

Frequently Asked Questions (FAQs)

Membership Basics

Question	Answer
What is a defined benefit plan?	<p>A defined benefit plan, funded by the employer, promises you a specific monthly benefit at retirement. Retirees do not bear the risk of outliving their retirement benefits or that investment performance will reduce their income.</p> <p>The promised benefit may be based on an exact dollar amount, such as \$100 per month starting at retirement. Or, more often, it may calculate your benefit through a formula that includes factors such as your salary, your age, and the number of years you worked at the company. For example, your pension benefit might be equal to 2 percent of your average salary for the last 5 years of employment times your total years of service.</p>
What is a deferred compensation plan?	<p>The City of Seattle has a voluntary deferred compensation plan through Nationwide. This is separate from your SCERS pension.</p> <p>Unlike traditional savings accounts, DCP is tax-deferred which lowers your taxable income while you are working and delays payments of income on your investments until you withdraw your funds.</p> <p>For more information and to enroll, check the City's DCP website at www.seattledcp.com</p>
Where are your offices located?	<p>SCERS is in downtown Seattle on the 9th floor of the Pacific Building which is on the corner of 3rd Avenue and Columbia Street.</p> <p>Our address is 720 3rd Avenue, Suite 900, Seattle, WA 98104.</p>
Do I have to join the retirement plan?	<p>Membership in the plan is mandatory for employees hired into permanent, non-exempt positions.</p> <p>Employees in exempt positions have the option to join the SCERS Plan at any time during their employment. However, once they become members, they cannot change their minds.</p>

	<p>Temporary employees may join the plan within six calendar months of completing 1,044 hours of continuous straight-time service. If they do not join at this time, there is one more opportunity within six months of completing 10,440 hours (approximately five years full-time) of continuous straight time temporary service.</p>
<p>I am an exempt employee. How do I join the retirement plan?</p>	<p>Please complete and submit a Membership Application for Exempt Employees form which can be found on our website.</p> <p>You may elect membership at any time during your employment with the City. The election is irrevocable, and you cannot reverse that decision in the future.</p>
<p>What retirement plan am I in?</p>	<p>Generally, regular employees hired prior to January 1, 2017 are in SCERS Plan 1. Those hired on or after January 1, 2017 are in SCERS Plan 2.</p>
<p>How much is my contribution rate?</p>	<p>Employee contributions, which are automatically deducted on a pre-tax basis from your paycheck, are 10.03% of your salary for SCERS Plan 1 members and 7.0% for SCERS Plan 2 members.</p>
<p>Am I earning interest on my account?</p>	<p>Contributions made on or before December 31, 2011 earn interest at an annual rate of 5.75%.</p> <p>The interest rate after December 31, 2011 varies each year and is set by the SCERS Board of Administration each summer for implementation the following January. The variable interest rate is based upon the average yield on 30-year U.S. Treasury Bonds during the previous June 1st to May 31st period.</p>
<p>Do overtime hours count toward retirement?</p>	<p>No, only your straight-time hours are used when computing retirement to a maximum of 80 hours per pay period.</p>
<p>Does out-of-class pay or shift differential pay count toward retirement?</p>	<p>Yes, both out-of-class pay and shift differential pay are factored into your final retirement calculation.</p>
<p>What does it mean to be vested?</p>	<p>Vesting means you have established enough service credit to receive a lifetime benefit once you reach eligibility.</p>

	<p>You are considered vested if you have at least five years of creditable service and do not withdraw your accumulated contributions if you terminate City Employment.</p> <p>If you have prior service credit with another eligible retirement system (i.e., DRS, City of Tacoma, etc.) that service may count towards the five years of service credit needed for vesting.</p>
<p>What is portability and how does it affect my retirement benefits in SCERS?</p>	<p>If you have ever worked for the State of Washington, other municipalities or agencies in Washington State, or the city of Spokane or Tacoma, you might be able to claim portability. This is also known as dual membership.</p> <p>Portability allows you to combine certain pension benefits between SCERS and other eligible plans. Portability does not mean that your contributions in the other pension plans are transferred to SCERS.</p> <p>With portability you are entitled to a pension from each respective system based on the number of years worked in each system. However, you may combine the years worked for both systems to determine vesting rights, retirement eligibility, and the factor that we will use in determining your pension benefit. Also, your highest salary between the two systems will be used to calculate your benefits.</p>
<p>If I have a financial emergency, can I borrow against our retirement fund?</p>	<p>No, there is no provision for borrowing.</p> <p>If you participate in the City’s voluntary deferred compensation plan, provisions for loans, emergency, and/or hardship withdrawals may be included.</p>
<p>How do I buy-back service credit?</p>	<p>To buy-back service credit, please submit a completed <i>Service Credit Purchase Request form</i> which is available on our website.</p> <p>Once your time loss has been researched, you will receive a buyback notification letter with the number of hours you may purchase and the cost calculation.</p> <p>However, you have six months from your membership eligibility date to initiate a buyback arrangement.</p> <p>If you do not initiate a buyback arrangement within six months of your membership eligibility, no service credit can be purchased until your retirement or resignation. At that point, you will have to pay the actuarial cost, which is significantly more expensive.</p>

