; choose the amount and frequency to meet your retirement income needs. If you are under age 59 1/2, you may be subject to a 10% early withdrawal penalty unless your withdrawal plan meets Code Section 72(t) rules discussed[20].

**Note:** New legislation allows individuals who did not turn 70 1/2 by the end of 2019 to take RMDs on April 1 of the year in which you turn age 72.

Your tax advisor can help you understand distribution options, determine RMD requirements, calculate RMDs, and set up a systematic withdrawal plan. Neither FSC nor its representatives provide tax or legal advice. Please consult your attorney or tax advisor for answers to your specific questions. Remember, The Retirement Group is not affiliated with KP.

# Your KP Benefits

## KP Benefits Annual Enrollment

As stated in your KP SPD (4), annual enrollment for your KP benefits usually occurs each fall (Ex. Oct. 24 - Nov. 15, 2019). Before it begins, you will be mailed enrollment materials and an upfront confirmation statement reflecting your benefit coverage to the address on file. You'll find enrollment instructions and information about your benefit options and contribution amounts. You will have the option to keep the benefit coverage shown on your upfront confirmation statement or select benefits that better support your needs. You can choose to enroll in eBenefits and receive this information via email instead.

### Next Step:

- Watch for your annual enrollment information in the September/November time frame.
- Review your benefits information and utilize the tools and resources available on the KP Benefits Center website.
- Enroll in eBenefits.

### Things to keep in mind :

- 47% of Americans cite health care as their greatest economic concern.(27)
- Medical bills are the No. 1 cause of bankruptcy in the United States. (28)
- For older Americans, healthcare costs represent the second-largest expense, behind housing.(29)

**If you don't have an advisor,  
email us at**

**[info@theretirementgroup.com](mailto:info@theretirementgroup.com)**

# Your KP Benefits - Example

Kaiser Permanente's life and accident insurance program provides financial protection for your beneficiaries in the event of your death.

## Eligibility

If you were hired prior to January 1, 1997: If you meet the eligibility requirements for Retiree Medical, and you elected to continue the two times annual salary life insurance benefit, you will begin retirement with two times your annual salary in life insurance, up to a maximum of \$750,000. This amount will continue in force for one month without reduction. Thereafter, it will taper by 1 percent of the original amount each month for 75 months until it reaches a minimum of 25 percent of the original amount. If you retire after age 65, your life insurance will begin tapering based upon the coverage amount in effect at age 65. If you did not elect to continue the two times annual salary life insurance plan, your life insurance benefit will be based on an original amount of \$5,000 of life insurance coverage. This amount will be reduced by 1 percent each month until the life insurance amount reaches \$2,000.

If you were hired on or after January 1, 1997: If you meet the eligibility requirements for Retiree Medical, your life insurance benefit will be based on an original amount of \$5,000 of life insurance coverage. This amount will be reduced by 1 percent each month until the life insurance amount reaches \$2,000.

If you were hired on or after January 1, 2014: You are not eligible for Retiree Life insurance coverage. TPMG still has the benefit for hires after 2014.

**Disclaimer:** KP contains many different groups of employees that are provided with similar but differing benefits. The following information pertains to the Southern California Permanente Medical Group (SCPMG) SPD.

# Your KP Benefits - Example

## Retiree Medical (TPMG)

You will be offered retiree medical benefits if you retire from Kaiser Permanente at age 55 (or later) with at least 15 Years of Service.

Eligibility for Grandfathered Employees: If you were hired before February 1, 1986, you are eligible if you retire at age 55 with at least 15 Years of Service, or if your age and years of service equal 75 or more.

Your retiree medical benefits begin at age 65, or when you become eligible for and enroll in Medicare, whichever is later. If you are a Grandfathered employee, you will be offered retiree medical benefits effective the first day of the month following your retirement date.

You will receive Medicare-coordinated coverage equivalent to the high plan offered to active employees in effect at the time you receive services. Your benefit also includes Supplemental Medical Plan coverage. If your retiree medical benefits begin before age 65, then you will receive coverage equivalent to the high plan offered to active employees in effect at the time you receive services. Kaiser Permanente pays the cost of your retiree medical benefit premiums.

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# Your KP Benefits - Example

## The Modified Retiree Medical (KFH/KFHP)

You will be offered retiree medical benefits if you retire from Kaiser Permanente at age 55 (or later) with at least 15 years of service.

