

## Re-employment After Retirement

If you are a retired member of the Delaware State Employees Pension Plan, there are very specific State and IRS guidelines regarding returning to work for the State of Delaware after retirement. Under State law, a retiree is not allowed to receive a State pay check from employment while also receiving a pension check. There are several consequences to the violation of these rules including the retiree owing back all pension benefits that were received while employed by the State. There are a few exceptions as outlined below.

A retiree who returns to work must be in one of the following types of positions that are non-pension creditable:

- Temporary Employee – An employee who is hired for a specific project or task and for a finite period of time that will not exceed 12 months in duration.
- Casual/Seasonal – An employee employed by an agency under 29 Del C. §5903(17) and works less than 30.0 hours per week.
- Substitute – An employee in a school who is compensated on a daily basis and works less than 30.0 hours per week.

The employer may not modify an existing pension covered position to one of the above positions to accommodate the retiree and create a transaction to circumvent the return to work provisions.

The IRS indicates the following guidelines must be followed in order to return to work with an employer from whom you are receiving a qualified pension plan benefit:

If under age 65 –

- Must have a bona fide separation after retirement (six months or greater).
- Must not have had a pre-arranged agreement to return to work with the State.
- Must not be a contractor, working for a contractor or working for a temporary agency unless there has been a bona fide separation.

If over 65, and working in a non-pension creditable position that meets the above exceptions, the employee may receive both a pension payment and a pay check from the State of Delaware.

During 2012, the Pension Office will be contacting all agencies and school districts regarding the retirees that are employed in their locations to ensure that the State and IRS rules are being followed.

### The Pension Office will be closed on the following dates:

<b>New Years Day</b>	Monday, January 2
<b>Martin Luther King Jr. Day</b>	Monday, January 16
<b>Good Friday</b>	Friday, April 6
<b>Memorial Day</b>	Monday, May 28
<b>Independence Day</b>	Wednesday, July 4



### OFFICE OF PENSIONS

State of Delaware Office of Pensions  
McArdle Building, Ste #1 | 860 Silver Lake Boulevard  
Dover, DE 19904-2402

Toll Free Long Distance

**Telephone: (800) 722-7300**

E-mail Address: [pensionoffice@state.de.us](mailto:pensionoffice@state.de.us)

Web Address: [www.delawarepensions.com](http://www.delawarepensions.com)

Telephone: (302) 739-4208 | Fax Number: (302) 739-6129

# Annual Financial Reporting

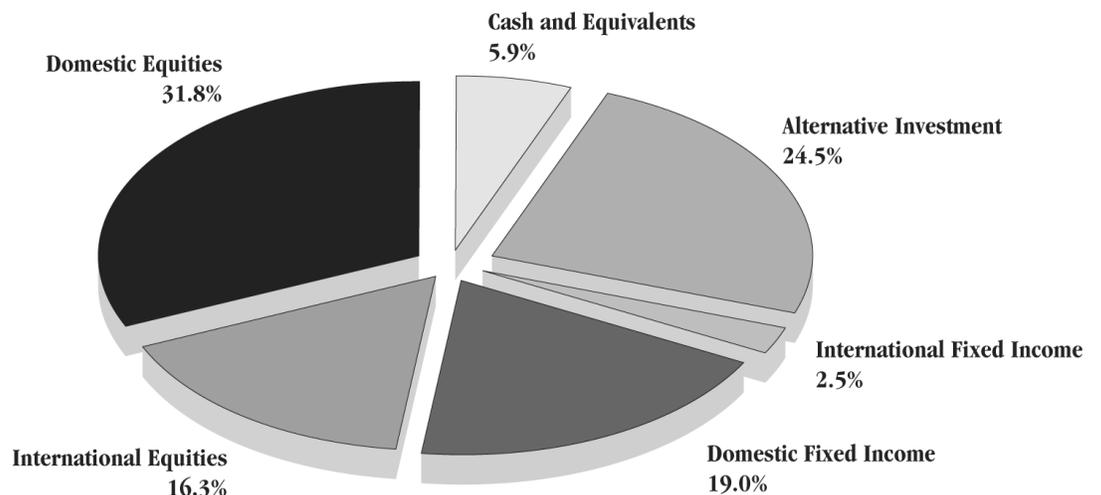
With investment markets responding positively in the past year following the severe global economic recession which began in early 2008 and drew to a close in Fiscal Year 2010, the Delaware Public Employees' Retirement System (System or DPERS) showed positive results as well. The System's investment portfolio had a 24.3% return gross of fees in Fiscal Year 2011. The total System's annualized returns for the last 5, 10, and 15 years are 6.6%, 6.7% and 8.3%, respectively. System investments are managed to control the downside risk to which assets are exposed, while maximizing long-term gain potential. This strategy positions the System to limit the impact of adverse market conditions. With the fact that market conditions are constantly changing, the Board, Investment Committee, and consultants are constantly monitoring DPERS' investment portfolio. It is important to remember that DPERS is a long-term investor with a time horizon that lasts over decades and that the investment portfolio is well diversified in many different asset classes.

