Delaware Public Employees' Retirement System
State Employees' Pension Plan

Retirement Planning

Presented by the State of Delaware Office of Pensions

SERVING THOSE WHO SERVE DELAWARE
1971- 2021

This Photo by Unknown Author is licensed under CC BY-NC-ND

Statistics *(as of 6/30/21)*

- 38,048 Retirees (including terminated vested) from all nine plans
  - 33,665 from State Employees' Pension Plan (SEPP)

- 45,242 Active Members in all nine plans
  - 38,518 in SEPP

- Over $14.6 billion in the Delaware Public Employees' Retirement System (8 pension plans, 1 length of service award plan, 3 post-retirement trusts, 1 investment pool made up of three entities)
  - Assets of $12.9 billion in SEPP
  - Approximately 110.5% funding ratio for SEPP

Pension Contributions

- First Hired into a Pension Credited Position Prior to 1/1/2012
  - 3% contribution deducted after first $6000 of earnings each calendar year
- First Hired into a Pension Credited Position on or After 1/1/2012
  - 5% contribution deducted after first $6000 of earnings each calendar year
- Correctional Officers/Specified Peace Officers
  - 7% contributions
- Employer Contributions
  - FY 2022 – 12.45% of salary

Retirement Eligibility – Unreduced Service Pension

- First Hired into a Pension Credited Position Prior to 1/1/2012
  - 30 years of pension credited service at any age
  - Age 60 with at least 15 years of pension credited service
  - Age 62 with at least 5 consecutive years of pension credited service

- First Hired into a Pension Credited Position on or After 1/1/2012
  - 30 years of pension credited service at any age
  - Age 60 with at least 20 years of pension credited service
  - Age 65 with at least 10 years of pension credited service (5 years consecutive)

- Correctional Officer/Specified Peace Officer
  - 25 years of pension credited service regardless of age with 20 years as a Correctional Officer/Specified Peace Officer (5 consecutive years)

Retirement Eligibility – Reduced Service/Age Pension

- 25 years of pension credited service at any age

  OR

- Age 55 with at least 15 years of pension credited service

- First Hired Prior to 1/1/2012
  - Reduced 0.2% for each month short of 30 years

    OR

  - Reduced 0.2% for each month under Age 60

- Hired on or After 1/1/2012
  - Reduced 0.4% for each month short of 30 years

    OR

  - Reduced 0.4% for each month under Age 60

Retirement Eligibility – Vested Pension

- First Hired into a Pension Credited Position Prior to 1/1/2012
  - Must have 5 consecutive years of pension credited service
  - Pension is effective first of the month following 62nd birthday

- First Hired into a Pension Credited Position on or After 1/1/2012
  - Must have 10 years of pension credited service
    (5 years must be consecutive)
  - Pension is effective first of the month following 65th birthday

Unified Pension

May combine service in the following Pension Plans with service in the SEPP provided not collecting a pension from them

- County & Municipal General Employees’
- New State Police
- County & Municipal Police & Firefighters
- Judicial

Buy-In Options Upon Retirement

- Approved medical or personal leaves of absence
- Sick Leave
- Actuarial (Ex: Military, Other Governmental)*

*Buy-in options must be approved and/or verified by the Office of Pensions prior to retirement

Payment For Eligible Buy-In Options

- Payment for the purchase of an approved buy-in is calculated at the time of the employee's retirement
- Written notification will be mailed directly to the home address the month the retiree will receive their first pension benefit
  - Must be paid prior to issuance of first benefit
- Can be purchased one of three ways:
  - Deducted from first monthly pension, if sufficient to cover the entire cost
  - Personal check
  - Rollover from a qualified tax-sheltered account
    - 401(A), 457(B), 403(B) (under certain circumstances), or an IRA

Payment for Leave Accruals

- You may be entitled to payment for sick and annual leave accruals
- Payment is made by your Organization
- Contact your Human Resources or Payroll representative for entitlement, estimated payoff amount and date to expect payment

Who is an Eligible Survivor?

