Overview

Pre-Retirement

- Retirement Eligibility
- Buy-In Options
- Estimated Pension Benefit Calculator

Retiree Benefits

- Survivor Benefit
 Burial Benefit
 Health Insurance
 Blood Bank
- Medicare Coverage

Retirement Information

Beneficiary of Contributions
 Direct Deposit
 Tax Liability
 Working After Retirement
 Post-Retirement Increase

Ready for Retirement

- Retirement Process Payment of First Pension Check
- Payment of Leave Accruals After you Retire
- Estimated Pension Benefit Calculation

Delaware Public Employees' Retirement System State Employees' Pension Plan

Retirement Planning

Presented by the State of Delaware Office of Pensions

Pension Contributions

- Deducted after first \$6,000 of earnings each calendar year
- First Hired Prior to 1/1/2012
 - 3% contribution
 - Correctional Officers 5% contribution
- First Hired on or After 1/1/2012
 - 5% contribution
 - Correctional Officers 7% contribution
- Employer Contributions
 - FY 2017 9.58% of salary

Retirement Eligibility — Unreduced Service Pension

- First Hired 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
- Hired 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)

Retirement Eligibility For Correctional Officers

- 25 years of pension credited service (must have at least 5 years consecutive) regardless of age with a pension effective date on or after 1/1/2017
 - At least 20 years of pension credited service as Correctional Officer and classified with a Correctional Officer Job Code

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
 - 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
 - Reduced 0.4% for each month under Age 60

Retirement Eligibility – Vested Pension

- First Hired Prior to 1/1/2012
 - Must have 5 consecutive years of pension credited service
 - Pension is effective first of the month following 62nd birthday
- Hired on or After 1/1/2012
 - Must have 10 years of pension credited service (5 years consecutive)
 - Pension is effective first of the month following 65th birthday

Buy-In Options Upon Retirement

- Approved medical or personal leaves of absence
- Actuarial (Ex: Military, Other Governmental)
- Other Professional Educational Experience (OPEE)
- Sick Leave

Verification of Buy-In Options

- If you have rendered service outside the State of Delaware that is eligible for purchase (Actuarial and OPEE), investigate the benefit and cost of purchase prior to retirement
 - This service must be verified by the Office of Pensions prior to retirement
 - This process can be time consuming start verification early
 - Verification forms are found on our website or by contacting the Office of Pensions directly
- If you have buy-in options based on your service with the State of Delaware (Leaves of Absence and Sick Leave), the Office of Pensions will verify eligibility at the time of 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 pension benefit 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

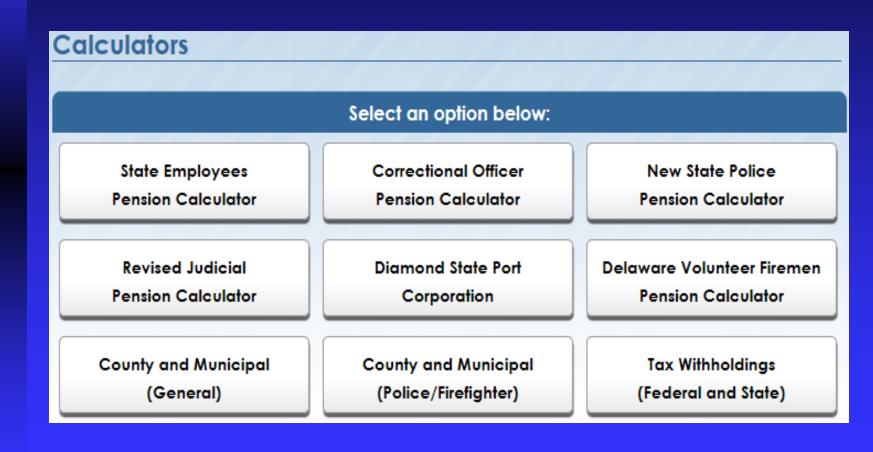
Payment for Leave Accruals

- 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

Calculating Your Estimated Pension Benefit Visit www.delawarepensions.com



Calculating Your Estimated Pension Benefit Click the applicable Plan



Compute your estimated Monthly Pension:

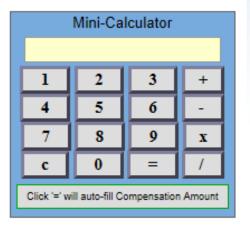
(If you are thinking about early retirement use the top calculator and then use the bottom calculator)

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.

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.

