

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

Retirement Planning



Presented by the State of Delaware Office of Pensions

Housekeeping

- General questions will be handled at the end of the presentation via Q&A
 - Please write them down so you do not forget them
 - If you have detailed/personal questions please contact our office and speak with a Subject Matter Expert
- Materials can be found under the link by which you joined OR on our website
 - Copy of PowerPoint
 - Rate Sheets
 - Return to Work Information
- It may appear you are the only person in the meeting – however there are many participants

Statistics (as of 6/30/20)

- 36,768 Retirees (including terminated vested) from all nine plans
 - 32,934 from State Employees' Pension Plan (SEPP)
- 44,992 Active Members in all nine plans
 - 37,724 in SEPP
- Over \$10.8 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 \$9.6 billion in SEPP
 - Approximately 87.3% funding ratio for SEPP

Pension Contributions

- Deducted after first \$6,000 of earnings each calendar year
- First Hired into a Pension Credited Position Prior to 1/1/2012
 - 3% contribution
 - Correctional Officers/Specified Peace Officers – 5% contribution
- First Hired into a Pension Credited Position on or After 1/1/2012
 - 5% contribution
 - Correctional Officers/Specified Peace Officers – 7% contribution
- Employer Contributions
 - FY 2021 – 12.33% 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



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at these locations:
New Castle County, Kent County
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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 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'		1650.04	1617.04	1600.54	1551.04
	<input type="text" value="1500"/>	estimated	estimated	estimated	estimated
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"/>	50%	66.67%	75%	100%
		survivor option.	survivor option.	survivor option.	survivor option.
Buy-in Hours Help Chart		COMPUTE		CLEAR	

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 <input type="radio"/> Years of Service After 12/31/1996		Monthly	Monthly	Monthly	Monthly
		Pension if	Pension if	Pension if	Pension if
		electing 50%	electing	electing 75%	electing 100%
		survivor option	66.67%	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				
		<input type="button" value="COMPUTE"/> <input type="button" value="CLEAR"/>			

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

- 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

Comprehensive 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 with Express Scripts. 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

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.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

Question & Answers

- Once Question & Answers are enabled please send to “Everyone”
- General questions
- If you have detailed/personal questions please contact our office and speak with a Subject Matter Expert
- Materials can be found under the link by which you joined OR on our website
 - Copy of PowerPoint
 - Rate Sheets
 - Return to Work Information etc.