In the **12 Keys to Retiring from SCE with Confidence**, #5 states "Take Advantage of Your Medical Subsidy". If you are retiring from Southern California Edison you might be eligible for a retiree medical benefit. This will be a new expense you should budget for in retirement. Here are the two common retiree medical benefits and how they work...

85% Subsidy

"Retirees selecting a higher cost option pay 15 percent of the lowest cost option's price tag for their coverage (20 percent of that cost for dependent coverage) plus the entire difference in cost between the lowest cost option and the option they select."*

In short, this benefit provides 85% of the lowest cost medical plan available for your to use towards any plan of your choice. Here's an example: If the lowest cost medical plan is $1,000 per month, then Edison would provide you $850 (85% of $1,000) to use towards any plan you choose, your out of pocket would be $150. This is the difference between the total plan cost of $1,000 and the subsidy benefit provided to you of $850 in retirement.

Using the same scenario above: If you choose a more expensive medical plan in retirement, let's say the total cost is $1,500, your 85% subsidy would still provide you the same $850 benefit (85% of the lowest cost plan) towards the plan of your choice. Meaning your portion would then be $650 per month ($1,500 - $850).

This scenario is for retirees who became retirement eligible by 12/31/2008 or who had completed at least 25 years of service, known as "grandfathered".

50% Subsidy

"Future retirees (after 2008) who are not 'grandfathered' [still pay more] for coverage if they retire before age 60 and/or with less 15 years of service. For retirees not meeting this age and service requirement, 50 percent retiree contributions are applicable…"*

This benefit will cover 50% of the lowest plan available in 2008, which is the 2008 Kaiser Health Plan. This benefit is not as rich as the 85% benefit, but it's very important to note that this retiree medical benefit could save you a lot of money in retirement.

In practice, if the 2008 Kaiser plan costs $1,000, then SCE will contribute 50%, or $500, to any plan you are enrolled in.

Also important to note is how long the coverage will last:
"...new medical options were implemented for the employee population effective January 1, 2010. These same medical options were made available to the Flex retirees who were not eligible for Medicare coverage. For Flex retirees and their spouses covered by Medicare, medical options designed specifically to work with Medicare coverage were included. Once retirees or their spouses become Medicare eligible, their primary source of medical benefits is through their Medicare coverage. The benefits from the SCE sponsored medical plans are secondary to Medicare's benefits."*

Finally, in order to combat increasing costs, Southern California Edison has also included language on adjusting their contribution toward plan costs: "For future retirees, the Company's contribution toward their medical plan costs will be subject to an overall limit or cap, established based upon the costs of the medical plans in 2008 and adjusted by factors tied to the rate of general (not medical) inflation."*

Key takeaway: Both of these options are *continuation benefits*. The amount you're currently paying every two weeks from your paycheck will be the same amount you'd pay in retirement if you continue with the same coverage. Take a look at your paystub and use this amount to figure out a monthly estimate for retirement and add that amount to your budget.

Contact Us or attend one of our **Edison Retirement Workshops** to learn more tips like these and how to best plan your retirement.

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*2015 General Rate Case Vol. 2, Pt. 1