

## Delaware Public Employees' Retirement System New State Police Pension Plan

### Retirement Planning

Presented by the State of Delaware Office of Pensions

#### Statistics (as of 6/30/14)

- 27,500 Retirees from all nine plans
  - 193 from New State Police Pension Plan (NSP)
- 43,996 Active Members in all nine plans
  - 697 in NSP
- \$9.2 billion + in the Delaware Public Employees' Retirement System (8 pension plans, 1 length of service award plan, 3 post-retirement trusts, 1 investment pool)
  - Assets of \$375 million in the NSP
  - Over 99.6% funding ratio in the NSP

#### Pension Contributions

- 7% of base pay
- Employer Contributions
  - FY 2016 18.60%

#### Retirement Eligibility – Service Pension

- 20 years of credited service
- 10 years of credited service due to age (Age 55)
- Age plus credited service (but not less than 10 years) equals 75
- Age 62 with 10 years of credited service



- Must have 10 years of credited service
- Pension is effective first of the month following
   62nd birthday



- May combine service in the following Pension Plans with service in the New State Police provided not collecting a monthly pension from them
  - County & Municipal General Employees'
  - State Employees'
  - County & Municipal Police & Firefighters



- Duty Connected Immediate
  - A disability resulting from an act which would normally occur only while employed as a police officer (e.g. high-speed chase, effecting an arrest, pursuing a suspect, patrolling [criminal or traffic], etc.)
- Non-Duty Connected 5 years credited service
- Condition expected to last for at least 12 months



- Total 75% of final average monthly compensation plus 10% for each dependent not to exceed 25% for all dependents.
- Partial calculated the same as a Service Pension subject to minimum 50% of final average monthly compensation.

#### Amount of Disability Pension – Non-Duty

- Total calculated the same as Service Pension subject to minimum 50% of final average monthly compensation plus 5% for each dependent not to exceed 20% for all dependents.
- Partial calculated the same as a Service Pension subject to a minimum of 30% of final average monthly compensation.

#### Buy-In Option Upon Retirement

- Actuarial Full-time Uniformed Police Service
  - Can be used to establish eligibility

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

#### Amount of Service Pension

- Service up to and including 20 years
  - Multiplied by 2.5% of final average monthly compensation
- Service above and beyond 20 years
  - Multiplied by 3.5% of final average monthly compensation

Final average monthly compensation: The monthly average of the highest 36 consecutive months of compensation (excluding overtime and special pay for extra duties)



# Calculating Your Estimated Monthly Pension Visit www.delawarepensions.com





#### Calculating Your Estimated Monthly Pension

# Select an option below: State Employees Pension Calculator Revised Judicial Pension Calculator Diamond State Port Pension Calculator Delaware Volunteer Firemen Pension Calculator Pension Calculator

County and Municipal

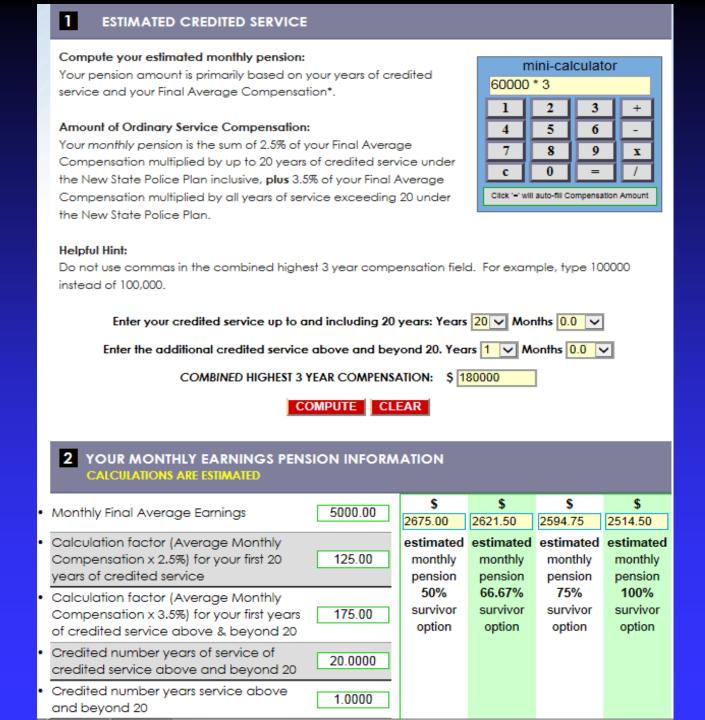
(Police/Firefighter)

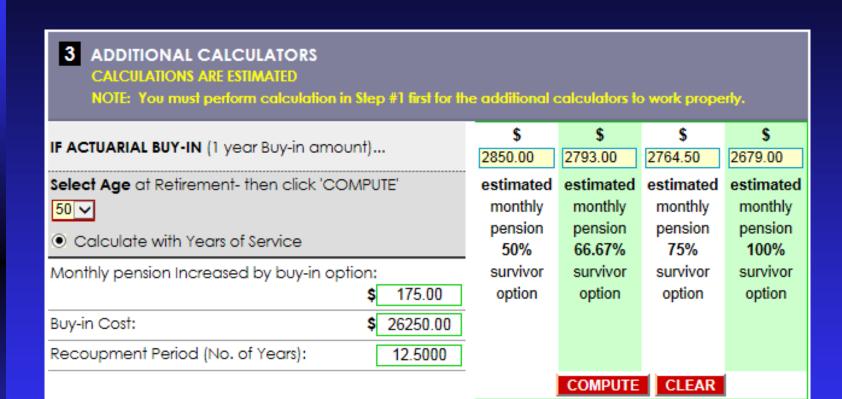
Tax Withholdings

(Federal and State)

County and Municipal

(General)





Print a complete Estimate Summary based on the data input.



- A <u>survivor</u> 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 parents

#### Amount of Survivor Pension

- Death of an active member = 50% monthly average compensation
- Death of an active member in the line of duty = 75% of monthly average compensation
- Death of a retired member = 50%, 66.67%, 75%, or 100% of service or disability pension according to election at time of retirement

#### 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 <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 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 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

#### 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%
<ul> <li>At least 20 years</li> </ul>	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%
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- 15 years 17 years 5 months 50%
- 17 years 6 months 19 years 11 months 75%
- At least 20 years 100%

#### Example

Non-Medicare Rates Effective September 1, 2015							
	Total Monthly Rate	State Share	Pensioner Pays				
Highmark Delaware First State Basic Plan							
Employee	\$645.74	\$619.88	\$25.86				
Employee & Spouse	\$1,336.02	\$1,282.60	\$53.42				
Employee & Child(ren)	\$981.60	\$942.34	\$39.26				
Family	\$1,670.08	\$1,603.30	\$66.78				

Member first hired on 10/16/1991 retiring with 14 years of pension creditable service

Chooses Employee coverage: \$619.88 x 50% = \$304.94 + \$25.86 = \$330.80 per month

#### 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 enroll in State Supplement plan, provides Enhanced Part D program





- Same Plans
- Changes in coverage
- Automatic payroll deduction



• Same for retirees as it is to active State employees



- Available to active members who want to maintain Group Universal Life Insurance after retirement
- Premiums will be paid directly to Minnesota Life



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



- 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



- Lag Payroll Lag Pension
- Monthly pension is calculated after the receipt of your final pay from your Organization
- Online pay advices



- Only applies if considering employment with an organization participating in the New State Police 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

#### 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 or 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 writing
  - Name
  - Address
  - Other personal information
- Available to answer questions or concerns

#### 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

