

*Delaware Public Employees' Retirement System  
State Employees' Pension Plan*

# Retirement Planning



**Presented by the State of Delaware Office of Pensions**

## *Statistics* (as of 6/30/18)

- 34,279 Retirees (including terminated vested) from all nine plans
  - 30,922 from State Employees' Pension Plan (SEPP)
- 44,641 Active Members in all nine plans
  - 37,119 in SEPP
- Over \$10.1 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 \$9.0 billion in SEPP
  - Approximately 87.49% funding ratio for SEPP

# *Pension Contributions*

- Deducted after first \$6,000 of earnings each calendar year
- First Hired into a Pension Creditable Position Prior to 1/1/2012
  - 3% contribution
  - Correctional Officers/Specified Peace Officers – 5% contribution
- First Hired into a Pension Creditable Position on or After 1/1/2012
  - 5% contribution
  - Correctional Officers/Specified Peace Officers – 7% contribution
- Employer Contributions
  - FY 2019 – 11.83% of salary

# *Retirement Eligibility – Unreduced Service Pension*

- First Hired into a Pension Creditable 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 Creditable 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 Creditable Position Prior to 1/1/2012
  - Must have 5 consecutive years of pension credited service
  - Pension is effective first of the month following 62<sup>nd</sup> birthday
- First Hired into a Pension Creditable 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 65<sup>th</sup> 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 that there is no eligible survivor at the time of the member's death.

# *Calculating Your Estimated Monthly Pension*

Visit [www.delawarepensions.com](http://www.delawarepensions.com)



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at these locations:  
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# *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.**

Prior to January 1, 1997 - Years  Months

After December 31, 1996 - Years  Months

COMBINED HIGHEST 3 YEAR COMPENSATION: \$

Mini-Calculator

|                      |   |   |   |
|----------------------|---|---|---|
| <input type="text"/> |   |   |   |
| 1                    | 2 | 3 | + |
| 4                    | 5 | 6 | - |
| 7                    | 8 | 9 | x |
| c                    | 0 | = | / |

Click '=' will auto-fill Compensation Amount

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<br>monthly<br>pension<br>50%<br>survivor<br>option. | estimated<br>monthly<br>pension<br>66.67%<br>survivor<br>option. | estimated<br>monthly<br>pension<br>75%<br>survivor<br>option. | estimated<br>monthly<br>pension<br>100%<br>survivor<br>option. |

COMPUTE

CLEAR

# *Sick Leave Buy-In Option*

| IF SICK LEAVE BUY-IN OPTION...                    |                                        | \$               | \$               | \$               | \$               |
|---------------------------------------------------|----------------------------------------|------------------|------------------|------------------|------------------|
| Enter total sick time hours- then click 'COMPUTE' |                                        | 1650.04          | 1617.04          | 1600.54          | 1551.04          |
|                                                   | <input type="text" value="1500"/>      | <b>estimated</b> | <b>estimated</b> | <b>estimated</b> | <b>estimated</b> |
| Buy-in months available:                          | <input type="text" value="5"/>         | monthly          | monthly          | monthly          | monthly          |
| Estimated Buy-in cost:                            | \$ <input type="text" value="874.04"/> | pension          | pension          | pension          | pension          |
| Estimated Monthly Pension Increase:               | \$ <input type="text" value="26.95"/>  | <b>50%</b>       | <b>66.67%</b>    | <b>75%</b>       | <b>100%</b>      |
|                                                   |                                        | survivor option. | survivor option. | survivor option. | survivor option. |
| <a href="#">Buy-in Hours Help Chart</a>           |                                        | <b>COMPUTE</b>   |                  | <b>CLEAR</b>     |                  |

