



Welcome

# **Richmond Retirement System**

**“Now That You Are Vested”**

**Workshop**

**September 15, 2009**



# Agenda

- **Plan Administration**
- **Retirement Contributions**
- **Membership**
- **Types of Retirement**
- **Eligibility Requirements**
- **Benefit Calculation**
- **Increasing Creditable Service**
- **Benefit Payment Options**
- **Life Insurance Benefits**
- **Death Benefits**



# Plan Administration

## ➤ Governed by a Board of Trustees

- ❖ Five members appointed by City Council
- ❖ Two members appointed by the Mayor

## ➤ Code of the City of Richmond

- ❖ Chapter 78-1 through 78-373



# Contributions and Funding

The Richmond Retirement System plans are funded by three sources:

- Member Contributions
- City Contributions
- Investments



# Membership

- **Members include active, terminated vested and retirees**
- **Members become vested after completion of five years of creditable service**
- **Once vested, benefits are not forfeited, even if termination of employment occurs before eligibility for retirement**



# Types of Retirement

- **Service Retirement**
- **Early Service Retirement**
- **Deferred Retirement**
- **Ordinary Disability Retirement**
- **Compensable Disability Retirement**



# Eligibility Requirements

## ➤ **Service Retirement**

- ✓ Eligible at age 65
- ✓ Service may be less than five years

## ➤ **Early Service Retirement**

- ✓ Eligible for unreduced benefits with 30 years of service, regardless of age
- ✓ Eligible for reduced benefits at age 55 with at least five years of service



# Eligibility Requirements

## ➤ **Deferred Retirement**

- ✓ Eligible if employee terminated with a minimum of five years of creditable service
- ✓ Unreduced benefit payable at age 65
- ✓ Reduced benefit payable at age 55
- ✓ Early Service Reduction Factor is based solely on age



# Eligibility Requirements

## **Ordinary Disability**

- **Must have 5 years of service**
- **Must be certified as disabled by RRS Medical Examiners**
- **Must be totally and permanently incapacitated from performing any duties with the City**



# Eligibility Requirements

## Compensable Disability

- **Eligible under state Workers' Compensation Act**
- **Certified as disabled by RRS Medical Examiners**
- **If unable to perform duties of his/her current position, but able to perform duties in another position, the City will attempt to place disabled employee in alternative City position**
- **Benefit is 2/3 of Disability Average Compensation**



# Benefits Calculation

## What is a Defined Benefit?

- A guaranteed benefit which is based upon a formula.
- It is not based on the members accumulated contributions in their account.



# Benefit Calculation Factors

- **Age**
  
- **Creditable Service**
  - ✓ **Unused Sick Leave**
  
- **Three-years average final compensation**
  - ✓ **Base Bi-Weekly Pay**
  - ✓ **Differential Pay**
  - ✓ **Bonus Pay**
  - ✓ **Educational Incentive Pay**



# Benefit Calculation

$$\frac{\text{AFC} \times \text{YCS} \times \text{*multiplier}}{12 \text{ months}} = \text{Monthly Benefit}$$

**AFC = Average Final Compensation**

**YCS = Years of Creditable Service**

**\*1.75% for Defined Benefit Plan**

**\*2% for Enhanced Defined Benefit Plan**



# Benefit Calculation Example

$$\text{D.B.} \quad \frac{\$40,000 \times 30 \text{ years} \times .0175}{12 \text{ months}} = \$1,750.00$$

$$\text{E.D.B.} \quad \frac{\$40,000 \times 30 \text{ years} \times .02}{12 \text{ months}} = \$2,000.00$$



# Online Benefit Calculator

The Richmond Retirement System **Online Benefit Calculator** offers you the opportunity to get an idea of your retirement benefit years before you become eligible.

