



Retirement Health Insurance Program

(RHIP)

The Irving Retirement Health Insurance Program (**RHIP**) is designed to provide members of the Irving Flexible Benefits Plan (**iflex plan**) with two distinct health care benefits when they retire. As we know, when we retire we face two challenges: finding affordable health insurance coverage and finding money to cover premiums and other medical costs not covered by insurance plans. The **RHIP** provides the opportunity to address one or both of these challenges by allowing you the option of:

- **Setting aside money on a pre-tax basis** before you retire to pay for health premiums and expenses after you retire and, for long service employees
- **Access to early retiree iflex plan health coverage** at preferred rates without the need to provide a medical questionnaire (this bridges the coverage gap between early retirement and age 65 when coverage under applicable provincial health plans is available).

Benefits

Setting Aside Pre-tax Money

If you are age 50 or older now or will be before the end of the next Flex year, you may participate at the beginning of the next Flex year. It's simple; buy **RHIP** units before you retire, then use accumulated **RHIP** credits to pay for your health premiums and eligible medical expenses after you retire.

RHIP coverage is available in individual policy units with a value of \$100 each. You may purchase up to 10 units (10 units x \$100 credits = \$1,000 credits) each year to a lifetime maximum of 160 units (160 units x \$100 credits = \$16,000 credits). These units of coverage will be managed by Medavie Blue Cross in an account in your name during the accumulation phase, and are increased in value based on Medavie Blue Cross' paid-up deferred health annuity tables that reflect an enhanced five (5) year Guaranteed Investment Certificate (GIC) rate. The maximums will be indexed yearly based on the CPI Canadian Health Index.

The tax benefits of participating in the **RHIP** are three-fold: 1.) **RHIP** premiums are paid with pre-tax flex credits; 2.) the growth in value of your **RHIP** units of coverage is non-taxable; and 3.) there is no tax taken out after you retire and withdraw **RHIP** amounts to pay health plan premiums and other medical expenses allowed by Canada Revenue Agency (CRA).

Please visit the CRA website for more information on eligible medical expenses:

<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lms300-350/330-331/menu-eng.html>

If you are over age 50 when you first participate in the program, you are eligible to catch-up on unused contribution room by purchasing up to 20 units or \$2,000 credits each year.

Important: Once you make a contribution to the RHIP, you must contribute to it each year thereafter, even if it is at the minimum \$100 unit credit level. If you cease making an annual contribution, you will not be able to resume participation in the pre-tax savings part of the program.

Access to Early Retiree iflex plan Health Coverage

If you retire between the ages of 55 and 65 and the sum of your age and service is equal to or greater than 75 (Rule of 75), you may remain in the **iflex plan** until you are 65 and choose coverage from the modules available to retirees. This coverage will be available at preferred group rates and you will not need to provide a medical questionnaire.

There are two coverage options available to eligible retirees who wish to access the **iflex** plan:

Retiree Basic: Non Drug Basic and Drug Standard (no Travel or Critical Conditions). The 2023 annual premium cost is \$738 (single) and \$2,351 (family).

Retiree Basic Plus: Retiree Basic coverage plus Retiree Travel and Retiree Critical Conditions (Both Retiree Travel and Critical Conditions have been modified by Medavie Blue Cross for retiree coverage). Travel has a 30 consecutive day out-of-country limitation and Critical Conditions is on a reduced schedule of \$10,000 member, \$2,000 spouse and \$1,000 dependent. The 2023 annual premium cost for **Retiree Basic Plus** is \$884 (single) and \$2,566 (family).

Retirees who are eligible to participate in the retiree section of the **iflex** plan will have a one time only opportunity to participate at the time of retirement. If you choose not to participate, you will be ineligible to join at any other time.

Check the **iflex** benefit information that is available on Pathway, or ask your site HR/Benefits Administrator for printed material, to find details of the coverage that is available under these options.

At age 65 you would transition to the New Brunswick Seniors plan (or other provincial plan where provided), again, without having to provide a medical questionnaire. What this means is that you will experience no health coverage gaps when you transition from active employment to early retirement to retirement after age 65.

Remember, to gain access to the iflex plan and its preferred health rates when you retire from the company without having to provide a medical questionnaire, you must have contributed to the RHIP program each year after joining, even if it is at the minimum \$100 unit credit level.

Note: If you do not meet the Rule of 75 when you retire before age 65 and are not eligible to continue in the **iflex plan**, you may still use your accumulated **RHIP** credits to pay for health plan premiums with Medavie Blue Cross or other health plan provider, and to cover the cost of eligible medical expenses. In this case, you may have to provide a medical questionnaire to a health plan provider to qualify for preferred rate coverage.

Administration

Enrollment

Participation is easy; just select an amount each year while on the **RHIP** screen in the online **iflex plan** enrollment tool. You are allowed to purchase coverage in units of \$100 credits, starting at the \$100 credit annual minimum and going to the annual maximum of \$1,000 credits. The overall annual credit maximum may be up to \$2,000 credits if you have catch-up room.

Credit Accumulation

Each year you will receive an annual statement from Medavie Blue Cross showing the current value of your account.

Health Expenses after Retirement

Upon retirement, whether it is before or after age 65, the accumulated balance in your **RHIP** account will be available to you to pay for premiums in whichever health plan you join and for eligible medical expenses not covered by that plan, all on a non-taxable basis.

Each year you will receive a statement from Medavie Blue Cross showing expenses paid and the declining balance that is available to you for future health premiums and eligible medical expenses.

At such time as the balance in your account is zero, continued participation in the health plan providing your coverage would require premium payments from you directly, rather than from

your **RHIP**. CRA eligible expenses would no longer be reimbursed from your **RHIP**. At this point, all payments would become out-of-pocket and after-tax.

Death Benefit

Before and After You Retire- Your RHIP contributions and accumulated value are life insured and you must designate a beneficiary at the time you first enroll in the plan. In the event of your death, your designated beneficiary will be provided with the proceeds of a life insurance policy equivalent to the value of your **RHIP account**. Your beneficiary will have the option to take the proceeds from the life insurance policy or put them into a new Medavie Blue Cross RHIP account, for convenience when paying for future health care expenses.

What Happens If I Leave the Company Before I Retire?

The accumulated credits in your **RHIP** account will be available to you immediately through Medavie Blue Cross to pay for health plan premiums for a plan with a health plan provider and CRA eligible medical expenses. You may have to fill out a health questionnaire before qualifying for preferred rates. Additional information on your options upon termination of employment will be available from Medavie Blue Cross.

All provisions of the **RHIP** insurance plan are subject to Canada Revenue Agency rulings and interpretations, which may be amended from time to time and may result in a change in the tax status of **RHIP** funds. Allocations may be considered a taxable benefit in Quebec for provincial income tax. RHIP allocations in Ontario & Quebec are subject to provincial sales tax.

RHIP credits have no cash value unless used for payment of premiums or CRA eligible medical expenses.