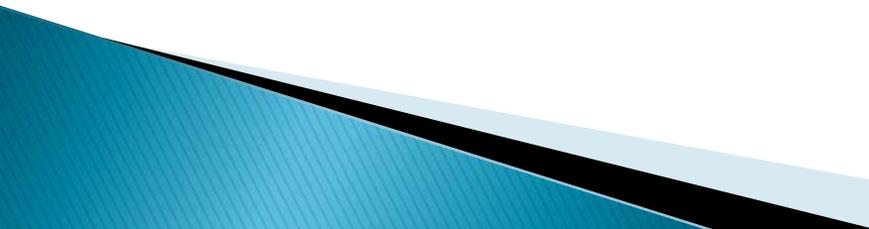


City of Redding

Retirement Planning Workshop

Retirement Planning

Retirement Basics

- ▶ Eligibility: To be eligible for service retirement, most CalPERS members must be at least age 50 with a minimum of five years of CalPERS–credited service.
 - ▶ If you became a member on or after January 1, 2013, you must be at least age 52.
 - ▶ To retire, you must permanently separate from all CalPERS covered positions and you must submit a retirement application.
- 

Retirement Calculation Formula

- ▶ CalPERS multiplies three factors to calculate your retirement benefit. As you compare the estimates you receive using the Retirement Estimate Calculator on the CalPERS website, you will see that changes to one or more of these factors will likely change the amount of your retirement benefit.
 - CalPERS Service Credit
 - Benefit Factor
 - Final Compensation

Choosing a Retirement Date

- ▶ Age benefit Factor and Your Birthday, Earliest Retirement Date
 - ▶ Earning Service Credit
 - ▶ Pay Increases
 - ▶ Cost of Living Adjustments
 - ▶ Unused Sick Leave Credits
- 

Within One Year Of Retirement

- ▶ Review your most recent CalPERS Annual Member Statement. If you don't have it available, you can log in to my|CalPERS to view your statement at my.calpers.ca.gov.
 - ▶ If you do not have Internet access, contact CalPERS at 888 CalPERS (or 888-225-7377) to request a copy.
- 

Within One Year Of Retirement cont.

- ▶ If you think you may be eligible to purchase additional service credit for employment not shown on your statement, request *A Guide to Your CalPERS Service Credit Purchase Options* and complete the appropriate forms.
 - ▶ You must submit your request to purchase service credit before your retirement date to be eligible to purchase that service.
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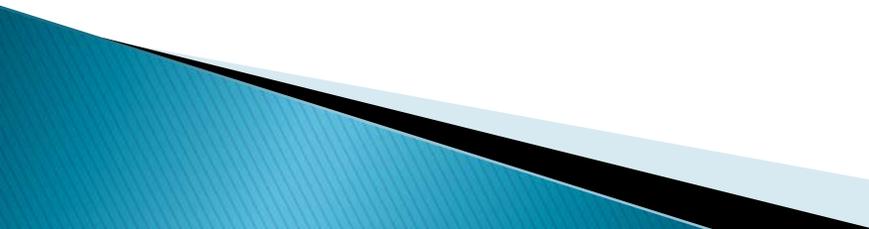
Within One Year Of Retirement cont.

- ▶ Use the Retirement Estimate Calculator on CalPERS website at www.calpers.ca.gov to begin determining when you want to retire.
- ▶ Contact the Social Security Administration for information on benefits under that system and your Medicare eligibility.
- ▶ Contact your financial planning advisor for assistance integrating your CalPERS benefits into your overall retirement planning strategies.
- ▶ Attend one of the various CalPERS Retirement Education classes. You may enroll online using my|CalPERS and see descriptions of the classes available. If you do not have Internet access, contact CalPERS toll free at 888 CalPERS(or 888-225-7377).

Within One Year Of Retirement cont.

- ▶ If you have a community property claim on your retirement account, you must provide to CalPERS a copy of the court order that resolves the claim so CalPERS can determine if the order is acceptable for dividing retirement benefits. If the order is not acceptable, a further order will be required, which will delay the release of retirement benefits to all parties. No retirement will be released or paid until the community property issue is resolved. If you are unsure whether CalPERS received an acceptable court order, or if you have questions about your court order or your benefits, please contact CalPERS toll free at 888 CalPERS (or 888-225-7377).

Within One Year Of Retirement cont.

