



Long Island Rail Road

May 12, 2005

Mr. Christopher Natale, General Chairman-BRS
Mr. John Lacey, General Chairman-IAM
Mr. Edward Czarnecki, General Chairman-IBEW
Mr. Dean Devita, President & General Chairman-NCFO
Mr. Dennis Rodriguez, General Chairman-NTSA
Mr. Paul Korez, General Chairman-SMWIA
Mr. Arthur Maratea, General Chairman-TCU
Mr. Ralph Domenici, General Chairman-IRSA
Mr. John Eschmann, General Chairman-UTU-Yardmasters Dept.

Gentlemen:

As you are aware, effective January 1, 2004, Long Island Rail Road employees represented by your Organizations hired after January 1, 1988, are now members of the MTA Defined Benefit Pension Plan (the "MTA DB Plan"). All other employees hired prior to December 31, 1987, remain members of the LIRR Company Pension and LIRR Company Plan for Additional Pensions (the "LIRR Pension Plans").

Over the past several months the UTU has raised many questions regarding the ability of members of the MTA DB Plan to receive employer-paid medical coverage under NYSHIP. The following questions and answers from the NYS Department of Civil Service should help to clarify any ambiguities:

1. What constitutes a "severed relationship?"

Answer: The employee must be separated from the service of the employer. The employee must sever his/her relationship with the employer and be collecting or eligible to collect a pension annuity to be entitled to retiree medical coverage under NYSHIP.

2. If an employee leaves the company with a reduced pension, is that considered a "severed relationship?"

Answer: Yes, a person who retires at the minimum retirement age of 55 with at least 10 years of service who is collecting a reduced pension under the MTA DB Plan is eligible for health insurance upon retirement until he/she reaches age 65 and is Medicare eligible.

3. If an employee has 25 years of service, is age 55, and eligible to collect a full pension at age 62, but elects to collect a reduced pension at age 55, is the employee eligible for retiree medical coverage under NYSHIP?

Answer: Yes, since the employee had at least 10 years of service and is collecting a pension benefit under the MTA DB Plan, he/she is entitled to employer-paid medical benefits until age 65 and Medicare eligible.

4. If an employee has 25 years of service, is age 55, and eligible to collect a reduced pension at age 55, but elects not to collect the reduced pension, is the employee eligible for retiree medical coverage under NYSHIP?

Answer: No, unless he/she pays the full premium until such time he/she collects a pension annuity. Under NYSHIP, in order to receive employer-paid medical benefits upon the collection of a pension annuity, there cannot be any lapse in medical coverage between the time the employee severed his/her relationship and the date the employee begins collecting a pension annuity.

5. If the above employee is granted a Railroad Disability 6 months after collecting his reduced pension, does this change his/her medical coverage under NYSHIP?

Answer: No, receiving a disability annuity under Railroad Retirement does not have any impact on the MTA DB Plan or NYSHIP benefits.

6. If an employee terminates service at age 54 with 25 years of service, continues to pay NYSHIP as a vestee, and is then granted a disability from Railroad Retirement, is that employee then entitled to employer-paid medical coverage under NYSHIP?

Answer: No, a disability from Railroad Retirement has no effect upon NYSHIP coverage. NYSHIP requires eligibility from a State or employer established pension plan in order to be entitled to employer-paid medical coverage.

7. If an employee is 52 years of age, with 30 years of service, and receives a disability from Railroad Retirement, is that employee entitled to employer-paid medical coverage under NYSHIP?

Answer: No, the employee is not entitled to employer-paid medical coverage until he/she reaches age 55 and eligible for a full pension or collects a disability retirement benefit under the MTA DB Plan. Additionally, the employee must continue to pay premiums to NYSHIP as a vestee until reaching age 55 in order to receive employer-paid medical coverage once he/she reaches age 55.

Only if the employee is granted a disability retirement benefit by the MTA DB Plan prior to age 55 and the employee has kept his/her connection with NYSHIP would the employee be eligible for employer-paid medical coverage prior to age 55.

Additionally, some questions arose regarding the ability of members of the LIRR Pension Plans to receive employer-paid medical coverage under NYSHIP. The following question and answer should help clarify any ambiguities:

1. If an employee is 45 years of age with 25 years of service, hired prior to 12/31/87 (is a participant of the LIRR Pension Plans), and receives a disability from the Railroad Retirement Board, is that employee entitled to employer-paid coverage under NYSHIP?

Answer: Yes, the employee would be entitled to employer-paid medical benefits, as explained in further detail below.

In order to receive retiree medical benefits under NYSHIP, the employee must have participated in NYSHIP for a minimum of 10 years, is either receiving or eligible for a retirement or disability benefit under the LIRR Pension Plans, and has severed their relationship with the employer.