	<p>Buybacks may be made in one lump sum payment, through payroll deduction or by rollover from deferred compensation or other eligible IRA. If you choose payroll deduction, interest will be charged, and you will have up to 10 years to purchase back your service time.</p> <p>Buybacks must be completed with the funds received by SCERS while you are actively employed with the City. Once you have separated or retired from the City, SCERS will not accept additional buyback funds or requests. Buybacks must be completed before your last day in City service.</p> <p>More information on buy backs can be found on our website.</p>																		
<p>When will I receive my annual Statement of Account?</p>	<p>Member statements of account are mailed to each member's home address at the end of March each year.</p> <p>Please be sure that your address is up to date.</p>																		
<p>When can I retire?</p>	<p>You are eligible to retire with a full benefit under the following:</p> <p>Retirement Eligibility - SCERS Plan 1</p> <table border="1" data-bbox="615 1062 1511 1144"> <tr> <td>Age</td> <td>At least 62</td> <td>At least 57</td> <td>At least 52</td> <td>Any Age</td> </tr> <tr> <td>Service Credit Years</td> <td>5 to 9</td> <td>10 to 19</td> <td>20 to 29</td> <td>30</td> </tr> </table> <p>Retirement Eligibility - SCERS Plan 2 (generally employees hired on or after January 1, 2017)</p> <table border="1" data-bbox="615 1264 1511 1346"> <tr> <td>Age</td> <td>At least 60</td> <td>At least 57</td> <td>At least 55</td> </tr> <tr> <td>Service Credit Years</td> <td>5 to 9</td> <td>10 to 19</td> <td>20 to 29</td> </tr> </table>	Age	At least 62	At least 57	At least 52	Any Age	Service Credit Years	5 to 9	10 to 19	20 to 29	30	Age	At least 60	At least 57	At least 55	Service Credit Years	5 to 9	10 to 19	20 to 29
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<p>What do I need to do to retire?</p>	<ol style="list-style-type: none"> 1. When you are ready to begin your retirement process, make sure that you have a Retirement Benefit Estimate that was completed within the last year. If not, please fill out the Benefit Estimate Request form. Please do not wait until the last minute to request your Retirement Benefit Estimate. 2. You will need to schedule a retirement appointment with one of our retirement specialists. The appointment must be at least thirty (30) days prior to your planned retirement date. At this appointment, you will file your retirement application. You can schedule a retirement appointment by emailing our offices at retirecity@seattle.gov or calling 206-386-1283. 3. Notify your home department of your plans to retire at least two weeks before your retirement date. 																		

