

# VEBA

## Voluntary Employee Beneficiary Association

- Employer (PBSO) generated contribution whose sole purpose is to provide employee benefits, in the form of a trust fund, under IRS regulation 7.25.9
- Tax free money used to supplement health care costs for retirees

# Current Healthcare Benefits for Retiree's

- The Sheriff contributes \$16 dollars, for every year of service with PBSO, until your retirement date
- The State of Florida Health Insurance Subsidy (HIS) also contributes \$5 dollars for every year of service, up to 30 years maximum (enrollment in DROP is considered retirement and employee doesn't collect the benefit during DROP employment)

# Current Healthcare Benefits for Retiree's

## Example

D/S Jones retires with 25 years of service. Their benefit would be as follows

\$16 X 25 years of service = \$400 from PBSO

\$5 X 25 years of service = \$125 from State of Florida

Total benefit would be \$525 a month towards health care costs (premiums), of which the Florida State HIS is taxed prior to payment to the retiree.

# Limitations of the Current Healthcare Supplement

- The health care supplement, provided by the Sheriff, is paid directly to Cigna, (or whoever the current health care provider for PBSO is) not the member
- Cigna increases the member's cost for health care, if they move out of the state of Florida
- If a retired member leaves Cigna it is Cigna's determination on whether or not that member can re-enter the Cigna health care system

# Proposed VEBA

- Contribute a percentage of upcoming cost of living allowance (COLA) raises, over the course of 3 years, into an established VEBA account. This would supplement additional money to the current post retirement health care system, provided by the Sheriff and State of Florida.
- Current employees are grandfathered in to receive the current benefits, from the Sheriff and State of Florida, as well as the VEBA money.

# Benefits of Proposed VEBA

- Benefits will be available for members for their entire life, once they retire, regardless of the health care provider they choose.
- Benefits would pass on to the member's spouse, upon their death (50% Survivor Benefit), and would continue paying until the spouses death.
- Benefits will be paid to members, regardless of what state or country they retire to.
- Benefits are pre-tax, going into the VEBA, and are also paid tax free to the member once they retire.

# Retiree's Health/Dental Insurance Rates 2016

Health Insurance Plan Types	2015 Rates	2016 Rates
<i>Main Residence (FLORIDA)</i>		
Network Retiree Only	\$755.84	\$794.44
Network Retiree + 1	\$1,595.04	\$1,675.88
Network Retiree + Family	\$2,129.02	\$2,236.74
MEDICARE – Network Retiree Only	\$561.66	\$590.46
MEDICARE – Network Retiree + 1	\$1,263.06	\$1,327.20
MEDICARE – Network Retiree + Family	\$1,650.30	\$1,733.92
Network POS Retiree Only	\$793.04	\$833.50
Network POS Retiree + 1	\$1,673.16	\$1,757.94
Network POS Retiree + Family	\$2,233.16	\$2,346.14
MEDICARE – Network POS Retiree Only	\$613.16	\$644.56
MEDICARE – Network POS Retiree + 1	\$1,295.36	\$1,361.12
MEDICARE – Network POS Retiree + Family	\$1,729.46	\$1,817.08
<i>Main Residence (Any State in USA)</i>		
Open Access Plus Retiree Only	\$847.02	\$890.46
Open Access Plus Retiree + 1	\$1,764.44	\$1,855.60
Open Access Plus Retiree + Family	\$2,348.22	\$2,469.74
MEDICARE – Open Access Plus Retiree Only	\$655.76	\$689.24
MEDICARE – Open Access Plus Retiree + 1	\$1,362.82	\$1,433.08
MEDICARE – Open Access Plus Retiree + Family	\$1,812.74	\$1,906.42
Dental Insurance Plan Types	2015 Rates	2016 Rates
<i>Main Residence (FLORIDA)</i>		
DHMO Retiree Only	\$30.46	\$32.12
DHMO Retiree + 1	\$44.96	\$47.38
DHMO Retiree + Family	\$80.82	\$85.18
<i>Main Residence (Any State in USA)</i>		
DPPO Retiree Only	\$34.92	\$29.50
DPPO Retiree + 1	\$72.44	\$61.18
DPPO Retiree + Family	\$99.70	\$84.18

**Portion of checkout money required to be contributed for those employees leaving prior to 2022**

	2016	2017	2018	2019	2020	2021
VEBA amount funded (if retiring after annual COLA contribution)	1%	3.5%	7.5%	11.5%	15.5%	19.5%
Buy-in amount owed (of base salary only)	19%	16.5%	12.5%	8.5%	4.5%	0.5%



