

## **FREQUENTLY ASKED QUESTIONS**

**1. Who is eligible to receive benefits from the City of Pontiac VEBA?**

*Members of the class defined in the Settlement Agreement: retirees and vested deferred retirees, and their eligible spouses, surviving spouses and dependents, who were eligible for health insurance coverage on or before December 22, 2011.*

**2. Who is eligible to receive the opt-out payment of \$20,000.00?**

*Only retirees and deferred vested retirees (at the time they are eligible to receive their pension) are eligible for the \$20,000 opt-out payment.*

**3. I am not in Michigan. Does the opt-out form have to be notarized in Michigan?**

*No. The form can be notarized in any U.S. locality.*

**4. What number can I call to speak to someone about the opt-out process?**

*The City has provided this number—248-758-3300.*

**5. Can I delay my decision about the opt-out provision indefinitely as long as I do not obtain the VEBA benefits?**

*No. Decisions about the irrevocable opt-out must be made before benefits are provided. The City has provided a form entitled “Irrevocable Election to Terminate Eligibility in City of Pontiac VEBA Trust in Exchange for One-time Payment” and is requiring that the forms be returned by April 22, 2021.*

**6. If I decide to take the one-time \$20,000 payment will I have to pay taxes on this money?**

*You need to consult with your tax advisor regarding the tax liability. The City will not be withholding any tax from the payout but will be providing IRS Forms 1099 to those selecting the one-time payment option.*

**7. Does this opt-out option affect my retirement benefit?**

*No. The opt-out option has no effect on your retirement (pension) benefit.*

**8. The letter says “Any retiree who elects this opt out option at the time the New VEBA is formed will not be eligible to receive any benefits from the New VEBA, and by their election, forever waive their right to receive any benefits under this Agreement...” Does this mean I will no longer receive retirement benefit that I am currently receiving if I take this opt out?**

*The New VEBA is created to handle retiree health insurance benefits. Choosing the opt-out would have no effect on your retirement (pension) benefit.*

**9. I am a beneficiary of a member and currently receiving a benefit. Am I eligible for the \$20,000?**

*No. Only retirees are eligible for the \$20,000 one-time payment.*

**10. My spouse and I are both City of Pontiac retirees. Can one of us opt out and the other receive the insurance benefits?**

*If you both are members of the class defined in the Settlement Agreement, these are your options:*

- *One spouse can opt out and receive the one-time \$20,000 payment; the other spouse can claim the insurance benefits for himself or herself and for an eligible dependent(s) but not for the spouse who opted out.*
- *Both can opt out and each one can receive the one-time \$20,000 payment.*
- *Both can claim insurance benefits.*

**11. I deferred my retirement before the December 22, 2011 cut-off for members of the class. When will I need to make a decision on the insurance or the opt-out provision?**

*When you are eligible and apply for your pension, you will be given the opportunity to irrevocably choose whether to take the insurance benefit or the one-time opt-out payment.*

**12. Will I have to pay a premium for the VEBA insurance coverages?**

*No retiree is responsible for paying any part of the premium for these plans unless the VEBA plan has insufficient funds to provide the level of benefits and coverage specified in the Settlement Agreement in a given fiscal year.*

**13. Can the VEBA insurance plans be changed?**

*The VEBA Trustees have the flexibility to review comparable coverage and make decisions on better, comparable, equivalent and lower cost coverages.*

**14. Do I have to take the City's insurance at the time it first becomes available? I'm an eligible City of Pontiac retiree, working for another company, and can continue to receive insurance through that company until I leave.**

*As an eligible retiree, you can elect to obtain insurance from the New VEBA at a later date as long as you have not taken the one-time payment.*

**15. If I decide to take the insurance, will I be able to choose an insurance provider?**

*The VEBA Trust Board will choose the insurance provider for the plan based upon the cost and the inclusion of all benefits identified in the Settlement Agreement.*

**16. When will I be able to get the insurance from the New VEBA?**

*There are several steps that still need to be taken before insurance can be provided:*

- *City completion of census of eligible retirees*
- *Insurance brokers shop the market for policies that meet the conditions of the Settlement Agreement.*
- *VEBA Trust Board selects the insurance provider.*
- *Commencement of open enrollment period during which retirees can sign up for the insurance.*
- *Funds from the General Employees Retirement System (GERS) and Police & Fire VEBA are transferred to the New VEBA. The accountants and actuaries believe that the GERS transfers can occur possibly by late August.*

**17. I don't need healthcare from the City. Can I keep the \$400 if I don't use the healthcare benefit?**

*The monthly \$400 pension stipend is slated to end at the time benefits from the New VEBA begin to be provided.*

**18. Is the Medicare Part B premium covered under the New VEBA plan?**

*No; it is the retiree's responsibility to pay the Medicare Part B premium.*