	<p>More information is available on our website at "How to Retire".</p>
<p>How do I decide which benefit option to choose?</p>	<p>Each option has both benefits and consequences you will need to evaluate. Before deciding, it is a good idea to consult a licensed tax advisor, estate planner, or financial planner who specializes in retirement law and planning. Our staff cannot advise you on which option to select.</p> <p>You may want to consider the following:</p> <ul style="list-style-type: none"> • What is your target “income replacement” (the income you will need to maintain your standard of living) amount? • Will you have other retirement income? • If you have a spouse or domestic partner, do you have life insurance for yourself and/or your spouse/domestic partner? • Can you live on less than the maximum retirement benefit? • What is your health status and life expectancy? • How much of an age difference is there between you and your spouse/domestic partner? (If your spouse/domestic partner is younger than you and you select a survivor option, the greater the age difference, the more your benefit will be reduced.) • What will your health care costs be after retirement? • Do you expect any lifestyle changes that will affect how much income you need? • What is the status of your short-term and long-term debt? • Will you continue to support any dependents after retirement (such as children or elderly parents)?
<p>How do I request an estimate of my retirement benefit?</p>	<p>You can use the simplified calculator tool in the Member Self-Service portal to create a benefit estimate. Please note that the member-created benefit estimate is not an official SCERS estimate and SCERS is not bound by the results.</p> <p>If you are within a year of retirement, you can request an estimate of your SCERS benefit by completing and returning to SCERS a <i>Benefit Estimate Request form</i> which is available on our website.</p>
<p>Life Events</p>	
<p>I am resigning from my City job. How do I cash out my retirement?</p>	<p>Please complete the <i>Member Application for Withdrawal of Contributions form</i> which is available on our website. Withdrawal forms must be notarized. SCERS offers onsite notary services.</p> <p>Withdrawing contributions has income tax implications. For further information, see the IRS Special Tax Notice Regarding Plan Payments (IRS Safe Harbor Notice).</p>

	<p>You will be able to withdraw your accumulated contributions with interest (ACWI). Before we can release your funds, we must receive proper documentation, your employment status with the City must be “terminated” and your final paycheck issued.</p>
<p>What happens to my pension account if I leave my job?</p>	<p>If you leave your City job, you have several choices when it comes to your account.</p> <p>Option 1: You can discontinue your membership in the fund and request a refund of your contributions. You may receive your refund as a lump-sum payment or roll over all or a portion of your account.</p> <p>Option 2: If you are vested in the fund, you can keep your contributions in SCERS until you are eligible to retire. You will need to notify SCERS upon your retirement.</p>
<p>How do I change my beneficiary?</p>	<p>Your Beneficiary Designation Form tells us who you wish to receive your pension benefits upon your death. If you do not complete and submit the form, any benefits due will be paid out according to Washington state law.</p> <p>If you wish to change your beneficiary, please download and complete a "Change of Beneficiary" form from the SCERS's website. The form must be notarized. SCERS offers on-site notary services.</p> <p>If you are already retired, please note that if you selected option D or E at the time of retirement, your spouse or registered domestic partner must be your beneficiary. If you are married at the time of retirement and you select Retirement Option A, B, or C, you may only designate someone other than your spouse or if your spouse consents on your Retirement Application.</p>
<p>What happens if I get divorced?</p>	<p>In the state of Washington, a public employee's retirement benefit constitutes marital property that must be considered when property is divided in the event of a martial dissolution.</p> <p>If you become divorced or legally separated, a court can divide your retirement account between you and your ex-spouse through a property division order (Qualified Domestic Relations Orders or QDRO).</p> <p>If you have specific questions relating to QDROs, you can review the</p>

	<p>QDRO FAQs on SCERS's website or call Member Services at 206-386-1293.</p>
<p>What happens if I die before retiring?</p>	<p>If you have <i>less than 10 years of creditable service (including portable service)</i>, your beneficiary or spouse/registered domestic partner will receive a lump sum payment of your contributions plus interest as well as the \$2,000 death benefit. If you are not married when you die and do not have a beneficiary on file, the lump sum payment and death benefit will be paid out according to Washington state law.</p> <p>If you have <i>10 or more years of creditable service (including portable service)</i>, your spouse or registered domestic partner is eligible to receive a monthly benefit for the rest of his//her life, receive the death benefit, and has the option of electing to purchase medical coverage under the City's plans. Please be sure that your beneficiary is aware that your death needs to be reported immediately to SCERS.</p>
<p>What happens if I become disabled before I retire?</p>	<p>If you become disabled in a manner that is likely to be permanent and prevents you from performing any City service, you may be eligible for a SCERS disability retirement benefit.</p> <p>If you are a member, you may qualify for disability retirement if you meet one of the following conditions:</p> <ul style="list-style-type: none"> • If you are permanently and totally disabled due to an on-the-job-injury, regardless of your length of service with the City; or • If you are permanently and totally disabled due to an illness or injury, you must have at least 10 years of service with the City, and a minimum of 10 years of retirement service credit must have been earned during the 15 years prior to becoming disabled. <p>If you believe you may qualify for disability retirement, please see the disability information on our website at www.seattle.gov/retirement/active-members/change-status</p>
<p>Retiree Basics</p>	
<p>Can I keep my health coverage after I retire?</p>	<p>When you retire, you may continue self-paid medical coverage through the Seattle Department of Human Resources (SDHR) Benefits Unit by electing COBRA or one of the retiree health plans. If you elect to purchase insurance from the City, the cost will be deducted from your monthly retirement benefit payment.</p>

