

City of Milwaukee Employees' Retirement System



Milwaukee Public Schools
Classified Employees



Are you ready to retire?

Choosing when to retire is an *individual* decision

Factors you need to consider:

- Your financial situation
- Your family
- Your lifestyle
- Your health
- Where you will live



Getting the most from retirement

- Use the ERS Website – www.cmers.com
- **Member Self Service (MSS)**- From the www.cmers.com home page, active members are able to set up a user account by registering with our website. To register, you will need to select a user identification and password, know your email address, social security number, first and last name as it appears on your paycheck, and date of birth. The entry of your private information is protected by VeriSign security.
- Step-by-step instructions can be accessed on the website
- Once registered, members can sign in using their secret user identification and password.
- MSS features include:
 - Viewing your personal profile,
 - Viewing information about your member account (contributions and service credit)
 - Calculating and printing a pension benefit estimate using information ERS has on file, or using information you enter. NOTE: You will still need to contact ERS before you retire for an estimate from us. You can also request an estimate online
 - Requesting a benefit estimate or beneficiary change form

Getting the most from retirement

Some information resources

- Social Security Administration (*eligibility, estimates and application for benefits*)-www.socialsecurity.gov
- Milwaukee County Department on Aging (*local resources*) (414)289-6874 -www.county.milwaukee.gov
- Administration on Aging -www.aoa.gov

ERS Benefits

Service retirement

You can retire with *non-reduced* benefits at Service Retirement Age:

Tier I:

Enrolled on/before 12/31/2013

- Age 60
- or*
- Age 55 with at least 30 years of service
- No limit on outside earnings

Tier II:

Enrolled on/after 1/1/2014

- Age 65
- or*
- Age 60 with at least 30 years of service
- No limit on outside earnings



Be sure to check eligibility for MPS health and life insurance benefits

How monthly pension benefits are calculated

Service Retirement Benefit Formula

Years of Creditable Service x Service Credit Factor = **Multiplier**

Note: Multiplier is capped at 70%

Service Credit factor for those hired on/before 12/31/2013 = 2.0%

Service Credit factor for those hired on/after 1/1/2014 = 1.6%

(Multiplier x Final Average Salary) = **Annual Pension Benefit**

Annual Pension Benefit / 12 = **Monthly Pension Benefit**



ERS Benefits

Early retirement

You can retire with *reduced* benefits at age 55 or later with at least 15 years of service

- A financial penalty applies
- If you were hired on/before 12/31/2013, until age 60, your benefit may be further reduced for outside earnings (up to certain limits)
- If you were hired on/after 1/1/2014, until age 65, your benefit may be further reduced for outside earnings (up to certain limits)
- Be sure to check eligibility for MPS health and life insurance benefits



How monthly pension benefits are calculated

Early Retirement Benefit Formula

Years of Creditable Service x Service Credit Factor = **Multiplier**

Note: Multiplier is capped at 70%

Service Credit factor for those hired on/before 12/31/2013 = 2.0%

Service Credit factor for those hired on/after 1/1/2014 = 1.6%

(Multiplier x Final Average Salary) = **Annual Pension Benefit**

Annual Pension Benefit x Early Retirement Reduction Factor = Annual Early Pension Benefit

Annual Early Pension Benefit / 12 = Monthly Early Pension Benefit

ERS Benefits

Deferred Retirement

If you separate from City (MPS) employment with at least 4 years of service (qualifying time can be used), you are vested and eligible to begin receiving a monthly ERS benefit at age 60 (or age 65, if you were hired on/after 1/1/2014)

- You can retire from MPS and defer receiving your ERS pension benefit until age 60 (or 65) – Contact MPS for eligibility information
- You are not required to start receiving your ERS pension benefits to be eligible for MPS retiree health and life insurance – Contact MPS for information

