

SEPARATING FROM SERVICE



Things to consider when leaving employment with the City of Bellevue.

Resources

We appreciate your service to the City of Bellevue and wish you success in your future endeavors.

Human Resources Customer Assistance

425-452-6838 or bellevuehr@bellevuewa.gov

Connect2MyBenefits

<https://c2mb.ajg.com/cityofbellevue/home>

The city's benefits library, available from any internet connection. Refer to Retirement Programs/Leaving Employment.

Navia Benefit Solutions

1-800-669-3539 or naviabenefits.com

(company code CFB)

(Customer Service Hours: 7 a.m.-5 p.m. PT)

Flexible Spending Accounts and COBRA

Individual Health Insurance – Washington State

Office of the Insurance Commissioner

1-800-562-6900 or insurance.wa.gov

Department of Retirement Systems

DRS general information: 1-800-547-6657 or

drs.wa.gov

457 Deferred Compensation Program (DCP)

1-800-327-5596 or drs.wa.gov/dcp

MEBT 401K

MEBT Plan Service Center: 1-800-690-5410 or mebt.org

Social Security Administration

SSA general information: 1-800-772-1213 or ssa.gov

Windfall Elimination Provision: SSA Publication 10045

Government Pension Offset: SSA Publication 10007

Centers for Medicare & Medicaid Services

1-800-633-4227 or medicare.gov

IRS

IRS General Information: irs.gov

Health Benefits

Medical, dental, and vision coverage ends the last day of the calendar month in which you leave employment with the City of Bellevue.

It is important to explore all your options, including comparing COBRA (continuation of a group plan) to individual plans. There are deadlines and rules that apply to each situation.

COBRA

You and any family members that have been enrolled on the health plans will be given the opportunity to continue this coverage through COBRA for a limited time.

Your health plan coverage will be terminated until you elect COBRA and pay your initial premium. In the interim, you may need to pay for any services provided and file a claim once your coverage has been reinstated.

When your employment ends, Navia Benefit Solutions will send a COBRA election packet to your mailing address. It will contain your rights and obligations under COBRA, as well as the monthly rates. Each family member has a separate right to enroll in COBRA coverage and may choose to continue medical, dental, and/or vision coverage.

The regulations have very specific time frames for response. If you are interested in COBRA, you must respond by the dates outlined in the election packet. Once you elect COBRA coverage on the Election Form and pay your initial premium within the specified time frames, your coverage will be reinstated retroactively to the first day after your loss of active benefits.

If you do not receive your election packet at your mailing address within two weeks from your last date of active coverage, or if you have any questions about your rights and obligations under COBRA, please call or email Navia.

Other Options

You may have other options available to you when you lose group health coverage and these options may cost less than COBRA coverage.

- You may be eligible to buy an individual plan through Washington Health Plan Finder, the state Marketplace/exchange. By enrolling in coverage through the Marketplace, you may qualify for lower costs on your monthly premiums and lower out-of-pocket costs. Also check to see whether you qualify for Medicaid.
- You may qualify for 30-day special enrollment period for another group health plan for which you are eligible (such as a spouse's plan), even if that plan generally doesn't accept late enrollees.
- If you are 65 or older, be sure to enroll in Medicare. Note: being on COBRA when you turn age 65 is not a reason to delay enrollment in Medicare (parts A and B as well as advantage and supplement plans). You must enroll at age 65 or pay a penalty when you enroll later.

You can learn more about these options at:

- Washington State Office of Insurance Commissioner: [insurance.wa.gov](https://www.insurance.wa.gov)
- Washington Health Plan Finder (the Washington state marketplace/exchange for individual plans): [wahealthplanfinder.org](https://www.wahealthplanfinder.org)
- SHIBA (the Statewide Health Insurance Benefits Advisors Help Line, for free and impartial counseling, advocacy, assistance and education about health care access and insurance): [insurance.wa.gov/shiba](https://www.insurance.wa.gov/shiba)

Flexible Spending Accounts (FSAs)

Health Care FSA

If you cease employment during the plan year and your account is under spent, you have some options. Here are the choices:

1. STOP – Your final paycheck will have the normal deduction and the account will be closed. We will

record a termination date and you are able to be reimbursed for services incurred before the termination date.