As a member of a DPERS pension plan, you participate in a Defined Benefit Plan, and your retirement benefits are paid out to you regardless of market events. When you retired, DPERS calculated your monthly pension benefit based on various factors such as years of service and salary, not investment results. DPERS takes responsibility for the management and investment of the trust fund and understands that markets will fluctuate. DPERS' investment policy seeks to minimize risk and provide returns over the long term.

During the past fiscal year work continued on the implementation of a new financial reporting system.

Participation in the County & Municipal pension plans continued to grow with the addition of the Town of Greenwood and Town of Blades.

## Asset Allocation *as of June 30, 2011*



# Annual Financial Reporting

The DPERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010 was awarded the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. This is the fifteenth consecutive year that DPERS has received a Certificate of Achievement. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Pension Plan/Fund	Ending Market Value as of June 30, 2011 (in thousands)	Funding Status as of June 30, 2011
State Employees'	\$ 7,056,916	94.0%
Special Fund	372	141.5%
New State Police	272,547	94.3%
Judiciary	55,810	88.4%
County & Municipal Police & Firefighters'	161,180	98.3%
County & Municipal Other Employees'	21,615	90.4%
Delaware Volunteer Firemen's	14,270	48.7%
Diamond State Port Corporation	17,295	83.4%
Closed State Police	2,263	0.8%

the Closed State Police Plan is a pay-as-you-go plan.

In addition, the Public Pension Coordinating Council (PPCC) granted the System the Public Pension Standards Award for 2010. The major PPCC goal is to promote excellence in plan design and administration among state and local public retirement systems. The Public Pension Standards considered include: comprehensive benefit programs, funding adequacy, receipt of GFOA award in current year, independent actuarial valuation, independent audit review resulting in an unqualified opinion from the auditor, independent investment performance evaluation, adoption of written fiduciary standards by Board and Investment Committee, and communications with membership.

## 2011 Tax Documents and Retiree Annual Statements

*Forms 1099-R, 1099 MISC & W-2's*

Your 2011 tax documents are scheduled to be mailed no later than January 31, 2012. Retirees who received a benefit payment from the State of Delaware Office of Pensions in 2011 will receive either a 1099-R, 1099 MISC or W-2 Form stating information about that payment. You will need this information to complete your 2011 tax returns. Some retirees may receive more than one of the above listed forms if they received more than one type of payment; for instance, if they received a payment as a beneficiary of another member's benefit and monthly benefit payments from their own retirement. If you wish to make any changes to your tax deductions, go to our website at [www.delawarepensions.com](http://www.delawarepensions.com) and fill out a Tax Withholding Election form (TWE) and mail it to the Pension Office.

### *Retiree Annual Statements*

Your RAS (Retiree Annual Statement) is scheduled to be mailed in mid to late winter. Retirees who received monthly benefit payments as of 12/31/11 will receive a personalized statement. The statement will list the Survivor Entitlement selected at retirement, Benefit Options and Plan Options.

### *Carefully Review Your Mailings*

When you receive your documents, please review them carefully. If you have any questions regarding your Tax Documents or your Retiree Annual Statement, please contact our office.