**Eligibility for Grandfathered Employees:** If you were hired before February 1, 1986, you are eligible if you retire at age 55 with at least 15 years of service, or if your age and years of service equal 75 or more. You will be offered retiree medical benefits when you turn age 65 or when you become eligible for and enroll in Medicare, whichever is later. If you are a Grandfathered employee, you will be offered retiree medical benefits effective the first day of the month following your retirement date.

If you were hired before January 1, 2014, Kaiser Permanente will provide both you and your spouse or domestic partner with a Retiree Medical Subsidy to help pay for the Basic or Core Kaiser Permanente Senior Advantage Individual Plan monthly premium. In 2017, the subsidy was up to \$186 per month to cover the premium costs for the Basic or Core Kaiser Permanente Senior Advantage Individual Plan only. Once you become eligible for and enroll in Medicare, you can access a Retiree Medical Health Reimbursement Account (HRA). The Retiree Medical HRA is a notional account, which is an account where funds are made available only when you present a reimbursement claim. The initial Retiree Medical HRA balance will be based on \$2,500 for every year of service. For example, if you retire from Kaiser Permanente with 30 years of service, the initial Retiree Medical HRA balance will be \$75,000.

**Looking for a second opinion,  
click here to speak to a  
Financial advisor today!**

[Click Here](#)

# Your KP Benefits - Example

## Kaiser Foundation Health Plan

Kaiser Foundation Health Plan (KFHP) coverage is provided to all full-time physicians and enrolled eligible spouses/domestic partners as well as dependent children (up to age 26).

KFHP coverage is comprehensive and includes basic and major medical care at Kaiser Permanente medical facilities, such as hospitalization, surgery, maternity care, diagnostic imaging and laboratory expense, durable medical equipment, and emergency care.

Your KFHP coverage includes:

- \$0 co-payment for doctor office visits
- \$5 co-payment for each prescription
- \$175 vision care allowance toward the purchase of eyeglass lenses, frames and contact lenses every 24 months
- \$0 co-payment for mental health visits, and unlimited inpatient and outpatient visits per calendar year (with a diagnosis of psychosis)
- \$2,500 hearing aid allowance per device, per member, every 3 years

## Supplemental Medical

Supplemental Medical provides additional coverage by reimbursing a percentage (100%, 80% or 50%) of certain medically necessary expenses that are not covered by KFHP coverage or that exceed plan limits. Reimbursable services covered by Supplemental Medical include acupuncture, chiropractic care, custodial care and convalescent care. You must first meet your annual deductible before the plan begins to pay:

| Coverage Level | Annual Deductible for Associates |
|----------------|----------------------------------|
| Individual     | \$100.00                         |
| Family         | \$200.00                         |

## Alternate Mental Health

Your health care benefits also include coverage for mental health services received outside of Kaiser Permanente. Alternate Mental Health includes coverage for hospitalization, outpatient visits, alcohol/drug dependency and day/night care treatment.

# Your KP Benefits - Example

## Dental

You may choose to enroll in one of three dental plans:

|                 | Delta Dental (PPO)  | United Concordia (DMO)  | DeltaCare USA (DMO)   |
|-----------------|---|---|---|
| Provider        | <ul style="list-style-type: none"> <li>Use any dentist, or select from the extensive Delta Dental PPO network for greater savings</li> </ul>                      | <ul style="list-style-type: none"> <li>Must select a dentist from a panel of providers</li> </ul>   | <ul style="list-style-type: none"> <li>Must select a dentist from a panel of providers</li> </ul>   |
| Plan Coverage   | <ul style="list-style-type: none"> <li>100% of preventive services</li> <li>80% of usual reasonable and customary (R&amp;C) charges for basic services</li> </ul> | <ul style="list-style-type: none"> <li>Most preventive services covered at 100%</li> <li>Co-payments required for basic &amp; major services</li> </ul> | <ul style="list-style-type: none"> <li>Most preventive services covered at 100%</li> <li>Co-payments required for basic &amp; major services</li> </ul> |
| Maximum Benefit | <ul style="list-style-type: none"> <li>\$1,500</li> </ul>   | <ul style="list-style-type: none"> <li>No maximum</li> </ul>  | <ul style="list-style-type: none"> <li>No maximum</li> </ul>  |
| Orthodontics    | <ul style="list-style-type: none"> <li>50% of orthodontic services up to \$1,250</li> </ul>   | <ul style="list-style-type: none"> <li>Available for dependent children and adults</li> <li>You pay a start-up fee plus co-pay</li> </ul>               | <ul style="list-style-type: none"> <li>Available for dependent children and adults</li> <li>You pay a start-up fee plus co-pay</li> </ul>               |

## Special Dependent Coverage

You may enroll Special Dependents in KFHP coverage,

similar to what you receive. Coverage is available to your parents, parents-in-law, parents of your domestic partner and over-age children. Special Dependents are eligible for coverage if they live in the Northern or Southern California service area, are not hospital-confined at the time of enrollment and do not have end-stage renal disease. Premiums for Special Dependent coverage may be deducted from your paycheck or may be billed to the Special Dependent. Special Dependent coverage includes KFHP coverage only.

