

#12 Separation Retirement Benefits

For General City Members Enrolled on or before 12/31/2013

If you leave employment while a member of ERS before reaching the minimum service retirement age (60), you will be eligible for ERS benefits if you have at least four years of creditable service (i.e. are vested) or were involuntarily separated. This pamphlet describes benefits to which a separated member may be entitled.

Reinstatement Rights

If you separate employment as an ERS member prior to reaching age 60 having less than four years of creditable service and then return to work, you may continue your prior membership only if you return within five years of your separation. If you return after five years, you will be reenrolled as a new member and you will not receive credit for your prior service. In addition, if you have less than four years of service, you may apply for a refund of 1.6% and/or 5.5% amounts contributed to the plan however you will be required to waive all current rights in the plan. In that event, even if you returned within five years, you would be reenrolled in the plan as a new member.

If you separate employment as an ERS member prior to reaching age 60 having four or more years of creditable service and then return to work, you may continue your prior membership regardless of when you return

Deferred Retirement

If you separate from employment as an ERS member having four or more years of creditable service prior to reaching eligibility for full retirement (i.e. you are under age 55 or if you are between age 55 and 60 but do not yet have 30 years of service) you are eligible to begin receiving monthly retirement allowance at age 60.

Your deferred retirement allowance will be calculated using the same basic formula used to calculate service retirement allowances (creditable service in years x 2% x final average salary). For further information on calculations, please refer to the ERS Brochure #11, Estimating Service Retirement Benefits for General City Members.

If your calculated monthly benefit at age 60, is below the required minimum monthly benefit provided in the City Charter, your benefit will be paid to you as an actuarially equivalent single lump sum payment that you may roll over, tax deferred, to a qualified retirement plan such as an IRA.

Contribution Withdrawal Rights

If you separate from employment as an ERS member with four (4) or more years of creditable service you may be eligible to withdraw your contributions with interest and any 1.6% and/or 5.5% amounts you contributed. **If you withdraw these contributions, you forfeit all rights to other benefits in the plan including your right to reinstatement and the deferred retirement allowance described earlier.**

If you qualify, you may withdraw your accumulated contributions any time after you have separated from service, however, you will receive only one half of the interest credited to your account after the date of separation. Amounts withdrawn may be rolled over tax deferred to a qualified retirement plan such as an IRA.

Early Retirement

If you separate employment as an ERS member with at least fifteen years of creditable service you can begin receiving an early retirement allowance at any time after attaining the age of 55. Your allowance will be reduced by an actuarial factor to reflect the longer period of time your lifetime monthly annuity will be paid to you. The closer you are to age 60, the smaller this reduction will be. At age 55 the reduction is approximately 40%, which means you would receive approximately 60% of the allowance payable to you at age 60. The table below shows the current *approximate* reduction factors by age:

Age at Early Retirement	Approximate Reduction Factor
55	60%
56	66%
57	73%
58	81%
59	90%

Assume you are contemplating early retirement at age 55 and that you have 20 years of service with a final average pensionable salary of \$30,000. Your unreduced age 60 benefit is \$12,000 a year (30 years x 2% x \$30,000 average pensionable salary) or \$1,000 per month. The reduction factor at age 55 is approximately 60%, so if you chose to retire early, you would be eligible to receive a maximum monthly allowance of approximately \$600 (60% x \$1,000) monthly at age 55. If you deferred retirement to age 60, you would be eligible to receive a maximum monthly allowance of \$1,000 at that time.

It is important to note that the Charter limits the outside earnings members can make while on early retirement up to age 60. Members are allowed to earn the difference between their final average salary and their retirement benefit. For every dollar earned in excess of this difference, the early retirement benefit is reduced, dollar for dollar. Continuing with the earlier example, you would be allowed to earn the difference between your final average salary (\$30,000) and your annual pension benefit (\$7,200) or \$22,800 while still collecting your full early retirement benefit. Members on early retirement are required to submit earnings statements and copies of tax returns annually.

Involuntary Separation-Immediate Allowance

If you are discharged or your position is eliminated as an ERS member and you are not otherwise employed by any agency of the ERS, you may defer your benefit to age 60 regardless of whether or not you have four years creditable service. In addition, you may be eligible to begin receiving monthly separation benefits immediately. If you elect to begin receiving benefits immediately, they will be actuarially reduced in the same manner as described for early retirement earlier. As one might imagine, the reduction factors for younger members can be dramatic. However, unlike early retirements, these immediate allowances are not subject to outside earnings limitations.

If your immediate allowance is below the required minimum monthly benefit provided in the City Charter, your benefit will be paid to you as an actuarially equivalent single lump sum payment that you may roll over tax deferred to a qualified retirement plan.

If you begin receiving a reduced benefit and later return to an agency covered under the ERS, your separation benefits will stop. Any benefit that would be payable at your subsequent separation, death or retirement would be reduced to reflect the separation benefits you already received.

What Happens to my Retirement Benefits if I Leave Employment?

Depending on your individual circumstances, you may be eligible for certain benefits when you leave employment while a member of the ERS.

Generally, members have vested rights to benefits once they complete four years of creditable service. Usually, a member can simply defer receiving his or her benefit to normal retirement age (age 60). However, the plan does provide for other types of benefits other than deferring to age 60.

This pamphlet is designed to summarize the rights and benefits of General City Members separating from service prior to full retirement eligibility. Under certain circumstances members may withdraw pension balances or choose to take a reduced early retirement. For a more comprehensive explanation of your benefits, please refer to your member handbook.

Note to members who have left involuntarily

If your employer has dismissed you and you are appealing this action or are otherwise seeking legal action to regain your job and/or lost wages, **do not** attempt to withdraw your contributions as you will be required to relinquish all current rights and benefits in the plan by doing so. In waiving your rights to your pension benefits you are in effect confirming that you have separated from service and that wish to withdraw from the plan. Appealing your dismissal is an action that conflicts with withdrawing your contributions and waiving your rights to membership. You have certain rights as a member regardless of action taken by your employer. If you are successful in your appeal, you will be able to continue your membership.

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