



# Understanding Your Retirement Plan and Options



2019



## ERS is a **Defined Benefit Plan**

- Guaranteed lifetime benefit for member
- Benefit level established by law
- Benefit calculated using a formula
- Retirement benefits **NOT** dependent upon the investment returns earned on members' contributions

**COLAs are not guaranteed!**



## Tier 1 Members



Regular members contribute  
**7.5%** of earnable compensation



Full time, Certified Firefighters,  
Correctional Officers, and Law  
Enforcement Officers contribute  
**8.5%** of earnable compensation

**RSA participation is mandatory**



## Tier 2 Members



Regular members contribute  
**6.0%** of earnable compensation



Full time, Certified Firefighters,  
Correctional Officers, and Law  
Enforcement Officers contribute  
**7.0%** of earnable compensation

**RSA participation is mandatory**



## Death of a Member Prior to Retirement **Tier 1**

Member Age	Years of Service Credit	Preretirement Death Benefit
<i>Ineligible to Retire</i>		
Under 60 or 60 and older	Between 1 and 25	Member contributions, total interest earned, plus an amount equal to the member's salary for the prior fiscal year (October 1 - September 30)
	Between 1 and 10	
Any age	Less than 1 year, death was job-related	Member contributions, total interest earned, plus an amount equal to the member's salary at time of death
Any age	Less than 1 year, death was not job-related	Member contributions, total interest earned, plus an amount matching the contributions and interest but limited to a maximum of \$5,000
<i>Eligible to Retire or 25 Years of Service</i>		
Any age or 60 and older	25 or more	<p style="text-align: center;"><i>Choice of:</i></p> <p>1. Option 3 monthly benefit (50% of member's retirement benefit) to the spouse or beneficiary (this choice is not available for multiple beneficiaries)</p> <p style="text-align: center;"><i>Or</i></p> <p>2. Member contributions, total interest earned, plus an amount equal to the member's salary for the prior fiscal year (October 1 - September 30)</p>
	10 or more	



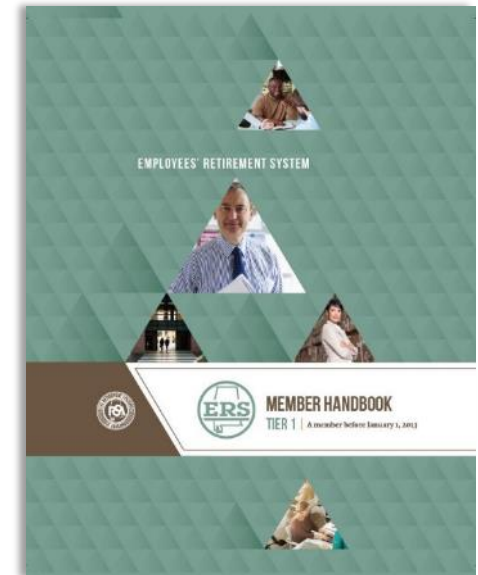
## Death of a Member Prior to Retirement **Tier 2**

Member Age	Years of Service Credit	Preretirement Death Benefit
<i>Ineligible to Retire</i>		
Under age 62 or 62 and older	————— Between 1 and 10	Member contributions, total interest earned, plus an amount equal to the member's salary for the prior fiscal year (October 1 - September 30)
Any age	Less than 1 year, death was job-related	Member contributions, total interest earned, plus an amount equal to the member's salary at time of death
Any age	Less than 1 year, death was not job-related	Member contributions, total interest earned, plus an amount matching the contributions and interest but limited to a maximum of \$5,000
<i>Eligible to Retire</i>		
62 and older Age 56 for FLC	10 or more	<p style="text-align: center;"><i>Choice of:</i></p> <p>1. Option 3 monthly benefit (50% of member's retirement benefit) to the spouse or beneficiary (this choice is not available for multiple beneficiaries)</p> <p style="text-align: center;"><i>Or</i></p> <p>2. Member contributions, total interest earned, plus an amount equal to the member's salary for the prior fiscal year (October 1 - September 30)</p>



## Types of Service Available to Purchase

- **Military Service**
  - May purchase up to 4 years during first year or after 10 years of service
- **Withdrawn Service**
- **Previous Service**
  - With a city, county, town, public or quasi-public organization
- **Out-of-State Service**
- **TRS Support Personnel, Teacher Aide, Job Corps, and Teacher Corps**



**Information is provided in your ERS Handbook**



## Becoming Vested

- A member is **vested** when he or she has **10 years** of creditable service.
- Being **vested** qualifies you for a monthly retirement check once you reach age **60 under Tier 1** or age **62 (56 FLC) under Tier 2**, even if you have not worked for a participating agency in a while, provided you have not withdrawn your retirement contributions when you left employment with a participating agency and your contributions have not been withdrawn.





