Frequently Asked Questions: PUHSD Early Retirement Program

Q: What is the Early Retirement Program (ERP)?

A: The Early Retirement Program provides for payment or reimbursement of specified health care costs until the retiree reaches Medicare eligibility or otherwise no longer qualifies for this benefit as stated within the negotiated Professional Agreements for each employee group. Medicare eligibility is determined by the guidelines set by the Federal government. Currently, the age is 65 but this is subject to change.

Q: Who is eligible to participate in the ERP?

A. The following conditions have to be met to be eligible for participation in the ERP.
   1. Employee must be age 50 or above at time of severance from Phoenix Union; and
   2. Employee was hired prior to July 1, 2009; and
   3. Employee has ten (10) consecutive years of full-time satisfactory service in the Phoenix Union High School District; and
   4. Employee is not of the age of standard Medicare eligibility; and
   5. Employee retires or qualifies for Long Term Disability with ASRS within 12 months of separation (Effective 7/1/2019).

Q: How do I apply to participate in the Early Retirement Program (ERP) and do I have to do something every year to continue to be eligible?

A: Application is made through the Talent Division. Once you have been determined eligible for this program, you will be mailed the forms to elect the ERP. Going forward, you will be required to provide a yearly attestation to the Talent Division to maintain eligibility.

Q: What do I need to do each year to remain eligible for the ERP benefit?

A: Per above, every individual who receives a reimbursement under the provisions of this program must provide the District with a sworn attestation on an annual basis indicating that the reimbursement is being used for health care expenses.

Q: How long does the ERP benefit continue?

A: This benefit expires on June 30th of the fiscal year in which the ERP participant reaches the age of standard Medicare eligibility unless eligibility is cut short due to length of PUHSD Service. An example follows.

Q: If I am age 50 and have worked for Phoenix Union for 11 years, do I qualify for the ERP program until I reach Medicare eligibility? I was hired in 2008.

A: No, qualifying employees may participate in the ERP for a period of time not to exceed his/her years of full-time service with the District. In this case, the employee would only be eligible for the ERP for 11 years. Hence, this benefit would end at age 61 for the employee in this scenario.
Q: What happens if an ERP participant becomes Medicare eligible early based on disability?

A: In the event that an ERP participant becomes Medicare eligible early based on disability, the reimbursement will be based on the lowest out-of-pocket ASRS Medicare supplement plan or percentage thereof. This benefit would then expire on June 30th of the fiscal year that the disabled ERP participant reaches the age of standard Medicare eligibility. Note: ERP participants are required to notify the District if this occurs.

Q: What happens to the ERP benefit when I am Medicare eligible due to my age?

A: When a retiree reaches standard Medicare eligibility due to age, the District will reimburse the retiree at a rate equal to the out-of-pocket cost of the lowest ASRS Medicare supplement plan or applicable percentage through the remainder of the fiscal year. Note: all benefits will end June 30th of the fiscal year in which the participant reaches normal Medicare age.

Q: What determines which reimbursement percentage an eligible ERP participant will receive?

A: Continuing employees who had 15 consecutive years of PUHSD service as of 7/1/2010 fall into the 100% reimbursement group. All other employees will fall into the 75% reimbursement group.

Q. Am I required to get my insurance from the Arizona State Retirement System in order to qualify for the ERP medical reimbursement?

A: No, the ERP participant can elect the medical insurance of their choice. The only requirement is that the reimbursement be used for medical expenses.

Q: Does the ERP benefit change depending on when I leave employment with Phoenix Union?

A: Yes, the benefits will change if you leave employment with PUHSD after July 1, 2019. In short, if you leave prior to July 1, 2019, your reimbursement will keep pace with the ASRS premiums until loss of eligibility. If you leave after July 1, 2019, the reimbursement amount will be capped once it reaches a specific level. In addition, qualifying employees who leave after July 1, 2019 will be required to retire or qualify for Long-Term-Disability benefits from the ASRS within 12 months of leaving employment with the District or ERP eligibility will be terminated. Please see below for the detailed information on the reimbursement amount changes.

Qualifying employees who are eligible for the 100% reimbursement amount and elect to participate in the ERP prior to July 1, 2019, will receive a reimbursement check for the premium amount of the lowest cost non-Medicare ASRS Plan minus the ASRS Subsidy or $625.00 per month, whichever is greater for health care costs. This benefit would continue until the employee reaches Medicare eligibility or until the employee no longer qualifies for the benefit under the terms of the ERP. Once the ERP participant reaches Medicare, the reimbursement amount will drop to the premium amount of the lowest cost Medicare ASRS Plan minus the ASRS Subsidy or $122.00 per month, whichever is greater. This benefit will continue until loss of ERP eligibility.
In this scenario, if the out-of-pocket cost of the lowest cost ASRS plan increases to over $625 per month, the ERP reimbursement will increase accordingly to keep pace with the out-of-pocket cost of the lowest cost ASRS plan premium until Medicare eligibility. Once Medicare eligible, the reimbursement will keep pace with the out-of-pocket cost of the lowest cost ASRS Medicare Supplement Plan. Note: all benefits will end June 30th of the fiscal year in which the participant reaches normal Medicare age.

