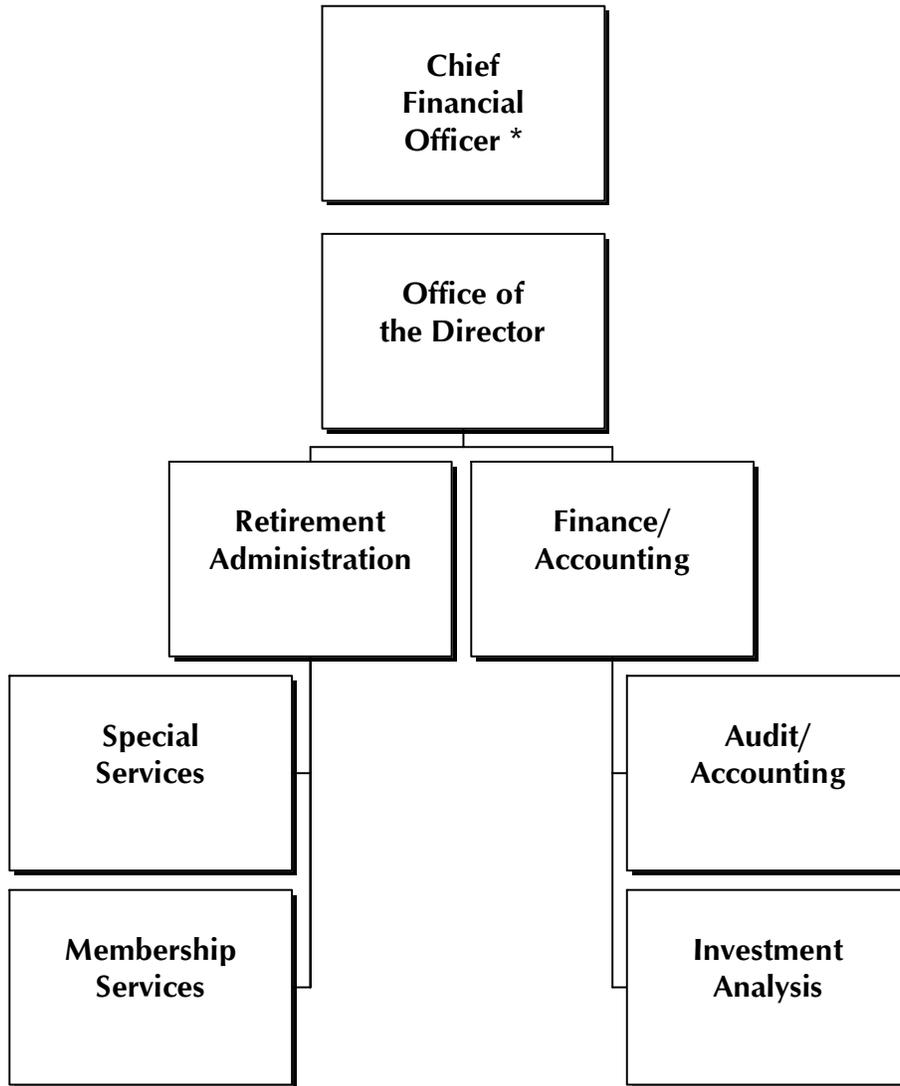


# Fund 500 Retiree Health Benefits Fund

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\* The Chief Financial Officer has a liaison role for strategic direction and oversight of this agency; however, for budget purposes, that position and associated funding are reflected within the Department of Management and Budget.

# Fund 500

## Retiree Health Benefits Fund

### Focus

Fund 500, Retiree Health Benefits, provides monthly subsidy payments to eligible retirees of the County to help pay for health insurance. Prior to July 2003 the monthly subsidy was \$100 for all eligible retirees. The current monthly subsidy, approved in FY 2004, commences at age 55 and varies by length of service and Medicare eligibility as detailed in the following table. Note: For those retired prior to July 2003, the monthly subsidy is the greater of \$100 and the amounts below. There is not a reduction in subsidy payments for employees who retired prior to July 1, 2003 but do not meet the revised requirements for years of service. However, those employees who retired prior to July 1, 2003 with 15 or more years of service were eligible for the increased subsidy as of July 1, 2003.

<b>Current Retiree Health Benefit Subsidies</b>		
<b>Years of Service at Retirement</b>	<b>Monthly Subsidy Before age 65</b>	<b>Monthly Subsidy After age 65</b>
5 to 9	\$25	\$15
10 to 14	\$50	\$25
15 to 19	\$125	\$75
20 to 24	\$150	\$100
25 or more	\$175	\$125

During FY 2005, the average number of subsidy recipients, including new retirees who are eligible to receive the subsidy, is expected to increase by 149, or 7.8 percent, from 1,909 in FY 2004 to 2,058 in FY 2005. Estimates of the average number of subsidy recipients are based on a review of the projected number of retirements and health subsidy eligibility for personnel already retired from the Fairfax County Employees' Retirement, Uniformed, and Police Officers Retirement Systems. Retirees who become eligible to receive the subsidy are paid based on the period of eligibility within the fiscal year, which may or may not comprise a full year of payments.

