

# YOUR RETIREMENT BENEFITS

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MERS Police and Fire

# WHAT IS YOUR RETIREMENT BENEFIT?

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All Police and Fire members receive a Defined Benefit plan (**Pension Plan**).

Additionally, Police and Fire members who work for a municipality that does **not** participate in Social Security contribute to a Defined Contribution plan (**DC plan**).



# WHAT IS A DEFINED BENEFIT OR PENSION PLAN?

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- Your Pension benefit is managed by ERSRI and pays you a specific amount of money per month when you are eligible to retire.
- You contribute towards your individual pension.
- Your employer contributes into the pension fund for all employees.
- The amount of your monthly pension benefit is based on a number of criteria including your schedule, how long you have worked and your salary.

# WHAT IS A DEFINED CONTRIBUTION (DC) PLAN?

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- The Defined Contribution (DC Plan) allows you to **save money for your retirement in a tax-deferred account.**
- You and your employer contribute a percentage of your salary each pay period into your DC plan that is managed by TIAA.
- TIAA manages your investments and when you retire you will withdraw money from this account to pay for you living expenses.

# YOUR CONTRIBUTIONS TO YOUR PENSION AND DC PLAN

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Contributions	Pension Plan	Defined Contribution Plan (DC) (for members whose plan does not participate in Social Security)
Employee	9%	3% Employee and 3% by Employer
Employee (with COLA)	10%	3% Employee and 3% by Employer

Employers who participate in Social Security do NOT contribute to the DC Plan.

# WHEN CAN YOU RETIRE?

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- **Retire with full benefits:**

- If you were eligible to retire on or before June 30,2012; **OR**
- After July 1, 2015, you become eligible when you reach age 50 with 25 years of total service; **OR**
- After July 1, 2015, you become eligible when you completed 27 years of service regardless of age; **OR**
- You have 5 years of service but less than 25 and retire at Social Security Normal Retirement Age (SSNRA).

- **Retire early:**

- Transition Rule 1 with a reduced benefit
- Transition Rule 2 with a reduced benefit
- Transition Rule 3 with a full benefit

# RETIRING EARLY: TRANSITION RULE 1

- **Eligibility for Transition Rule 1:**
  - You have 20+ years of service and are within 5 years of your full benefit eligibility date.
- **How early can you retire?**
  - Up to five years before your full benefit eligibility date.
- **How is your benefit reduced?**
  - Your benefit is reduced by a set percentage for each year you leave before your full benefit eligibility date.
  - **For example:** If you left 5 years before reaching eligibility you would receive 62% of the benefit earned through your last day of employment.

Year(s) before retirement eligibility	Per year reduction	Cumulative reduction
1	9%	9%
2	8%	17%
3	7%	24%
4	7%	31%
5	7%	38%

# RETIRING EARLY: TRANSITION RULE 2

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- **Eligibility for Transition Rule 2:**
  - You completed 10 years of service by June 30, 2012.

How Early Can You Retire?	How is Your Benefit Reduced?
You can retire based on your eligibility rules in effect as of June 30, 2012.	ERSRI will use your Service Credit Factor and Highest Average Salary earned as of June 30, 2012 to calculate your pension.



# RETIRING EARLY: TRANSITION RULE 3

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- **Eligibility for Transition Rule 3:**
  - You have ten (10) or more years of contributory service prior to 7/1/2012.

**AND**

- You were age 45 prior to 7/1/2012.

**AND**

- You would have been eligible to retire at or prior to age 52 in accordance with the rules in effect prior to 7/1/2012.

How Early Can You Retire?	How is Your Benefit Reduced?
You are eligible to retire at age 52.	There is <b>no</b> benefit reduction under Transition Rule 3.

# WHAT'S A SCHEDULE?

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- Schedules are determined by when you were hired and how many years of service you had at certain points in time.
  - What department did you work for?
  - When were you hired?
  - Were you eligible to retire as of June 30, 2012?
- Schedule type impacts your accruals and service credit factor, and what your benefit will be when you retire.

