

Section 2: Health Insurance Subsidies

Florida Retirement System Health Insurance Subsidy

The Florida Retirement System (FRS) provides eligible retirees with a health insurance subsidy (HIS) to help offset the cost of medical insurance premiums. Proof of insurance will be requested by the FRS when you apply for the subsidy. Once satisfied, the Division of Retirement will pay \$7.50 for each FRS year of service, excluding time in DROP, not to exceed \$225.00. The subsidy amount will be added to the retiree's FRS benefit payment each month.

Eligibility for Pension Plan Retirees

You must meet the FRS normal or early retirement requirements to be eligible for the FRS health insurance subsidy.

Eligibility for Investment Plan Retirees

- ❑ You must have at least six years of FRS service (or 8 years if hired on or after 7/1/2011); and
- ❑ You must meet the normal FRS pension plan age or service retirement requirements; and
- ❑ Must have taken a distribution from your investment account

Note: If you leave FRS employment and take a distribution prior to the normal retirement age or date, you must wait until the normal retirement age to begin receiving your HIS benefit.

Enrollment

- ❑ Shortly before your first pension check, retirees under the Pension Plan or terminating from DROP will receive a packet in the mail from FRS. The packet will contain:
 - FRS Health Insurance Subsidy Application
 - Direct Deposit Form and
 - Withholding Preference Certificate
- ❑ Investment Plan retirees are responsible for requesting the FRS Health Insurance Subsidy Application from FRS (if eligible). **FRS will not automatically send the application to you.** You may request the form when requesting your first distribution.

Income Taxes on Your Health Insurance Subsidy (HIS)

Your HIS benefit is taxable income, but you may not have to pay income taxes on all or part of your HIS if your health insurance premiums are deducted each month from your retirement FRS benefit payments.

The amount of your HIS payments excludable from taxable income is based on the total of your HIS payments and your total health insurance premium amount paid during the calendar year. If your health insurance premium is more than your HIS payment, your entire annual HIS amount will be excluded from your taxable income. However, if your health insurance premium is less than your HIS payment, only the portion of the HIS payment equal to the health insurance premium deducted will be excluded from your taxable income. The remaining portion of your HIS payment is treated as taxable income. *One exception applies: Although Medicare coverage qualifies you to receive the HIS, the IRS does not allow you to treat your Medicare premium payments as tax-exempt income. The FRS determines your eligibility for the HIS tax exclusion before preparing your Form 1099-R and adjusts your taxable income amount accordingly. 1099-R Forms are issued by FRS in January, for additional questions please contact FRS directly.*

Orange County Health Insurance Subsidy

The Orange County Health Insurance Subsidy (HIS) is available to eligible retirees to help offset the cost of medical insurance premiums. The subsidy is available for the **retiree only** and does not include dependent coverage. Retired employees of Orange County will receive \$5.00 per month for each **whole year of service**, including service time in DROP, up to \$150.00 per month (30 years of service). The minimum subsidy shall be \$30.00 per month.

Eligibility

To receive the County HIS, retirees must meet **all** the following criteria:

- ❑ Must be retired. An employee is considered retired if he or she qualifies for and begins to receive the FRS Health Insurance Subsidy.
- ❑ Must be an active employee with the County at the time of retirement with a minimum of ten years of service **OR** have a minimum of twenty years of service **AND** be terminated from the County.
 - The only exception to this rule is separation due to medical disability. In these special cases, an employee must have at least ten years of service, separated due to medical disability, and then retire from the FRS within two years of the date of separation.
- ❑ Must not have been terminated due to misconduct.

Only full years count toward years of service for the Orange County HIS. The subsidy may stop at any point the County mandates. Please do not plan your retirement based on receiving this subsidy.

Enrollment

- ❑ At the time of your retirement appointment, your Benefits Team member will determine if you are eligible for the subsidy and explain the process to receive your subsidy. (Contact the Benefits Team at benefits@ocfl.net for more information)
- ❑ Once you begin receiving the FRS HIS, you can apply for the Orange County subsidy, if you meet the above-mentioned eligibility.

Note: Retroactive Orange County HIS payments are only processed if you receive a retroactive FRS HIS payment AND you provide us with proof of this retroactive payment. It is your responsibility to provide us with proof of your FRS retro payment if you would like an Orange County HIS retro payment. Maximum 6 months of retro.

To the right is an example of what the FRS Statement of Benefits looks like:

STATE OF FLORIDA					
STATEMENT OF RETIREMENT BENEFIT PAYMENTS					
REMITTED BY		PAYEE		**WITHHOLDING STATUS**	
DIVISION OF RETIREMENT P.O. BOX 9000 TALLAHASSEE, FLORIDA 32315-9000		PAYEE : ██████████ PAYEE : XXX-XX-████████ MEMBER : ██████████ MEMBER : XXX-XX-████████		MARITAL STATUS : ██████████ ALLOWANCES : ██████████ STATED W/H TAX : ██████████ ADDL W/H TAX : ██████████ W/H TAX : ██████████	
SUMMARY OF BENEFITS AND DEDUCTIONS					
BENEFIT DESCRIPTION	THIS PAYMENT	CALENDAR YEAR-TO-DATE	CODE	DESCRIPTION	THIS PAYMENT
Retirement Benefit	██████████	██████████			
Retirement Ben Retro	██████████	██████████			
Health Insurance Subsidy (HIS)	\$105.40 ✓	\$105.40			
Health Ins Sub Retro	\$316.20 ✓	\$316.20			
GROSS BENEFITS			██████████		
WITHHOLDING TAX			██████████		
MISC DEDUCTIONS			██████████		
NET BENEFITS			██████████		
			TOTAL OF MISC DEDUCTIONS		
██████████					
<p>If you have questions about this statement or your retirement: call toll free 1-844-377-1888 (or local 850-907-6500); visit our website frs.MyFlorida.com; write (see above) or email Retirement@dms.myflorida.com</p>					
<p>YOUR FIRST COST-OF-LIVING INCREASE ("COLA") IS PRO-RATED (ONLY PARTIAL) BECAUSE YOU HAVE NOT BEEN RETIRED 12 MOS. THE COLA IS NOT APPLIED TO THE HEALTH SUBSIDY. AN ADJUSTMENT WAS MADE TO YOUR TAX FILING STATUS WHICH MAY HAVE RESULTED IN A CHANGE IN YOUR NET BENEFIT.</p>					
<p>THE DIVISION OF RETIREMENT, DEPARTMENT OF MANAGEMENT SERVICES FURNISHED THE ABOVE INFORMATION.</p>					

Income Taxes on Your Health Insurance Subsidy (HIS)

All or a portion of your County HIS benefit may be considered taxable income. Orange County Finance will prepare and mail your Form 1099-MISC in January each year and questions regarding taxation should be directed to that office.

Note: Form 1099-MISC is only issued if you've received more than \$600 from the County (OC HIS). For additional information, please reach out to the Orange County Comptroller, Accounts Payable department at (407) 836-4548.