AN OVERVIEW OF YOUR ERSRI RETIREMENT PLAN

ERSRI Employees' Retirement System of Rhode Island

HYBRID RETIREMENT BENEFIT

- The Employees' Retirement System of Rhode Island was established in 1936 to provide retirement benefits to all public sector employees.
- We manage retirement plans and administer benefits for over 60,000 active members, inactive members, retirees, and pension beneficiaries:
  - State Employees
  - Public School Teachers
  - Municipal Employees' Retirement System (the municipal retirement plan covering participating cities and towns)
  - Municipal Police and Fire Departments
  - Judicial Retirement Plan
  - State Police Retirement Plan

MANDATORY CONTRIBUTIONS

- Since July 1, 2012 Employees have paid into a hybrid retirement plan, made up of both a Defined Benefit/Pension (DB Plan) and a Defined Contribution/401(a) (DC Plan).
  - The DC Plan is managed by TIAA.
- All new employees immediately begin making **mandatory** contributions to this plan as long as they work 20 or more hours per week.
- All contributions remain within the plan while you are employed under ERSRI-covered service. **There are no withdrawals or loans.**

CONTRIBUTIONS COME OUT OF YOUR PAYCHECK

The DB Plan is listed on your paycheck under "RETIREMENT." The DC Plan is listed on your paycheck under "401A"

YOUR CONTRIBUTIONS TO THE DB AND DC PLANS

Contributions	Pension Plan (DB)	Defined Contribution (DC) (managed by TIAA)
Employee	3.75%	5% or 7%* *(*if not in Social Security)*
Employees with 20+ Years of Service as of 6/30/12	11% *(3.75+5+2.25)*	No longer participates in the plan as of 7/1/15.

As part of the pension settlement, if you **have 20 or more Years of Service credit as of June 30, 2012, you no longer contribute to the DC Plan** as of July 1, 2015.

YOUR EMPLOYER'S CONTRIBUTIONS TO THE DC PLAN

LESS THAN 10 YEARS
AS OF 6/30/12

1% salary

AT LEAST 10 YEARS,
BUT LESS THAN 15 AS OF 6/30/12

1.25% salary

AT LEAST 15 YEARS,
BUT LESS THAN 20 AS OF 6/30/12

1.5% salary

20 OR MORE YEARS
AS OF 6/30/12

No longer participates in the DC Plan.

NOTE: Members are in one of the above categories based on frozen service as of June 30, 2012. They do NOT move between categories as they earn additional years of service.

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DEFINED BENEFIT/PENSION PLAN

WHAT IS A DEFINED BENEFIT/PENSION PLAN?

- Your DB Pension 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 criteria including your schedule, how long you have worked, and your salary.
- Your DB pension is not based on the dollar amount you have contributed to the plan—it will last your lifetime.

VESTING IN THE PENSION

- You are eligible to receive a pension after 5 years of contributing service and meeting the required minimum age.
- You are able to take a refund of your contributions at any time after leaving ERSRI-covered service if you decide not to take a pension. **(Important note: if you take a refund, your forfeit your rights to any future benefit.)**
- Contributions to the pension do not have any market fluctuation, so you will always be refunded the exact amount you contributed if you choose not to take a pension (contributions do not earn interest).

Employees who contribute to both the pension and 401(a) contribute 3.75% of their salary to the pension and are currently accruing 1% per year.

