Dartmouth Retiree Health Subsidy Formula

Your retiree health insurance premium subsidy (P below) is computed using the following formula:

$$P = 100 - 20(75 - A - Y)/(10 + Y)$$

A is your age (as of July 1, 2009). And Y is your years of service (also as of July 1, 2009).

Example: Suppose that on July 1, 2009 you will be 40 years old, and will have been employed for 10 years. Then, using the formula, you get

$$P = 100 - 20(75 - 40 - 10)/(10 + 10) = 100 - 20(25)/(20) = 100 - 25 = 75$$

meaning that after you retire Dartmouth will subsidize 75% of your health insurance premium.

To maximize your subsidy, the College will compute your age and service in years and months. So for example, if your age on July 1, 2009 will be 46 years and 6 months, and your years of service will be 8 years and 3 months, then the formula will give you a subsidy of 77.8%:

$$P = 100 - 20(75 - 46.5 - 8.25)/(10 + 8.25) = 100 - 20(20.25)/(18.25) = 77.8$$

There are some conditions to keep in mind:

1) If the formula gives you a value for P that is less than 50, P is automatically set at 50 because no employee's subsidy will be less than 50%.

2) If your current annual base salary is less than \$60,000, you will get an extra percentage point added for each \$2,000 your salary is below \$60,000. For example, if your salary is \$50,000, you get an extra 5% in subsidy. So, if the formula above gives you 75%, then you would add 5% to that to get a final subsidy amount of 80%.

3) All subsidies are added onto the minimum allowable subsidy. For example, if the formula above computes to 40, your subsidy is automatically raised to 50%. If at the same time your salary is \$30,000, then 15 additional points of subsidy (one point for every \$2,000 below \$60,000) are added onto the minimum allowable subsidy of 50%. So your final subsidy would be 65%.

4) In no case will the College's subsidy exceed 100%.