## Long Term Care Insurance

Upon attaining Partnership, physicians are eligible to purchase Long Term Care insurance to help reimburse expenses associated with care needed if you or a covered family member are chronically ill. Long Term Care insurance is provided by Genworth Financial.

## Employee Assistance Program (EAP)

The Employee Assistance Program (EAP) is a free and confidential service available for active physicians and their dependent family members. EAP counselors are licensed, trained clinicians with years of experience and are available for short term problem-solving on a wide range of issues at no charge.

## Employee Discounts

Access the online Employee Discounts web page to purchase discounted entertainment tickets or travel. You may also be eligible for discounts on child care services, health and fitness programs, mobile phone services, computers and more.

## Short-Term & Long-Term Disability

Short-Term: Depending on where you work, you may have access to short-term disability (STD) benefits.

Long-Term: Your long-term disability (LTD) benefits are designed to provide you with income if you are absent from work for six consecutive months or longer due to an eligible illness or injury.

# Your KP Benefits

## What Happens If Your Employment Ends

Your life insurance coverage and any optional coverage you purchase for your spouse/domestic partner and/or children ends on the date your employment ends, unless your employment ends due to disability. If you die within 31 days of your termination date, benefits are paid to your beneficiary for your basic life insurance, as well as any additional life insurance coverage you elected.

### Note:

- You may have the option to convert your life insurance to an individual policy or elect portability on any optional coverage.
- If you stop paying supplementary contributions, your coverage will end.
- If you are at least 65 and you pay for supplemental life insurance, you should receive information in the mail from the insurance company that explains your options.
- Make sure to update your beneficiaries. See the SPD(4) for more details.

**If you aren't sure about finances  
after a job loss, read our e-book**

**"How to Survive Financially  
after a Job Loss**

## KP Beneficiary Designations

As part of your retirement and estate planning, it's important to name someone to receive the proceeds of your benefits programs in the event of your death. That's how KP will know whom to send your final compensation and benefits. This can include life insurance payouts and any pension or savings balances you may have.

### Next Step:

When you retire, make sure that you update your beneficiaries. KP has an Online Beneficiary Designation form for life events such as death, marriage, divorce, child birth, adoptions, etc.

# Social Security

Identifying optimal ways to claim Social Security is essential to your retirement income planning. For many retirees, understanding and claiming Social Security can be difficult. Social Security benefits are not designed to be the sole source of your retirement income, but rather a part of your overall withdrawal strategy. Knowing the foundation of Social Security and using this knowledge to your advantage can help you claim your maximum benefit.

It is your responsibility to enroll in Medicare parts A and B when you first become eligible — and you must stay enrolled to have coverage for Medicare-eligible expenses. This applies to your Medicare eligible dependents as well.

You should know how your retiree medical plan choices or Medicare eligibility impact your plan options. Before you retire, click on our e-book "[Social Security](#)" (11) for more information, contact the U.S. Social Security Administration directly at (800) 772-1213, call your local Social Security Office or visit [ssa.gov](#). They can help determine your eligibility, get you and/or your eligible dependents enrolled in Medicare or provide you with other government program information.

**For more information on social security, read our e-book**

**"Social Security"**

## Next Step:

Check the status of your Social Security benefits before you retire. Contact the U.S. Social Security Administration by calling 800-772-1213. You can also call your local Social Security office or visit [ssa.gov](#). Also review The Retirement Group e-book on [Social Security](#)(11).

| Year of Birth | Full Retirement Age |
|---------------|---------------------|
| 1943-1954     | 66                  |
| 1955          | 66 and 2 months     |
| 1956          | 66 and 4 months     |
| 1957          | 66 and 6 months     |
| 1958          | 66 and 8 months     |
| 1959          | 66 and 10 months    |
| 1960+         | 67                  |

# Social Security: Medicare

If you or your dependents are currently or will become eligible for Medicare after you leave KP, Medicare generally becomes the primary coverage for you or any of your dependents as soon as the individual becomes eligible for Medicare. This will affect your company-provided medical benefits. You and your Medicare-eligible dependents must enroll in Medicare Parts A and B when you first become eligible. Medical and MH/SA benefits payable under the company-sponsored plan will be reduced by the amounts Medicare Parts A and B would have paid whether you actually enroll in them or not. For details on coordination of benefits, refer to your summary plan description (SPD)(4).