- ▶ Note: If you have an acceptable court order that requires you to elect a specific option and name a specific beneficiary at retirement, you must complete your retirement application in accordance with these requirements.
 - ▶ Otherwise, CalPERS will reject your retirement application and ask you to submit supplemental retirement information.
- 

Within 6 Months of Retirement

- ▶ Obtain a retirement Allowance Estimate online or by mail.
 - CalPERS On-Line www.calpers.ca.gov for information on all benefits and services
 - CalPERS toll free at 888 CalPERS (or 888-225-7377)

Retirement Payment Options

- ▶ An election will need to be made at the time of retirement for your retirement allowance option choice and who you are designating as your beneficiary. The following options are available:
 - ▶ Unmodified Allowance (No Change)
 - ▶ Option 1 (Return of Remaining Contributions)
 - ▶ Option 2 (100% Beneficiary Option 2 with Benefit Allowance Increase)
 - ▶ Option 2W (100% Beneficiary Option 2)
 - ▶ Option 3 (50% Beneficiary Option 3 with Benefit Allowance Increase)
 - ▶ Option 3W (50% Option Beneficiary Option 3)
 - ▶ Option 4 (Flexible Beneficiary Option 4)

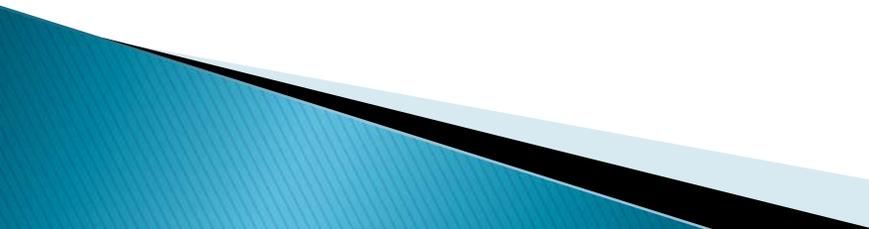
Unmodified Allowance (No Change if retiring in 2018)

This is the highest monthly allowance you can receive. However, it does not provide a continuing monthly allowance to a beneficiary, and there is no return of any unused member contributions after your death. Survivor continuance, if any, does apply to this option.

Option 1

(Return of Remaining Contributions)

This retirement option provides a lump sum payment of your remaining member contributions to one or more named beneficiaries upon your death. The reduction to your monthly benefit to provide this payment is based on your life expectancy and the amount of your contributions. You may change your beneficiary at any time. It takes approximately 10 years of retirement to totally deplete contributions. Survivor continuance, if any, does apply to this option.



Option 2

(100% Beneficiary Option 2 With Benefit Allowance Increase)

The same retirement allowance you receive will be paid to your beneficiary for life. If Survivor Continuance applies and your beneficiary is not your eligible survivor, the beneficiary's allowance will not include the Survivor Continuance portion. Your retirement allowance will increase to the Unmodified Allowance Option amount if one of the following occurs:

- ▶ Your beneficiary dies
- ▶ Your non-spouse beneficiary waives entitlement to the Option 2 benefit
- ▶ Your beneficiary is your spouse
- ▶ Domestic partner legally recognized in California and upon a divorce, legal separation, termination of partnership, or annulment you provide CalPERS with a judgment that awards you the entire interest in your CalPERS benefits and you notify CalPERS of the change.

Option 2W

(100% Beneficiary Option 2)

As an alternative to Option 2, you may elect the slightly higher allowance under Option 2W. However, your allowance will not increase to the Unmodified Allowance Option amount under the situations described in Option 2. If retiree is deceased the option 2W benefit will provide the same retirement benefit the retiree was receiving to a spouse or domestic partner.

Option 3

(50% Beneficiary Option 3 with Benefit Allowance Increase)

In this option, your beneficiary will receive one-half of the “option portion” of your monthly retirement allowance. If Survivor Continuance applies, your beneficiary will also receive the Survivor Continuance portion. If your beneficiary is not your eligible survivor, the beneficiary’s allowance will not include the Survivor Continuance portion. Your retirement allowance will increase to the Unmodified Allowance Option amount if:

- ▶ Your beneficiary dies
- ▶ Your non-spouse beneficiary waives entitlement to the Option 3 benefit
- ▶ Your beneficiary is your spouse
- ▶ Domestic partner legally recognized in California and upon a divorce, legal separation, termination of partnership, or annulment you provide CalPERS with a judgment that awards you the entire interest in your CalPERS benefits and you notify CalPERS of the change.

Option 3W (50 % Beneficiary Option)

As an alternative to Option 3, you may elect to receive the slightly higher allowance under Option 3W. However, your allowance will not increase to the Unmodified Allowance Option amount under the situations described in Option 3.

Option 4 (Flexible Beneficiary Option 4)

Option 4 allows you to choose a more customized benefit, as long as the amount to your beneficiary is not greater than the benefit provided under Option 2W. For more information about this option, review the publication *A Guide to CalPERS Retirement Option 4* on our website at www.calpers.ca.gov.



Options Cont.

Options 2, 2W, 3, 3W, and 4 provide lifetime monthly benefits to your designated beneficiary. The reduction to your Unmodified Allowance to provide a monthly allowance to your beneficiary is based on both your life expectancy at retirement and your beneficiary's age. The younger your beneficiary, the greater the reduction. If you have someone eligible for Survivor Continuance, the reduction is applied only to the option portion of your benefit. In most cases, you can name only one beneficiary, and you cannot change your designation after retirement except under limited circumstances. Refer to "Changing Your Beneficiary or Monthly Benefit After Retirement" on page 42 of the Service Retirement Election Application publication.