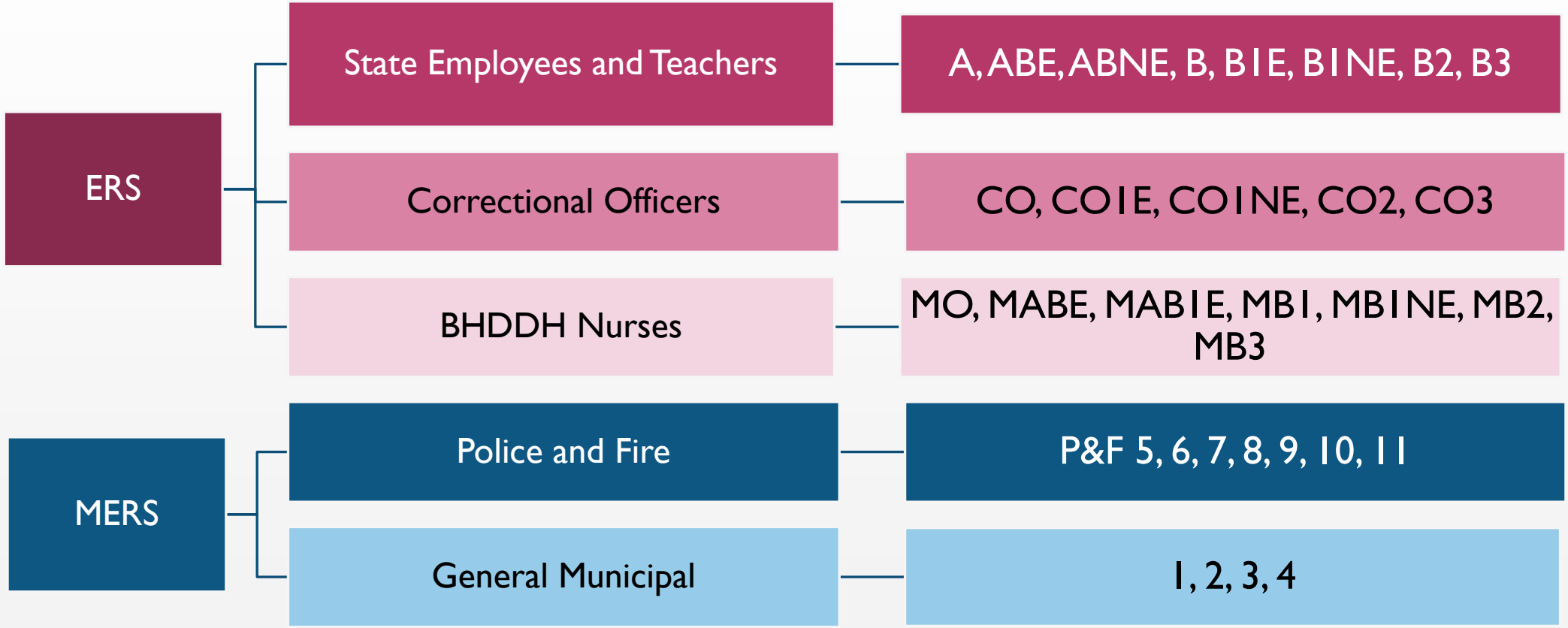
Employees who have stopped contributing to the 401(a) contribute 11% of their salary to the pension and are currently accruing 2% per year.

WHAT'S A SCHEDULE?

- Schedules are determined by when you were hired and how many years of service you had at certain points in time.
  - Years of Service / July 1, 2005
  - Years of Service / September 30, 2009
  - Years of Service / June 30, 2012
- **Schedule type impacts when you are eligible to retire, your accruals and service credit factor, and what your benefit will be when you retire.**

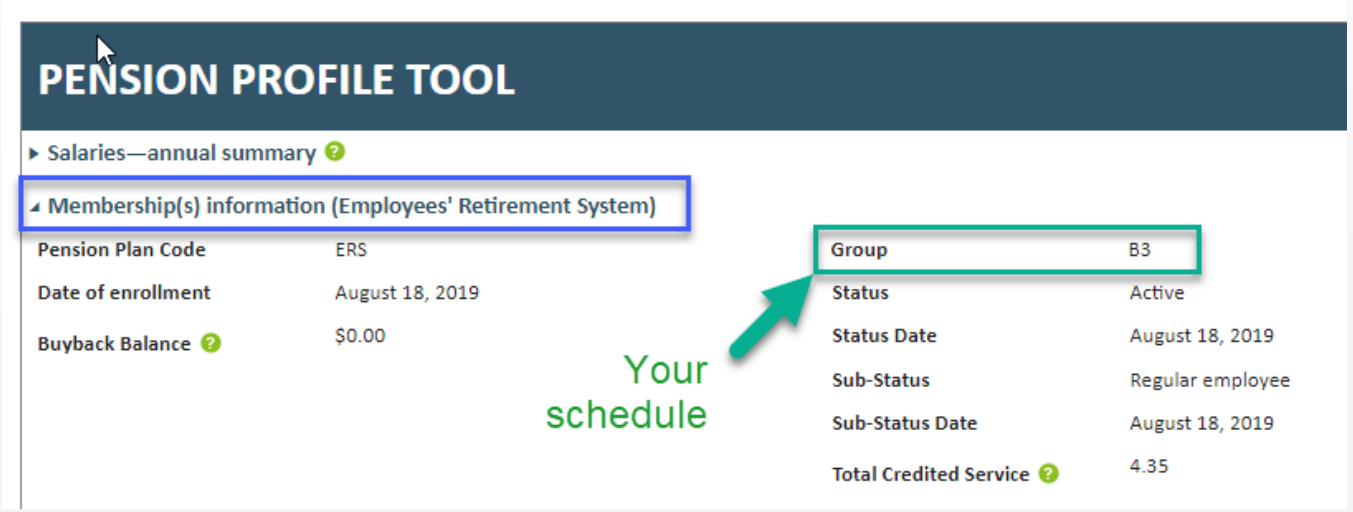
For more information about Schedules, retirement eligibility, and accruals, check out the ERSRI Member Handbook or www.ersri.org >> Members >> Planning for Retirement

ERS / MERS – OVER 30 SCHEDULES



HOW DO I KNOW MY SCHEDULE?