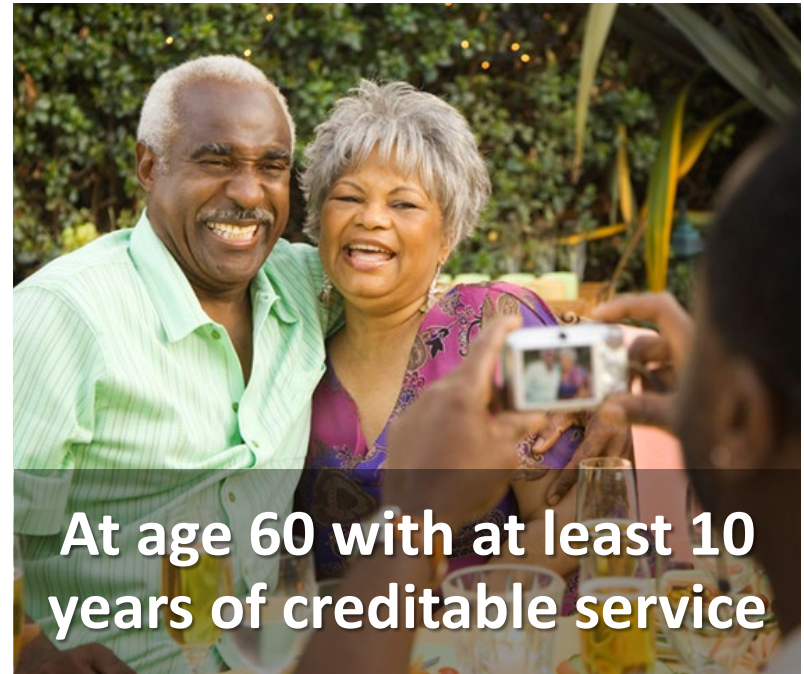
# When Can I Retire or Collect My Benefits?

## Tier 1



**After 25 years of creditable service, regardless of age**

**or**



**At age 60 with at least 10 years of creditable service**



# When Can I Retire or Collect My Benefits?

## Tier 2



**At age 62 (age 56 for FLC) with at least 10 years of creditable service**



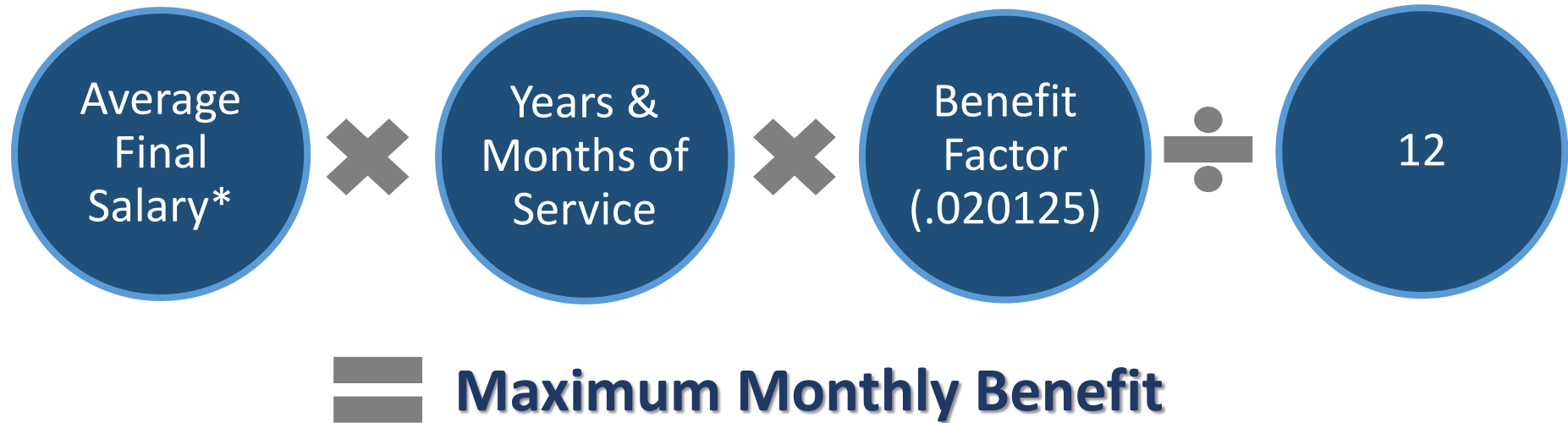
## Disability Benefits

- Must have **10 years** of creditable service in the system
- Must be in service or on official leave of absence for no more than 2 years
- RSA Medical Board must determine the member to be permanently incapacitated to perform duties of job
- Disability benefits calculated identically to benefits for service retirement





