

# State Employees' FAQ'S



## What do I contribute to my pension?

As an employee of the State of Delaware, you contribute a certain percentage of each paycheck to the State's pension fund. Employees hired prior to January 1, 2012 contribute 3% of that portion of their monthly compensation which exceeds \$6,000 per year. Employees hired after December 31, 2011 contribute 5% of that portion of their monthly compensation which exceeds \$6,000 per year.

Effective January 1, 1993, employee contributions to pension are pre-tax dollars.

## What does my employer contribute to my pension?

The State and employer pay the balance of the required pension contribution, each proportionate to its share of your salary. The State and employer contribute 11.96% of its covered payroll into the Pension Trust Fund as of July 1, 2019.

## When can I retire?

You are eligible to receive a pension from the State of Delaware with any of the following combinations of years of service and age:

Employees initially hired prior to January 1, 2012

### SERVICE PENSION

- Five (5) years credited service (must have five (5) consecutive years of credited service) and has attained age 62.
- Fifteen (15) years of credited service (must have five (5) consecutive years of credited service) and has attained age 60.
- Thirty (30) years of credited service (must have five (5) consecutive years of credited service) regardless of age.

### REDUCED PENSION

- Fifteen (15) years of credited service (must have five (5) consecutive years of credited service) and has attained age 55,
- Reduced by 2/10 percent for each month the employee is under age 60.
- Twenty-five (25) years of credited service (must have five (5) consecutive years of credited service),
- Reduced by 2/10 percent for each month the employee has less than 30 years.

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## SURVIVOR PENSION

- Upon the death of an active employee who has five (5) consecutive years of credited service, a monthly survivor's pension shall be payable to a survivor(s) equal to 75% of the service pension the employee would have been eligible to receive.
- At retirement, a member has the option of providing a 75% survivor's pension by electing a 3% reduction in his/her own pension. This election is irrevocable and must be made prior to the issuance of the first pension check.
- If vested, a survivor's pension is payable based on the future effective date that the pensioner would have been eligible to collect and 50% of the amount the vested employee would have been eligible to receive.
- An eligible survivor in order of priority as established by law:
  - Spouse (legally married)
  - Dependent child(ren)
  - Dependent parent(s)
- Priority may be changed by filing a notarized Survivor Order of Priority (SOP-1) form

## VESTED PENSION

- Five (5) consecutive years of credited service and has attained age 62 or,
- Twenty (20) years of credited service, which includes service prior to July 1, 1976 (must have five (5) consecutive years of credited service), and has attained age 60.

## DISABILITY PENSION

- Five (5) years of credited service (must have five (5) consecutive years of credited service) and develops a physical or mental disability which prevents the employee from performing the duties of the employee's position.
- Any disability pensioner who has not attained age 60 shall annually report the total earnings from any gainful occupation.

Employees initially hired after December 31, 2011

## SERVICE PENSION

- Ten (10) years credited service (must have five (5) consecutive years of credited service) and has attained age 65.
- Twenty (20) years of credited service (must have five (5) consecutive years of credited service) and has attained age 60.
- Thirty (30) years of credited service (must have five (5) consecutive years of credited service) regardless of age.

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## REDUCED PENSION

- Fifteen (15) years of credited service (must have five (5) consecutive years of credited service) and has attained age 55
- Reduced by 4/10 percent for each month the employee is under age 60.
- Twenty-five (25) years of credited service (must have five (5) consecutive years of credited service)
- Reduced by 4/10 percent for each month the employee has less than 30 years.

## SURVIVOR PENSION

- Upon the death of an active employee who has five (5) consecutive years of credited service, a monthly survivor's pension shall be payable to a survivor(s) equal to 75% of the service pension the employee would have been eligible to receive.
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- If vested, a survivor's pension is payable based on the future effective date that the pensioner would have been eligible to collect and 50% of the amount the vested employee would have been eligible to receive.
- An eligible survivor in order of priority as established by law:
  - Spouse (legally married)
  - Dependent child(ren)
  - Dependent parent(s)

## VESTED PENSION

- Ten (10) years credited service (must have five (5) consecutive years of credited service) and has attained age 65.

Will I get pension credit for a medical leave of absence?

You may purchase credit for an approved medical leave. For this credit, you must pay an amount which will be determined by the Office of Pensions at the time you retire. Any credited service purchased for medical leave cannot be used to determine eligibility for a pension.

Can I buy credit for personal leave?

Yes, an approved personal leave buy-in is subject to the same conditions as medical leaves described above.

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Can I use accrued sick leave toward my pension?

Yes, one (1) month of credited service can be purchased for each twenty-one (21) days of accrued sick leave beyond ninety (90) days or the balance for which the employee received payment for up to twelve (12) months.

If I leave State employment, withdraw my contributions, and subsequently return to State employment, can I have my previous pension credit restored?

Yes, but you must repay the contributions and interest withdrawn, plus applicable penalty interest, and, if not vested, you must work for five (5) consecutive years in a pension creditable position.

Am I required to retire at a certain age?

No. There is no mandatory retirement age.

Do I get credit toward a State pension for my military service time?