## **Upcoming Pension Benefit Check Dates:**

Tuesday, January 31, 2012

Wednesday, February 29, 2012

Friday, March 30, 2012

Monday, April 30, 2012

Thursday, May 31, 2012

Friday, June 29, 2012

**Reminder: Pension benefits are payable on the last working day of each month.**

# Civil Union and Equality Act of 2011

The Civil Union and Equality Act of 2011 creates the legal relationship of civil unions in the State of Delaware. The Act further recognizes legal unions between two persons of the same sex entered in jurisdictions



outside of Delaware provided that such unions and the parties meet Delaware eligibility requirements to enter into a civil union in the State of Delaware. Persons who enter into a lawful civil union in Delaware on or after January 1, 2012 or whose legal union is recognized under Delaware law on or after January 1, 2012, will have the same rights, benefits, protections and responsibilities as married persons under Delaware law.

Pensioners entering into a civil union in Delaware on or after January 1, 2012 have the opportunity to add their civil union partner and/or their civil union partner's children on their State of Delaware benefit programs including medical (which includes prescription), dental, and vision within 30 days of the civil union or at the next open enrollment. Pensioners who have entered into a civil union or same sex marriage in another jurisdiction prior to January 1, 2012 have until January 31, 2012 to add their civil union partner and/or their civil union partner's children on their State of Delaware benefit programs or wait until the next open enrollment. The Statewide Benefits Office is offering civil union benefit workshops for State of Delaware employees and retirees in early to mid January. Additional information is available at <http://ben.omb.delaware.gov/>. Contact the Pension Office at 739-4208 or 1-800-722-7300 to make changes to your benefit elections.

## Double State Share Changes

In accordance with House Bill 81, Double State Share will no longer be awarded to employees who are hired or become benefit eligible employees after December 31, 2011. In addition, benefit eligible employees and pensioners marrying another benefit eligible employee or pensioner after December 31, 2011, will not be eligible for Double State Share.

Effective July 1, 2012, employees and pensioners receiving Double State Share will be charged \$25 per month per health care contract, or the employee share of the health care premium, whichever is less. Pensioners eligible for Double State Share who are on separate contracts as one is Medicare eligible and enrolled in the Special Medicfill Medicare supplement plan will be charged a single \$25 per month fee, or the employee share of the non-Medicare employee only health care premium, whichever is less. If both retired before July 1, 2012 and are Medicare eligible and enrolled in the Special Medicfill Medicare supplement plan there is no charge for each plan.

Additional information, including Frequently Asked Questions, is available at <http://ben.omb.delaware.gov/> or by contacting the Pension Office at 739-4208 or 800-722-7300.

# Spousal Coordination of Benefits (SCOB) Policy

The Spousal Coordination of Benefits (SCOB) Policy was revised effective July 1, 2011 by the State Employee Benefits Committee (SEBC) to require spouses who are retired or will retire from an employer who offers retiree health insurance coverage to enroll in the employer's retiree health plan under certain circumstances.

Requirements for spouses to enroll in their employer's retiree health insurance coverage are as follows:

- If your spouse's current employer offers retiree health insurance coverage and your spouse is eligible for this coverage and does not have to pay more than 50% of the total monthly premium, your spouse is required to enroll in the employer's retiree health insurance coverage at the time of retirement.
- If your spouse retired before July 1, 2011, and is eligible for retiree health insurance coverage through his/her prior employer and chose not to enroll upon retirement, your spouse is required to enroll in the retiree health insurance coverage program during the prior employer's next open enrollment period.
- If your spouse retired before July 1, 2011, and the prior employer does not allow enrollment in the retiree insurance coverage program if not chosen upon retirement, your spouse is not required to enroll in the prior employer's retiree health insurance coverage plan.

The Statewide Benefits Office will monitor compliance during Open Enrollment in May 2012. At this time, all employees and pensioners who cover their spouse will be required to complete a SCOB form. Pensioners whose spouse is enrolled in Medicare Parts A and B and the State's Special Medicfill supplement plan are also required to complete a SCOB form to indicate if their spouse has or is eligible to enroll in retiree health insurance coverage through a former employer. Spouses who do not comply with the SCOB Policy will have coverage sanctioned. A spousal sanction results in a claim reduction on all health and prescription services to 20 percent. The SCOB Policy and Form are available at [www.ben.omb.delaware.gov/documents.cob](http://www.ben.omb.delaware.gov/documents.cob).

Questions regarding the SCOB Policy and Form may be directed to the Statewide Benefits Office at 739-8331 or 1-800-489-8933 or the Pension Office at 739-4208 or 1-800-722-7300.