If you or your eligible dependent do not enroll in Medicare Parts A and B, your provider can bill you for the amounts that are not paid by Medicare or your KP medical plan, making your out-of-pocket expenses significantly higher.

According to the Employee Benefit Research Institute (EBRI), Medicare will only cover about 60% of an individual's medical expenses. This means a 65-year-old couple, with average prescription-drug expenses for their age, will need \$259,000 in savings to have a 90% chance of covering their healthcare expenses. A single male will need \$124,000 and a single female, thanks to her longer life expectancy, will need \$140,000.

Projected annual Medicare costs for an individual: Part B and Part D premiums<sup>12</sup> >

| Year | Age | Part B  | Part D  | Annual B+D |
|------|-----|---------|---------|------------|
| 2020 | 65  | \$1,725 | \$871   | \$2,596    |
| 2030 | 75  | \$3,238 | \$1,636 | \$4,874    |
| 2040 | 85  | \$6,078 | \$3,070 | \$9,148    |

## Next Step:

Get Medicare prescription drug information by visiting [medicare.gov](https://www.medicare.gov).

Check your SPD Summary(4) to see if you're eligible to enroll in Medicare Parts A and B (4). If you become Medicare eligible for reasons other than age, you must contact the KP Benefits Center about your status.

| How we can help:                                      | Time to Retirement |                 |               |
|---|--------------------|-----------------|---------------|
|   | Several Years      | 2 Years or Less | In Retirement |
| Familiarize you with individual healthcare plans      | ✓                  | ✓               | ✓             |
| Estimate your healthcare costs in retirement          | ✓                  | ✓               | ✓             |
| Design an overall retirement plan for you             | ✓                  | ✓               | ✓             |
| Incorporate healthcare costs into your plan           | ✓                  | ✓               | ✓             |
| Manage your plan to help you achieve your goals       | ✓                  | ✓               | ✓             |
| Explain the basics of Medicare                        |                    | ✓               | ✓             |
| Familiarize you with the Medicare enrollment process  |                    |                 | ✓             |
| Help you avoid coverage delays and possible penalties |                    |                 | ✓             |

# Divorced or Divorcing?

## KP and Divorce

Are you divorced or in the process of divorcing? Your former spouse(s) may have an interest in a portion of your KP retirement benefits.

“Happily ever after” and “until death do us part” won’t happen for 28% of couples over the age of 50.3. Most couples saved together for decades, assuming they would retire together. After a divorce, they face the expenses of a pre-or post-retirement life, but with half their savings.(32)

## What's required?

Before you can start your pension—and for each former spouse who may have an interest—you’ll need to provide KP with the following documentation:

- A copy of the court-filed Judgment of Dissolution or Judgment of Divorce along with any Marital Settlement Agreement (MSA)
- A copy of the court-filed Qualified Domestic Relations Order (QDRO)

You’ll need to submit this documentation to the KP online Pension Center regardless of how old the divorce or how short the marriage.

**IMPORTANT:** If you don’t provide KP with the required documentation, your pension benefit could be delayed or suspended.

**For more information on strategies for divorce individuals, read our e-book**

**"Strategies for Divorced Individuals"**

# Divorced or Divorcing?

## Social Security and Divorce

You can apply for a divorced spouse's benefit if the following criteria are met:

- You are at least 62 years of age
- You were married for at least 10 years prior to the divorce
- You are currently unmarried
- Your ex-spouse is entitled to Social Security benefits
- Your own Social Security benefit amount is less than your spousal benefit amount, which is equal to one-half of what your ex's full benefit amount would be if claimed at Full Retirement Age (FRA)

Unlike with a married couple, your ex-spouse doesn't have to have filed for Social Security before you can apply for your divorced spouse's benefit, but this only applies if you've been divorced for at least two years and your ex is at least 62 years of age. If the divorce was less than two years ago, your ex must already be receiving benefits before you can file as a divorced spouse.

