DATE: October 31, 2012

TO: Agency Human Resource Staff

FROM: Nathan Moracco, Director
State Employee Group Insurance Program

RE: 2010 Early Retirement Incentive
2013 Insurance Rates for HCSP Calculation

On May 13, 2010, Governor Pawlenty signed into law an Early Retirement Incentive (ERI), for Executive, Legislative, and Judicial branch employees. This incentive provided for contributions to an MSRS administered Health Care Savings Plan (HCSP), in an amount equal to the value of up to 24 months of employer paid medical and dental insurance premium contributions for those employees that met the statutory retirement criteria.

Agencies are responsible for depositing contributions on an annual basis for individual retirees until the approved incentive period ends. The level of coverage-family vs. single-used to determine the value of the contribution is based on the level of coverage at the time of retirement. The annual contribution amount is determined by multiplying the amount of the employer contribution in place during that particular year multiplied by the number of months in that year that the employee has been granted the benefit. The ERI calculation begins with the first month after the actual retirement date, (for example; for a retirement date of May 10 the calculation start date is June 1).

The State Employee Group Insurance Program (SEGIP) has been providing, on an annual basis, Human Resource Offices with the information needed to calculate the annual HCSP deposit for ERI retirees. The enclosed worksheet will assist you in determining the calculation for the 2013 insurance year.

If you have any questions regarding the administration of the HCSP please contact MSRS at 651-296-2761. Questions on how to process the contribution to MSRS for the HCSP should be directed to deduction.mmb@state.mn.us. If you have questions regarding the calculation of the HCSP deposits please contact SEGIP at 651-355-0100. All other questions should be directed to your agency Human Resource Office.
Employee Name __________________________
Retirement Date __________________________ (1st day no longer actively employed)
HCSP Calculation Start Date ________________ (1st of the month following retirement date)

Months of Employer Contributions to HCSP (Maximum of 24 months) __________

Months of contribution per year (max 24 months):

2010 _____ +
2011 _____ +
2012 _____ +
2013 _____ =
______ Months (max 24 months)

Coverage at time of retirement:

___ health-single coverage; ___ health-family coverage; ___ waived
___ dental-single coverage; ___ dental-family coverage; ___ waived

Percent of employer contribution at time of retirement  ____100%;  ___75%;  ___50%

<table>
<thead>
<tr>
<th>2013 Health Plan</th>
<th>Single Coverage</th>
<th>Family Coverage</th>
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<tbody>
<tr>
<td></td>
<td>Full Employer Contribution</td>
<td>75% Employer Contribution</td>
<td>50% Employer Contribution</td>
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<tr>
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<td>503.20</td>
<td>377.40</td>
<td>251.60</td>
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</table>

<table>
<thead>
<tr>
<th>2013 Dental Plan</th>
<th>Single Coverage</th>
<th>Family Coverage</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Full Employer Contribution</td>
<td>75% Employer Contribution</td>
<td>50% Employer Contribution</td>
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<tr>
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<td>22.38</td>
<td>16.80</td>
<td>11.20</td>
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</tbody>
</table>

**Calculation for the 2013 insurance plan year**

_______ (health plan employer contribution)
_______ + (dental plan employer contribution)
_______ = Total
_______ x (Number of contribution months in the 2013 calendar year)
= _______ TOTAL 2013 deposit to the Health Care Savings Plan contribution.

SEGIP will update this document annually when new insurance year rates are established. Agencies are responsible for the re-calculating and depositing funds to the HCSP annually until incentive period has ended.