

# RETIREMENT INCOME OPTIONS

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# INCLUDED IN THIS PRESENTATION

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- > **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**

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- > **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

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## 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

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## > 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

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## 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

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## 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

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# RETIREMENT INCOME OPTIONS

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## POP-UP PROVISION

- > **If you choose a Survivor Option and designated survivor predeceases you**
  - > **Notify DRS to initiate adjustment**
  - > **Your retirement benefits will be adjusted to Single Life Option 1**



# **COST OF LIVING ADJUSTMENT (COLA)**

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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)**

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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

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- > 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

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- > 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

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LAST DAY WORKED	FINAL PAY	VACATION PAY
1 <sup>ST</sup> -15 <sup>TH</sup>	25 <sup>TH</sup>	10 <sup>TH</sup> *
16 <sup>TH</sup> - end of month	10 <sup>TH</sup> *	25 <sup>TH</sup> *

\*of the following month



# RECEIVING YOUR PENSION

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## 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.**

# THANK YOU FOR ATTENDING!

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## UW Benefits office contact information:

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