

# Instructions for Completing the ERS Service Retirement Application




# Workshop Agenda

- ✓ Applying for Retirement
  - Application Deadline
  - Effective Date of Retirement
  - Type of Retirement
- ✓ Choosing Your Retirement Option and Beneficiary Information
  - Things to Consider
  - Maximum and Option 1
  - Options 2, 3, 5A & 5B
  - Option 4
- ✓ Option 6 – Partial Lump Sum Option Payment (PLOP)
- ✓ Beneficiary Elections – Retirement and Life Insurance
- ✓ Withholding , Direct Deposit and Other Deductions
- ✓ After Retirement
  - Online Account Management
  - Returning to State Employment
  - COLAs

# Retirement Application Deadline

- Application must be received by ERSGA no later than 30 calendar days prior to Effective Date of Retirement
- If not received by ERSGA by above deadline, retiree will be put on next payroll and paid retroactively (1 payment for 2 months or more depending upon when received)
  - 1 payment = 1 deduction. You must pay health and dental yourself directly for retroactive months



## **Applying For Retirement**

**Turn to Page 5 in the Retirement Application**

# Effective Date of Retirement

- Always the first day of the month
- Retirement payment generated at end of that month

# Type of Retirement

## Service (this will apply for almost everyone)

- At least 30 years service, at any age
- Age 60 with at least 10 years service
- Early Retirement
  - 25 - <30 years of service, under age 60
  - 7% reduction for each year of service less than 30 or each year under age 60, whichever is less

## Law Enforcement Service

- Age 55 or older with at least 10 years of service and actively employed as shown on page





## **Choosing Your Retirement Option and Beneficiary Information**

**Turn to Page 7 in the  
Retirement Application**

# Things to Consider

- ❏ Do you want or need to provide a lifetime pension for someone else?
- ❏ What if you die prematurely? Is it important that someone get some sort of pension benefit accrued from your service?
- ❏ Can you afford to retire before Social Security eligibility?



# Things to Consider

- Can I ever change my payment option?
  - Before the first benefit check becomes payable on the last business day of the month, an option may be changed.
  - If unmarried at retirement: a retiree may switch to a reduced option benefit with the new spouse as beneficiary *if chosen within six months of the marriage if the Maximum was chosen. Any other Option chosen, the retiree may switch at any time after the marriage.*
  - **Important!** You **must** choose an option at least ten days prior to retirement in order for your application to be processed on time. (You still have the ability to change your option according to the above rules, but some option choice needs to be made for processing).
- If the total benefit paid does not exceed your contributions and interest at retirement, the difference will be paid to your beneficiary.
  - For most, within the first year, the monthly benefits paid to you will exceed your contributions and interest at retirement.

# MAXIMUM Option (Max Plan)

- ⚙️ Largest benefit to retiree
- ⚙️ Gives monthly income to the retiree only – at death all income ceases

# Option 1

- ✚ Reduced benefit with balance of employee *contributions and interest* (C&I) paid in a lump sum to beneficiary upon death of retiree
  - Your Estimate shows the C&I balance in Option 1
- ✚ Balance of C&I is usually depleted from account after approximately 10 to 11 years

# Retirement Benefit Beneficiaries

## Maximum and Option 1

- ❧ You may change beneficiaries at any time
- ❧ Secondary beneficiaries will receive no benefit unless all Primary beneficiaries are deceased or have disclaimed their benefit
- ❧ If 'Estate' is named, no Secondary is needed
- ❧ If multiple beneficiaries are named, then benefits are distributed equally unless specified differently

# Options 2 & 3

**Option 2:** Primary beneficiary receives *the same* monthly benefit after the retiree's death.

**Option 3:** Primary beneficiary receives 50% monthly benefit after the retiree's death.

- ❧ If spouse is sole, primary beneficiary and divorce occurs, retiree can pop up to the Maximum Option. After one year of remarriage or birth of a child from that remarriage, whichever is earlier, retiree may choose a recalculated Option 2 or 3.
- ❧ If the spouse pre-deceases the retiree, no change to Maximum Option is allowed. But after one year of remarriage or birth of a child from that remarriage, whichever is earlier, the new spouse may be named as beneficiary.



# Retirement Benefit Beneficiaries

## Options 2 & 3

- ✦ Anyone can be named as Beneficiary
- ✦ If multiple Beneficiaries named, amount for each is calculated at retirement. If any predecease you, living beneficiaries still receive calculated amount
- ✦ You may change your primary beneficiary only if:
  - Spouse is sole Primary beneficiary and you divorce or they predecease you. After 1 year of remarriage, or birth of a child from remarriage, whichever is earlier, the new spouse may be named as beneficiary



# Options 5A & 5B

**Option 5A:** Primary beneficiary receives *the same* monthly benefit after the retiree's death.

**Option 5B:** Primary beneficiary receives 50% monthly benefit after the retiree's death.

**For both of the options:** If beneficiary predeceases retiree or divorce from spouse occurs, retiree will pop up to the maximum plan. After one year of marriage or birth of a child, retiree may revert to 5A or B and take an actuarially reduced benefit with the new spouse as beneficiary.