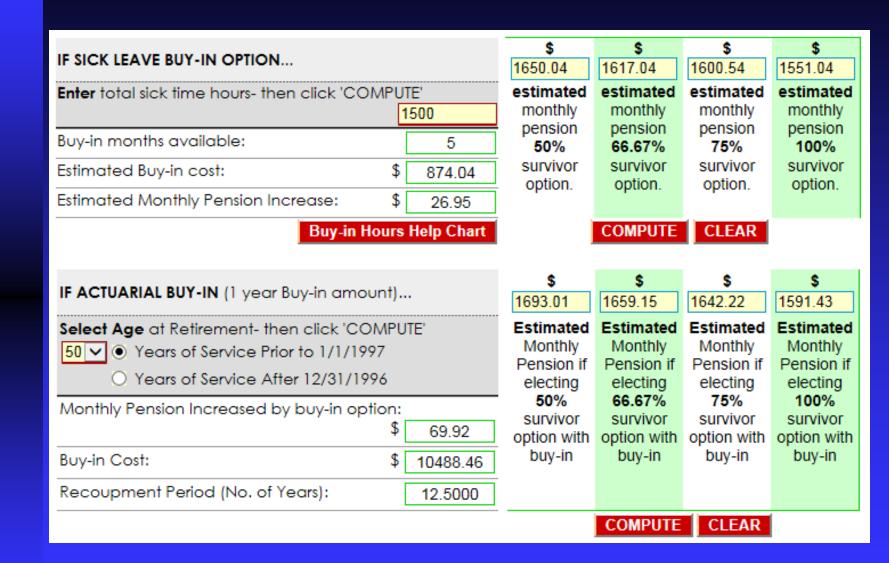
2 YOUR MONTHLY EARNINGS PENSION INFO	RMATION				
Monthly Final Average Earnings	3496.15	\$	\$	\$	\$
Monthly Final Average Earnings 34	3430.13	1623.09	1590.63	1574.40	1525.70
Calculation factor years of service prior	69.92	estimated	estimated	estimated	estimated
1/1/97	69.92	monthly	monthly	monthly	monthly
Calculation factor years of service after	04.00	pension	pension	pension	pension
12/31/96	64.68	50%	66.67%	75%	100%
Credited number years of service prior Jan.		survivor	survivor	survivor	survivor
1, 1997	1.1667	option.	option.	option.	option.
Credited number years service after Dec. 31, 1996	23.8333				

3 ADDITIONAL CALCULATORS

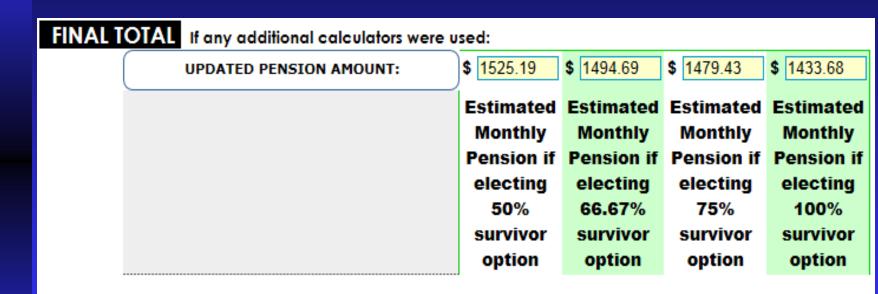
CALCULATIONS ARE ESTIMATED

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

			•	•	•
IF EARLY RETIREMENT		\$	\$	\$	\$
IF EARLI REIREMENT		1428.32	1399.75	1385.47	1342.62
		estimated	estimated	estimated	estimated
Enter number of months reduced		monthly	monthly	monthly	monthly
then click 'COMPUTE'	60	pension	pension	pension	pension
		50%	66.67%	75%	100%
Your monthly reduction:	\$ 194.77	survivor	survivor	survivor	survivor
Tool Monthly reduction.		option.	option.	option.	option.
			COMPUTE	CLEAR	
		l '			•



Final Total of Estimated Pension Benefit



Print a complete Estimate Summary based on the data input.

Who is an Eligible Survivor?

- A <u>survivor</u> is a person eligible to receive a monthly pension benefit 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 benefit reduced for lifetime
 - 50% = No reduction
 - 66.67% = 2% reduction
 - 75% = 3% reduction
 - 100% = 6% reduction

Who is a Beneficiary?