	<p>Questions? Contact SDHR Benefits Unit at:</p> <p>Phone: 206-615-1340</p> <p>Email: benefits.unit@seattle.gov</p>
<p>What kind of deductions can be taken from my benefit?</p>	<p>Deductions to your retirement benefit can include:</p> <ul style="list-style-type: none"> • Income tax authorized by the withholding form you submit with your retirement application • Health insurance premiums • Dental insurance premiums • Dues for retiree organizations • Any other approved deductions <p>The good news is that some of the payroll deductions you currently see as an active member (Social Security, Medicare) will not be deducted from your retirement benefit.</p>
<p>When will I receive my first retirement check?</p>	<p>We cannot process your first check until you are separated from payroll in your home department (you have received your last paycheck and any vacation/sick leave cash out). Once you are officially separated, then we can add you to the SCERS payroll system and process your first retirement check.</p> <p>A calendar for pension paydays is available on our website at www.seattle.gov/retirement/active-members/how-to-retire</p>
<p>When will my retirement check be deposited into my bank account?</p>	<p>Normally, retirement checks are payable on the last business day of each month. This could vary slightly if the last day falls on a weekend or a holiday.</p>
<p>I plan to move to another country (or state) after retirement. Are there special considerations I should be aware of?</p>	<p>Here are a few things to consider when moving outside the country or state:</p> <ul style="list-style-type: none"> • Your pension benefit can only be deposited electronically in a U.S. financial institution. You will need to verify with the bank in the country where you plan to reside whether it has affiliation with a U.S. financial institution where your benefit can be deposited and accessed by you from the country in which you will reside. • Washington does not have a state income tax, but some states do. If you move to one of these states, be sure to check into the tax obligations for your retirement benefit.

	<ul style="list-style-type: none"> Your health insurance coverage may be affected. To find out if it is, contact the insurance plan you intend to be covered by when you retire.
<p>How do I change my direct deposit of my retirement benefit?</p>	<p>To make any changes to your direct deposit, please complete the form that is available on our website and mail it to us with a voided check. Direct deposit forms must be notarized. SCERS offers onsite notary services.</p>
<p>How do I change my beneficiary?</p>	<p>If you wish to change your beneficiary, please download and complete a "Change of Beneficiary" form from the SCERS's website. The form must be notarized. SCERS offers onsite notary services.</p> <p>If you are already retired, please note that if you selected options D or E at the time of retirement, your spouse or registered domestic partner must be your beneficiary. If you are married at the time of retirement and you select Retirement Option A, B, or C, your spouse must be your only primary beneficiary, unless your spouse has signed a retirement application designating a different beneficiary or a waiver of the right to the benefit.</p>
<p>Can I work for the City of Seattle after retirement?</p>	<p>If you return as a temporary employee, there will be no impact on your pension and annuity retirement benefit as long as you do not exceed 1,040 hours of work in any calendar year. The first pay period of the City's calendar year is typically the last pay period in December of the previous year. If you exceed the 1,040-hour threshold, your benefits will be impacted. You will only receive the annuity portion (based on your contributions and interest) of your retirement benefit; the pension portion of your benefit will be frozen until the next calendar year begins (when the count of the 1,040 hours resets) or until your City service ends.</p> <p>If you return as a regular full-time or part-time employee, your benefit will be adjusted immediately upon your rehire with the City. You will only receive the annuity portion of your retirement benefit; the pension portion of your benefit will be frozen until your city service ends.</p>
<p>I am applying for a loan. How do I get a letter verifying my pension income?</p>	<p>Call SCERS at 206-386-1293 or email retirecity@seattle.gov to request a pension award letter. The letter will state the amount of your pension and that it is a lifetime benefit, if applicable.</p>

Will I receive a cost of living adjustment after I retire?

Each November, your monthly retirement benefit will be increased to provide the highest benefit calculated under one of the following cost-of-living adjustments:

- A 1.5% annual compounding COA
- A COLA which would provide 65% of the purchasing power which the member's original retirement allowance could purchase.