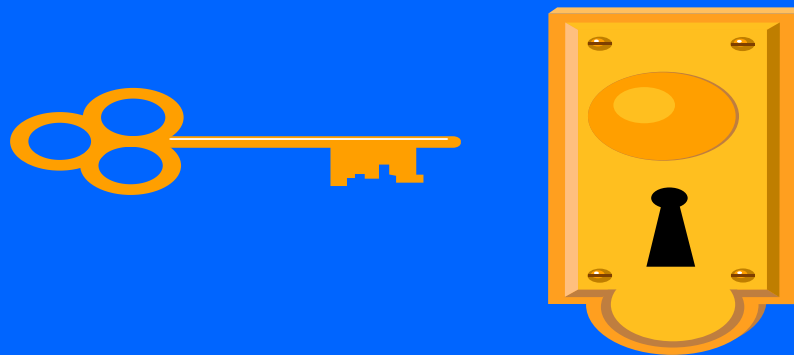


# *CalPERS*

*2.7% @ 55*

## *Retirement Formula*



*A Key to Understanding  
Your Retirement Benefits*

# **City of Irvine**

## **List of Contracted Benefits**

- **Local Misc. 2.7% @ 55 formula**
- **1 year Final Compensation**
- **Military Service Credit**
- **Improved Non-Industrial Disability Retirement**
- **1959 Survivor Benefit (4th Level)**
- **Retired Lump Sum Death Benefits = \$500**

# Service Retirement

- **Eligibility Requirements**
- **Three Factors Used To Calculate An Allowance**

# Service Credit

- **How Service Credit Is Earned**
  - **Fiscal Year Basis - July 1 Through June 30**
  - **10 Months Full-Time = 1 Year**
  - **Full-Time Work from July 1 - April 30**
  - **Part-Time Employees**

# Types Of Service Credit

- **Several Types Of Service Credit Can Be Purchased Or Requested**
  - **Redeposit Of Withdrawn Contributions**
  - **Service Prior To Membership**
  - **Prior Service**
  - **Military Service**

# Increasing Service Credit

- **Request To Purchase Service Credit Must Be Made Prior To Retirement Date**
- **Member Services Division Provides Cost Information**
- **Obtain Cost Information**

# RETIREMENT FORMULAS FOR LOCAL MISCELLANEOUS MEMBERS

<u>AGE</u>	<u>BENEFIT FACTOR</u>
50	2.000
51	2.140
52	2.280
53	2.420
54	2.560
55 & Older	2.700

# Benefit Factor

- Benefit Factor Is Based On
  - Retirement Formula And Birthdate
- Factor Increases Every Quarter Year Of Age After Your Birthdate Until Maximum Factor Is Reached

## Example

Formula - Local Misc. 2.7% @ 55

Birthdate - July 4th

<u>Retirement Date</u>	<u>Age</u>	<u>Benefit Factor</u>
July 4th	50	2.000
October 4th	50 1/4	2.035
January 4th	50 1/2	2.070
April 4th	50 3/4	2.105
July 4th	51	2.140

My Quarters

\_\_\_\_\_

Birthdate

\_\_\_\_\_

1/4 Year

\_\_\_\_\_

1/2 Year

\_\_\_\_\_

3/4 Year



# Choosing A Retirement Date

- Timing Is Important
- Birthdate Or Quarter Year Of Age
- Cost Of Living Increase

## Example

### Retirement Date

12/31/2003

01/01/2004

### First Cost Of Living Increase

05/01/2005

05/01/2006

# Final Compensation

- Average Monthly Salary Over Highest 12 Consecutive Months
- Based On Full-Time Pay Rate; Not Earnings

## 1 Year Final Compensation: Retirement Date-11/1/2003

<u>From</u>	<u>To</u>	<u>Payrate</u>	<u>Months</u>		<u>Total</u>	<u>Final Compensation</u>
11/1/02	4/30/03	\$2,900	X 6	=	\$17,400	
5/1/03	10/31/03	\$3,100	X 6	=	\$18,600	
			12		\$36,000	÷12 \$3,000

