

**UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**

PERSONNEL POLICY / PROCEDURE

- SUBJECT:** Retiree Health Benefits Policy (this “Policy” or the “RHBP”), is an amendment and restatement of the Retiree Health Benefits Plan approved by the Board of Directors on March 19, 2007.
- PURPOSE:** To provide a qualified USU retiree and his/her qualified spouse or domestic partner with monthly reimbursements for certain health care expenses for the purpose of defraying retiree health costs. Such expenses may include medical, dental and vision insurance premiums and other health care expenses as defined in Section 213(d) of the Internal Revenue Code.
- POLICY:** The USU will provide reimbursement up to a specified maximum for a qualified retiree and his/her qualified spouse or domestic partner for health care related expenses including medical, dental and vision care. The benefits will be provided under two separate plans; Plan A is for covered individuals who are under age 65 and Plan B is for covered individuals who are age 65 or older, but for ease of communications both Plan A and Plan B are incorporated into this RHBP and will be referred to as a single plan for all purposes except nondiscrimination testing under the Internal Revenue Code. No benefit under this Policy is vested and references to “lifetime” benefits are not a promise that benefits will be paid for an individual’s life. All benefits may be cutback, changed or terminated at any time. The USU reserves the right to amend or terminate the RHBP at any time upon approval of the USU Board of Directors.
- ELIGIBILITY:** To qualify for benefits, an employee must: (a) be at least 60 years of age, and have been continuously employed by the USU for a minimum of 20 years; or (b) have been hired prior to July 1, 2008, be at least 65 years of age, and have been continuously employed by the USU for a minimum of 10 years.

For an employee’s spouse or domestic partner to be eligible for benefits, the spouse or domestic partner must have been married to or been partnered with the qualified employee on the employee’s last day of work and continuously thereafter. To qualify for the spousal/partner benefit, both opposite-sex and same-sex unions shall require legal registry with the state in which the union was formalized prior to the employee’s last day of work. No other dependents of the employee are eligible for benefits.

In the event of the death of a qualified employee following separation of employment, the qualified spouse or domestic partner of that employee shall continue to be eligible for benefits under the RHBP until his or her death, after which the benefit shall become null and void.

In the event of the legal dissolution of a qualified employee's marriage or domestic partnership for reasons other than the death of the employee, the previously eligible spouse or domestic partner will no longer be eligible for benefits under the plan, but may continue coverage pursuant to the Consolidated Omnibus Reconciliation Act of 1985, as amended from time to time ("COBRA").

BENEFITS: Benefits are set according to a monthly dollar amount that is expected to be adjusted annually each July 1st based on stated rate of increase and rounded to the nearest dollar. The dollar amount is set at \$500 for 2012-2013. The stated rate of increase is initially set at 4.5% and may be modified from time to time at the discretion of the USU and upon approval of the Board of Directors. The dollar amount applies to all qualified retirees and their qualified spouses or domestic partners irrespective of the retiree's year of retirement. The limitation on benefits in Plan B is equal to one times the dollar amount for all covered individuals who are age 65 or older. Covered individuals who are under age 65 will participate in Plan A and have the benefits limited to two times the dollar amount.

Authorized expenses may include health insurance premiums; doctor visits, hospitalizations, equipment and supplies; prescribed drugs; insulin; dentist office visits, treatments and supplies, vision office visits, treatments and supplies, and other medically necessary health care services and supplies including chiropractic care and acupuncture. USU will generate monthly a single check for health-related expenses incurred the previous month made payable to the eligible employee or, in the event of an employee's death, his/her eligible spouse or domestic partner. The USU reserves the right to accept or deny receipts for certain alleged health care services and the USU may secure vendor services to administer the RHBP. Authorized expenses must be recognized as medical expenses under Internal Revenue Code § 213 and a more complete list of expenses can be found in the IRS's current Publication 502.

Benefits provided by this RHBP are in no way transferable to any other party. The USU and its agents or affiliates reserve the right to require periodic proof of continuing eligibility.

COORDINATION: Benefits provided by the RHBP are not contingent upon an individual's enrollment in continuation coverage provided by COBRA or similar state law, the federal system of health insurance for citizens age 65 and over known as Medicare, or any other health insurance plan. There shall be no requirement that upon separation of employment that an employee or his/her spouse or domestic partner enroll in COBRA or Medicare. Both COBRA and Medicare eligibility are determined by federal and state law. The benefit payable at age 65 is applicable even if an employee and his/her spouse or domestic partner is not enrolled in Medicare.

PROCEDURE: Within 14 days of separation of employment, a qualified employee and his/her qualified spouse or domestic partner will be notified in writing of his/her eligibility to receive benefits under the RHBP and have an opportunity in writing, to accept or deny benefits. Any individual who does not elect to receive benefits within 60 days of receiving this notice will not have the right to enroll at any later date.

In the event an employee or his/her spouse or domestic partner exceeds the benefit amount provided in a given month, the employee or his/her spouse or domestic partner shall be responsible for the excess. A benefit advance will not be provided. Unused benefit amounts may roll over to future months, but all unused amounts will be forfeited if they are not used by the end of USU's fiscal year.

The employee or his spouse or domestic partner may legally authorize an individual to act on the employee's or spouse's or domestic partner's behalf in the event the employee or spouse or domestic partner becomes incapacitated.

The employee or his/her spouse or domestic partner is responsible for designating an individual to notify the USU in the event of the employee's or spouse's or domestic partner's death.

All of the following examples assume that the monthly dollar amount is \$1,000 per month (indexed) for each of the employee and spouse/domestic partner prior to age 65 and \$500 per month (indexed) age 65 and over.

Example 1: Employee retires prior to age 60 with qualifying years of service with a spouse/domestic partner:

- Neither the employee nor the spouse/domestic partner is eligible for post-retirement medical benefits because the age requirement is not met.

Example 2: Employee retires at age 60 with 20 years of service (no spouse/domestic partner):

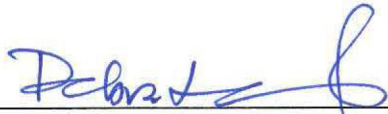
- Employee purchases COBRA coverage (or other insurance) for 36 months and receives reimbursements from this Plan up to \$1,000/month (indexed).
- After COBRA eligibility terminates but before age 65, the retiree may secure individual insurance outside of the USU's medical plan and/or self-insure, and will continue to receive reimbursements from this Policy up to \$1,000/month (indexed).
- Beginning at age 65 and for the retiree's further lifetime, retiree's maximum Policy benefit drops down to \$500 month (indexed).

Example 3: Employee retires at age 60 with 20 years of service. The employee has a spouse/domestic partner 60 years old at the date of the employee's retirement:

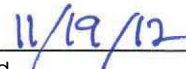
- Employee and spouse/domestic partner purchase COBRA coverage (or other insurance) for 36 months, and receive reimbursements from this Policy up to \$2,000/month (indexed).
- After COBRA eligibility terminates but before age 65, the retiree and/or spouse/domestic partner may secure individual insurance outside of the USU's medical plan and/or self-insure, and will continue to receive reimbursements from this Policy up to \$2,000/month indexed.
- When the elder of the retiree or spouse/domestic partner reaches age 65, their maximum Policy benefit reduces to \$1,500/month (indexed). When the younger of the two reaches age 65, their maximum Policy benefit then reduces to \$1,000/month (indexed).

Example 4: Example 3, after death of retiree or spouse/domestic partner:

- The maximum Policy benefit drops down to \$1,000/month (indexed) while the survivor is under 65, and then to \$500/month (indexed) once the survivor reaches age 65.



Debra L. Hammond, Executive Director



Dated