# Actuarial Buy-In

|                                                                                                                                   |             |                     |                 |                     |                      |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------|---------------------|-----------------|---------------------|----------------------|
| IF ACTUARIAL BUY-IN (1 year Buy-in amount)...                                                                                     |             | \$ 1693.01          | \$ 1659.15      | \$ 1642.22          | \$ 1591.43           |
| Select Age at Retirement- then click 'COMPUTE'                                                                                    |             | Estimated           | Estimated       | Estimated           | Estimated            |
| <input checked="" type="radio"/> 50 Years of Service Prior to 1/1/1997<br><input type="radio"/> Years of Service After 12/31/1996 |             | Monthly             | Monthly         | Monthly             | Monthly              |
|                                                                                                                                   |             | Pension if          | Pension if      | Pension if          | Pension if           |
|                                                                                                                                   |             | electing <b>50%</b> | electing        | electing <b>75%</b> | electing <b>100%</b> |
|                                                                                                                                   |             | survivor option     | <b>66.67%</b>   | survivor option     | survivor option      |
|                                                                                                                                   |             | with buy-in         | survivor option | with buy-in         | with buy-in          |
|                                                                                                                                   |             |                     | with buy-in     |                     |                      |
| Monthly Pension Increased by buy-in option:                                                                                       | \$ 69.92    |                     |                 |                     |                      |
| Buy-in Cost:                                                                                                                      | \$ 10488.46 |                     |                 |                     |                      |
| Recoupment Period (No. of Years):                                                                                                 | 12.5000     |                     |                 |                     |                      |
|                                                                                                                                   |             | <b>COMPUTE</b>      |                 | <b>CLEAR</b>        |                      |

# *Final Total of Estimated Monthly*

**FINAL TOTAL** If any additional calculators were used:

UPDATED PENSION AMOUNT:

\$ 1525.19

Estimated  
Monthly  
Pension if  
electing 50%  
survivor  
option

\$ 1494.69

Estimated  
Monthly  
Pension if  
electing  
66.67%  
survivor  
option

\$ 1479.43

Estimated  
Monthly  
Pension if  
electing 75%  
survivor  
option

\$ 1433.68

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*

- 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 1<sup>st</sup>
  - Medicare–eligible members’ open enrollment period occurs in October; changes effective January 1<sup>st</sup>
- Life Changing Event – Changes must be done within 30 days of the event
- If eligible for double state share please visit <http://ben.omb.delaware.gov/dss/index.shtml> for premium information

# *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

Highmark Delaware  
Comprehensive PPO Plan for Individual & Spouse Coverage  
July 1, 2018

| Coverage            | Total Monthly Rate | State Share       | Employee Share  |
|---------------------|--------------------|-------------------|-----------------|
| Individual          | \$793.86           | \$688.68          | \$105.18        |
| Individual & Spouse | <b>\$1,647.36</b>  | <b>\$1,429.08</b> | <b>\$218.26</b> |
| Individual & Child  | \$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 pensioners and their eligible insured dependents when they attain Medicare eligibility either due to disability or age 65.
- If Medicare eligibility was reached and enrollment was delayed while covered under employer health benefits, Medicare eligible individual(s) must apply for Medicare Part A and Part B when retiring. We recommend applying for Medicare Part A and Part B at least 2-3 months prior to the chosen retirement date.

# *Medicare Coverage (continued)*

- Medicare Part A – Hospital
- Medicare Part B - Medical (doctors, supplies, etc.)
- Medicare enrollment is maintained through the Social Security Administration (SSA). Must pay all required monthly Medicare premiums to the SSA. All questions regarding cost for Part B must be directed to the SSA.
  - Please note if you have coverage under another plan outside of the state, the coverage may conflict with Medicare coverage
  - Contact the Benefits section for further details
- 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 with Express Scripts. An individual can only have one Part D enrollment, Tricare coverage is the exception.
- Enrollment in a Medicare Advantage plan is not compatible with the Special Medicfill Plan and enrollment in both is not permitted

# *Medicare Supplement – Special Medicfill*

## *Retired after July 1, 2012*

| <b>Coverage</b>                              | <b>Total Monthly Rate</b> | <b>State Share</b> | <b>Employee Share</b> |
|----------------------------------------------|---------------------------|--------------------|-----------------------|
| <b>Special Medicfil With Prescription</b>    | <b>\$459.38</b>           | <b>\$436.42</b>    | <b>\$22.96</b>        |
| <b>Special Medicfil Without Prescription</b> | <b>\$260.44</b>           | <b>\$247.44</b>    | <b>\$13.00</b>        |

- Hired on January 1, 1986 – Retiring with 15 Years of Service  
 $(\$436.32 * 0\%) + \$22.96 = 22.96$  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  
 $(\$436.32 * 50\%) + \$218.16 + \$22.96 = \$241.12$  per month

# *Dental & Vision Insurance*

- Same Plans (Merit System)
- Life Changing Event – Changes must be done within 30 days of the event
- 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 1<sup>st</sup> you will receive your first check July 31<sup>st</sup>
  - 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

# *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

# *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-2018-2.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
    - Signed Medicare Cards if applicable

# *After You Retire*

The Office of Pensions maintains pensioner records

- Updates must be in writing
  - 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](http://www.delawarepensions.com)
- Email address: [Pensionoffice@Delaware.gov](mailto: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