# HOW DO WE DETERMINE YOUR SCHEDULE?

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## **SCHEDULE 5** 25 AND OUT PLAN

- Eligible to retire prior to 7/1/2012 with either age 55 and 10 years of service, OR 25 years any age

## **SCHEDULE 6** POLICE AND FIRE 20 AND OUT PLAN

- Eligible to retire prior to 7/1/2012 with 20 years of service any age

## **SCHEDULE 7** SPECIAL PROVISION PLAN AND ELIGIBLE PRIOR TO 7/1/12 WITH:

- Cranston Police and Fire: 20 years any age
- Hopkinton Police: 20 years of service any age
- Richmond Police: 22 years of service any age
- Burrillville Police: 20 years of service any age
- South Kingstown Police: 50% Service Credit Factor by earning 2% per year prior to 7/1/1993 & 2.5% through 6/30/2012

# HOW DO WE DETERMINE YOUR SCHEDULE?

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## **SCHEDULE 8** POLICE AND FIRE 25 AND OUT PLAN

- Active as of 7/1/2012, but not eligible to retire as of 6/30/12

## **SCHEDULE 9** POLICE AND FIRE 20 AND OUT PLAN

- Active as of 7/1/2012, but not eligible to retire as of 6/30/12

## **SCHEDULE 10** MEMBERS OF PLANS WITH SPECIAL PROVISIONS (See previous slide)

- Active but not eligible to retire as of 7/1/2012

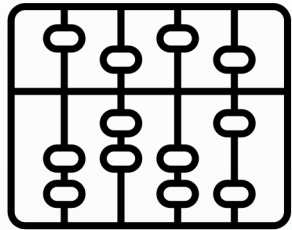
## **SCHEDULE 11** NEW HIRES ON OR AFTER 7/1/2012

- Active but not eligible to retire

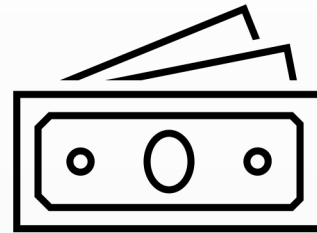
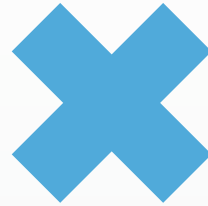
# CALCULATING YOUR PENSION BENEFIT

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How is your pension benefit calculated?



SERVICE  
CREDIT FACTOR



HIGHEST  
AVERAGE SALARY



YOUR  
PENSION BENEFIT

# CALCULATING YOUR SERVICE CREDIT

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- Each year that you work for a participating employer, you accrue a set percentage (your accruals) that are added together to determine your Service Credit Factor.
- **Your total service credit factor cannot exceed 75%.**

# YOUR ACCRUAL RATES PART 1

Time Earned in Standard Plans?	Accrual per Year
Standard 25 and Out Plan years <b>prior</b> to 7/1/12	2%
Standard 20 and Out Plan years <b>prior</b> to 7/1/12	2.5%
Years worked <b>after</b> 7/1/12 ( <b>all Police and Fire members</b> )	2%

Time Earned in Plans with Special Provisions?	Accrual per Year
Cranston Police and Fire years <b>prior</b> to 7/1/12	2.5%
Hopkinton Police years <b>prior</b> to 7/1/12	2.5%
Richmond Police years <b>prior</b> to 7/1/12	2.2727%
South Kingston Police years <b>prior</b> to 7/1/2012	2% prior to 7/1/1993 2.5% 7/1/1993 – 6/30/12
Burrillville Police years <b>prior</b> to 7/1/1993	3% years 1-20 1-5% years 21-30
Years worked <b>after</b> 7/1/12 ( <b>all Police and Fire members</b> )	2%

# YOUR ACCRUAL RATES PART 2

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MERS Police & Fire retiring after attaining age 57 with 30 years of service will receive the better of:

- 2.25% of FAS multiplied by total years of service

OR

- The accrued benefit determined as of June 30, 2012 plus 2.25% of FAS multiplied by years of service after June 30, 2012.



# CALCULATING YOUR HIGHEST AVERAGE SALARY

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- Depending on your schedule, your highest average salary is the average or 5 consecutive (back to back) years of salary as of retirement or your highest 3 year average as of June 30, 2012.

