



# Advanced Career Retirement

Pension Planning Webinar Presentation

November 2, 2022, 10:00 a.m.

**Presenters:**

- Stephanie Schmidt, Sacramento County Employees' Retirement System
- Amy Hayes, Sacramento County Employee Benefits Office
- Michael Teixeira, Social Security Administration
- Michael Gomes, Fidelity Investments
- Randy Angeloni, Sacramento County Retired Employees Association

# Agenda

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- Basics of SCERS Benefits
- Retirement Elections and Other Benefit Decisions
- Estimates and Calculation Tools
- Planning for Retirement – Thinking Ahead
- After Retirement – Considerations and Information
- Presentations from Sacramento County Employee Benefits Office, Social Security Administration, Fidelity Investments and Sacramento County Retired Employees Association

# Basics of SCERS Benefits

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- **SCERS provides a Defined Benefit**
- **Benefit is calculated using three components:**
  1. **Age Factor:** Percentage based on your age at retirement
  2. **Service Credit:** Amount of time employed and contributing
  3. **Final Compensation:** Highest average annual compensation earnable during a 12 or 36 consecutive month period
- **Monthly Benefit Amount** = (age factor) x (service credit) x (final compensation)

# Basics of SCERS Benefits

## Vesting and Eligibility

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- **Vested after Earning 5 years of Service Credit**
- **Eligibility for Service Retirement**

### **Members Prior to 12/31/2012**

- 10 years of service and age 50+

Exceptions:

- Safety: 20 years of service, regardless of age
- Miscellaneous: 30 years of service, regardless of age

### **Members After 1/1/2013**

- Miscellaneous Tier 5: Vested and age 52+
- Safety Tier 4: Vested and age 50+

**Age 70 with any years of service credit**

# Basics of SCERS Benefits

## Age Factor

Plan	Tier	Minimum		Maximum	
		Age	Factor	Age	Factor
Safety	1 & 2	41	1.8774%	50	3.0000%
	3	41	1.4331%	55	3.0000%
	4	50	2.0000%	57	2.7000%
Miscellaneous	1, 2, & 3	50	1.474%	62	2.611%
	4	50	1.181%	65	2.432%
	5	52	1.000%	67	2.500%

# Basics of SCERS Benefits

## Service Credit

**One year of work  
= one year of  
service credit**

**2022**

JANUARY							FEBRUARY							MARCH						
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9	10	11	12	13	14	15	13	14	15	16	17	18	19	13	14	15	16	17	18	19
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30	31																			

APRIL							MAY							JUNE						
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17	18	19	20	21	22	23	22	23	24	25	26	27	28	19	20	21	22	23	24	25
24	25	26	27	28	29	30	29	30	31					26	27	28	29	30		

JULY							AUGUST							SEPTEMBER								
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31																						

OCTOBER							NOVEMBER							DECEMBER							
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30	31																				

# Basics of SCERS Benefits

## Final Compensation

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**The highest average annual compensation earnable\* during 12 or 36 consecutive months**

- **Miscellaneous and Safety Tier 1:** Final compensation period is 12 consecutive months
- **All other Plans and Tiers:** Final compensation is based on the highest average annual compensation earnable during 36 consecutive months.

\*Overtime pay is not included in compensation earnable.

See policy at [SCERS.org](https://www.scers.org)

# Retirement Elections and Other Benefit Decisions – Option Elections

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**Unmodified** – Provides the largest benefit to you, the retired member. Provides 60% Continuance to spouse or domestic partner who is married or registered to member at least one year prior to retirement.

**Option 1:** Lifetime allowance that is nominally less than Unmodified payment and offers no Continuance.

**Option 2:** Lifetime allowance that is noticeably less than Unmodified payment and offers 100% Continuance to spouse, registered domestic partner or other eligible beneficiary.

**Option 3:** Lifetime allowance that is noticeably less than Unmodified payment and offers 50% Continuance to spouse, registered domestic partner or other eligible beneficiary.