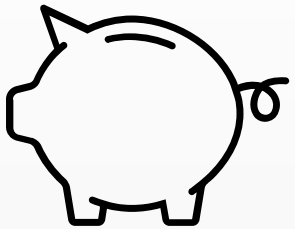
- You can find your schedule by logging into the **ERSRI Member Portal** and navigating to the "Pension Profile Tool".
- **Your schedule ("Group") is displayed in the "Membership Information" section (below "Salaries")**



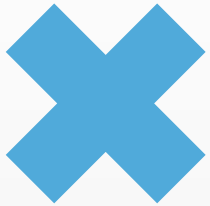
Learn more about Schedules at www.ersri.org >> Members >> Retirement Eligibility

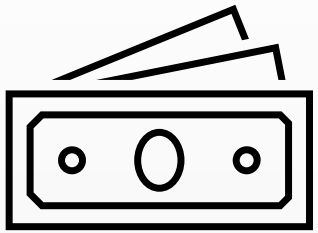
ERSRI Employees' Retirement System of Rhode Island

HOW DO WE DETERMINE YOUR PENSION?

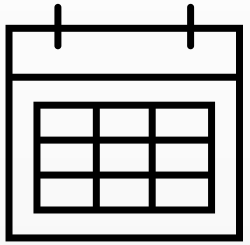


ACCRUAL RATE PER YEAR





FINAL AVERAGE SALARY (FAS)



YOUR ANNUAL PENSION

SCHEDULE B3 ACCRUES 1% PER YEAR:
We use your **top consecutive 3 years of salary** to calculate your pension.
These do not have to be your final 3 years of service.

CALCULATING YOUR SERVICE CREDIT

- Each year that you work for a participating employer, you accrue a set percentage (your accruals) of pay that is added together at retirement to determine your Service Credit Factor.
- After 7/1/2012, most schedules earn an accrual of 1% each year
  - The annual accrual for members who had 20+ years of service by 6/30/2012 is 2%
- **Your total service credit factor cannot exceed 75-80% depending on your schedule.**

PURCHASING SERVICE CREDIT

THERE ARE STRICT TIME LIMITS ON PURCHASING SERVICE CREDIT

- All service purchases (with the exception of Armed Service credit) must be initiated **within 3 years of entering or returning to service.**
- Purchase of service credit for years prior to July 1, 2012 must have been made by June 30, 2015.
- Only **Restoration of Service Credit, Workers' Compensation Leave, and Armed Service leave** *during* active employment count toward vesting—all other types do *not* count toward vesting.

TYPES OF SERVICE YOU CAN PURCHASE INCLUDE:

- Official Leave
- Official Layoff
- Out-of-State or Private School Teaching
- Service from a Non-Participating Municipality
- Restoration of Service Credit
- Armed Service Credit

CALCULATING YOUR HIGHEST AVERAGE SALARY

- For members retiring on or after July 1, 2024*, your highest average salary is the average of your highest 3 consecutive years of salary.

**except State Police and Judicial plan members*

WHEN CAN YOU RETIRE?

- **Retire with full benefits:**
  - **Schedule based retirement date**

    OR
  - **Rule of 95:** Your age and service equal 95 (only applies to those whose retirement date is age 62 or later).

- **Retire early with reduced benefits**
  - Transition **Rule 1**

All members have their own unique retirement eligibility age based on their Schedule

WHEN CAN YOU RETIRE?

State / Teacher Schedule Based Retirement Date

Schedule A, ABE, B, and B1E	Schedule ABNE	Schedule B1NE	Schedule B2 and B3
Currently eligible to retire.	**Social Security Normal Retirement Age (SSNRA)* proportionally scaled back** based on years of service earned as of 9/30/2009 and 6/30/12. • Not less than age 59 • 5+ years of contributory service.	**Social Security Normal Retirement Age (SSNRA)* proportionally scaled back** based on years of service earned as of 9/30/2009 and 6/30/12. • Not less than age 59 • 65 if determined by Article 7 calculation • 5+ years of contributory service at 6/30/12.	**Social Security Normal Retirement Age (SSNRA)* and 5 years** of contributory service.