Divorce doesn't even disqualify you from survivor benefits. You can claim a divorced spouse's survivor benefit if the following are true:

- Your ex-spouse is deceased
- You are at least 60 years of age
- You were married for at least 10 years prior to the divorce
- You are single (or you remarried after age 60)



## In the process of divorcing?

If your divorce isn't final before your retirement date, you're still considered married. You have two options:

- Retire before your divorce is final and elect a joint pension of at least 50% with your spouse—or get your spouse's signed, notarized consent to a different election
- Delay your retirement until after your divorce is final and you can provide the required divorce documentation



# Survivor Checklist

## What your survivor needs to do


- Report your death. Your spouse, a family member or even a friend should call the KP Benefits Service Center as soon as possible to report your death.
- Collect life insurance benefits. Your spouse or other named beneficiary will need to call the KP Benefits Service Center to collect life insurance benefits.

## If you have a joint pension

- Start the joint pension payments. The joint pension is not automatic. Your joint pensioner will need to complete and return the paperwork from the KP Pension Call Center to start receiving joint pension payments.
- Be prepared financially to cover living expenses. Your spouse will need to be prepared with enough savings to bridge at least one month between the end of your pension payments and the beginning of his or her own pension payments.

## If your survivor has medical coverage through KP

- Decide whether to keep medical coverage.
- If your survivor is enrolled as a dependent in KP-sponsored retiree medical coverage when you die, he or she needs to decide whether to keep it. Survivors have to pay the full monthly premium.



**Attend a Retirement Group Webinar  
on your KP Pension Plan. Click here  
to reserve your spot!**

**Webinar RSVP**

# Life after KP -- Why would I work?

## FINANCIALLY: BENEFITS OF WORKING

### Make up for Decreased Value of Savings or Investments.

Low interest rates have made it great for Lump Sums but harder to generate portfolio income. Some people continue to work to make up for poor performance of their savings and investments.

### Maybe you took a KP offer & left earlier than you wanted and less retirement savings than you needed.

Instead of drawing down savings, some decide to work a little longer to pay for extras you've always denied yourself in the past. See our e-book "[Early Retirement Offers](#)" (9) for more information.

### Meet Financial Requirements of day-to-day living.

Expenses can increase during retirement and working can be a logical and effective solution to this problem.

### Keep Insurance or Benefits

You may choose to continue working in order to keep your insurance or other benefits. Many employers offer free to low cost health insurance, for part-time workers.

## EMOTIONALLY: BENEFITS OF WORKING

### Staying Active and Involved

Retaining employment, even if it's just part-time, can be a great way to use the skills you've worked so hard to build over the years and keep up with friends and colleagues.

### Enjoy Yourself at Work.

Just because the government has set a retirement age with its Social Security program doesn't mean you have to schedule your own life in such a manner. Many people genuinely enjoy their employment and continue working because their jobs enrich their lives.

### A New Job Opportunity comes along.

You might find yourself with very tempting job opportunities at a time when you thought you'd be withdrawing from the workforce.

#### A PAYCHECK PAYS OFF

Part-time work can really boost the odds of your nest egg being sufficient.



Notes: Assumes assets are 60% in stocks and 40% in bonds and withdrawals increase each year with inflation. Source: David Blanchett, Morningstar

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- (4) KP Summary Plan Description, 2017/2018
- (5) <https://seekingalpha.com/article/4268237-order-withdrawals-retirement-assets>
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- (7) [8 Tenets when picking a Mutual Fund](#) e-book
- (8) [Determining Cash Flow Need in Retirement](#) e-book
- (9) [Early Retirement Offers](#) e-book
- (10) [Social Security](#) e-book
- (11) [Rising Interest Rates](#) e-book
- (12) [Closing The Retirement Gap](#) e-book
- (13) [Rollover Strategies for 401\(k\)s](#) e-book
- (14) [How to Survive Financially After a Job Loss](#) e-book
- (15) [Financial PTSD](#) e-book
- (16) [RetireKit](#)
- (17) [What has Worked in Investing](#) e-book
- (18) [Retirement Income Planning for ages 50-65](#) e-book
- (19) IRS 72(t) code: <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-tax-on-early-distributions>
- (20) [Strategies for Divorced Individuals](#) e-book
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# For more resources

Mid-West Regional Office  
10733 Sunset Office Drive  
Suite 225  
St. Louis, MO  
Phone: 1-314-858-9090

North-West Regional Office  
2603 Camino Ramon  
(Bishop Ranch 3)  
San Ramon, CA 94583  
Phone: 1-800-900-5867

Mid-Atlantic Regional Office  
933 Pickering Drive  
Yardley, PA 19067  
Phone: 1-281-241-9886

South-West Regional Office  
1980 Post Oak Blvd.  
Suite #1500  
Houston, TX 77056  
Phone: 1-281-241-9886



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Complementary  
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