# Retirement Elections and Other Benefit Decisions – Service Credit Purchases

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## **Medical Leave-of-Absence**

Includes periods of State Disability

## **Pre-Membership**

Limited to prior temporary employment with County or other participating employer.

## **Public Service**

Available for prior employment with federal and State agencies, as well as other public agencies within Sacramento County. [Also applies to military service prior to SCERS membership.]

## **Redeposit**

Reserved for prior refunds from SCERS.

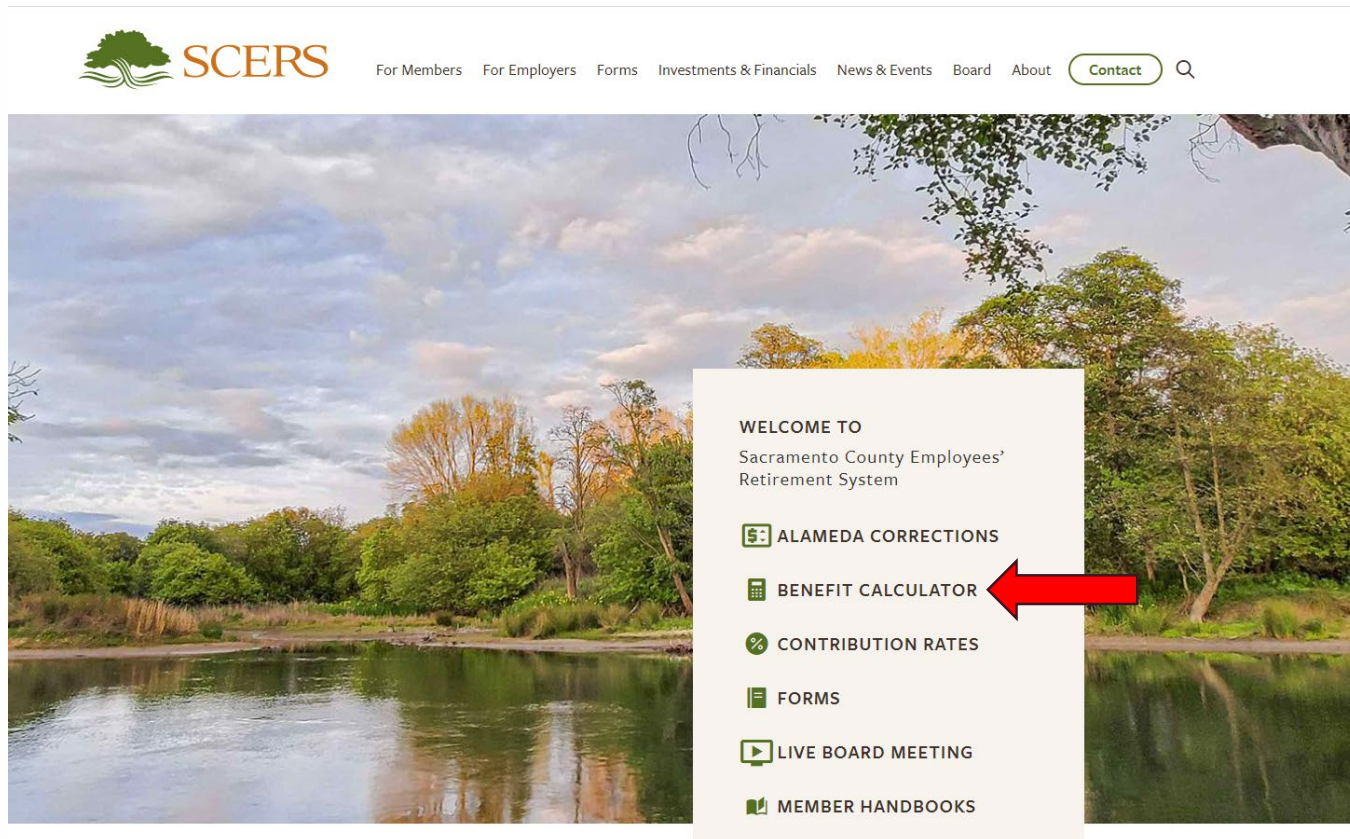
# Retirement Elections and Other Benefit Decisions – Planning to Purchase Service Credit?