How monthly pension benefits are calculated

Deferred Retirement Benefit Formula

Years of Creditable Service x Service Credit Factor = **Multiplier**

Note: Multiplier is capped at 70%

Service Credit factor for those hired on/before 12/31/2013 = 2.0%

Service Credit factor for those hired on/after 1/1/2014 = 1.6%

(Multiplier x Final Average Salary) = **Annual Pension Benefit**

Annual Pension Benefit / 12 = **Monthly Pension Benefit**

Definitions

- Final Average Salary (FAS) shall mean the average annual earnable compensation of a member computed on the 3 years of creditable service preceding their date of retirement during which their earnable compensation was the highest.
 - Twelve-month employees are 2080 hour basis employees. ERS collects 78 pay periods of salary data.
 - Ten-month employees are 1600 hour basis employees for pension purposes. ERS collects 4800 hours (1600 x 3) of salary data to calculate the FAS.
- Earnable Compensation shall mean the annual regular base salary that would be payable to a member if he or she worked the full normal working time for his or her position.

Estimating your monthly benefit

Example: Service Retirement Monthly Benefit

Assumptions:

Age 60

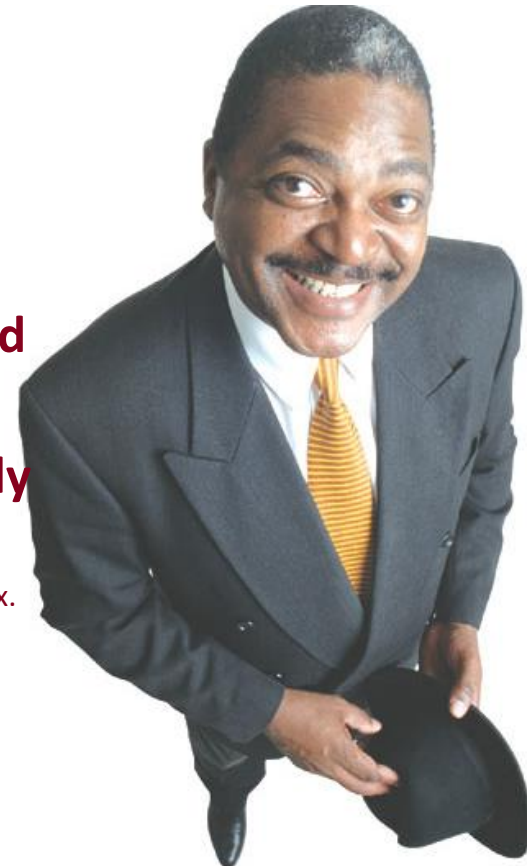
20 Years of Creditable Service

Final Average Salary (FAS): \$22,000

20 Years of Creditable Service x 2.0% = **40% (capped at 70%)**

40% x \$22,000 FAS = **\$8,800 / 12 = \$733.33* Monthly Pension Benefit**

*This is a gross monthly figure. Benefit is subject to federal and state of Wisconsin tax.



Estimating your monthly benefit

Example: Service Retirement Monthly Benefit

Assumptions:

Age 60

20 Years of Creditable Service

Final Average Salary (FAS): \$36,000

20 Years of Creditable Service x 2.0% = **40% (capped at 70%)**

40% x \$36,000 FAS = **\$14,400**

\$14,400 / 12 = \$1,200* Monthly Pension Benefit

*This is a gross monthly figure. Benefit is subject to federal and state of Wisconsin tax.



Estimating your monthly benefit

Example: Early Retirement Monthly Benefit

Assumptions: Age 55 (Reduction Factor: 0.6153)

20 Years of Creditable Service

Final Average Salary (FAS): \$36,000

20 Years of Creditable Service x 2.0% = **40%**

40% x \$36,000 FAS = **\$14,400**

\$14,400 x 0.6153 Reduction Factor = **\$8,722.08**

\$8,722.08 / 12 = **\$726.84* Monthly Pension Benefit**

*This is a gross monthly figure. Benefit is subject to federal and state of Wisconsin tax.