*SSNRA is set by the Social Security Administration and is age 67 for those born in 1960 or later.

ERS RI Employees' Retirement System of Rhode Island

WHEN CAN YOU RETIRE?

MERS (General) Schedule Based Retirement Date

Schedule 1	Schedule 2	Schedule 3 & 4
Currently eligible to retire. Became eligible with 30 years of service at any age. **OR** Age 58 with 10 years of contributing service as of June 30, 2012.	**Social Security Normal Retirement Age (SSNRA)* proportionally scaled back** based on years of service earned as of June 30, 2012. • Not less than age 59 • 5+ years of contributory service as of June 30, 2012.	**Social Security Normal Retirement Age (SSNRA)* and 5 years** of contributory service.

*SSNRA is age 67 for those born in 1960 or later.

WHEN CAN YOU RETIRE?

Rule of 95

- Members of any schedule type can retire when their age (at least 62 years old) plus their years of service equal 95.
- **For example:**
  - 62 years old + 33 years of service = Rule of 95 Eligible.

The rule of 95 is only used to provide an **EARLIER** retirement date than your Schedule Based Eligibility Date.

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%

YOUR PENSION PAYMENT OPTIONS

Payment option	Amount	Spouse/beneficiary amount	Allowed to switch options one time?
Service Retirement Allowance (SRA)	Full benefit paid monthly to the member	$0	No
Option 1: Joint & Survivor 100%	Reduced benefit	Spouse or beneficiary receives same monthly benefit after member's death.	Yes–to Option 2 or SRA
Option 2: Joint & Survivor 50%	Reduced benefit	Spouse or beneficiary receives 50% of the monthly benefit after member's death.	Yes–to Option 1 or SRA
SRA Plus *(Schedule A & AB only)*	Higher benefit prior to age 62. *Reduced pension after 62.*	$0	No

- A Qualified Domestic Relations Order (QDRO) may restrict your pension payment options.
- **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.

ERSRI Employees' Retirement System of Rhode Island

OTHER BENEFITS THROUGH ERSRI

DISABILITY BENEFITS

- For those who qualify and are approved by the ERSRI Board, a member can collect a pension based on a disability or illness **if they apply for disability before they terminate employment.**
  - **Ordinary**—injury/illness **not** based on work within ERSRI-covered service. *Must be vested with 5 years of service to qualify.*
  - **Accidental**—injury occurred at work within ERSRI-covered service <<or>> is attributed to work circumstances within ERSRI-covered service.

SURVIVOR BENEFITS

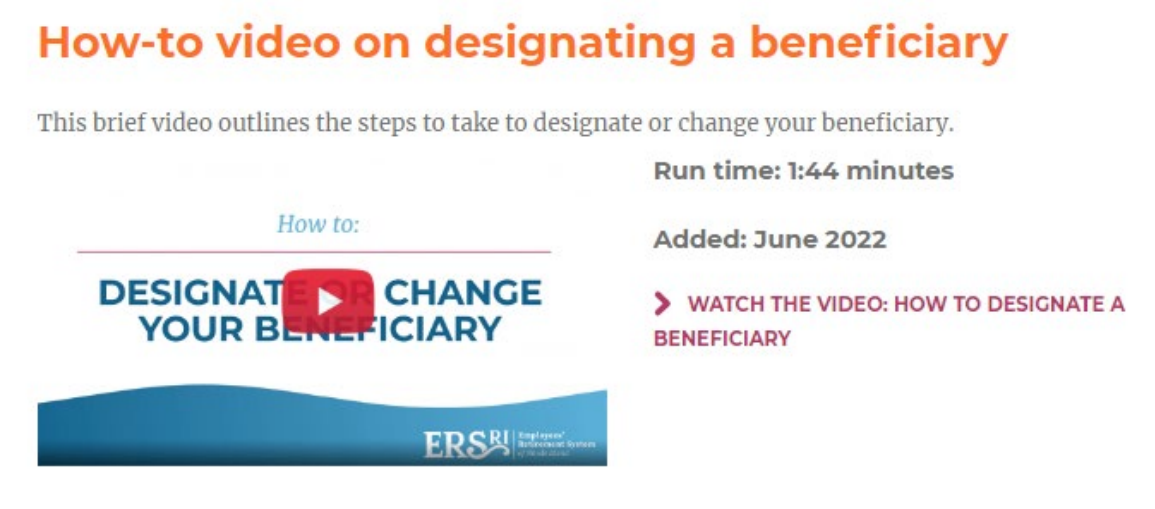
- Your pension could continue for a survivor if you choose a J&S option upon retirement.
- If you die after vesting in the system, but before you begin collecting a pension, a designated beneficiary could receive a pension or a refund of your contributions.