2. ACCELERATE* – You can authorize your employer to take the remaining deductions from your final paycheck by providing your written request to Human Resources. This deduction will be pre-tax and you can participate in the plan through the end of the plan year.

3. COBRA – Under certain circumstances, you may be eligible to continue participation on an after-tax basis through COBRA. To maintain eligibility you must make the monthly payments to Navia Benefit Solutions.

Day Care FSA

If you terminate employment during the plan year, your benefit will cease. However, you can still access the funds in your account through the end of the plan year (even if the dates of service are after your termination date).

Online Account Access

To view account balance and other account information online, visit naviabenefits.com, and register for a member log in by selecting the 'Participant' link. Use CFB as the three letter company code.

* Please note if you have a FSA Debitcard, you may not use it after separating from service. You must file a claim to receive reimbursements.

Group Life Insurance / Group Accidental Death and Dismemberment Insurance (AD&D)

This coverage, through Standard Insurance, ends the date your employment ends.

It includes:

- City of Bellevue provided term Life and AD&D (amount is \$50,000) **AND**
- Voluntary employee-paid term Life and AD&D Coverage

Life insurance is eligible for portability (continuation) **for up to 24 months if:**

- your coverage has been in effect for at least 12 months;

- you are not retiring or disabled; and
- you apply in writing and pay the first premium within 31 days after your employment terminates

There is no provision to continue AD&D benefits through Standard.

This coverage will end prior to 24 months if you become insured under any other group life insurance plan.

Coverage eligible for portability:

- Employee life insurance: The maximum amount of life insurance you may continue is the lesser of: (1) the amount in effect on the date your employment terminates; or (2) \$300,000. The minimum amount of life insurance you may continue is \$25,000.
- Spouse/Domestic Partner life insurance: The maximum amount of dependents life insurance you may continue is the lesser of: (1) the amount in effect on the date your employment terminates; or (2) \$10,000. The minimum amount of dependents life insurance you may continue is \$1,000.
- For each child: The maximum amount of dependents insurance you may continue is the lesser of: (1) the amount in effect on the date your employment terminates; or (2) \$5,000. The minimum amount of dependents life insurance you may continue is \$1,000.

Portability monthly rates are based on multiples of \$1,000 per month (use the age of the insured as of the last January 1st)

Age	Rate	Age	Rate
Under 30	0.118	50 through 54	0.721
30 through 34	0.125	55 through 59	1.233
35 through 39	0.164	60 through 64	1.471
40 through 44	0.266	65 through 69	2.827
45 through 49	0.468	70 through 74	5.089

Another option besides temporary portability is the right to convert your life insurance by purchasing an individual policy. You must apply in writing and pay the first premium **within 31 days of your**

termination date. This is an individual whole life policy and Standard Insurance will use their published rates for standard risk to determine the premium.

For all the terms and conditions, please see the Group Life Insurance Portability Form or the Group Conversion Packet, available upon request by contacting Michelle Robinson or by calling the Standard at 1-800-378-4668.

Retirement Benefits

During your employment with the City of Bellevue, you may have participated in one or more of the city's retirement plans. When you separate from service you may:

- remain in the plan(s)
- take a distribution
- rollover your vested account balance to another qualified plan

Some exceptions may apply to these options.

Your final paycheck will include any eligible accrued unused vacation leave cash outs. Unrepresented employees leaving city employment with at least 20 years of service or immediately retiring with the Washington Department of Retirement Systems are also eligible for cash outs of 10% of accrued unused sick leave. If you want all, or part of your vacation and/or sick leave cash out amount to go to your MEBT and/or 457 plans on your final paycheck, email payroll@bellevuewa.gov or call 425-452-7652 at least 60 days before your last working day with the city. Provide detail of how much of your cash out you want to go to your MEBT and/or 457 plans, and payroll can help you calculate contribution change amounts so that you can defer as much as possible without exceeding contribution limits. Represented employees should refer to their bargaining contracts.

Retirement plan distributions can be initiated after receipt of your final pay and your final retirement contributions have been processed. You are encouraged to consider your options carefully and consult with your financial or tax consultant regarding federal tax implications and/or tax penalties associated with withdrawals from retirement plans.