A *survivor* is a person eligible to receive a monthly pension at the time of the active member or pensioner's death

- Spouse
- Child/children under age 18, unmarried, and if between the ages of 18 and 22, a full-time student
- Child permanently disabled as a result of a disability that began before the child attained age 18
- Dependent parent(s)

Joint And Survivor Benefit

- Payable to an eligible survivor
- Election must be made
- One-time irrevocable
- Pensioner’s monthly pension reduced for lifetime
  - 50% = No reduction
  - 66.67% = 2% reduction
  - 75% = 3% reduction
  - 100% = 6% reduction

Who is a Beneficiary?

- A *beneficiary* is named on the Member Actuarial Information form or the Contributory Designation/Change of Beneficiary form and receives a lump sum distribution of the balance of member paid pension contributions, plus interest, in the event there is no eligible survivor at the time of the member's death.

Calculating Your Estimated Monthly Pension

Visit www.delawarepensions.com

Calculating Your Estimated Monthly Pension

Benefits Calculator

Select an option below:

- State Employees Pension Calculator
- Correctional/Specified Peace Officer Pension Calculator
- New State Police Pension Calculator
- Revised Judicial Pension Calculator
- Diamond State Port Corporation
- Delaware Volunteer Firemen Pension Calculator
- County and Municipal (General)
- County and Municipal (Police/Firefighter)
- Tax Withholdings (Federal and State)

Estimated Credited Service

1 ESTIMATED CREDITED SERVICE

Compute your estimated Monthly Pension:
(If you are thinking about early retirement use the top calculator and then use the bottom calculator)

Compute your estimated Tax Withholding:
Tax Withholding Calculators

Helpful Hint:
Do not use commas in the combined highest 3 year compensation field. For example, type 100000 instead of 100,000.

Please choose the nearest month or decimal in accordance with your State of Delaware service.

Mini-Calculator

1	2	3	+
4	5	6	-
7	8	9	x
c	0	=	/

Click '=' will auto-fill Compensation Amount

Prior to **January 1, 1997 - Years** 1 **Months** 2.0 months = .1667

After **December 31, 1996 - Years** 23 **Months** 10.0 months = .8333

COMBINED **HIGHEST 3 YEAR COMPENSATION:** $ 125861.47

Your total creditable compensation is the total compensation paid to you during the three periods of 12 consecutive months during which your compensation was the highest.

COMPUTE CLEAR

Monthly Estimated Pension

2 YOUR MONTHLY EARNINGS PENSION INFORMATION

CALCULATIONS ARE ESTIMATED

Monthly Final Average Earnings	3496.15	$ 1623.09	$ 1590.63	$ 1574.40	$ 1525.70
Calculation factor years of service prior 1/1/97	69.92	**estimated** monthly pension **50%** survivor option.	**estimated** monthly pension **66.67%** survivor option.	**estimated** monthly pension **75%** survivor option.	**estimated** monthly pension **100%** survivor option.
Calculation factor years of service after 12/31/96	64.68				
Credited number years of service prior Jan. 1, 1997	1.1667				
Credited number years service after Dec. 31, 1996	23.8333				

Early Retirement

3 ADDITIONAL CALCULATORS

CALCULATIONS ARE ESTIMATED

NOTE: You must perform calculation in Step #1 first for the additional calculators to work properly.

IF EARLY RETIREMENT...

Enter number of months reduced then click 'COMPUTE' 60

Your monthly reduction: $ 194.77

$	$	$	$
1428.32	1399.75	1385.47	1342.62
estimated monthly pension **50%** survivor option.	**estimated** monthly pension **66.67%** survivor option.	**estimated** monthly pension **75%** survivor option.	**estimated** monthly pension **100%** survivor option.

COMPUTE CLEAR

Sick Leave Buy-In Option

IF SICK LEAVE BUY-IN OPTION...

Enter total sick time hours- then click 'COMPUTE' 1500

Buy-in months available:		5			
Estimated Buy-in cost:	$	874.04			
Estimated Monthly Pension Increase:	$	26.95			

$	$	$	$
1650.04	1617.04	1600.54	1551.04
estimated monthly pension **50%** survivor option.	**estimated** monthly pension **66.67%** survivor option.	**estimated** monthly pension **75%** survivor option.	**estimated** monthly pension **100%** survivor option.

