



DCRB Report

Teachers' Edition

SUMMER 2015

CHAIRMAN'S CORNER

Inside

- 2 District of Columbia Teachers' Retirement Plan
- 3 Social Security Rules
- 3 Medicare Enrollment
- 4 Windfall Elimination

The District of Columbia Retirement Board's mission is to prudently invest the assets of the Police Officers, Firefighters, and Teachers of the District of Columbia, while providing those employees with total retirement services.

From the Chairman of the Board



Joseph M. Bress

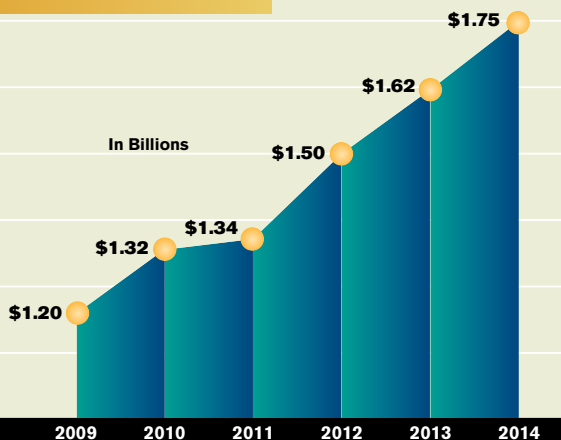
On March 30 and 31, the DC Retirement Board (“DCRB”) and DC Public Schools (“DCPS”) joined forces to present the 2015 Teachers’ Retirement Workshop. The Workshop was held after school hours and, for the first time, the Workshop was hosted by DCRB.

During the first day, the agenda included presentations by Diana Varela of the Social Security Administration’s Public Affairs Department; Jana Woods-Jefferson, DCPS’ Director of Benefits and Compensation; and Johnetta Bond, DCRB’s Chief Benefits Officer. The subjects covered were Social Security benefits, Medicare, the District of Columbia Teachers’ Retirement Plan (the “Plan”), post-retirement health and life insurance benefits, and the steps in the retirement process. On the second day, Aprenea McCutchen of the Variable Annuity Life Insurance Company (“VALIC”) discussed the features of 403(b) plans, and the representatives of several of DCPS’ 403(b) plan providers were available to meet with attendees and answer their questions.

The Workshop planners held the Workshop at DCRB’s offices because of our ability to record the presentations. Teachers who were not able to attend the Workshop can view a video of it on DCRB’s web site at www.dcrb.dc.gov under Retirement or on DCPS’ web site at ww.dcps.dc.gov under Human Resources, then Retirement.

DCRB is pleased to have hosted this important event and we look forward to working with DCPS to continue to bring such valuable information to Plan members. The articles in this special newsletter provide highlights of the information that was presented and responses to questions that were asked.

Teachers’ Plan Assets



Cost-of-Living Adjustments

Cost-of-living adjustments (“COLAs”) for Social Security benefits are paid on January 1 of each year, and reflect the inflation rate for the 12-month period ending the prior September 30th (the end of the federal fiscal year). The increase, if any, is based on the change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (the “CPI-W”). The COLA applicable to benefits under the District of Columbia Teachers’ Retirement Plan, on the other hand, is paid on April 1 of each year, and reflects the movement in the CPI-W (1967 base) during the prior calendar year. Because these COLAs are calculated over different time frames, they are usually not the same percentage.

District of Columbia Teachers' Retirement Plan

The District of Columbia Teachers' Retirement Plan (the "Plan") defines "teacher" as a DCPS employee in a salary class position ET 1 – 15 under the DCPS system. This includes not only teachers, but others, such as, librarians, principals, assistant principals, and certain charter school teachers who previously worked for DCPS.

Eligibility to Retire

To be eligible to retire under the Plan's **Voluntary Retirement** option, a member must be:

- Age 55 and have at least 30 years of service, or
- Age 60 and have at least 20 years of service, or
- Age 62 and have at least 5 years of service.

Further, at least five (5) years of the required service must be with DCPS.

In addition, a **Disability Retirement** requires at least five (5) years of DCPS service upon becoming disabled, and a **Deferred Retirement** requires that a member, who separated from DCPS before becoming eligible to retire, be at least age 62 and have at least five (5) years of DCPS service.