Washington State Department of Retirement Systems (DRS) Pension Plan

This is a defined benefit 401(a) plan administered by DRS (PERS Plan 1, 2 & 3, LEOFF 1 & 2, or PSERS 2). A lifetime monthly retirement pension amount is based on a formula, not on what you contribute. Each plan has its own service credit formulas, vesting periods, retirement age eligibility and pension benefits.

Remain in the Plan

Leaving your current DRS-covered position before you retire can have an impact on your benefits. The nature of the impact depends on where you are next employed and whether you withdraw your contributions from DRS. If your next job is DRS eligible, your membership and service credit will continue. Update name, address and beneficiary changes directly with DRS.

You are not required to withdraw your contributions when you leave employment. If you leave your contributions with DRS, your funds will continue to accrue interest and your service credit will be preserved. PERS Plan 3 employee contributions are subject to market gains and losses. If you are vested, you will be entitled to a pension upon retirement.

Take a Distribution

If you leave DRS-covered employment, you may withdraw your accumulated contributions. This is the only circumstance in which a refund is permitted. Withdrawal of your contributions cancels all rights and benefits you may have accrued in DRS. You can learn more by reading Withdrawal of Retirement Contributions available on the DRS Web site.

DRS is required to withhold 20 percent of the tax-deferred portion of lump-sum payments for federal income tax. Federal law may also require an additional 10-percent tax as an early withdrawal penalty if you are under age 59 ½.

Request a Rollover

You may request your funds be transferred directly to another qualified tax deferred retirement account (such as an IRA). Please contact DRS directly to discuss your distribution and rollover options.

Department of Retirement Systems (drs)

- Register for online access to DRS personal account
- Request estimate of benefit/application packet from DRS 3 months prior to retirement

Municipal Employees' Benefit Trust (MEBT)

The MEBT Bellevue Plan is a voluntary 401(k) retirement savings plan. Your money is invested in a professionally managed investment pool and you receive city contributions that vest over time. MEBT has a 3-year vesting schedule that applies to contributions made by the City. After 12 months of participation, you become 33.34% vested in your Employer Account, and your vesting increases at 2.778% per month (33.33% per year) after that. After three years you become 100% vested in your employer contributions. You earn vesting credit only during the months you are actively participating in MEBT.

You will become 100% vested prior to three years of service if you reach your normal DRS retirement date, reach age 65, or if while employed by the City, you die, become disabled or are laid off. (Limited Term Employees do not become 100% vested at lay off.)

Remain in the Plan (for balances greater than \$1,000), Take a Distribution, or Request a Rollover.

If your vested account balance is more than \$1,000: When you leave employment, you will receive distribution forms from the MEBT Service Center to describe your distribution options. You have 30 days to decide whether to elect a direct rollover of your distribution, take a distribution, or keep your money in MEBT. You may waive this right if you desire to expedite a payment. The non-vested portion of your employer account will be forfeited. Maintenance fees will be deducted periodically until an election is made. If your account balance is greater than \$1,000 and \$5,000 or less you may

remain in MEBT and your account balance will be transferred to a Money Market account. Annual statements are mailed each year and online access to personal account information is available.

If your vested account balance is \$1,000 or less:

You are required to receive a distribution in the form of a direct rollover or a lump sum payment if your account balance is \$1,000 or less. Failure to elect a distribution option could result in subsequent forfeiture of your account and maintenance fees may be deducted periodically until an election is made. You have 30 days to decide whether to elect a direct rollover of your distribution. You may waive this right if you desire to expedite a payment. The non-vested portion of your employer account will be forfeited. If you are under age 59½ and you take a distribution, you may owe the IRS a 10% tax penalty, in addition to ordinary federal income taxes.

Tax Considerations

You will owe federal income taxes on distributions from your Pre-Tax, City Contribution and Rollover accounts, and investment earnings on all your accounts. There is a 20% mandatory withholding of your tax-deferred money for federal income tax if the amount is eligible for rollover. Your actual tax liability for the year could result in a tax rate that is higher or lower than 20%. Withholding does not apply to amounts directly rolled over to an IRA or an eligible plan. When you receive tax-deferred money from MEBT before age 59 ½, you may be required to pay the IRS a 10% tax penalty on the untaxed money. Any outstanding loan balance must be paid in full or it will become a taxable event.