Schedule	Highest Average Salary
Schedule 5, 6 or 7 (Retiring after 7/1/12) Schedule 9 Schedule 10	5 highest consecutive years (Must be equal or greater than highest average salary as of 6/30/12.)
Schedule 11	5 highest consecutive years

# YOUR PENSION PAYMENT OPTIONS

Payment option	Amount	Beneficiary or Spouse Amount	Allowed to switch options one time?
<b>Service Retirement Allowance (SRA)</b>	Full benefit paid monthly to the member	Your spouse will receive 30% of your final salary plus 10% for each child under age 18 to a maximum family benefit of 50% so long as she/he does not remarry	No
<b>Option 1: Joint &amp; Survivor 100%</b>	Reduced benefit	Beneficiary receives same monthly benefit after member's death.	Yes—to Option 2 or SRA
<b>Option 2: Joint &amp; Survivor 50%</b>	Reduced benefit	Spouse or beneficiary receives 50% of the monthly benefit after member's death.	Yes—to Option 1 or SRA

- Option 1: J&S100 and Option 2: J&S50 are actuarially reduced benefits based on difference in age between member and beneficiary.
- One time change is permitted while living if Option 1: J&S100 and Option 2: J&S50. The change of option form must be received by ERSRI prior to death.
- A Qualified Domestic Relations Order (QDRO) may order modification to a retirement option.

# DEATH BENEFITS

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## What benefits are your survivors entitled to?

- All members' designated beneficiary is eligible to a one time death benefit payment regardless of retirement option selected.
- Benefit is \$800 per year of completed service, up to a maximum benefit of \$16,000 with 20 years of service.
- Benefit reduces 25% each year of retirement to a minimum death benefit of \$4,000.

Please be sure to keep your **beneficiary information up to date** with ERSRI.

# WHAT ABOUT A COST OF LIVING ADJUSTMENT?

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- **Annual COLA and 4 Year COLA:**
  - The Annual COLA is suspended if your plan is under 80% funded.
  - Until your plan is 80% funded, an interim 4 Year COLA is paid to members once they become COLA eligible.
  - The Annual COLA resumes when your plan is 80% funded.
- **COLA Eligibility**
  - Members retiring today become eligible for the Annual COLA and 4 Year COLA the month after reaching their Social Security Normal Retirement Age AND the three year anniversary date of their retirement.

**Please note:** Not all municipal plans offer COLA to all employees. If your plan does not offer COLA you are not eligible to receive a COLA.

# WHAT ABOUT A COST OF LIVING ADJUSTMENT?

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## COLA Calculation

- The Annual and 4-Year COLAs are calculated based on equal parts of 50% of investment performance minus 5%, and 50% of inflation with a maximum COLA of 3.5%.
- For members retiring now, the Annual and 4 Year COLAs are paid on the first \$ 25,855 (indexed) of your annual pension benefit.

# LEAVING MUNICIPAL EMPLOYMENT PRIOR TO RETIREMENT?

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## Contact ERSRI:

- If you are **not vested** (less than 5 years of service) you can:
  - Refund/rollover your contributions
  - Leave your contributions in the system
- If you are **vested** (5 years of service) you can:
  - Refund/Rollover Your Contributions
  - Elect a Deferred Pension

# LEAVING MUNICIPAL EMPLOYMENT PRIOR TO RETIREMENT?

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## Contact TIAA (if applicable):

- Vested or not – you can leave your contributions in your TIAA account and you will continue to earn investment returns.
- Employees vest in employer DC contributions after 3 years.
- If you are **not vested** you can:
  - Refund/rollover your contributions and investment income
- If you are **vested** you can:
  - Refund/rollover your total account balance (including employer contributions.)

# ERSRI ONLINE REGISTRATION

- Visit [www.ersri.org](http://www.ersri.org) to register your My Retirement account.
- The self registration process will ask you for identifying personal information and give you a login ID.
- Be sure to write down your login ID and password in a safe place.

The screenshot displays the ERSRI online portal interface. At the top left is the ERSRI logo and the text "Employees' Retirement System of Rhode Island". To the right of the logo is a "Log out" button and a search bar with the text "Hi John Doe" and a search icon. Below the logo is a home icon. The main content area is titled "My Retirement" and features a banner for "Introducing... your pension plan" with a "Get started!" button. Below this is a "Tools" section with icons for a clock, checklist, dollar sign, and person. On the right, there is a "My Pension" section with a "HELP" button and contact options, and a "My Plans" section showing "My Employer Pension Plan".