Buy-in Hours Help Chart **COMPUTE** **CLEAR**

Actuarial Buy-In

IF ACTUARIAL BUY-IN (1 year Buy-in amount)...

Select Age at Retirement- then click 'COMPUTE'

50 ◉ Years of Service Prior to 1/1/1997

○ Years of Service After 12/31/1996

Monthly Pension Increased by buy-in option:	$ 69.92
Buy-in Cost:	$ 10488.46
Recoupment Period (No. of Years):	12.5000

$ 1693.01	$ 1659.15	$ 1642.22	$ 1591.43
Estimated Monthly Pension if electing **50%** survivor option with buy-in	**Estimated** Monthly Pension if electing **66.67%** survivor option with buy-in	**Estimated** Monthly Pension if electing **75%** survivor option with buy-in	**Estimated** Monthly Pension if electing **100%** survivor option with buy-in

COMPUTE CLEAR

Final Total of Estimated Monthly

FINAL TOTAL If any additional calculators were used:

UPDATED PENSION AMOUNT:	$ 1525.19	$ 1494.69	$ 1479.43	$ 1433.68
	Estimated Monthly Pension if electing 50% survivor option	Estimated Monthly Pension if electing 66.67% survivor option	Estimated Monthly Pension if electing 75% survivor option	Estimated Monthly Pension if electing 100% survivor option

Print a complete Estimate Summary based on the data input.

Burial Benefit

- $7,000 benefit
- No cost to pensioner
- Beneficiary(ies) designation
- Payment is taxable

Health Insurance

- Must be collecting a monthly Pension or LTD benefit
- All plans coupled with prescription plan coverage (except Special Medicfill non-prescription coverage option)

  - Changes in coverage occur once a year during the open enrollment period in May; changes are effective July 1st
  - Medicare–eligible members' open enrollment period occurs in October; changes effective January 1st

- Life Changing Event – Changes must be done within 30 days of the event

- If eligible for double state share, please visit the link below for premium information

https://dhr.delaware.gov/benefits/dss/index.shtml

Health Insurance

- Health benefits are available with the “State Share” paid by the State of Delaware for members:
  - First hired prior to 7/1/1991
  - Disability Pensioners
  - Members on Long Term Disability

Health Insurance

- For members first hired on or after 7/1/1991 through 12/31/06, the following portion of the "State Share" will be paid by the State of Delaware:

  - Less than 10 years of credited service 0%
  - 10 years – 14 years 11 months 50%
  - 15 years – 19 years 11 months 75%
  - At least 20 years 100%

Health Insurance

- For members first hired on or after 1/1/07, the following portion of the "State Share" will be paid by the State of Delaware:

• Less than 15 years of credited service	0%
• 15 years – 17 years 5 months	50%
• 17 years 6 months – 19 years 11 months	75%
• At least 20 years	100%

Health Insurance Example

Health Insurance Sample

Comprhensive PPO Plan for Individual & Spouse Coverage

7/1/2019

Coverage	Total Monthly Rate	State Share	Pensioner Pays
Individual	$793.86	$688.68	$105.18
Individual & Spouse	**$1,647.23**	**$1,429.08**	**$218.26**
Individual& Children	$1,223.46	$1,061.38	$162.08
Family	$2,059.40	$1,786.54	$272.86

- Hired on January 1, 1986 – Retiring with 15 Years of Service
  ($1,429.08 * 0%) $218.26 = $218.26 per month

- Hired January 1, 2003 – Retiring with 15 Years of Service
  ($1,429.08 * 25%) $357.27 + $218.26 = $575.53 per month

- Hired January 1, 2007 – Retiring with 15 Years of Service
  ($1,429.08 * 50%) $714.54 + $218.26 = $932.80 per month

Medicare Coverage

- Medicare Part A and Part B enrollment is required for all pensioners and their eligible insured dependents when they attain Medicare eligibility either due to disability or age 65.
- Medicare Part A – Federal Hospital insurance
- Medicare Part B – Federal Medical insurance (doctors, supplies, etc.)
- Medicare Part D – Prescriptions
  - The Special Medicfill plan is offered with or without prescription coverage. Prescription coverage includes a qualified and enhanced Part D prescription plan. An individual can only have one Part D enrollment, Tricare coverage is the exception.