Survivor Continuance

The Survivor Continuance is available to City of Redding employees if you have an eligible survivor. These may include spouse, domestic partner, unmarried child under 18. Survivor Continuance is an employer-paid monthly benefit paid to an eligible survivor. Benefits are paid to an eligible survivor in addition to and regardless of which retirement payment option you elect. The survivor benefit is 50% of the unmodified election amount for all service credit earned while a City of Redding employee. Survivor continuance applies to all retirement options.

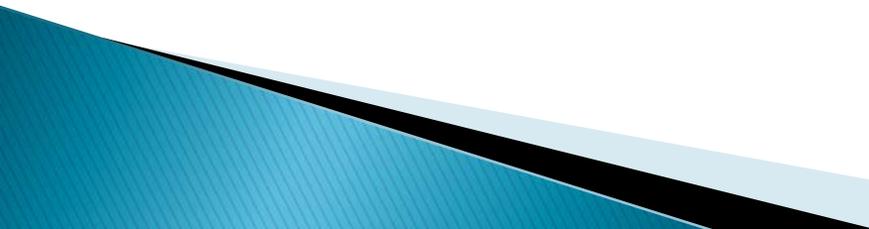


Within 4 – 5 Months of Retirement

- ▶ Begin working on your *Service Retirement Election Application* form in the publication *A Guide to Completing Your CalPERS Service Retirement Application*.
 - ▶ Submit the completed form to CalPERS no earlier than 120 days before your retirement date.
- 

Within 4 – 5 Months of Retirement

cont.

- ▶ Begin to gather and make copies of the required documents you will need.
 - ▶ Refer to the “Death Benefit Documentation Section” in *A Guide to Completing Your CalPERS Service Retirement Election Application* publication for a list of required documents.
 - ▶ Remember, only send CalPERS copies of these documents — never send originals. Always include your Social Security number or CalPERS ID on every document you submit.
- 

Within 4 – 5 Months of Retirement

cont.

- ▶ Review the other forms in *A Guide to Completing Your CalPERS Service Retirement Election Application* to see if they apply to your individual situation.
- ▶ These include:
 - *Retirement Allowance Estimate Request*
 - *Direct Deposit Authorization*
 - *Justification for Absence of Spouse's or Registered Domestic Partner's Signature*

Within 4 – 5 Months of Retirement

cont.

- ▶ Find out about the taxability of your retirement allowance from Internal Revenue Service and State Franchise Tax Board representatives, or ask your private tax consultant or attorney.
 - ▶ CalPERS will automatically default your federal and State tax withholding to married with three exemptions unless you make a specific election.
- 

Three Months prior to Retirement

cont.

- ▶ Now it's time to submit your online application or send your completed and notarized *Service Retirement Election Application* form and any other applicable forms to CalPERS at the address shown on each form.
- ▶ Be sure you keep a copy of all forms and supporting documents for your records and future reference. Apply in a timely manner. Any delay in mailing your application could result in a delay of your first retirement check.

One to Four Months After Retirement

- ▶ If you applied timely, in most cases you should receive your first retirement check within 45 days of your retirement date.
 - ▶ If you did not retire on the first of the month, your check will cover the period from your retirement date to the end of the month. Thereafter, CalPERS will transmit funds for direct deposit or mail your retirement checks on the first of the month.
 - ▶ Your financial institution will determine when your direct deposit funds are available.
- 

One to Four Months After Retirement

cont.

- ▶ You cannot cancel your retirement or change your retirement payment option, your designated lifetime beneficiary, or the retirement date you request on the *Service Retirement Election Application* more than 30 days after the issuance of your first retirement benefit check.

PARS Retirement Enhancement Plan

▶ Example

- PARS at Age 55
- Total Combined benefit with PERS = 2.7%
 - RPOA Miscellaneous benefits w/PERS = 2.5%
- Example calculation below–
 - $30.687 \text{ years} \times 2.7\% \times \$4,350 \text{ (final comp)} = \$ 3,604.00$
 - $\$3,604 = \text{Total combined benefit}$
 - $-\$2,667 = \text{Unmodified CalPERS benefit (From estimate)}$
 - $\$937 = \text{PARS maximum benefit}$

Important Information To Remember!

- ▶ City of Redding Intranet
- ▶ CalPERS On-Line www.calpers.ca.gov for information on all benefits and services.
- ▶ my|CalPERS
Log in at my.calpers.ca.gov to access real-time details and balances of your CalPERS accounts.
- ▶ With my|CalPERS you can:
 - View, print, and save current and past statements.
 - View and update your contact information.
 - Select mailing preferences for your statements and newsletters.
- ▶ PARS – Public Agency Retirement System Retirement Enhancement Plan
If you are eligible for the PARS Plan, in addition to the CalPERS retirement program, you can receive a retirement estimate by calling the following contact number: 1-800-731-7884.

You will need your retirement estimate from CalPERS in order for PARS to provide an accurate estimate.

Conclusion and Online Demo

- ▶ FAQs – what to expect at exit interview
 - ▶ Congratulations on your career and best wishes for your retirement!
 - ▶ Questions
- 