## How Will My Retirement Benefit Be Calculated?



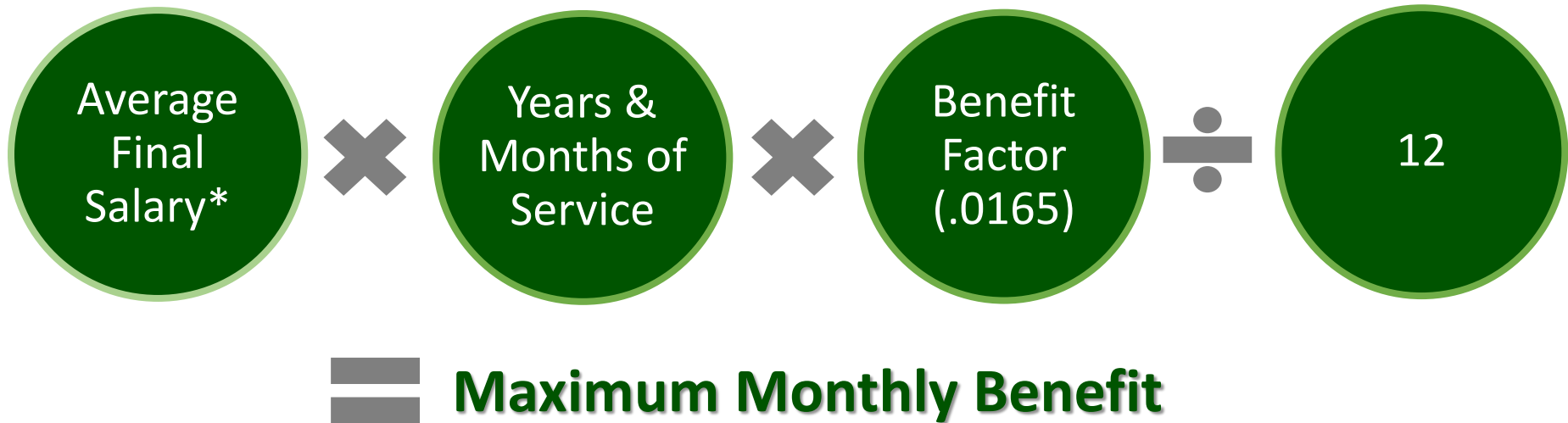
\*The average of the **highest THREE years** of salary out of the last 10 years the member made contributions.

\*Refer to your Member Handbook, page 22, for examples of maximum benefit amounts.

# Tier 1



## How Will My Retirement Benefit Be Calculated?



\*The average of the **highest FIVE years** of salary out of the last 10 years the member made contributions.

\*Refer to your Member Handbook, page 18, for examples of maximum benefit amounts.

# Tier 2



# Retirement Benefit Choices

This choice is **only** made at time of retirement:

- Maximum Monthly Benefit
- Option 1
- Option 2
- Option 3



**Under each of these plans, the member will receive a benefit for life.**



## Maximum Monthly Benefit

- Largest available monthly benefit
- Benefits **cease completely** at time of retiree's death
- Designated beneficiary(ies) receive a one-time prorated benefit covering the days of the last month the retiree was living





## Option I

- Monthly benefit **slightly less** than maximum monthly benefit
- Lifetime benefit for retiree on a monthly basis

If retiree dies prior to receiving annuity payments exceeding his or her account balance, the remaining balance will be paid to the designated beneficiary(ies).







## Option II

### 100% Survivor Benefit

- Reduced monthly benefit over lifetime of retiree
- Benefits based on ages of retiree and beneficiary

**Only 1 beneficiary** may be designated to receive the same lifetime benefit after the retiree's death.

No changes of beneficiary (to receive a monthly benefit) are allowed after retirement, unless beneficiary predeceases retiree or a divorce between retiree and beneficiary.



## Option III

### 50% Survivor Benefit

- Reduced monthly benefit over lifetime of retiree
- Benefits based on ages of retiree and beneficiary

**Only 1 beneficiary** may be designated to receive one-half of the retiree's benefit after the retiree's death.

No changes of beneficiary (to receive a monthly benefit) are allowed after retirement, unless beneficiary predeceases retiree or a divorce between retiree and beneficiary.



## Preparing for Retirement

- A **successful retirement** requires a lot of **planning** and **preparation**.
- You have time to plan, so get started!