# Service Retirement Calculation

Years Of Service: 25  
Age At Retirement: 55  
Final Compensation: \$3,000

	YEARS OF SERVICE	X	BENEFIT FACTOR		X	FINAL COMPENSATION	=	UNMODIFIED ALLOWANCE
Does Not Contribute To Social Security	25	x	2.700	=(67.5%)	x	\$3000.00	=	\$2025.00

## Example Of Options

OPTIONS	YOUR MONTHLY RETIREMENT ALLOWANCE WILL BE:	UPON YOUR DEATH, YOUR BENEFICIARY WILL RECEIVE:	IF YOUR BENEFICIARY DIES BEFORE YOU, YOUR MONTHLY ALLOWANCE WILL BE:
UNMODIFIED	\$933.34	NO MONTHLY ALLOWANCE OR RETURN OF MEMBER CONTRIBUTIONS	\$933.34
OPTION 1	\$929.34	ANY REMAINING CONTRIBUTIONS**	\$929.34
OPTION 2	\$813.87	\$813.87	\$933.34
OPTION 2W	\$825.07	\$825.07	\$825.07
OPTION 3	\$869.87	\$434.94	\$933.34
OPTION 3W	\$875.47	\$437.74	\$875.47
OPTION 4	YOU CAN DESIGN THE TYPE OF COVERAGE YOU WISH TO PROVIDE. THE AMOUNT FOR A SINGLE BENEFICIARY CANNOT BE GREATER THAN THE AMOUNT PROVIDED BY OPTION 2W AND IS SUBJECT TO CALPERS APPROVAL.		

\*\* Option 1 provides that after your death, your beneficiary will receive a lump sum payment of the remainder of your contributions. The total contributions of \$25,000.00 will be reduced by \$192.55 for each month that you received an allowance. Your contributions will be reduced to zero in approximately 10.82 years.

# Retired Lump Sum Death Benefit

- Paid To Beneficiary Or Estate Upon Retiree's Death
  - City of Irvine = \$500

# Planning For Retirement

- Request To Purchase Additional Service Credit
- Obtain An Estimate
  - Visit CalPERS Website
    - [www.calpers.ca.gov](http://www.calpers.ca.gov)
  - Request CalPERS To Calculate
- Attend A Retirement Planning Workshop

# Retirement Process

- **Order Retirement Application Packet**
  - **On Publication Request Form**
- **Submit Completed Packet To CalPERS**
  - **No More Than 90 Days In Advance**
  - **Employer Completes Necessary Information In Packet**
  - **Earliest Retirement Date**
    - **Day Following Last Day On Payroll**

# Retirement Application Packet

- **Legally Binding Contract to Elect Option**
  - **Signature Of Member And Spouse Required**
    - **Notarized Or Witnessed By CalPERS**
  - **Option Election Is Irrevocable After Mailing Of First Payment**
- **Direct Deposit**
- **Personal Documents**
- **Tax Withholding**



# Taxes

- **Federal and State Tax Withholding Section in Retirement Application Packet**
- **1099R**
- **Retirement fully taxable**

# Optional Deductions

- **Optional Deductions Automatically Stop Upon Retirement**
- **Contact The Organization Receiving The Payment To Determine If The Deduction Can Continue**

# Employment After Retirement

- **Self-Employed Or Employer Not Covered By CalPERS**
- **CalPERS-Covered Employer**
  - **Limited to 960 Hours**
- **Reinstatement From Retirement**

# Other CalPERS Benefits and Services

- **Improved Non-Industrial Disability Retirement**
- **Pre-Retirement Death Benefits**
- **Emergency Retirement**
- **Reciprocity**

# CalPERS Programs

- **Financial Planning Seminars**
  - **Call CalPERS Regional Offices**
    - **1-877-720-7377**
- **CalPERS Home Loan**
  - **1-800-874-7377**
- **Long Term Care**
  - **1-800-338-2244**