If you were hired before July 1, 1976, you may receive service credit for up to five (5) years, for full-time active duty in the Armed Forces of the United States. However, you must have become an employee within five (5) years after completion of your tour of duty or within five (5) years after completion of a course of professional or vocational training (if such course was begun within five (5) years of completion of your tour of duty). The course of professional or vocational training is defined as one leading to a certificate, diploma or degree and offered by a public or private non-profit or proprietary institution approved by the Department of Education. You must have enrolled on a continuous, full-time basis and completed the course of instruction.

If you are called into active service or volunteer for active service in the Armed Forces or the National Guard of the State while you are an active member within the plan and you return to your covered employment with the State within ninety (90) days of the discharge, you will receive full creditable service for such full-time continuous active military service.

If you do not qualify for the above, you may purchase up to five (5) years of credit for full-time active duty in the Armed Forces by paying into the plan an amount equal to the actuarial value of the credits purchased as determined by the Board of Pension Trustees. The credits so purchased cannot be used to determine eligibility for a pension; however, it will be used in the calculation of the benefit.

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## How will a break in service affect my creditable service?

If you have less than five (5) years of creditable service with the State when the break in service occurs, you may have this service restored if:

- You again become an employee within four (4) months after you leave State employment.
- Your discontinuance of employment is due to an absence as a result of military service, disability, or approved leave.
- You again become an employee within two (2) years after you are involuntarily terminated from State employment.
- You again become an employee and subsequently accrue at least five (5) consecutive years of credited service provided you repay any contributions you have withdrawn plus interest and any applicable penalty interest.

## Will I receive pension credit while out on Workers' Compensation?

Yes, once the carrier has approved your claim, you are entitled to receive three (3) months of supplemental pay without charging your leave. An exception is an employee injured while performing hazardous duty and they receive twelve (12) months of supplemental pay without charging your leave. At the end of the supplemental pay, available leave can be used. Upon exhausting available leave, you will be put on a Leave of Absence without Pay due to Workers' Compensation. If you have at least five (5) consecutive years of credited service and did not elect the Disability Insurance Program, you may also apply for a disability pension. No creditable service will accrue during this leave period; however, it may be purchased at retirement for computation purposes.

## If I leave State service, can I get back the contributions paid into the pension systems that were deducted from my salary?

Yes. You must contact your Human Resources Office and ask them to send you the appropriate form or print the Application for Withdrawal of Benefits form from our website. Payment may not be made until three (3) months following your final pay. The State is required by Federal Law to withhold 20% of the taxable portion of your refund that is eligible for rollover distribution, unless you choose to have that portion of the refund subject to withholding made payable directly to your IRA or to another employer plan that accepts rollovers. In addition, any refund issued prior to your obtaining age 59 1/2 years will be subject to a 10% penalty for early withdrawal by the IRS.

## When I am retired, am I guaranteed regular post-retirement pension increases?

There is no statutory requirement for increases. Increases are granted upon legislative approval.



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## Is there a pension for my surviving spouse?

If you die while actively employed and have accrued five (5) consecutive years of credited service, not counting any claimed or purchased time other than that which was purchased for sabbatical leave and military service (interrupting employment), your eligible survivor(s) will be paid a survivor's pension beginning the month following your date of death.

Your eligible survivor(s) will receive 75% of the member's current benefit. This is based on the assumption that the deceased member would have elected a 3% reduction from their benefit to provide their survivor with a 75% survivor benefit.

If you die while receiving a service or disability pension, the pension payable to your eligible survivor(s), beginning the month following your date of death, will be equal to 50% or 75% of the pension you were receiving at the time of your death depending on the Joint Survivor Beneficiary election made at retirement.

## How are survivors prioritized by the Pension Plan?

The following priority of survivors is used unless you change the priority by filing a notarized Priority of Eligibility Survivors form. This form can be obtained from our website.

Widow or widower

Unmarried child or children, either under age 18 or between age 18 and 22 and attending school on a full-time basis, or over age 18 but permanently disabled before age 18.

Dependent parent(s) who was receiving one-half of his or her support from you at the time of your death.

If there is no eligible survivor(s), your beneficiary(ies), as named on the latest Contributory Designation/Change of Beneficiary form, will be paid a lump sum equal to the excess, if any, of your accumulated contributions with interest less all pension payments made, including survivor's benefits. If there is no designated beneficiary(ies), the sum will be paid to your estate.

## How does Medicare Work?

Anyone who is eligible for Social Security is eligible for Medicare.

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Medicare is a Federal health insurance program for people age 65 and older, or who meet the requirements of the Social Security disability program. The program has two parts, hospital insurance (Part A) and medical insurance (Part B).

Hospital insurance provided through Medicare is free, having been prepaid through part of your FICA tax contributions during your working years. It pays for in-patient hospital care and follow-up care.

The premium for Part B is deducted from your Social Security check. It helps pay for physician's services, out-patient hospital care, clinical laboratory services, etc.

If you are receiving Social Security, you will automatically be signed up for Medicare at age 65.

If you are turning age 65 while actively working for the State, you can decline Part B of Medicare. However, you must enroll for Medicare Part B when retired. We suggest that you apply for Medicare Part B at least three (3) months before you plan to retire. Not enrolling in Medicare Part B could result in an additional premium by the Social Security Administration as well as denial of insurance through the State of Delaware Group Health Insurance Program.

When eligible for Medicare Part B, supplemental coverage is available through your State of Delaware Group Health Insurance Program.

**DISCLAIMER: If there is any conflict in interpretation between the FAQ's and existing law, the law governs.**