Retiring from ERS

Your payment options

- Maximum Retirement Allowance/
No survivorship benefit
-

- Survivorship Options: *Provide reduced lifetime benefit for you; guarantee continuing benefits to your named survivor*
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- Option 2: 100% Survivorship
- Option 3: 50% Survivorship
- Option 4: Variable Survivorship



Example: How Payment Option Affects Monthly Benefit

NOTE: Reduction factors were updated effective 01/02/2018

Assumptions: Retiree - Age 60

Spouse - Age 57

Monthly Pension Benefit: \$733.33 (\$22,000 FAS)

Payment Option	Retiree	Survivor
Max. Ret. Allowance	\$733.33	\$0
100% Survivorship .8803 Red. Factor	\$645.55	\$645.55
50% Survivorship .9363 Red. Factor Spouse .9500	\$686.65 \$696.67	\$343.32 \$348.33
75% Survivorship .9074 Red. Factor	\$665.47	\$499.10



Example: How Payment Option Affects Monthly Benefit

NOTE: Reduction factors were updated effective 01/02/2018

Assumptions: Retiree - Age 60

Spouse - Age 57

Monthly Pension Benefit: \$1,200 (\$36,000 FAS)

Payment Option	Retiree	Survivor
Max. Ret. Allowance	\$1,200.00	\$0
100% Survivorship .8803 Red. Factor	\$1,056.36	\$1,056.36
50% Survivorship .9363 Red. Factor Spouse .9500	\$1,123.61 \$1,140.00	\$561.80 \$570.00
75% Survivorship .9074 Red. Factor	\$1,088.95	\$816.71



Example: How Payment Option Affects Monthly Benefit

NOTE: Reduction factors were updated effective 01/02/2018

Assumptions: Retiree - Age 60

Spouse - Age 60

Monthly Pension Benefit: \$733.33 (\$22,000 FAS)

Payment Option	Retiree	Survivor
Max. Ret. Allowance	\$733.33	\$0
100% Survivorship .89.23 Red. Factor	\$654.35	\$654.35
50% Survivorship .9430 Red. Factor	\$691.60	\$345.80
Spouse .9500	\$696.67	\$348.33
75% Survivorship .9170 Red. Factor	\$672.46	\$504.34

Example: How Payment Option Affects Monthly Benefit

NOTE: Reduction factors were updated effective 01/02/2018

Assumptions: Retiree - Age 60

Spouse - Age 60

Monthly Pension Benefit: \$1,200 (\$36,000 FAS)

Payment Option	Retiree	Survivor
Max. Ret. Allowance	\$1,200.00	\$0
100% Survivorship .89.23 Red. Factor	\$1,070.76	\$1,070.76
50% Survivorship .9430 Red. Factor	\$1,131.70	\$565.85
Spouse .9500	\$1,140.00	\$570.00
75% Survivorship .9170 Red. Factor	\$1,100.30	\$825.29

Retiring from ERS

Protective Survivorship Options (PSOs)

- Guarantees survivor income if you continue working beyond Service Retirement Age and die **before** retirement
- Same options available as for survivorship options
- Can be elected only during 6 months before you reach Minimum Retirement Age
- If you do not elect a PSO, you will have the opportunity to select a survivorship option when you retire
- Does not have to be a spouse
 - Non-spouse survivor does not get COLA

Retiring from ERS

Protective Survivorship Options (PSOs)

- The PSO is irrevocable and continues after retirement unless one of the following qualifying events and procedures occurs:
 - If the named survivor predeceases you before retirement, the option will automatically be revoked
 - If you are legally divorced from the named survivor prior to retirement, the option will be cancelled upon written request to the Board
 - If you marry, divorce, or at the time of retirement, you can re-select an option

Retiring from ERS

Example: How a PSO Can Protect Your Spouse

Assumptions: Employee and Spouse Both Age 60

20 Years of Service

Final Average Salary (FAS): \$36,000

Account Balance: \$50,000

Active Employee Dies At Age 60

Spouse Benefit with PSO

Option 2: \$1,070.76/month

Option 3: \$570.00/month

Option 4: \$825.29/month

Spouse Benefit without PSO

Ordinary Death Benefit (account balance plus $\frac{1}{2}$ FAS):

\$560.92/month

(when converting \$68,000 lump sum to life annuity)

The Pension Advance

Special payment option

- Can help balance your total monthly income before/after Social Security eligibility – You must provide ERS with info from Social Security statement
- Your pension benefit is *increased* until age 62
- At age 62 Your pension benefit is ***permanently reduced*** (to repay advance)
- The pension advance is not a loan in the traditional sense
 - Reduction occurs even if you don't begin Social Security at 62
 - The recovery payments are calculated based upon the life expectancy of the retiree and are collected over the life of the retiree - **The longer you live, the more you will repay**

NOTE: This option is not linked to Social Security nor will it affect your Social Security benefit!

