

PLOP Reduced Benefit Table

The table below identifies the amount a monthly benefit is reduced for each \$1,000 of a lump-sum distribution, effective July 1, 2016.

Amounts shown in this table are based on the Maximum Plan of Retirement. If you choose any of the other ERS optional retirement allowances, the amounts shown will vary.

Age	Reduction per \$1,000
50	\$6.89
51	\$6.95
52	\$7.01
53	\$7.08
54	\$7.16
55	\$7.24
56	\$7.33
57	\$7.42
58	\$7.52
59	\$7.63
60	\$7.75
61	\$7.87
62	\$8.00
63	\$8.15
64	\$8.30
65	\$8.46
66	\$8.64
67	\$8.83
68	\$9.04
69	\$9.26
70	\$9.50

PLOP Distribution Example

Before electing a PLOP distribution, ERS encourages you to consider the following:

1. How much will you receive in a lump-sum distribution?
2. How much will your monthly retirement allowance be reduced?
3. Will the reduced monthly retirement allowance be sufficient to cover living expenses throughout retirement?

If you elect a PLOP distribution, you will receive an actuarially reduced monthly retirement allowance.

Your age at retirement, along with your beneficiary's age (if you choose a survivorship option), is used to determine the reduction in your retirement allowance if you elect a PLOP distribution.

Example:

A 60-year-old member with a \$3,300 monthly retirement allowance under the Maximum Plan elects to take a lump-sum distribution at retirement. The member is eligible to choose a PLOP distribution, in \$1,000 increments, from \$4,000-\$118,000 (1 x \$3,300 = \$4,000 rounded up to the nearest \$1,000; and 36 x \$3,300 = \$118,000 rounded down to the nearest \$1,000). This member chooses a \$50,000 lump-sum distribution.

Under the Maximum Plan, the cost per \$1,000 of the lump-sum distribution for a member retiring at age 60 is \$7.75 per month, as shown in the adjacent table. This member's monthly cost for a \$50,000 payment is \$387.50 (50 x \$7.75).

To determine the reduced allowance, subtract \$387.50 from \$3,300. The member would receive \$2,912.50 per month as a result of electing the PLOP distribution.

Partial Lump-Sum Option Payment (PLOP)

Eligible members can elect to receive a lump-sum distribution at retirement in addition to a monthly retirement allowance.



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What is a PLOP?

In an effort to provide you with more choices, ERS will offer a Partial Lump-Sum Option Payment (PLOP) at retirement. In exchange for a reduced lifetime retirement allowance, you can elect to receive a lump-sum distribution in addition to a monthly retirement allowance. Your age and choice of the Maximum Plan or an optional retirement allowance are used to determine the reduction in your retirement allowance.

A PLOP distribution will be made as a single payment at the time the first monthly allowance is paid. Based on the amount of the lump-sum distribution, the monthly retirement allowance is actuarially reduced to reflect the lump sum distribution.

If you are interested in electing a PLOP distribution, ERS encourages you to seek assistance from a financial advisor and tax professional. A lump-sum distribution used to enhance retirement income or savings may merit consideration. A PLOP distribution used to purchase depreciable assets or used for leisure should be given careful consideration as these purchases may compromise long-term retirement income.

Who is Eligible?

You are eligible to choose a Partial Lump-Sum Option Payment if you meet the following criteria.

You must:

- have 30 years of creditable service or 10 years of creditable service and attain age 60 (not early retirement)

Note: Old Plan members with 34 or more years of service and who are under age 65 must use age 65 for their cost factor

- not retire with disability benefits

Beneficiary Designations

When applying for retirement, you may choose the Maximum Plan or an optional retirement allowance that provides for survivorship benefits. If you elect a survivorship option, you may also choose to receive a lump-sum distribution. Once the lump-sum amount is determined, the reduced monthly allowance will be calculated based on your age and the age of your beneficiary(ies). If you elect a survivorship option and a PLOP distribution, at your death, the beneficiary's allowance will be based on your reduced allowance.

Distribution Options

At retirement, you may elect a lump-sum distribution in an amount between 1 and 36 months of your normal monthly retirement allowance. This amount will be calculated under the Maximum Plan of Retirement and will be rounded to the nearest \$1,000. If a PLOP distribution is elected, your monthly retirement allowance is actuarially reduced to reflect the value of the PLOP distribution. The combination of both the PLOP distribution and the reduced allowance are the same actuarial value as the unreduced normal retirement allowance alone.

A PLOP distribution can be paid through direct deposit to a financial institution or by check. Generally, 20% of the lump-sum distribution will be withheld for federal income taxes. However, you may be required to pay more taxes on the distribution depending on your age at retirement.

To defer paying taxes on a lump-sum distribution, you may roll over all or a portion of the distribution to another qualified retirement plan or traditional Individual Retirement Account (IRA). ERS encourages you to seek advice from a tax professional.

Fast Facts

- 💰 The actual lump-sum distribution is based on your unreduced normal monthly retirement allowance.
- 💰 Monthly retirement allowance payments will be actuarially reduced due to the election of a PLOP distribution.
- 💰 All lump-sum distributions will be provided in \$1,000 increments.

Fast Facts

- 💰 The smallest lump-sum distribution available to you cannot be less than one month of your normal monthly retirement allowance (up to nearest \$1000).
- 💰 The largest lump-sum distribution available to you cannot exceed 36 months of your normal monthly retirement allowance (down to nearest \$1000).

Fast Facts

- 💰 All PLOP distributions are considered final once the money has been issued.
- 💰 Cost of Living Adjustments (COLAs) are not applied to a PLOP distribution, only to a monthly retirement benefit.



For more detailed information on the ERS PLOP, please call our office