In FY 2005, the General Fund Transfer will increase by \$610,977, or 19.8 percent, over the *FY 2004 Revised Budget Plan* level of \$3,088,744, to \$3,699,721. In addition, an amount of \$102,378 is appropriated from fund balance to fund FY 2005 requirements.

### Initiatives

- ◆ Provide appropriate funding level to support the retiree health insurance benefit subsidy.
- ◆ Continue to allow for the timely and accurate distribution of retiree health insurance subsidy payments.

### FY 2005 Funding Adjustments

*The following funding adjustments from the FY 2004 Revised Budget Plan are necessary to support the FY 2005 program:*

- ◆ **Employee Compensation** **\$3,316**  
An increase of \$3,316 in Personnel Services associated with salary adjustments necessary to support the County's compensation program.
- ◆ **Benefit Payments** **\$315,000**  
An increase of \$315,000 in benefit payments based on the current and projected rate of participation.

## Fund 500 Retiree Health Benefits Fund

### Board of Supervisors' Adjustments

*The following funding adjustments reflect all changes to the FY 2005 Advertised Budget Plan, as approved by the Board of Supervisors on April 26, 2004:*

- ◆ **Benefit Payments** **\$391,475**  
 An increase of \$391,475 in benefit payments based on revisions to subsidy payments to partially or completely offset the Medicare reduction at age 65 for retirees with 15 or more years of service. The new structure increases the monthly subsidy for those retirees age 65 and older with 15 to 19 years of service from \$75 to \$100, for those with 20 to 24 years of service from \$100 to \$150, and for those with 25 or more years of service from \$125 to \$175.

<b>FY 2005 Retiree Health Benefit Subsidies</b> (Effective July 1, 2004)		
<b>Years of Service at Retirement</b>	<b>Monthly Subsidy Before age 65</b>	<b>Monthly Subsidy After age 65</b>
5 to 9	\$25	\$15
10 to 14	\$50	\$25
15 to 19	\$125	<b>\$100</b>
20 to 24	\$150	<b>\$150</b>
25 or more	\$175	<b>\$175</b>

### **Changes to FY 2004 Adopted Budget Plan**

*The following funding adjustments reflect all approved changes in the FY 2004 Revised Budget Plan since passage of the FY 2004 Adopted Budget Plan. Included are all adjustments made as part of the FY 2003 Carryover Review and all other approved changes through December 31, 2003:*

- ◆ There have been no revisions to this fund since the approval of the FY 2004 Adopted Budget Plan.

*The following funding adjustments reflect all approved changes to the FY 2004 Revised Budget Plan from January 1, 2004 through April 19, 2004. Included are all adjustments made as part of the FY 2004 Third Quarter Review:*

- ◆ The Board of Supervisors made no adjustments to this fund.

# Fund 500 Retiree Health Benefits Fund

## FUND STATEMENT

Fund Type G50, Internal Service Funds

Fund 500, Retiree Health Benefits

	FY 2003 Actual	FY 2004 Adopted Budget Plan	FY 2004 Revised Budget Plan	FY 2005 Advertised Budget Plan	FY 2005 Adopted Budget Plan
<b>Beginning Balance</b>	<b>\$110,009</b>	<b>\$38,564</b>	<b>\$140,942</b>	<b>\$137,378</b>	<b>\$137,378</b>
Transfer In:					
General Fund (001)	\$2,228,491	\$3,088,744	\$3,088,744	\$3,308,246	\$3,699,721
<b>Total Transfer In</b>	<b>\$2,228,491</b>	<b>\$3,088,744</b>	<b>\$3,088,744</b>	<b>\$3,308,246</b>	<b>\$3,699,721</b>
<b>Total Available</b>	<b>\$2,338,500</b>	<b>\$3,127,308</b>	<b>\$3,229,686</b>	<b>\$3,445,624</b>	<b>\$3,837,099</b>
Expenditures:					
Benefits Paid	\$2,119,600	\$3,012,500	\$3,012,500	\$3,327,500	\$3,718,975
Administrative	77,958	79,808	79,808	83,124	83,124
<b>Total Expenditures</b>	<b>\$2,197,558</b>	<b>\$3,092,308</b>	<b>\$3,092,308</b>	<b>\$3,410,624</b>	<b>\$3,802,099</b>
<b>Total Disbursements</b>	<b>\$2,197,558</b>	<b>\$3,092,308</b>	<b>\$3,092,308</b>	<b>\$3,410,624</b>	<b>\$3,802,099</b>
<b>Ending Balance<sup>1</sup></b>	<b>\$140,942</b>	<b>\$35,000</b>	<b>\$137,378</b>	<b>\$35,000</b>	<b>\$35,000</b>

<sup>1</sup> The FY 2005 Adopted Ending Balance decreases from the FY 2004 Revised Ending Balance based on the use of balance to fund retiree health subsidy payments and to offset General Fund requirements. This policy reflects the recognition that the General Fund should receive credit for any balances that are available at year-end.