# HOW TO RUN A BENEFIT ESTIMATE ONLINE

## PENSION PROJECTION TOOL

Administrator tools | Recent estimates | Yearly amounts | Printable statement

**WHAT THIS IS**  
This tool allows you to estimate your pension benefits from your pension plan at different ages.  
[VIEW DEMO](#)

**WHAT I KNOW**  
Date of birth: January 1, 1908  
Total years of service: 11.57  
Earned salary: \$50,000  
[SEE ALL PERSONAL AND DESIGNATED JOINT & SURVIVOR INFORMATION »](#)

**WHAT IF ...**  
My future annual earnings increase is: 0%

**RETIRE AT ...**

Age 62	Date 01-01-2042
Age 64	Date 01-01-2045
Age 64	Date 01-01-2045

[CALCULATE](#)

**YOUR ESTIMATED INCOME AT RETIREMENT**

■ Employer Pension Plan

Age	Estimated Income
Age 62	\$15,000
Age 64	\$23,000

[SHOW DETAILS »](#)      [SHOW DETAILS »](#)

# POST RETIREMENT EMPLOYMENT

Hired Post Retirement as a...	Days allowed before pension suspension	Gross pay allowed before pension suspension	Time period
State Employee	0	\$0	N/A
Registered Nurse	75 (or 150 half days)	N/A	Calendar year
Classroom Instructor, Academic Advisor, or Coach at a State School or College	N/A	\$18,000	Calendar year
Drivers Ed Teacher	N/A	\$15,000	Calendar year
MERS Employee	75 (or 150 half days)	N/A	Calendar year
Teacher	90 (or 180 half days)	N/A	School year
Elected MERS official	Unlimited*	Unlimited*	N/A
Unpaid state or municipal board	Unlimited*	Unlimited*	N/A
Non Participating Municipality Employee	Unlimited	Unlimited	N/A

**Any employment or reemployment may begin no earlier than 45 days after separation/termination from employment.**  
 \* Unlimited except for those who previously worked and earned service credit as an elected official or board member.

# POST RETIREMENT EMPLOYMENT

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## Your employer's post retirement employment responsibilities:

- Retirement contributions will not be deducted from your wages and you will not earn any additional retirement service credit for any post-retirement employment.
- Reporting days worked or earnings depending on employment type to ERSRI on a monthly basis.
- Schools filling a vacant position must send letter to ERSRI and their union certifying a good faith effort was made to fill position with non-retiree. This includes coaching, tutoring and consulting. Vacant positions may only be filled by a retiree for 90 days.

## Your post retirement employment responsibilities:

- It is your responsibility to ensure that while collecting a retirement benefit your employment does not violate any statutory restrictions.
- Your post retirement earnings or days will be reported to ERSRI and available to review in your member portal at [www.ersri.org](http://www.ersri.org). It is your responsibility to ensure your employer is accurately reporting your employment. Please follow up with your employer if there is a discrepancy.
- No “mixing and matching.” You cannot participate in more than 1 area that is limited by statute.
- Post-retirement provisions apply if you are a consultant or corporation or employee of another party providing services to a ERS or MERS employer.

# RETIREMENT PLANNING HOMEWORK

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- Meet with a financial planner to calculate what you need to save for retirement.
- Log in to your account at [www.ersri.org](http://www.ersri.org) for a pension benefit estimate.
- If your plan participates with TIAA, meet with a rep to discuss the investment mix of your DC Plan account. You can make an appointment at [www.tiaa.org](http://www.tiaa.org).
- Consider supplementing your DC Plan and Pension Benefit with additional saving in a 457 plan or other retirement account.
- Name your beneficiary with ERSRI and TIAA.

# READY TO RETIRE?

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- Contact ERSRI 6–9 months before retirement for a meeting to review:
  - Your estimated benefit and how it was calculated.
  - Your pension payment options.
  - The forms that you and your employer will need to complete.
- Contact TIAA to learn more about your DC Plan retirement payment options

# IMPORTANT CONTACT INFORMATION

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## EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

**Address:** 50 Service Avenue, 2<sup>nd</sup> floor, Warwick, RI 02886

**Phone:** (401) 462-7600 | **Email:** [ersri@ersri.org](mailto:ersri@ersri.org) | **Website:** [www.ersri.org](http://www.ersri.org)

### TIAA – DC PLAN COORDINATOR

Providence Office  
(800) 897-1026

[www.tiaa-cref.org/ri](http://www.tiaa-cref.org/ri)

### FEDERAL SOCIAL SECURITY

Providence Office  
(877) 402-0808

[www.ssa.gov](http://www.ssa.gov)

**For inquiries regarding retiree health benefits contact your employer.**