Involuntary Retirement requires that a member have at least 25 years of service (five (5) of which must be with DCPS), or be at least age 50, and have at least 20 years of service (five (5) of which must be with DCPS), and the termination must be for reasons other than gross misconduct or delinquency.

Post-Retirement Health Care Coverage

To be eligible to continue District health care coverage after retirement, the member must have:

- At least ten (10) years of creditable District employment,
- Which includes at least five (5) continuous years of coverage under a District health plan immediately preceding retirement.

To continue to be covered after a retiree's death, the retiree's spouse or registered domestic partner, must be currently covered under a District health plan and be eligible to receive a survivor annuity.

Time Frame and Steps in the Retirement Process

At least six (6) months prior to retirement, a teacher considering

retirement should request an estimated benefit from DCPS' Human Resources Department ("DCPS-HR"). If a purchase of service is being contemplated, that process should begin at this time, as well, by contacting DCRB. Any purchase of service must be completed prior to retirement.

Teachers who are planning to retire are also encouraged to request a copy of their Individual Retirement Record (previously called a Form 2806) from the District's Office of Pay and Retirement Services. They should also review the documents in their personnel file to assure that all service and salary information is there and that it is correct. These materials should be reviewed at least three months prior to the selected retirement date.

The retiring teacher should also request a Retirement Application form from DCPS-HR at least 90 days prior to the anticipated retirement date, and make an appointment with a DCPS retirement specialist to discuss the information and process.



Jana Woods-Jefferson, DCPS' Director of Benefits and Compensation.



Johnetta Bond, DCRB's Chief Benefits Officer.

Social Security Rules

Teachers who are members of the District of Columbia Teachers' Retirement Plan do not pay Social Security taxes and, therefore, are not eligible for Social Security benefits based on DCPS service. However, many of the teachers who attended the Teachers' Retirement Workshop were interested in knowing more about Social Security, and asked many questions on that subject during the presentation. Below is a sampling of the information they requested.

Eligibility

To be eligible for Social Security benefits, a person must pay a minimum in Social Security taxes for at least 40 quarters (10 years) during their working career. One quarter is earned for each three-month period in which the person earns at least \$1,220 (as of 2015), and the quarters earned need not be consecutive. A person can also qualify by being an eligible survivor (e.g.,

widow, widower, minor child or former spouse) of an eligible family member who has died.

When Benefits are Payable and in What Percentages

For workers born between 1943 and 1954, full Social Security benefits are payable at 66 years of age. The full benefit time frame increases incrementally up to age 67, based on the person's year of birth (see chart). If the person elects to receive the benefit early, there is a reduction in the full benefit, and if he/she elects to take it later, there is an increase. For example, if a full benefit is paid at age 66, receiving the benefit at the earliest date (age 62), would result in the benefit being reduced by 25%. If the person elects to wait until the latest date (age 70), the benefit would be increased by 32%. So, a benefit of \$1,000 per month would be reduced to \$750 at age 62 and it would increase to \$1,320 at age 70.

<u>Year of Birth</u>	<u>Full Retirement Age</u>
1943 - 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

Those who are eligible for Social Security, can estimate their benefit using the calculator on the Social Security website at www.socialsecurity.gov.

Medicare Enrollment

DCPS teachers pay Medicare taxes and, therefore, are eligible for Medicare benefits. You are first eligible for Medicare at age 65, but you may defer enrolling, if you work beyond that age. In either case, there are specific time frames to keep in mind. For instance, if you plan to retire at age 65, you may enroll in Medicare during the seven-month period beginning three months before your 65th birthday, the month of your birthday, and the three months following that birthday. If you retire and you do not enroll during that seven-month period, your premiums for Medicare Parts B (doctors and other medical services) and D (prescriptions) will be increased. Since no premium is required for Medicare Part A (hospital services), you should enroll in this coverage even if you continue to work after age 65.

Note: You should be aware that the District's health care coverage assumes that you (or your covered spouse or registered domestic partner) sign up for Medicare as soon as you are eligible to do so (age 65). So, if you retire at age 62, for example, your District health care coverage will automatically become the secondary payor (20%) of your medical bills when you reach age 65. If you do not sign up for Medicare at age 65, then your only coverage will be your secondary District coverage.

