RETIREMENT INCOME OPTIONS
INCLUDED IN THIS PRESENTATION

> PERS 1, 2, or 3
  – (Public Employees Retirement System)
> TRS 1 or 3
  – (Teachers Retirement System)
> LEOFF 2
  – (Law Enforcement Officers’ and Fire Fighters’ Retirement Plan)
AGENDA

- Introduction to the DRS
- Retirement eligibility rules
- Retirement income options
- PEBB Retiree Health Insurance Eligibility
- Medicare & Enrollment
- PEBB Retiree Health Insurance Enrollment
- Retiree Life Insurance
- Annual leave and sick leave pay-out (VEBA)
- Retirement Checklist
- Working after retirement
- UW Retirement Association
KEY TERMS

ACRONYMS

> COLA: cost of living adjustment
> UWMC: University of Washington Medical Center
> HMC: Harborview Medical Center
> DRS: Department of Retirement Systems
> PERS: Public Employees Retirement System
> TRS: Teacher’s Retirement System
> LEOFF: Law Enforcement Officers and Fire Fighter’s Retirement System
KEY TERMS REVISITED

> Termination Date
  - Last day you are on UW payroll.

> DRS Retirement Date
  - Employees who submit the DRS Retirement Application will note their DRS pension start month and year. *(always the first day of the month)*
  - This date cannot be earlier than the first of the month following your Termination Date.
RETIREMENT INCOME OPTIONS

SINGLE LIFE OPTION

> Option 1
  
  – Pays the highest monthly amount of the four choices
  – No ongoing payments after you die
  – Any remaining account balance (your contributions plus interest) will be paid as lump sum to your named beneficiary
RETIREMENT INCOME OPTIONS

SURVIVOR OPTION

> **Option 2 - Joint and 100% Survivor**
  - reduced benefit to the retiree; designated survivor receives same amount you were receiving for his/her lifetime

> **Option 3 - Joint and 50% Survivor**
  - reduced benefit to the retiree; designated survivor receives 50% of your benefit for his/her lifetime

> **Option 4 – Joint and 66.67% Survivor**
  - reduced benefit to the retiree; designated survivor receives 66.67% of your benefit for his/her lifetime
If you choose a Survivor Option and designated survivor pre-deceases you:

- Notify DRS to initiate adjustment
- Your retirement benefits will be adjusted to Single Life Option 1
COST OF LIVING ADJUSTMENT (COLA)

PERS/TRS 1

> Optional COLA

– Cannot increase or decrease more than 3% of your previous year benefit—can never reduce your benefit to less than your original amount—based on the consumer price index
– Reduces your initial pension if Optional COLA is elected
– If elected, you will receive an annual cost-of-living adjustment every July after being retired one full year
– Election of this benefit is permanent
– To find out your benefit with and without optional COLA go to DRS website-Optional COLA calculator
COST OF LIVING ADJUSTMENT (COLA)

PERS 2/TRS 3, & LEOFF 2

> Up to 3% annual increase per year (based upon regional index)
> No election necessary
> No reduction to monthly benefit
> Paid July 1 each year to members who have been retired at least one full year
TAXES

> Pension is fully taxable income (for most)
> Retirees receive IRS 1099-R form from DRS
> Contributions made prior to September 1, 1984 were taken POST-TAX
  - Reduced taxable income
  - On 1099-R box 5 – lists amount paid out that was already taxed
  - On 1099-R:
    > Box 1 – Gross earnings
    > Box 2 – Taxable earnings
    > Box 5 – Amount paid out that was already taxed
RECEIVING YOUR PENSION

> Receive your pension by mailed check, or
> Receive your pension by Direct Deposit
> Pension checks are issued on the LAST day of the month
## RECEIVING YOUR PENSION

<table>
<thead>
<tr>
<th>LAST DAY WORKED</th>
<th>FINAL PAY</th>
<th>VACATION PAY</th>
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</thead>
<tbody>
<tr>
<td>1st-15th</td>
<td>25th</td>
<td>10th *</td>
</tr>
<tr>
<td>16th- end of month</td>
<td>10th *</td>
<td>25th *</td>
</tr>
</tbody>
</table>

*of the following month
RECEIVING YOUR PENSION

EXAMPLE

> Your last day of work is June 30.
> Your effective date of retirement is July 1.
> Final pay will be paid on July 10.
> Vacation payout may** be paid on July 25.
> Receive first DRS pension check on July 31.

** UWMC and HMC may have a delay in vacation payout. Check with your department regarding timing.
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THANK YOU FOR ATTENDING!

UW Benefits office contact information:

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