*Contact a Benefits Representative for further details

Medicare Supplement – Special Medicfill

Retired after July 1, 2012

Coverage	Total Monthly Rate	State Share	Pensioner Pays
Special Medicfill with Prescriptions	$459.38	$436.42	$22.96
Special Medicfill without Prescriptions	$260.44	$247.44	$13.00

- Hired on January 1, 1986 – Retiring with 15 Years of Service
  ($436.42 * 0%) $22.96 = $22.96 per month

- Hired January 1, 2003 – Retiring with 15 Years of Service
  ($436.42 * 25%) $109.11 + $22.96 = $132.07 per month

- Hired January 1, 2007 – Retiring with 15 Years of Service
  ($436.42 * 50%) $218.21 + $22.96 = $241.17 per month

Dental & Vision Insurance

- Available at retirement
- Automatic payroll deduction

Active Member Benefits

- Securian Financial
  - Available to eligible active members who want to maintain Group Universal Life (GUL) after retirement
  - Premiums must be paid directly to Securian

- Flexible Spending Account (FSA)
  - Per IRS tax code there is no provision for retirees to participate
  - Benefit terminates the effective date of retirement or date of last FSA payroll deduction

- Deferred Comp Accounts
  - Final check is the last time you can contribute to this account

Direct Deposit

- Mandatory for monthly pension
- Deposited on the last business day of each month

Taxes

- Monthly pension is taxable by the Federal Government
- May or may not be taxable in the State where the retiree maintains permanent residence
- Form 1099-R

Payment of Monthly Pension

- Your first Pension Check will be on a 1-month lag
  - Retire June 1st you will receive your first check July 31st
  - Double Pay
  - Double Deductions

- Monthly pension is calculated after the receipt of your final pay from your Organization

- Online pay advices

- Post Retirement Increase (PRI)
  - A PRI is a pension increase received after retirement
  - Granted upon Legislative approval
  - 1% was given 1/1/2015
  - $400 one-time supplement November 2018
  - July 2021 based on Effective Date of Retirement
    - 3% - Prior to 7/1/1991
    - 2% - 7/1/1991 – 6/30/2001
    - 1% - 7/1/2001 – 6/30/2016
  - $500 one-time supplement November 2021

Working After Retirement

- Only applies if considering employment with an organization participating in the State Employees' Pension Plan

- Per Delaware statute and IRS guidelines
  - If under age 65 – must have a bona fide separation of at least six months
  - If over age 65 – a bona fide separation is not required

    EITHER OF THE ABOVE <u>AND</u>
  - Must be in a non-pension covered position

- Earnings limit $30,000 – Monthly pension offset $1 for every $2 earned over the limit

So…Ready for Retirement?

- Written notification to Supervisor and Human Resources four months prior to retirement

- Please visit our Pathway to Retirement for further details on the Retirement Process

  https://open.omb.delaware.gov/Path-to-retirement.shtml

- Member
  - Gathers required personal documents needed for self, spouse and eligible dependent(s) as applicable
    - Birth Verification
    - Signed Social Security Card
    - Marriage Verification
    - Divorce Verification
    - Medicare Card

After You Retire

The Office of Pensions maintains pensioner records

- Updates must be in writing with signature
  - Name
  - Address

- Other personal information
  - Please note if you update your information on your Single Sign On account you must still submit your updates in writing

- Available to answer questions or concerns

Contact the Office of Pensions

The Office of Pensions maintains pensioner records

- Website: www.delawarepensions.com

- Email address: Pensionoffice@Delaware.gov
  - Phone: (302) 739-4208
  - Toll free: (800) 722-7300
  - Fax: (302) 739-6129

- Office Address: McArdle Building
  860 Silver Lake Blvd, Ste. 1
  Dover, DE 19904-2402