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- The cost of purchasing Service Credit increases the longer you wait.
- Service Credit purchases and redeposits must be completed before retirement.
  - Redeposits cannot be prorated
- For Service Credit purchase agreements, members can complete the agreement with a lump sum payment or via payroll deduction.

# Estimates and Calculation Tools

## Where to Find the Benefit Calculator



# Estimates and Calculation Tools

## Estimating Your Benefit

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**Age Factor x Service Credit x Final Compensation = Monthly Benefit Amount**

Example:

- Miscellaneous Tier 3
- Age = 55.5
- Service Credit = 15 years
- Final Compensation = \$6,000 monthly average
- Calculation: **.02 x 15 x \$6,000 = \$1,800**

# Estimates and Calculation Tools

## Sample Estimate

	Estimated Monthly Retirement Allowance	Continuance to Beneficiary
<b>Unmodified:</b>	\$1,768.68	\$1,061.21
<b>Option 1:</b>	\$1,767.52	
<b>Option 2:</b>	\$1,618.71	\$1,618.71
<b>Option 3:</b>	\$1,690.38	\$845.19

# Planning for Retirement – Thinking Ahead

## What You Should Know

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### **Estimates**

- Have you used SCERS' online Retirement Benefit Calculator?

### **Reciprocity**

- You must retire on the same date with all reciprocal retirement systems

### **Divorce**

- Retiring during a divorce can result in significant delays or the cancelation of your retirement application.
- Your spouse has a vested interest in your retirement account as a community property asset.

# Planning for Retirement – Thinking Ahead

## What You Should Know

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### **Obtain Verification Documents to Avoid Retirement Processing Delays**

- Eligibility for retirement benefits must be validated by certain documents, such as:
  - Birth certificate
  - Marriage/RDP certificate
- Failure to locate and/or produce required documents in a timely manner can delay retirement plans
  - See Service Retirement Package for listing of required items.

# Planning for Retirement – Thinking Ahead

## Submitting Your Application

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### Submitting Your Application

- You may submit your retirement application up to 60 calendar days before your retirement date.
  - This is our recommendation!
- No retroactive retirement dates
  - You may not back-date your application.



# After Retirement – Considerations and Information

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## Planning Monthly Benefit

- Deductions

## Updating SCERS Information on File

- Address Changes
  - SCERS does not automatically update tax withholding preferences for out-of-state address changes.
- Deductions
- Tax Withholdings
- Burial Allowance
  - Beneficiaries

# After Retirement – Considerations and Information

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**Cost of Living Adjustment (COLA)** increases annually in April. The amount is variable and based on the Consumer Price Index (CPI).

- **Safety**

- All Safety tiers receive an annual COLA
- Tier 1: up to 4%
- All other tiers: up to 2%

- **Miscellaneous**

- All Misc. tiers (excluding M2) receive an annual COLA
- Tier 1: up to 4%
- All other tiers: up to 2%

# After Retirement – Considerations and Information

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## Working While Retired\*

- Private Sector or Outside Public Employment
  - Does not affect retirement allowance
- “Retired Annuitant” Work for County or Participating Employer
  - Must allow 180 days after termination date before returning to work (Excludes Safety)
  - Limited to 960 hours per year

\*See policy at [SCERS.org](https://www.scers.org)

# After Retirement – Considerations and Information

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## Returning to Permanent Active Employment

- A return to active status, terminating retirement benefits to return to full-time County employment
  - Increase your retirement benefit for when you re-retire
  - Add additional Service Credit
  - May increase your Final Compensation
  - May result in a higher Age Factor



## **Next Up – Presentations:**

Amy Hayes, Employee Benefits Office

Michael Teixeira, Social Security Administration

Michael Gomes, Fidelity Investments

Randy Angeloni, Sacramento County Retired Employees Association



# Thank you for attending!

Still have questions? Contact:

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