DEATH BENEFITS

- A member's designated beneficiary is eligible to receive 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.
- If you take a refund of contributions or pass away while you are in deferred status, no death benefit is payable.

BENEFICIARY DESIGNATION

- Be sure to keep your beneficiary information up to date with ERSRI.
- You can find the Beneficiary Designation Form online at www.ersri.org/forms/member.
- Visit www.ersri.org/members/changes-in-your-life/beneficiary-change for information to help you complete your forms, including a "How to" video.



ERSRI Employees' Retirement System of Rhode Island

TEACHERS SURVIVORS' BENEFITS (TSB)

- TSB provides a lifetime monthly benefit to qualified survivors upon the death of the member.
- School districts that do not participate in Social Security offer TSB.
- Teacher Contributions = $115.00 per year
- Teachers must make TSB contributions for 6 consecutive calendar months prior to their death or retirement in order to qualify for a TSB benefit.
- Maintaining coverage provides up to a $1,725* monthly benefit for a spouse, domestic partner or dependent parent or up to $1,293.75 for a dependent child upon your death.

**indexed annually*

ERS RI Employees' Retirement System of Rhode Island

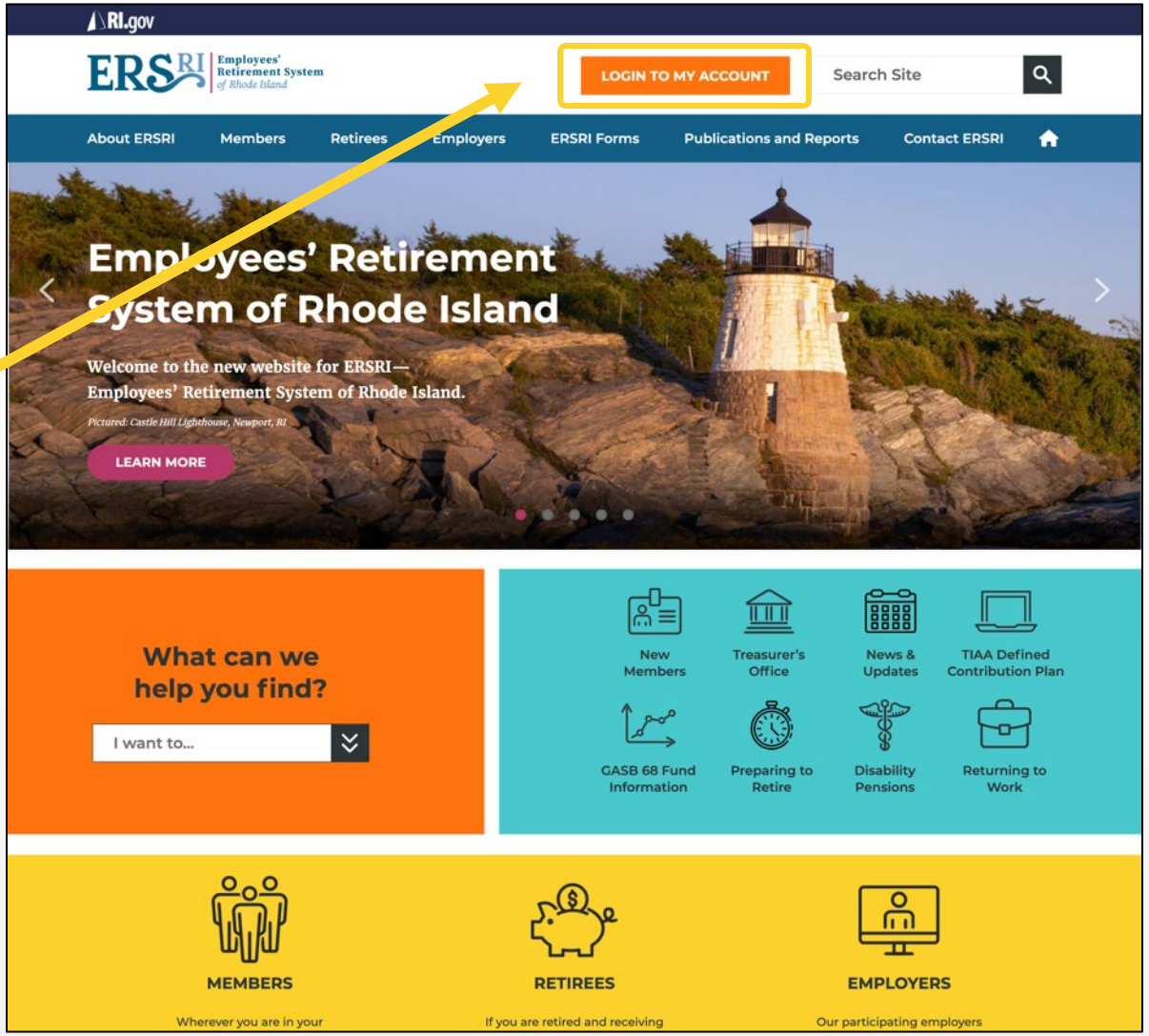
POST RETIREMENT EMPLOYMENT

- Post Retirement employment laws apply to public sector jobs with employers that participate in the Employees' Retirement System of Rhode Island and Municipal Employees' Retirement System.
- These laws apply if you are a consultant or corporation or employee of another party, *including non-profits*, that are funded (wholly or in part) by State funds.
- Any employment or reemployment may begin no earlier than **45 days** after separation/termination from employment.
- It is your responsibility to ensure that while collecting a retirement benefit your employment does not violate any statutory restrictions.
- See www.ersri.org >> **Retirees** >> **Post Retirement Employment** for more information.
- **Submit any questions to ERSRI *before* accepting employment!**

ERSRI Employees' Retirement System of Rhode Island

MANAGING YOUR ACCOUNT

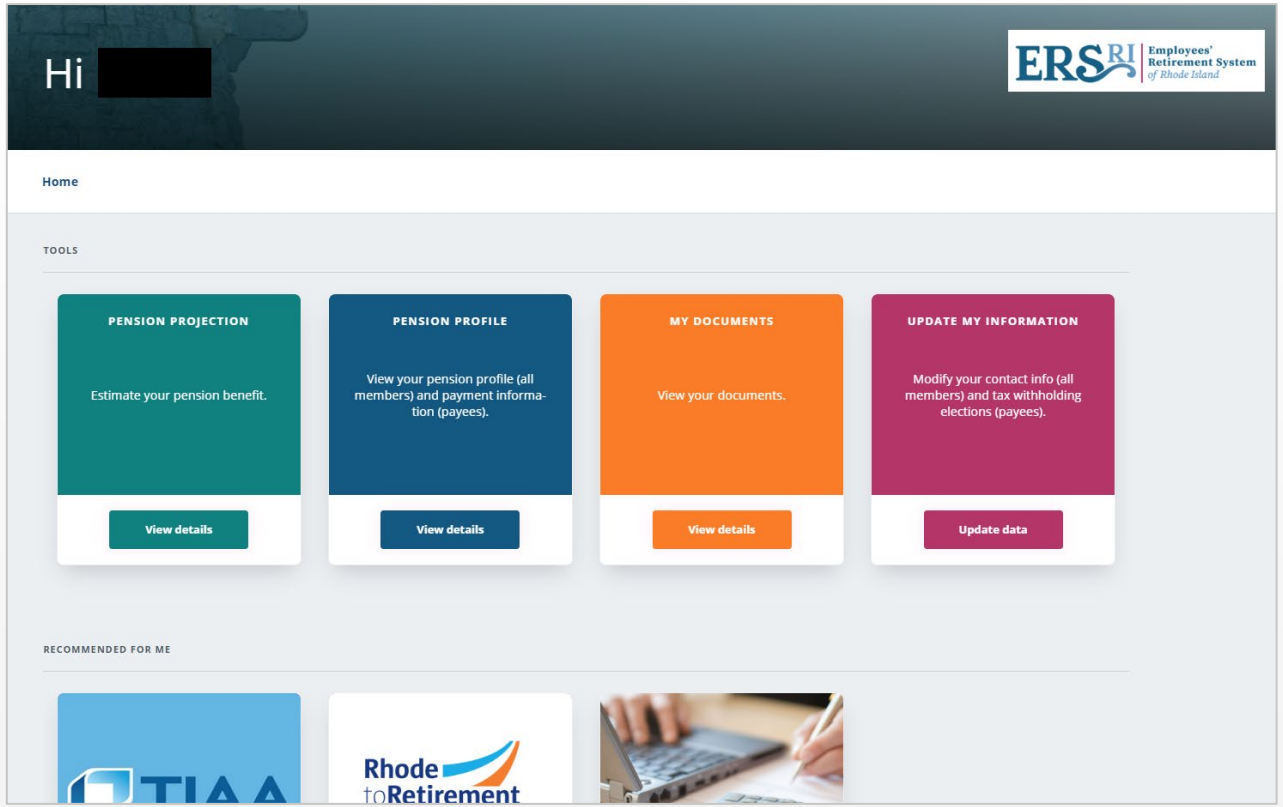
- Register your account online at www.ersri.org.
- Press the orange "login to my account" button at the top.
  - **First time users:** Click self-registration link to create online account *(if no valid email is on file with ERSRI, call 401-462-7600).*
  - **Forgot password/login ID:** Click the link below the login to access your credentials.