	Salary \$100,000	COLA percentage contributed to VEBA	VEBA amount contributed by Sheriff	Salary w/o VEBA
2016 (after July 2% COLA)	1% COLA to salary = \$101,000	1% COLA to VEBA	\$1,000	\$102,000

For 2017 and 2018 the only COLA the Sheriff has agreed to, at this time, is the 1.5% to cover the VEBA contributions each of these years. Any COLA above the agreed to 1.5% has to still be negotiated and is contingent upon the strength/weakness of the economy at that time as well as other factors. As such, any additional COLA for 2017/2018 is not guaranteed!! If in 2017/2018 the Sheriff agrees to a COLA above the 1.5%, already agreed to, than that portion of the COLA would go directly towards the employee's salary.

2017 (1.5% COLA)	\$101,000	1.5% COLA to VEBA (plus 2016 1% contr = 2.5%)	\$2,525	\$103,525
2018 (1.5% COLA)	\$101,000	1.5% COLA to VEBA (plus 2016 / 2017 2.5% contr = 4.0%)	\$4,040	\$105,040

### **COLA CONTRIBUTIONS TO VEBA ARE COMPLETE**

2019 <u>* IF A 3% COLA WAS NEGOTIATED</u>	3% COLA to salary = \$104,030	4.0% contribution	\$4,162	\$108,191
2020 <u>* IF A 3% COLA WAS NEGOTIATED</u>	3% COLA to salary = \$107,151	4.0% contribution	\$4,286	\$111,437

	<b>VEBA Benefit Based on 30 Years of Service and 3% COLA</b>	
	<b>Sworn Members</b>	<b>Civilians</b>
<b>2017</b>	<i>\$ 290</i>	<i>\$ 260</i>
<b>2018</b>	<i>\$ 299</i>	<i>\$ 268</i>
<b>2019</b>	<i>\$ 308</i>	<i>\$ 276</i>
<b>2020</b>	<i>\$ 317</i>	<i>\$284</i>
<b>2021</b>	<i>\$ 326</i>	<i>\$293</i>
<b>2027 (10 years)</b>	<i>\$ 378</i>	<i>\$349</i>
<b>2032 (15 years)</b>	<i>\$ 452</i>	<i>\$405</i>
<b>2037 (20 years)</b>	<i>\$524</i>	<i>\$470</i>

**THE PALM BEACH  
COUNTY SHERIFF'S OFFICE RETIREE BENEFIT FUND  
FOR BARGAINING UNIT EMPLOYEES  
V.E.B.A.**

**Preliminary Determination of Post-Retirement Health Insurance Benefits Levels  
for Two-Component Benefit Design with the Maximum Benefit Capped at 150% of the Base**

Date of the First Benefit Payment*		Initial Monthly Benefit Amount			
		Sworn Personnel		Civilian Employees	
		Union Members	All Sworn Personnel	Union Members	All Civilian Employees
1/1/2017	Base	210	210	190	180
	Service Based	4.30	4.00	3.30	3.30
1/1/2018	Base	220	220	190	180
	Service Based	4.30	4.00	3.30	3.30
1/1/2019	Base	230	230	200	200
	Service Based	4.30	4.00	4.30	4.00

Service	Sample Benefits Paid in 2017			
10	220	220	190	180
20	290	290	215	210
35	525	525	271.5	267.5

\* Amounts presented above have been determined assuming all employees retiring after January 1, 2016 will be eligible for benefits as long as they meet service and contribution requirements. That is, eligible employees retiring during 2016 will begin receiving benefits on the date indicated above.

Generally, demographic assumptions are the same as used by the Florida Retirement System in the July 1, 2013 actuarial valuation. More details will be included in the forthcoming report.

Long term care of retiree is assumed at 0%.

In any given year, all eligible retirees with some service with Sheriff's Office will receive the same benefit regardless of age or time after retirement. Benefits are scheduled to increase annually by 7%. Eligible surviving spouses will receive 50% of the amount paid to retiree. 50% of retiring employees are assumed to be married with a spouse eligible for survivor benefits in the event of retiree's death.

Benefit amounts have been developed assuming that administrative expenses will be paid from the trust which will reduce monies available to pay benefits. Administrative expenses are modeled by adding a 1% load to benefits discussed above.

This PowerPoint presentation is available on the PBA website @ [www.pbcpcbpa.org](http://www.pbcpcbpa.org)

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