

Retiree Sliding Scale Premium

1. I recently retired. Am I subject to the Retiree Sliding Scale Premium?

If you retired after September 30, 2005, and did not retire on disability, and have less than or more than 25 years of service, you **are** subject to the [Retiree Sliding Scale Premium](#) as follows:

- **Each Year Less than 25 years of service:** Employer share is reduced by 2% and the retiree share is increased by that amount.
- **Each Year Over 25 years of service:** Employer share is increased by 2% and the retiree share is decreased by that amount.
- **Member with 25 years of service:** Employer will pay 100% of the employer share of the cost and the member pays the premium set by the Board.

2. I retired on disability. Am I subject to the Retiree Sliding Scale Premium?

The retiree sliding scale premium will not apply to disability retirements for 12 months from the member's date of retirement, provided that the member submits to PEEHIP proof of application for Social Security disability benefits. The exemption from the sliding scale premium cannot be extended beyond 12 months from member's date of retirement unless the member qualifies for Social Security disability benefits during the 12 months following member's date of retirement.

For purposes of this provision, a person is considered retired under disability provided that within one year of the member's retirement date, he or she qualifies for Social Security disability benefits. Proof of Social Security disability must be furnished to PEEHIP. For those qualifying for Social Security disability, the premium adjustments to reflect this will be made effective the first day of the second month following receipt of the Social Security notification by PEEHIP, provided it is received within 12 months of member's date of retirement.

3. How does the Retiree Sliding Scale Premium work if I enter DROP?

Employees who: 1) enter DROP after September 30, 2005, or 2) entered DROP before October 1, 2005, but have not yet left state service, will be subject to the sliding scale premium and will be given credit for years of service while in the DROP. The number of years and months of creditable service by an employee prior to retirement will be determined by the Retirement Systems of Alabama, including any periods of full-time permanent employment subsequent to retirement up to a maximum of five years.