• A <u>beneficiary</u> 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 that there is no eligible survivor at the time of the member's death

Burial Benefit

• \$7,000 benefit

No cost to pensioner

Beneficiary(ies) designation

Payment is taxable

- All plans coupled with prescription plan coverage (except Special Medicfill non-prescription coverage option)
 - Changes in coverage 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 are effective January 1st
- Life changing event changes must be done within 30 days of the event
- Current Double State Share members will pay a \$25 monthly charge for each non-Medicare supplemental contract

- 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

• 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 	e 0%
• 10 years – 14 years 11 months	50%
• 15 years – 19 years 11 months	75%
• At least 20 years	100%

• 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 year	s of cr	edited	service	0%
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- 15 years 17 years 5 months 50%
- 17 years 6 months 19 years 11 months 75%
- At least 20 years100%

Medicare Coverage

- Medicare becomes primary health insurance through Social Security (SS) when an individual attains age 65 or SS determines eligibility
 - Medicare Part A
 - Hospital
 - Required to enroll upon eligibility
 - Medicare Part B
 - Medical (doctors, supplies, etc.)
 - Not required until retirement or no longer have active employer coverage
 - Medicare Part D
 - Prescriptions
 - If enrolled in State Supplement plan with prescription option, includes Enhanced Part D program

Dental & Vision Insurance

- Same Plans (Merit System)
- Changes in coverage
- Automatic payroll deduction

Blood Bank

• Same for retirees as active State employees

Securian Insurance

 Available to eligible active members who want to maintain Group Universal Life (GUL) after retirement

Premiums must be paid directly to Securian

Direct Deposit

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

Taxes

- Pension benefit 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 First Pension Benefit

- Lag Payroll Lag Pension
- Pension benefits are calculated after the receipt of your final pay from your organization
- Online pay advices

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 AND
 - Must be in a non-pension covered position
- Earnings limit \$30,000 Monthly pension offset \$1 for every \$2 earned over the limit

Post-Retirement Increases (PRI)

- A PRI is a pension increase received after retirement
- Granted upon Legislative approval

So....Ready For Retirement?

- Written notification to supervisor and Human Resources four months prior to retirement
- Human Resources
 - Validates eligibility to retire
 - Prepares pension application
 - Verifies pension creditable service
 - Submits application to Office of Pensions for acceptance
 - Schedules appointment with member to complete the pension packet
- Member
 - Gathers personal documents needed for self, spouse and eligible dependent(s) as applicable

After You Retire

The Office of Pensions maintains pensioner records

- Updates must be in <u>writing</u>
 - Name
 - Address
 - Other personal information
- Available to answer questions or concerns

Estimate

- The estimate you are about to receive is conservative. If your compensation is higher than this estimate at retirement, your monthly benefit and any buy-in options will also be higher
- If the service on your estimate is inaccurate, please contact your human resources representative and ask to have a creditable service schedule (form CSE) completed to verify your pension creditable service

ESTIMATED PENSION BENEFIT CALCULATION

Emplid: 123456 Pension Type: Reduced Service Estimated Retirement Date: 7/1/2018

Visit our website at www.delawarepensions.com

	without a reduction, to provide a 50% Surv. Pension*		Buy-In Cost	Recoupment (in years)
OPTION 1 - State Service	25 years 00 mos 00 days	\$1,750.83		
OPTION 2 - Sick Leave	25 years 03 mos 00 days	\$1,779.84	\$625.00	1.8
OPTION 3 - Leave of Absence	25 years 06 mos 00 days	\$1,811.87	\$3,430.00	4.68
OPTION 4 - Actuarial	26 years 00 mos 00 days	\$1,873.92	\$17,601.87	11.92

Monthly Benefit,

DATE: 5/18/2016

NAME: Joe Pensioner

*Joint Survivor Benefit Option Reductions

PREPARED BY: MK

3% for 75% survivor's pension 6% for 100% survivor's pension

2% for 66.67% survivor's pension

0% for 50% survivor's pension

DISCLAIMER: This statement represents only an estimate of credited service and potential benefits. None of the information in this estimate has been verified and the Office of Pensions of the State of

Delaware makes no representation or warranty, express or implied, as to the accuracy or completeness

Disclaimer

THE STATEMENT YOU WILL RECEIVE REPRESENTS ONLY AN ESTIMATE OF CREDITED SERVICE AND POTENTIAL BENEFITS. NONE OF THE INFORMATION IN THIS ESTIMATE HAS BEEN VERIFIED AND THE OFFICE OF PENSIONS OF THE STATE OF DELAWARE MAKES NO REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. ACTUAL SERVICE CREDIT AND BENEFITS WILL BE VERIFIED AT THE TIME OF RETIREMENT.

Contact the Office of Pensions

• Website: <u>www.delawarepensions.com</u>

• Email address: Pensionoffice@state.de.us

• 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