The Pension Advance

Example: Retirement Benefits until Age 85

Monthly Pension Benefit: \$1,500

Pension Advance: \$373/month from Age 55 to Age 62

With Pension Advance	Without Pension Advance
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Total Pension Benefits
(age 55 to age 62) \$ 157,332

\$ 126,000

Difference At Age 62: \$31,332 More With Pension Advance

The Pension Advance

Example: Retirement Benefits until Age 85

Monthly Pension Benefit: \$1,500

Pension Advance: \$373/month from Age 55 to Age 62

	With Pension Advance	Without Pension Advance
Total Pension (age 55 to age 62)	\$ 157,332	\$ 126,000
Total Pension (age 62 to age 85)	\$ 302,220	\$ 414,000
Social Security (age 62 to age 85)	\$ 214,728	\$ 214,728
Total Retirement Benefits:	\$ 674,280	\$ 754,728

Difference At Age 85: \$80,448 Less With Pension Advance

Military Service Credit

- Started out as Global Pension Settlement benefit
- Now only available to members whose bargaining units have negotiated this benefit
- Ask to find out if your employee group has this benefit available
 - Extra imputed service credit for pre-ERS active service
 - ◆ 1 year for every 3 years active military service up to 3 years
 - Must have at least 90 consecutive days active military service
 - ◆ Must be an honorable discharge
 - ◆ Must provide copy of DD-214
 - ◆ Cannot be used to qualify for retirement

Global Pension Settlement Benefits (GPS)

- 5% Lump Sum Bonus

- Enrolled prior to 1/1/2000
- 5% x Maximum Retirement Allowance x Factor
 - ◆ Age factor determined by your age at retirement
- Payable when you begin retirement allowance – paid out the end of the month after you get your first benefit payment
- Payment options
 - ◆ Cash (Mandatory 20% withheld for Federal tax – State taxes withheld only if you request)
 - ◆ Rollover to traditional IRA or qualified employer plan
 - ◆ Combination of cash and rollover

Example:

Max Ret. Allowance: \$14,400

Age 60 Factor: 9.8147



5% x \$14,400 x 9.8147 = \$7,066.58 Lump Sum Bonus

Global Pension Settlement Benefits



- COLAs (Cost of Living Adjustments)
 - 1.5%: Second, third, fourth retirement anniversaries
 - 2.0%: Fifth and following anniversaries

Example: \$1,200 Monthly Pension Benefit (\$36,000 FAS) Retirement effective date **03/16/2018**

Retirement Anniversary Date	Annual COLA	New Monthly Benefit
Year 1 (3/16/19)	N/A	\$1,200.00
Year 2 (3/16/20)	(1.5% of \$1,200.00) = \$18.00	\$1,218.00
Year 3 (3/16/21)	(1.5% of \$1,218.00) = \$18.27	\$1,236.27
Year 4 (3/16/22)	(1.5% of \$1,236.27) = \$18.54	\$1,254.81
Year 5 (3/16/23)	(2% of \$1,254.81) = \$25.10	\$1,279.91
Year 6 (3/16/24)	(2% of \$1,279.91) = \$25.60	\$1,305.51

Retiring from ERS

Applying for Retirement

- *Request Pension Estimate*

- Call ERS 6 months (or ASAP) prior to planned retirement date – Phone 286-3557
- Provide requested information about you and your pension survivor
- You will receive estimate in about 4 - 6 weeks

- *Schedule Retirement Counseling Appointment*

- Must take place 30-90 days before retirement date
- Bring required documents for verification:
Certified Birth Certs, Marriage Lic, SS Cards
- Bring completed ACH Direct Deposit
Authorization Form (ERS will provide this).