# Retirement Benefit Beneficiaries

## Options 5A & B

- ❧ You may only name your spouse or dependent child (IRC) as sole primary beneficiary.
- ❧ You may change your primary beneficiary only if:
  - Spouse dies before you or divorce occurs. After 1 year of remarriage, or birth of child from remarriage, whichever is earlier, new spouse may be named as beneficiary
  - Dependent child predeceases you. After 1 year from date of death, spouse may be name of beneficiary

# Comparing Options 2 & 3 and 5A and B

	Option 2	Option 3	Option 5A	Option 5B
Benefit	Reduced benefit with same monthly benefit paid to beneficiary after retiree's death.	Reduced benefit with 50% of monthly benefit paid to beneficiary after retiree's death.	Reduced benefit with same monthly benefit paid to beneficiary after retiree's death. Will pop up to Max if beneficiary dies. Benefit reduced slightly more than Option 2 or 3.	Reduced benefit with 50% of monthly benefit paid to beneficiary after retiree's death. Willpop up to Max if beneficiary dies. Benefit reduced slightly more than Option 2 or 3.
Monthly Payment to Retiree?	Yes – same as retiree	Yes – 50% of retiree payment	Yes – same as retiree	Yes – 50% of retiree payment
Beneficiary Restrictions?	Must be person(s) – not Estate or legal entity		Must be dependent child or spouse	
Pop up to Maximum?	Only if spouse is sole primary and divorce occurs		If death of beneficiary or if spouse is sole primary and divorce occurs	
Beneficiary Change Allowed?	Only if spouse is sole primary and divorce or death occurs		Only if they predecease you or divorce occurs	
If 'popped up' to Maximum, can revert to original Option with recalculated benefit?	After 1 year of remarriage or birth of a child, whichever is earliest			

# Retirement Benefit Beneficiaries

## OPTION 4 – Individualized Payment

### ✦ Individual choices

1. May designate a specific amount for beneficiary
2. Receive 90% (Old Plan Only, if eligible), with remainder over 90% converted to monthly benefit for beneficiary upon retiree's death
3. Accelerated benefit of 135% for 5 years, and reduced benefit thereafter
4. Maximum amount to beneficiary will provide the largest lifetime payment to a non-spousal beneficiary that is more than 10 years younger than the retiree
5. Guaranteed Period Certain & Life

In addition to lifetime benefit, can choose Certain Period (5 yr increments up to 20). If deceased prior to end of Period, beneficiary will receive rest of payments for Period in actuarially equivalent lump sum

# Retirement Benefit Beneficiaries

## Option 4 – Designated amount for Beneficiary

- ✚ If multiple beneficiaries are named, amount for each is calculated at retirement. If any predecease you, living beneficiaries still receive calculated amount.

You may change your primary beneficiary **only if** spouse is sole Primary beneficiary and you divorce or they predecease you. After one year of remarriage, or birth of a child from remarriage, whichever is earlier, new spouse may be named as beneficiary.



# Retirement Benefit Beneficiaries

## Option 4 – Period Certain & Accelerated Benefit

✦ Beneficiary may be changed at any time



# Completing Page 7

- After reviewing the various Retirement Options, mark the box indicating the desired Option
- Make sure to Initial and write the last 4 digits of your SSN and the date at the bottom of the page

# Option 6 – Partial Lump-Sum Option Payment

# What is PLOP?

- ✦ Voluntary opportunity to receive a lump-sum payment in addition to your monthly retirement benefit
- ✦ Amount of PLOP can be equivalent to between 1 and 36 months of your normal monthly retirement benefit

# PLOP Considerations

- ❏ Old Plan members whose projected benefit is more than 90% of final salary.
  - Excess of 90% can be taken as PLOP
  - *May not* affect Maximum Option monthly benefit
- ❏ All others can elect a PLOP for a specific amount
  - Will permanently reduce monthly benefit
  - Use chart in PLOP brochure to determine amount of reduction based on Maximum Option
  - Cannot be used with Early or Disability Retirement

# PLOP Considerations

- ⚙️ A PLOP distribution is mostly taxable income, therefore:
  - State and Federal income tax applies to taxable portion of payment made to you
    - *20% mandatory withholding*
  - If retiring prior to year in which you turn 55 or later, additional 10% (IRS) early withdrawal penalty applies on taxable portion (qualified Public Safety employees exempt)
  - PLOP can be rolled over to Peach State Reserves 401(k) or IRA to defer all taxes and no penalty
- ⚙️ Paid at same time as first monthly benefit payment

**Turn to page 9 in the Retirement Application**

**PLOP and PLOP Rollover Election**



# PLOP and Rollover Election

## ❧ PLOP Distribution

- Paid direct to retiree
- Partial direct rollover
- 100% rollover

## ❧ Rollover election

- Peach State Reserves 401(k)
- Traditional IRA
- Other 401(k) or tax deferred retirement account

## ❧ Additional Withholding Election

- ❧ Additional federal tax withholding
- ❧ Waiver of 10% Penalty (if penalty is waived, it will be owed at tax time)
- ❧ Public Safety Employee 10% Penalty Wavier
- ❧ Wavier of 6% Georgia State Tax

Don't forget to indicate PLOP or NO PLOP on the top of Page 9 of your Retirement Application

**Turn to page 11 in the Retirement Application**

**Beneficiary Election for Retirement Benefits**

**Turn to page 13 in the Retirement Application**

**Beneficiary Election for Group Term Life Insurance**

# ERS Group Term Life Insurance (GTLI)

Group Term Life Insurance through ERS is NOT the same as Flex life insurance through the Flexible Benefits Program. ERS does not administer Flex insurance.