The **Online Benefit Calculator** can be found at the Richmond Retirement System website,

[www.richmondgov.com/retirement](http://www.richmondgov.com/retirement)



# Increasing Creditable Service

- **Purchase of Prior Service**
- **Portability**
- **Part-Time Service Credit**
- **Unused Sick Leave Credit**



# Purchase of Prior Service

- **Must be vested in RRS**
- **Must have creditable service in the retirement system of another state or political subdivision**
- **Creditable service cannot be counted for retirement benefits in that system**
- **Qualifying service includes full-time service on a temporary, seasonal or contractual basis with the City**



# Purchase of Prior Service

- **Contributions to purchase service based on greater of current salary or 36-month average salary**
- **Contribution rates 10% per year of service. Payment may be made in a lump sum or by payroll deduction.**
- **Period of time for payroll deduction cannot exceed length of service being purchased.**
- **Service cannot be used to meet early service unreduced benefit request until 5 years after completion of purchase**



# Portability

## What is Portability?

- **It is a voluntary program that allows the transfer of the value of the member's retirement benefits between RRS and the following retirement systems:**
  - ✓ **Virginia Retirement System**
  - ✓ **Norfolk Employees' Retirement System**
  - ✓ **Newport News Employee Retirement Fund**
  
- **The member must not have previously withdrawn contributions from the participating employers**



# Part-Time Service Credit

## **Requirements to receive service credit:**

- ✓ Part-time permanent employment
- ✓ Worked for a minimum of 20 hours per week
- ✓ For 18 consecutive months
- ✓ Hired directly into a full-time permanent position
- ✓ No break in service



# Unused Sick Leave Credit

## **Vested member will receive creditable service:**

- At Retirement or Separation from City employment
- Converted at a 50 percent ratio
- No limit to the amount of hours that can be converted



## Find Out More Online

The Richmond Retirement System website has news, forms, applications and more to help you plan for your retirement.

[www.richmondgov.com/retirement](http://www.richmondgov.com/retirement)



# Benefit Payment Options

- **Basic Benefit**
- **Joint & Survivor Option**
- **Pop-Up Joint & Survivor Option**
- **Smooth-Out**



# Benefit Payment Options

## ➤ **Basic Benefit**

- ✓ Pays a level monthly benefit for the lifetime of the retiree only.

## ➤ **Joint & Survivor Option**

- ✓ Pays a reduced monthly benefit for the life of the retiree with a specific percentage (25%, 50%, 75%, 100%) continued to the beneficiary following the death of the retiree.
- ✓ Benefit remains reduced if the beneficiary precedes the retiree in death.



# Benefit Payment Options

## ➤ **Pop-Up Joint & Survivor Option**

- ✓ Pays a reduced monthly benefit for the life of the retiree, with a specific percentage (25%, 50%, 75%, 100%) continued to the beneficiary following the death of the retiree. This type of payment reverts to the basic benefit if the beneficiary precedes the retiree in death.



# Benefit Payment Options

## ➤ **Smooth-Out Option**

- ✓ Pays a higher benefit before age 65 and a lower amount after age 65 (in comparison to the Basic Benefit), taking into account eligibility for full Social Security benefits as early as age 65.
- ✓ Benefit will reduce at age 65 regardless of when you become eligible to draw full benefits from Social Security.



# Effects on Your Retirement

## **Divorce and Retirement Benefits**

- RRS will honor an ADRO that was accepted and approved
- Before June 10, 2002
- Child/Spousal Support (court order) deducted from pension



# Receiving Your Pension

- **Pensions are paid via direct deposit**
  - ✓ **Initial payment is by check**
  - ✓ **Thereafter direct deposit**
  
- **Pensions are issued on the last business day of the month**



# Receiving Your Pension

## ➤ **Deductions:**

- ✓ **federal and state income taxes**
  - ↪ <http://www.irs.gov/>
  - ↪ <http://www.tax.virginia.gov/>
- ✓ **premiums for health and dental insurance, if applicable**
- ✓ **child support payments, if applicable**

## ➤ **Monthly benefit not subject to garnishment**



# Health and Dental Insurance

➤ **Health Insurance Policy**

➤ **Health Insurance Plans**

➤ **Dental Plans**



# Health Insurance Policy

## ➤ Eligibility Requirements

- ✓ Must have ten (10) years of creditable service
- ✓ Must have continuous coverage during last five (5) years of service

## ➤ Health Insurance “leave and return” policy

- ✓ Retiree may cancel and re-enroll prior to becoming Medicare eligible
- ✓ Upon re-enrollment, retiree must submit proof of continued coverage (Certificate of Coverage)
- ✓ Must re-enroll with the same or lesser tier of coverage at time of withdrawal