ERSRI Employees' Retirement System of Rhode Island

MEMBER PORTAL

- Visit www.ersri.org to self-register to use the **ERSRI Member Portal.**
- Your login ID will be your **personal email address.**



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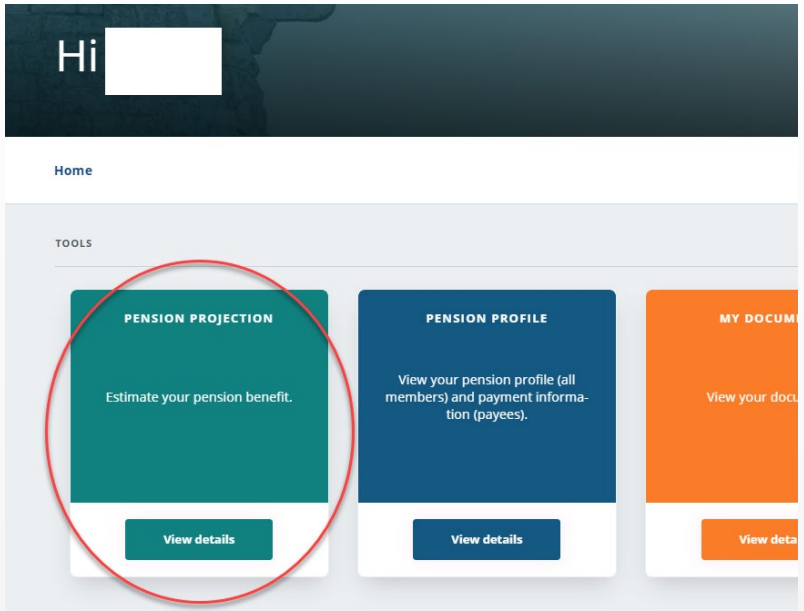
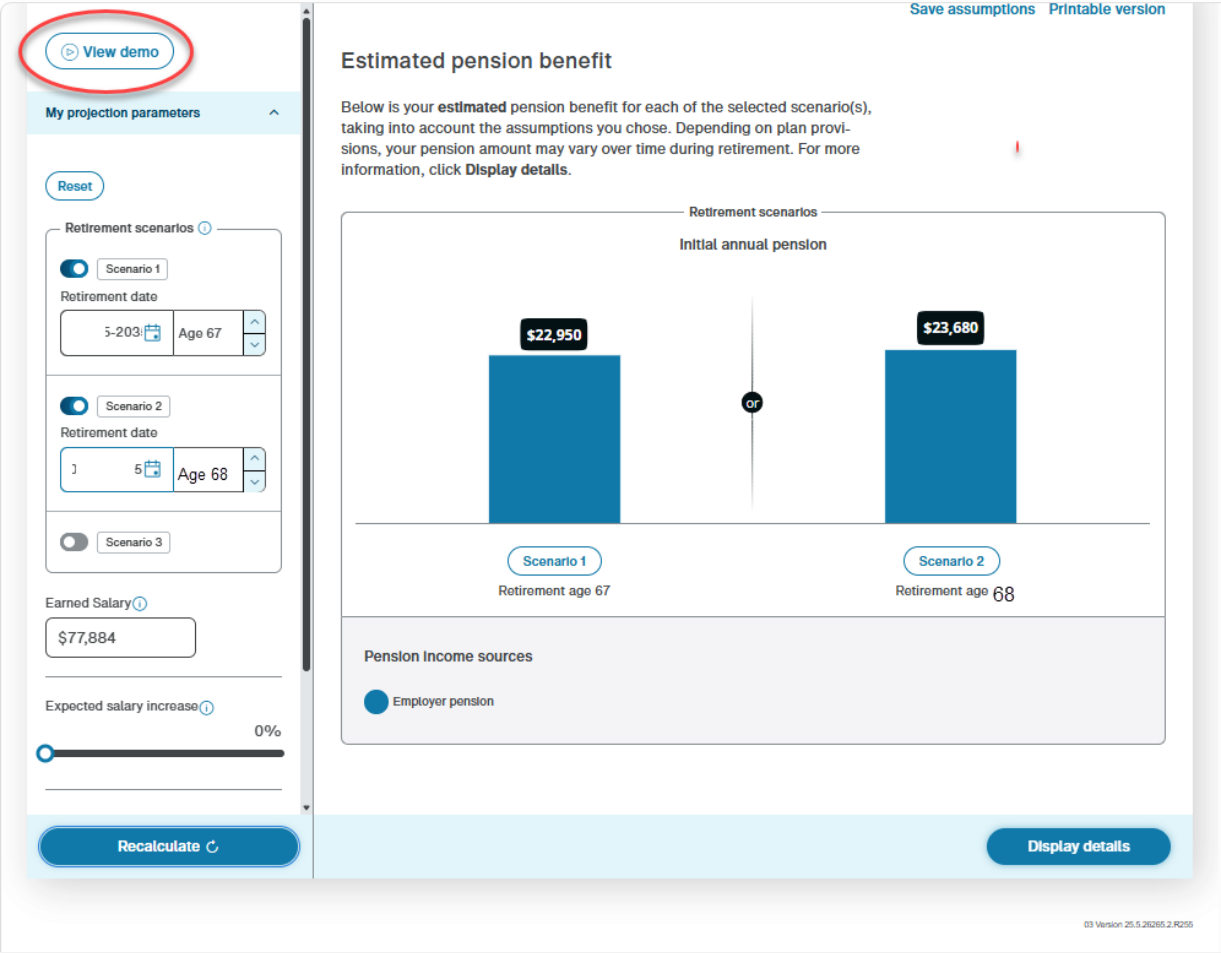
RUNNING A BENEFIT ESTIMATE ONLINE





