

# Post-Employment Agreements

Post-employment or severance agreements are agreements between a former sponsored member and her or his former sponsoring organization. Portico Benefit Services is not a party to these agreements. However, remember to contact Portico Benefit Services for information on benefits and payment options prior to assisting with post-employment agreements.

<p><b>Notify Portico Benefit Services</b></p>	<p>The sponsoring organization should notify Portico Benefit Services in writing of the individual’s termination of employment date as soon as possible.</p> <p>If the sponsoring organization has agreed to pay severance to the former sponsored member, the termination of employment date provided to Portico Benefit Services should be the last date worked; <b>not</b> the last date for which severance is paid. All benefits stop on the last day worked.</p>
<p><b>How Benefits Are Affected</b></p>	<p>Upon separation from service, the former sponsored member’s benefits are affected as described below.</p> <p><b>Health plan</b> – After being notified of a separation from service, Portico Benefit Services will send the former sponsored member information about continuing health benefits at her or his own expense, generally for a period of up to 18 months. The former sponsored member will be billed directly by Portico Benefit Services for the cost of such coverage. The cost to continue health coverage may be different than the amount the sponsoring employer was paying.</p> <p>The monthly billing statement will be sent to the former sponsored member, for payment to Portico Benefit Services.</p> <p><b>Disability and survivor plans</b> – Coverage under these plans will stop on the last day of employment and cannot be continued. Disability claims related to the time of previous coverage must be made within six months of becoming partially or totally disabled and the former sponsored member must have received care from a qualified health care provider within 31 days preceding the date of application for benefits.</p> <p><b>Retirement Plan</b> – Once the former sponsored member has separated from service, she or he cannot make additional member pretax retirement contributions.</p> <p>A former sponsoring organization may choose to make post-employment employer contributions for a former sponsored member for a period of time. These contributions are not treated as taxable income to the former sponsored member at the time of contribution. The contributions must be made at the discretion of the former sponsoring organization and cannot be negotiated with the former sponsored member as a part of a severance or post-employment</p>

**How Benefits are Affected (Continued)**

agreement. These contributions can be made monthly or in one lump sum, up to certain dollar limits set by the Internal Revenue Service. Contact Portico Benefit Services for more information.

**Flexible Benefits Plan** – For health care and dependent care flexible spending accounts:

- The dependent (day) care flexible spending account will stop on the last day of employment. The former sponsored member can request reimbursement for eligible expenses incurred through her or his last day of employment.
- The health care flexible spending account can be continued for the remainder of the plan year if:
  - There is a positive balance in the account as of the former sponsored member's termination date, and
  - The former sponsored member remits contributions directly to Portico Benefit Services on an after-tax basis.

NOTE: If not continued, the health care flexible spending account will stop on the last day of employment. The former sponsored member can request reimbursement for eligible expenses incurred through her or his last day of employment. Contact Portico Benefit Services for more information.

**IMPORTANT:** Please encourage sponsoring organizations to contact the Portico Service Center at 800.352.2876 or 612.333.7651 *before* making any post-employment or severance agreements.