Qualifying employees who qualify for the 75% reimbursement amount and elect to participate in the ERP prior to July 1, 2019, will receive a reimbursement check for 75% of the premium amount of the lowest cost non-Medicare ASRS Plan minus the ASRS Subsidy or $470.00 per month, whichever is greater for health care costs. This benefit would continue until the employee reaches Medicare eligibility or until the employee no longer qualifies for the benefit under the terms of the ERP. Once the ERP participant reaches Medicare, the reimbursement amount will drop to 75% of the premium amount of the lowest cost Medicare ASRS Plan minus the ASRS Subsidy or $91.50 per month, whichever is greater. This benefit will continue until loss of ERP eligibility.

In this scenario, if 75% of the out-of-pocket cost of the lowest cost ASRS plan increases to over $470 per month, the ERP reimbursement will increase accordingly to keep pace with 75% of the out-of-pocket cost of lowest cost ASRS plan until loss of ERP eligibility. Once Medicare eligible, the reimbursement will keep pace with 75% of the out-of-pocket cost of the lowest cost ASRS Medicare Supplement Plan. Note: all benefits will end June 30th of the fiscal year in which the participant reaches normal Medicare age.

Qualifying employees who are eligible for the 100% reimbursement amount and elect to participate in the ERP after July 1, 2019, will receive a reimbursement check for health care costs in the amount of the premium of the lowest cost non-Medicare ASRS Plan minus the ASRS Subsidy or $625.00 per month, whichever is greater until said reimbursement amount reaches $700 at which time it will be capped. This benefit would continue until the employee reaches Medicare eligibility or until the employee no longer qualifies for the benefit under the terms of the ERP. Once the ERP participant reaches Medicare, the reimbursement amount will drop to the premium amount of the lowest cost Medicare ASRS Plan minus the ASRS Subsidy or $122.00 per month, whichever is greater until said amount reaches $150 per month at which time it will be capped. Note: all benefits will end June 30th of the fiscal year in which the participant reaches normal Medicare age.

In this scenario, once the out-of-pocket cost of the lowest cost ASRS plan reaches $700 per month, the reimbursement will be capped at $700 per month; no future increases will be given. Upon Medicare eligibility, the reimbursement amount will be capped at $150 per month; no future increases will be given. Note: all benefits will end June 30th of the fiscal year in which the participant reaches normal Medicare age.

Qualifying employees who are eligible for the 75% reimbursement amount and elect to participate in the ERP after July 1, 2019, will receive a reimbursement check for health care costs in the amount of 75% of the premium of the lowest cost non-Medicare ASRS Plan minus the ASRS Subsidy or $470.00 per month, whichever is greater until said reimbursement amount reaches $525.00 at which time it will be capped. This benefit would continue until the employee reaches Medicare eligibility or until the employee no longer qualifies for the benefit under the terms of the ERP.
Once the ERP participant reaches Medicare, the reimbursement amount will drop to 75% of the premium amount of the lowest cost Medicare ASRS Plan minus the ASRS Subsidy or $91.50 per month, whichever is greater until said amount reaches $112.50 per month at which time it will be capped. Note: all benefits will end June 30th of the fiscal year in which the participant reaches normal Medicare age.

In this scenario, once 75% of the out-of-pocket cost of the lowest cost ASRS plan reaches $525.00 per month, the reimbursement will be capped at $525.00 per month; no future increases will be given. Upon Medicare eligibility, the 75% reimbursement amount will be capped at $112.50 per month; no future increases will be given. Note: all benefits will end June 30th of the fiscal year in which the participant reaches normal Medicare age.

Q: I worked for PUHSD for more than 10 years previously, but resigned and then came back to PUHSD after 7/1/2009. Will I be eligible for the ERP when I retire?

A: No, ERP eligibility is based upon your most recent date of hire with the PUHSD. Hence, you would not be eligible because you were reemployed by the PUHSD after the ERP was phased out eff. July 1, 2009.

Q: I worked for PUHSD for 16 years from 7/1/1985-6/30/2001, but resigned and then came back prior to 7/1/2009. Will I be eligible for the 100% reimbursement amount when I retire and elect the ERP because I had more than 15 years of service as of 7/1/2010?

A: No, the ERP medical expense reimbursement percentage is based upon your most recent consecutive service with the PUHSD; your prior service would not apply. Hence, you would only be eligible for the 75% reimbursement rate.

Q: If I retire from PUHSD and elect the ERP, but return to full-time employment with PUHSD at a later date, will I forfeit my ERP status?

A: No, if you re-retire from PUHSD and still meet the age requirements for the ERP, your ERP benefits will be reinstated based upon your previous election.

Q: Is the ERP a guaranteed benefit?

A: The District reserves the right to terminate or modify the provisions of this program should it become necessary as a result of funding shortfalls. Employees who have not yet elected to participate in this program have no vested right to future participation and the District makes no representations or promises that this program will continue into the future.

If you have additional questions or need additional information, please contact Cyndy Nelke via email nelke@phoenixunion.org or 602-764-1538.