- ✚ While working, valued at 18 x monthly salary
- ✚ While working, decreases at age 60 by 1/2 % per month to age 65
- ✚ At 65 or at retirement= 70% of original value –approx. 1 year's salary (maximum reduction is 30%)
- ✚ NO premiums after retirement
- ✚ Disability retirees do not have a reduction in life insurance until age 60

# GTLI Beneficiaries

- ⚙ All GTLI beneficiaries may be changed at any time
- ⚙ May name person, estate, trust, etc.
- ⚙ You may designate %'s to multiple beneficiaries by writing the % beside the name (must total 100%)
- ⚙ If you do not specify %, beneficiaries will receive equal amounts

**Turn to page 15 in the Retirement Application**

**Income Tax Withholding and Direct Deposit**



# Tax Withholding

## ⚙️ Federal Income Tax Withholding

- Filing Status
- Additional Withholding

## ⚙️ Georgia Only Income Tax Withholding

- No deduction for other state income taxes
- Filing Status
- Additional Withholding

# Direct Deposit

- ❏ Indicate if for checking or savings account
- ❏ If for savings account, please fill in information requested
- ❏ If for checking account, attach a voided check to your application



# Check Deductions

- ⚙ Federal taxes
- ⚙ State taxes
- ⚙ Health insurance premium
- ⚙ Dental insurance premium
- ⚙ Georgia United Credit Union

OR

- ⚙ Atlanta Postal Credit Union

# Some Things NOT Deducted

- ❖ Social Security and Medicare – 7.65%
- ❖ Your retirement contribution – 1.5%
- ❖ 401(k)/457 contributions
- ❖ Other deductions, e.g. charitable contributions, parking, etc.

**Turn to page 17 in the Retirement Application**


O.C.G.A. § 50-36-1(e)(2) Affidavit



# O.C.G.A. § 50-36-1(e)(2) Affidavit


Page 17 must be completed in full *and notarized (stamped or sealed)* in order to be eligible to receive your monthly retirement benefit from ERS.

You will need to provide us with a secure and verifiable identification document with the affidavit. A list of secure and verifiable identification documents you may use is provided to you on page 16 of the Retirement Application.

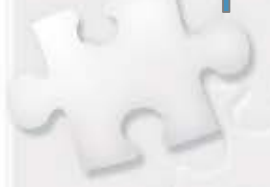


# Application Checklist

- ❏ To ensure you have not overlooked anything on your application, please go to the bottom of page 18 and go through the checklist to ensure you have completed your application in full



# Member Acknowledgement

- ❏ Please complete page 19 by filling in your last day of work as an active employee with the State of Georgia at the top of the page.
  - ❏ Please read the acknowledgement carefully
  - ❏ Sign and date the bottom of page 19 to complete your application
- 



**After Retirement**

# Updating Your Account Online

Many updates can now be done on-line!

<https://www.ers.ga.gov>

- Address changes
- Direct Deposit changes
- Tax Withholding changes



# Returning to Work with the State of Georgia

May I return to work with the State of Georgia after I retire?

## ✚ Retirees who take Early Retirement

- Not permitted to work for a State employer for *two months* after the retirement date, and
- Employer must certify that there is no agreement prior to retirement to return to State employment after retirement.

## ✚ For all other retirees, any return to employment with a covered employer cannot take place during the first month of retirement.

## ✚ Retirees that return to work with an ERS employer will be limited to working 1,040 hours annually –

- If annual hours exceed 1,040 hours then the monthly retirement benefit will cease payment until January of the following year

# Returning to Work with the State of Georgia

May I return to work with the State of Georgia as a Contract Employee after I retire?

✚ Retirees who return to work as an independent contractor are not be subject to the 1,040 hour work limitation if the employer certifies the following:

- The contracting entity has multiple employees, and
- The contracting entity has multiple contracts and the contracts are not limited to State of Georgia employers, and
- The contractual relationship with the employer was not created to allow a retiree to continue employment in a similar position after retirement.

# Cost of Living Adjustments (COLA)

***No one should assume a COLA will be granted and you should base your financial situation on the base benefit provided by the Plan.***

- Each year the Board will review and determine if a COLA should be granted based on retirement system funding.
- Those who take Early Retirement are eligible to begin receiving COLAs at age 60 or when they would have had 30 years service had they continued to work, whichever is first.

**Thank You!**