# Health Insurance Policy

## ➤ **Effects of Medicare Eligibility**

- ✓ **Coverage ends for Medicare participants (retirees, spouses or dependents).**
- ✓ **A non-Medicare eligible spouse or dependent can stay on the City's plan until they become Medicare eligible, unless COBRA provisions apply.**
- ✓ **Monthly premium for a spouse/dependent will be deducted from the retiree's check.**



# Health Insurance Plans

➤ **SOUTHERN HEALTH HMO**

➤ **SOUTHERN HEALTH POS**

➤ **SOUTHERN HEALTH PPO**



# Dental Plans

➤ **Delta Dental**



# Life Insurance Benefits

## **Basic Group Life**

- **Natural Death Benefit**
- **Accidental Death Benefit**

## **Optional Group Life**

- **Before Retirement**
- **After Retirement**

**For a copy of the policy contact Human Resources at 646.5660**



# Life Insurance Benefits

## **Basic Group Life Insurance - *before* retirement**

### ➤ **NATURAL DEATH:**

Salary rounded to next \$1000.00 and double

### **ACCIDENTAL DEATH:**

Natural death amount doubled

### ➤ **ACCELERATED BENEFITS**

**For a copy of the policy contact Human Resources at 646.5660**



# Life Insurance Benefits

## **Basic Group Life Insurance - *after* retirement**

- **Natural death benefit coverage continues at no cost to you.**
- **Accidental death and dismemberment coverage ends.**
- **Policy value reduces 25% on January 1<sup>st</sup> of the first full year after retirement and each January thereafter until it reaches 25% of the original value at retirement.**

**For a copy of the policy contact Human Resources at 646.5660**



# Life Insurance Benefits

## **Optional Life Insurance - *before* retirement**

- **If Group Life Insurance does not meet your needs, you may be eligible to purchase Optional Life Insurance.**
- **To carry Optional Life into retirement, you must have at least five years of service.**

**For a copy of the policy contact Human Resources at 646.5660**



# Life Insurance Benefits

## **Optional Life Insurance - *after* retirement**

- **You may continue a portion of Optional Life Insurance into retirement.**
- **You must elect the coverage within 31 days of retirement.**
- **Optional Life Insurance coverage begins to reduce when you reach age 65 and ends at age 80.**

**For a copy of the policy contact Human Resources at 646.5660**



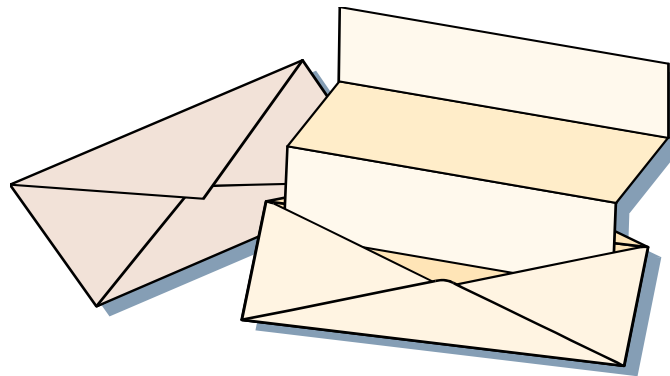
# Death Benefits

- **100% surviving spouse benefit if death occurs while eligible to retire**
- **100% surviving spouse benefit if death is due to job-related injury**



# Information About Your Benefits

- **Richmond Retirement System Website**  
[\(\[www.richmondgov.com/retirement\]\(http://www.richmondgov.com/retirement\)\)](http://www.richmondgov.com/retirement)
- **Member Handbook**
- **Annual Pension Statement**  
Is an estimate that a member receives every year of their projected retirement benefits.





# Other Sources of Retirement Income

## ➤ Personal Savings

- ✓ City's 457 Deferred Compensation Plan
- ✓ IRAs
- ✓ Savings Bonds
- ✓ Certificate of Deposit (CD)

## ➤ Social Security

- ✓ [www.ssa.gov](http://www.ssa.gov)



# For More Information

Visit the Richmond Retirement System Website at:

<http://www.richmondgov.com/retirement>

Or Contact the Office:

Richmond Retirement System

900 East Broad Street, Room 400, Richmond, Virginia 23219

804-646-5958

Office Hours: 8:00 am - 5:00 pm

Walk-in Hours: 10:00 am - 2:00 pm