Under the LIRR Pension Plans, if an employee were to receive a disability from the Railroad Retirement Board, he/she would be eligible for a disability pension under the LIRR Pension Plans.

If the employee is eligible to receive a disability under the LIRR Pension Plans and defers receiving this benefit, he/she would still be entitled to retiree medical benefits until attaining age 65 and is Medicare eligible as long as the employee severs his/her relationship with the employer.

In most cases, due to the reduction in benefits, the employee defers payment under the LIRR Pension Plans until age 50. Regardless of the deferral of payment, the employee in this case would be entitled to retiree medical benefits under NYSHIP until the employee attains age 65 and is Medicare eligible as long as they have a severed relationship with the employer.

Please note, that receiving a disability annuity under the Railroad Retirement Board, does not automatically qualify the employee for retiree medical benefits under NYSHIP. Either the employee must be receiving a benefit under the LIRR Pension Plans or be eligible to receive a disability retirement benefit in order to receive retiree medical benefits under NYSHIP.

To summarize what is stated in the scenarios above, employees electing to take a reduced pension are eligible for retiree medical benefits if they have a minimum of 10 years as a participant in NYSHIP. If the employee is a participant in the LIRR Pension Plans (pre-1988) and receives a disability from Railroad Retirement, the employee is eligible to receive a disability retirement benefit under the LIRR Pension Plans and therefore will be entitled to retiree medical benefits regardless of age as long as the employee has severed his/her relationship with the employer.

Employees hired after January 1, 1988 who are participants in the MTA DB Plan and are receiving a disability pension from the Railroad Retirement Board must apply and be awarded a disability retirement pension under the MTA DB Plan, prior to becoming eligible for retiree medical benefits. If the MTA DB Plan awards a disability retirement benefit, the employee will be entitled to retiree health benefits until age 65 and Medicare eligible. If the employee does not receive a disability retirement benefit from the MTA DB Plan, has severed their

employment, and has a minimum of 10 years participation in NYSHIP, he/she would qualify as a vestee under NYSHIP and would be able to continue benefits by paying the full premium directly to NYSHIP until age 55 (the age at which the employee would be eligible for a pension benefit under the MTA DB Plan). When the employee is eligible and receiving a pension benefit under the MTA DB Plan, the employer would pay the premiums for the retiree medical benefits until he/she attains age 65 and is Medicare eligible, as long as the employee has kept his/her connection with NYSHIP.

To maintain NYSHIP eligibility, the employee must continue health insurance while they wait for the decision of the disability retirement under the MTA DB Plan. If they do not continue coverage, or fail to make the required payments while on leave or in vestee status, coverage for the employee and dependents will end and cannot be resumed.

I hope this explains some of the issues and questions that have arisen regarding disability retirements and employer-paid health coverage. If you have any further questions, please do not hesitate to contact me.

Sincerely,



Regina A. Walsh

Director- Employee Services

cc: M. Carino
S. Check
D. Rocco
G. Moran
M. Oliva
A. Lee
C. Munch



A Century of Service
A Lifetime of Loyalty

SERVICE EMPLOYEES
INTERNATIONAL UNION
AFL-CIO, CLC

NATIONAL CONFERENCE
OF FIREMEN & OILERS

SYSTEM COUNCIL #2

DEAN DEVITA
President & General Chairman

JAMES L. FARRIGAN
Vice President
& Vice General Chairman

4201 Church Road, Suite #7
Mt. Laurel NJ 08054

856.778.4411
Fax: 856.778.6196

e-mail: seiuncfo@aol.com

www.ncfo.org

www.seiu.org



May 13, 2005

Dear Sisters & Brothers of Local #520 & Local #311:

Following the ratification of the last contract whereby the NCFO obtained the new defined benefit pension plan for all post-1988 members employed by the MTA – Long Island Railroad, a question arose regarding employees who decide to leave the company with a reduced pension, better known as not meeting service time requirements.

The question is as follows:

“If an employee leaves the Railroad with a reduced pension, does he/she still continue to receive medical benefits?”

The answer: Only if a member, who retires at the minimum retirement age of 55 with at least 10 years of service, who is collecting a reduced pension benefit under the MTA Defined Benefit Plan, will continue to receive paid health insurance benefits until he/she reaches age 65 and is Medicare eligible.

The NCFO will demand that Metro North meets the same requirement to protect our Local # 520 members and families medical benefits before we complete this round of negotiations. As reported, we are in mediation with all the other unsigned unions and we will not stop the fight until we receive a fair contract for all of our members.

If you have any questions, as always, please feel free to contact our office.

With best wishes to you and your family, I remain,

In unity

Dean Devita
General Chairman & President

Cc: G. J. Francisco, Jr., President NCFO/SEIU
J. Farrigan, Vice General Chairman
K. Dingee, Local Chairman #520
S. Pulcrano, Local Chairman #311
Metro North Coalition Members