Leaving the City of Bellevue for Employment at another MEBT Entity

If you leave the City of Bellevue, immediately go to work for another MEBT entity and rollover your MEBT Bellevue plan account, your months of participation in Bellevue’s MEBT may be counted toward your vesting at your new MEBT entity, depending on the rules of the other MEBT entity’s Plan to which you are transferring. The non-vested portion of your Bellevue MEBT Employer Account (City contributions) will be forfeited, but you will be 100% vested in the remaining portion. Most MEBT plans credit participation with other MEBT entities,

but some may not. If you do receive credit, you begin vesting in the Employer Contributions at the new MEBT entity based on the months of service for participation in Bellevue’s MEBT.

Direct Rollover to another MEBT Entity

If you wish to move all your MEBT Bellevue plan assets to another MEBT entity you may elect a direct rollover. Please check with the new MEBT entity on their plan rules.

Municipal Employees’ Benefit Trust (MEBT) 401(K) Plan

- Register for online access to MEBT personal account
- Update address and beneficiary designation with MEBT Plan Service Center
- Irrevocable transfers from MEBT Pooled Trust Account to Money Market are allowed 3 years prior to normal retirement date and after separation from service
- Annual statements will be mailed to participants
- Contact MEBT Plan Service Center for Participant Distribution Election forms
- 1099 Tax Statement reflecting any distributions will be mailed to participants
- Distributions available after termination and receipt of final paycheck
- Distribution options are flexible
- You may remain in the plan and quarterly administration fees apply

457 Deferred Compensation Program (DCP)

This is a voluntary defined contribution plan administered by the Washington State Deferred Compensation Program. You choose your investments from a diverse selection of funds.

Remain in the Plan, Take a Distribution or Request a Rollover

You may keep your funds in the plan and administrative fees will be deducted quarterly. You will continue to receive quarterly statements and online access to personal account information is available. You may reallocate your funds but you can no longer contribute into this account. If you

elect a distribution, it is required to withhold 20 percent of the tax-deferred portion of lump-sum payments for federal income tax. There is no IRS early withdrawal penalty for taking a distribution from the 457 DCP plan. Please contact the 457 plan directly to discuss your distribution and rollover options at 1-800-327-5596

457 Deferred Compensation Plan

- Register for online access at drs.wa.gov/dcp
- Update address/beneficiary information
- Statements and newsletters will be mailed to participants
- Distributions available after termination and receipt of final paycheck
- Distribution options are flexible
- You may remain in the plan and quarterly administration fees apply

Other...

Social Security Administration (Ssa)

You did not participate in the Social Security Administration program while employed with the City of Bellevue and your DRS retirement pension provided the required replacement plan. If you are eligible for SSA benefits through other employment or a spouse or former spouse SSA account, there may be offsets to eligible Social Security benefits due to the Windfall Elimination Provision or Government Pension Offset Provision.

Internal Revenue Service

Again, we remind you to consider your retirement plan distribution options carefully and encourage you to consult with your financial or tax consultant regarding federal tax implications and/or tax penalties associated with withdrawals from retirement plans. Additional resources are available through the Internal Revenue Service and IRS Publication 575.

Tax Considerations

- Explore options for tax deferrals on large accrual cash outs in final paycheck
- Review appropriate IRS Publications regarding 401/457 Plan Distributions
- Obtain tax advice on pension/retirement plans distribution from qualified Tax Consultant
- Any outstanding loan balance must be paid in full or it will become a taxable event.

IRS Publications

To order by mail, contact IRS: 1-800-TAX-FORM or download from irs.gov

502	Medical and Dental
503	Child and Dependent Care
554	Tax Guide for Seniors
571	Tax Sheltered Annuity Programs
575	Pensions and Annuities
590	Individual Retirement Arrangements
910	Guide to Free Tax Service

Liability Clause

If any conflict should arise between information outlined in this document and any applicable group insurance contracts, policies, and/or HR policies and procedures your rights will be determined by the provisions outlined under the group insurance contracts, policies, and/or HR policies and procedures.