

RETIREMENT WORKSHOP

March 23, 2016

ARE YOU READY TO RETIRE?

“Information You Should Know Before You Retire”

Presented By:

The District of Columbia
Public Schools,

The WTU

and

The District of Columbia
Retirement Board

DISTRICT OF COLUMBIA TEACHERS' RETIREMENT PLAN

- ▶ Members of the Teachers' Plan do not pay into Social Security
 - Members hired or rehired after March 31, 1986 pay into Medicare
- ▶ Members contribute 7%, if hired before November 1, 1996
- ▶ Members contribute 8%, if first hired on or after November 1, 1996

VOLUNTARY RETIREMENT

▶ Eligibility:

- Age 55 and at least 30 years of service*
- Age 60 and at least 20 years of service*
- Age 62 and at least 5 years of service*

*Must have at least 5 years of DCPS service.

EXAMPLE: AVERAGE SALARY

Average Pay = your highest consecutive 36 months of base pay

A teacher with credit for 30 years of service is retiring on June 30, 2016.

The following is her average pay:

\$75,905	for 3 months	=	\$ 18,976.25
\$84,959	for 12 months	=	84,959.00
\$84,959	for 12 months	=	84,959.00
\$84,959	for 9 months	=	+ <u>63,719.25</u>

Total = \$252,613.50/3

Average Salary = \$84,204.50

HOW YOUR BENEFIT IS CALCULATED

(Hired Before November 1, 1996)

▶ Benefit Formula:

1.5% x average salary* x 1st 5 years of service

+

1.75% x average salary x 2nd 5 years of service

+

2.0% x average salary x years of service over 10 =

Unreduced Annual Benefit

* Average Salary is your highest consecutive 36 months of base pay

EXAMPLE: CALCULATION

$$1.5\% \times \$84,204.50 \times 5 = \$6,315.34 \quad (7.50\%)$$

$$1.75\% \times \$84,204.50 \times 5 = 7,367.89 \quad (8.75\%)$$

$$2.0\% \times \$84,204.50 \times 20 = +\underline{33,681.80} \quad (40.00\%)$$

$$\text{TOTAL} = \$47,365.00 \text{ Per Year}$$

$$= \$3,947.00 \text{ Per Month}$$

Alternative:

$$7.50\% + 8.75\% + 40.0\% = 56.25\%$$

$$56.25\% \times \$84,204.50 = \$47,365.00$$

HOW YOUR BENEFIT IS CALCULATED

(Hired On/After November 1, 1996)

- ▶ Benefit Formula:

2.0% x Average Salary* x Years of Service =
Your Unreduced Annual Benefit

- ▶ Example (Where Average Salary = \$75,000):

2.0% x \$75,000 x 30 Years = \$45,000 Annual Benefit
= \$ 3,750 Per Month

* Average Salary is your highest consecutive 36 months of base pay

PERCENT EARNED FOR YEARS OF SERVICE

If you were hired prior to November 1, 1996:

- ▶ 7.50% for 5 years of service
- ▶ 16.25% for 10 years of service
- ▶ 36.00% for 20 years of service
- ▶ 56.00% for 30 years of service
- ▶ 80.00% for 42 years of service

If you were hired on/after November 1, 1996:

- ▶ 2.00% for each year of service

COST OF LIVING ADJUSTMENTS (COLAs)

- ▶ Determined according to the movement in the **CPI-W** for the previous calendar year
- ▶ 3% cap by statute, if you were hired on or after November 1, 1996
- ▶ COLAs are effective March 1ST and included in the April annuity payment
 - A prorated amount may apply for the first year

OTHER TYPES OF RETIREMENT

- ▶ Deferred Retirement
- ▶ Disability Retirement
- ▶ Involuntary Retirement

DEFERRED RETIREMENT

- ▶ Must have at least 5 years of DCPS service
- ▶ Must be at least age 62
- ▶ Must begin your annuity by age 70 1/2
- ▶ You must elect a Deferred Retirement benefit when you leave DCPS
 - If you received a refund when you left DCPS, you cannot receive a Deferred Retirement benefit

DISABILITY RETIREMENT

- ▶ You must have at least 5 years of DCPS service when you become disabled, and
- ▶ You must be incapable of performing your job due to a physical or mental disability

DISABILITY MINIMUM ALLOWABLE BENEFIT

- ▶ If your earned DCPS service percentage is less than the minimum disability benefit of 40%, you will receive the minimum allowable benefit, which is the lesser of:
 - 40% of your Average Salary, or
 - The benefit amount using your Average Salary at the time of your disability, projected to age 60

INVOLUNTARY RETIREMENT

You may be eligible if you have:

- At least 25 years of service with at least 5 years with DCPS *, or
- You are at least age 50, and you have at least 20 years of service, including at least 5 years with DCPS

* You are eligible only if you are terminated for a reason other than gross misconduct or delinquency

ADDITIONAL SERVICE CREDITS AT YOUR COST

- ▶ Up to ten years of full-time teaching service outside of DCPS
- ▶ Federal Civil Service time earned before age 62
- ▶ Leave without pay to work for a teachers' union
- ▶ Approved leave without pay to work for a charter school

PARTICIPATION WHILE TEACHING IN A CHARTER SCHOOL

- ▶ You can continue participating in the Teachers' Plan if you:
 - Have an approved leave of absence to work at a charter school, or
 - Terminate from DCPS, you are hired by a charter school within 60 days of your termination, and you opt to rejoin the plan