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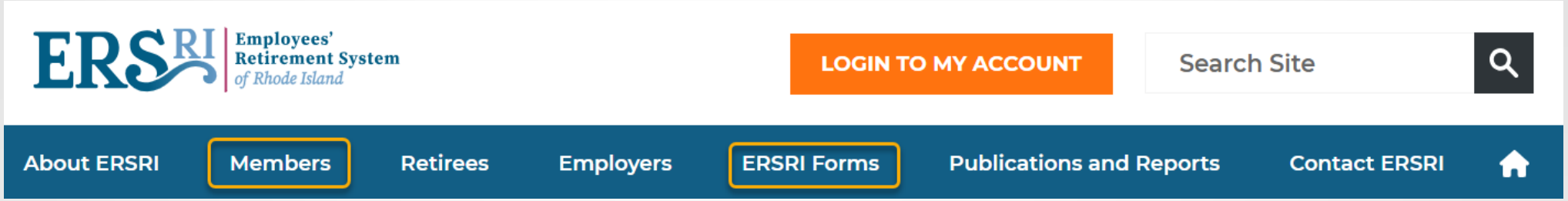
MORE RESOURCES AT WWW.ERSRI.ORG



ERSRI Member Handbook

Planning for Retirement

Retirement Planning Checklist
Counseling Information

Member Forms

Beneficiary Designation Form
Service Puchase Forms

A NOTE ON HEALTH CARE COVERAGE

- **ERSRI does not administer health care benefits for retirees.**
- The Office of Employee Benefits (OEB) administers health care benefits for retired **state employees** between the age of 59-64 and Via Benefits manages benefits for members 65+.
  - Members who take a deferred pension (terminate employment prior to reaching retirement eligibility) and wait to collect their benefit are *not* eligible for state health coverage.
- Health care benefits are administered by the individual employers for retired **municipal employees**

Learn about your health care options BEFORE making your decision about when to retire.

IMPORTANT CONTACT INFORMATION

EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

Address: 50 Service Avenue, 2nd floor, Warwick, RI 02886

Phone: (401) 462-7600 | **Email:** ersri@ersri.org | **Website:** www.ersri.org

TIAA – DC PLAN COORDINATOR

The Gateway Center
15 Park Row West, Suite 102
Providence, RI 02903

(800) 842-2252

www.tiaa.org/ri

FEDERAL SOCIAL SECURITY

Providence Office
(877) 402-0808

www.ssa.gov

OFFICE OF EMPLOYEE BENEFITS

Department of Administration
One Capitol Hill, 3rd floor
Providence, RI 02908

(401) 574-8530

www.employeebenefits.ri.gov

QUESTIONS?

Thank you!

ERS RI Employees' Retirement System of Rhode Island