In Memoriam

Name	Date of Death
Alford, Joyce D.	Apr/24/2014
Browning, Joyce L	Jul/06/2014
Barrow, Priscilla H	Jan/16/2014
Bowers, Shellie F	Nov/20/2014
Gordon, Murielene	Dec/15/2014
Green, Lillie M.	Oct/20/2014
Hamner Jr., John	Mar/10/2014
Harper-Carter, Geraldine F	Jul/21/2014
Hawkins, Rebecca R	Dec/31/2014
Hughes, Blondine	Aug/13/2014
Ilori, Laura	Feb/07/2014
Jagnanan, Jagdat	Jun/23/2014
Jordan-Okudzeto, Mary H	Nov/05/2014
Lyons, Carolyn S	May/29/2014
Melby, Zachary E	Oct/21/2014
Nokes, Felicia J	Nov/04/2014
Ramsey, Dorothy L	Sep/13/2014
Rice, Lynn K	Dec/03/2014
Robinson, Esther Y	Aug/17/2014
Savoy, Norbet A	Jul/14/2014
Shek, Amehed M	May/30/2014
Smith, Viola F	Apr/13/2014
Sparrow, John	May/01/2014
Taylor, Cheryl Y	Apr/14/2014
Tyler, Joneal R.	Dec/08/2014
Weaver, Virginia D	Aug/23/2014
Witcher, Annie A.	May/04/2014

DC Retirement Board

900 7th Street, NW
Second Floor
Washington, DC 20001



Pre-Sorted
Standard
US Postage
PAID
Permit #349
Washington, DC

Inside this DCRB Report

District of Columbia Teachers' Retirement Plan

Windfall Elimination Provision

Social Security's Windfall Elimination Provision ("WEP") applies to individuals who earned a pension from a job (usually a public-service job) that is **not covered by Social Security**, and also worked in a Social Security-covered job for at least 10 years (40 quarters). In such situations, the person's Social Security benefit is offset due to the existence of a pension benefit under a plan where no Social Security taxes were paid.

Congress created the WEP in 1983 so that Social Security could distinguish between actual low-

wage workers and workers who earn substantial pensions from primary jobs in non-covered employment, but whose low wages or short work records make them appear to be low-wage workers. Essentially, Congress did not want the second group to unfairly benefit from Social Security's progressive formula that pays benefits that are a greater portion of a low-wage earner's income than a high-wage earner's income. The WEP was intended to prevent people from "double dipping."

In essence, a regular Social Security benefit is calculated in three

segments, where the first portion of covered earnings is multiplied by 90%, the second by 32%, and the third by 15%. Under the WEP, the first segment is reduced to 40% for retirees who worked in Social Security-covered employment for fewer than 20 years. There is a sliding scale for those who worked in Social Security-covered employment between 20 and 30 years, and the WEP is eliminated at 30 years or more. The maximum amount of the reduction is equal to 50% of the non-covered pension.

USEFUL CONTACTS

D.C. Public Schools Human Resources Office
(202) 442-4090
dcps.hranswers@dc.gov

DCRB Member Services
(202) 343-3272
Toll free: (866) 456-3272
dcrb.benefits@dc.gov

Social Security Administration
(800) 772-1213
<http://www.ssa.gov>

TRUSTEES

Lyle M. Blanchard
*Treasurer
Council Appointee*

Barbara Davis Blum
Mayoral Appointee

Joseph M. Bress
*Chairman
Council Appointee*

Joseph W. Clark
*Secretary
Mayoral Appointee*

Mary A. Collins
*Elected Retired
Teacher*

Gary W. Hankins
*Sergeant-at-Arms
Elected Retired
Police Officer*

Darrick O. Ross
*Elected Active
Police Officer*

Nathan A. Saunders
*Elected Active
Teacher*

Edward C. Smith
*Elected Active
Firefighter*

Thomas N. Tippet
*Parliamentarian
Elected Retired
Firefighter*

Michael J. Warren
Council Appointee

Lenda P. Washington
Mayoral Appointee

Jeffrey Barnette
*Ex Officio,
Non-Voting*

D.C. Retirement Board

900 7th Street, NW, 2nd Floor
Washington, DC 20001
Voice (202) 343-3200
Fax (202) 566-5000
www.dcrb.dc.gov

Eric O. Stanchfield
Executive Director

Joan M. Passerino
Editor