* You must continue making contributions as before

ADDITIONAL SERVICE CREDITS AT NO COST TO YOU

- ▶ Approved educational leave
- ▶ Up to six months of approved leave of absence from DCPS without pay in **any** fiscal year
- ▶ Service time in the military
- ▶ Approved Workers' Compensation time (you may be required to make employee contributions for this time)

SERVICE THAT CANNOT BE ADDED

Participation in the Federal FERS Plan or the DC 401(a) Plan **cannot** be purchased under the DC Teachers' Retirement Plan

BENEFIT PAYMENT OPTIONS*

- ▶ Unreduced Annuity (anyone)
 - Does not provide a Survivor Annuity
 - ▶ Reduced Annuity with a Maximum Survivor Benefit
 - 55% of your benefit is paid to your spouse or domestic partner**
 - Calculation:
 - Your annual benefit x 2.5% up to \$3,600 + 10% of the amount over \$3,600 = amount of reduction
 - ▶ Reduced Annuity with a Partial Survivor Benefit
 - 1% to 54% of your benefit is paid to your spouse or domestic partner
- * A QDRO, to which you are a party, may affect your annuity election
- ** The Federal Government does not recognize domestic partners for Federal benefit payments

BENEFIT PAYMENT OPTIONS (CONTINUED)

- ▶ Reduced Annuity with a Survivor Benefit to a Person With an Insurable Interest (**must be single and in good health**):
 - The survivor must be dependent on you for financial support
 - Your benefit is reduced between 10% and 40%, depending upon the age of the survivor

BENEFIT PAYMENT OPTIONS (CONTINUED)

- ▶ Reduced Annuity With a Life Insurance Benefit (anyone)
 - Your annuity is reduced so you can elect a life insurance amount payable in a lump-sum to a beneficiary (you can designate anyone) upon your death
 - The face amount of the life insurance cannot be more than your total contributions to the Plan
 - Until you reach age 70, you may convert the life insurance policy to an additional annuity for yourself

MARITAL STATUS CHANGE

- ▶ If you are single at retirement and you marry while retired, you must notify DCRB in writing within one year if you want to elect a survivor annuity
- ▶ If you elected a spousal annuity when you retired and your spouse or domestic partner predeceases you, your benefit “pops-up” to an unreduced annuity

Note: Once a benefit is being paid, an election cannot be changed unless there is a change in marital status (e.g., death, divorce, remarriage)

DISTRICT HEALTH CARE BENEFITS

- ▶ To be eligible for post-retirement health coverage, you must have:
 - At least **10 Years** of creditable District service,
 - Which includes at least 5 continuous years of coverage under a District Health Plan immediately preceding your retirement
- ▶ To continue to be covered after your death, your spouse or domestic partner must be currently covered and be receiving a survivor annuity
- ▶ To continue health care coverage while on Workers' Compensation, you must continue paying health care premiums.

HEALTH/LIFE INSURANCE INFORMATION

- ▶ Teachers hired prior to October 1, 1987 participate in the **Federal Plans**
- ▶ Teachers hired on/after October 1, 1987 participate in the **District Plans**
- ▶ For information on any of these plans, **active teachers** should contact the DCPS Employee Services Office at (202) 442-4090
- ▶ **Retired teachers** who have questions should contact DCRB Member Services at (202) 343-3272
 - Information related to District Plans is contained in DPM Bulletin No. 21B-15

OTHER PROVISIONS

- ▶ If there is no Survivor Annuity paid,
 - and you die before receiving annuity payments equal to the total contributions you paid into the Plan,
 - a lump-sum equal to the remaining amount will be paid to:
 - your designated beneficiary; or
 - to your heirs, under the Plan's order of precedence provision (if you did not complete a written beneficiary designation form)

TIMEFRAME AND STEPS TO APPLY FOR RETIREMENT

- ▶ You may request a copy of your Individual Retirement Record (IRR) from the District's Office of Pay and Retirement Services (OPRS) three months prior to retirement (the final year will not be complete)
- ▶ Review your personnel file in the DCPS Employee Services Office
- ▶ Review your job summary in PeopleSoft Self Service
 - Under Payroll and Compensation > Review Job Summary, View All, then click on last tab (Show All)

TIMEFRAME (CONTINUED)

- ▶ You may want to make copies of your appointments, terminations, reinstatements, sabbaticals, authorized leaves of absence, and any Workers' Compensation documents
- ▶ Contact the DCPS Employee Services Office for information and necessary forms if you wish to purchase service time*
- ▶ Begin the purchase of service process at least six months before you submit your retirement papers to DCPS–Employee Services
 - If you have purchased service and you are making installment payments, all such payments must be completed prior to retirement

* A purchase of service must be completed before you retire.

TIMEFRAME (CONTINUED)

- ▶ Make an appointment with the Employee Services Office at least six months before your retirement
- ▶ Request an estimate of your annuity from the Employee Services Office at least three to six months before your anticipated retirement date

TIMEFRAME (CONTINUED)

- ▶ Submit your retirement application to DCPS–Employee Services at least 90 days prior to your anticipated retirement date.
- ▶ You should receive your first annuity payment within 60 days of DCRB’s receiving your completed retirement application package

PROCESS TO RECEIVE A COPY OF YOUR INDIVIDUAL RETIREMENT RECORD (IRR)

- ▶ Go to 441 4th Street, Room 410 S, with a picture ID, or
- ▶ Fax a request, with a copy of your picture ID, to (202) 741-8585
- ▶ Verify your information and, if you find any errors, provide documents to DCPS–Employee Services that are needed to support any corrections

THE END