Seattle Retirement
Seattle City Employees' Retirement System

Leaving Your Job With the City?

What will happen to your pension?

Overview

1. What Does it Mean to be Vested?
2. To Withdraw or Not to Withdraw?
3. Your Options if Not Vested
4. Scenarios:
    - Vested and Leaving (But Not Retiring)
    - Not Vested and Leaving
5. Time Limitations
6. Service Credit Purchases (SCP)
7. Starting the SCP Process
8. Other Common Questions
9. Relevant Municipal Code Sections
10. Additional References

What Does it Mean to be Vested?

- Vesting means you have established enough service credit to receive a lifetime benefit once you reach eligibility.

- You are considered vested with Seattle City Employees' Retirement System (SCERS) when you have at least five years of creditable service and do not withdraw your accumulated contributions if you terminate City employment.

- If you have prior service credit with another eligible retirement system (WA Department of Retirement Systems (DRS), City of Spokane, City of Tacoma) that service may count towards the five years of service credit needed for vesting.

To Withdraw or Not to Withdraw

Start with asking yourself: am I vested in SCERS and/or a portable system?

Yes (I have five years credited service)	No (I do not have five years credited service)
• Vested = a guaranteed lifetime pension benefit • Contributions continue to earn quarterly interest	• No pension benefit will be paid • Contributions stop earning interest at two years from date of separation

Considerations if Not Vested

- Determine if you have time worked but not credited with SCERS. A Service Credit Purchase could help you reach vested status.
- Consider moving your SCERS contributions to another qualified pension plan to keep growing. Or have the funds paid directly to you.
- Consider leaving your funds with SCERS if you think you will re-hire with the City or a portable system in the future.

Example 1 - Vested and Leaving (But Not Retiring)

SUBJECT	FACTS TO KNOW
Your information	Ensure that your information is up-to-date before you go. • With your City Department (contact information including mailing address, phone number and personal email.) • With SCERS (updated beneficiaries on file, portability paperwork submitted, ensure your personal email address is updated in the Member Self-Serve Portal
Service Credit Purchases (SCPs)	• Complete any SCPs you want credit for, before your last day with the City • Payment must be received by City Treasury before you separate from your City job.
Retirement Benefit Options	• Some retirement benefit options won't be available after you leave the City (i.e., Death Benefit, City medical benefits), unless you re-hire with the City before you retire.
City Leave	• Consult with your City Department regarding your sick leave, vacation, and other cash-outs before you go.
Deferred Compensation Plan	• Consult with the Deferred Compensation Unit for questions about your voluntary, deferred compensation account.

Example 2 - **NOT** Vested and Leaving

OPTIONS	FACTS TO KNOW
Leave your funds with SCERS	Your Accumulated Contributions with Interest (ACWI) will continue to accrue interest for two years from your separation with the City. After two years, generally, your best option is to withdraw and reinvest to keep your funds working for you. Ensure that SCERS can reach you by leaving up-to-date information.
Withdraw your Funds	• The type of withdrawal you choose impacts how you will be taxed and your overall retirement savings. • You can only withdraw your ACWI. Employer contributions are not eligible for withdrawal. • A 1099-R Form will be mailed to you by January 31st of the following year.
Withdrawal Options	• Receive a payment directly to your bank account (the money is no longer considered retirement). Tax = Income Tax + 10% Early Withdrawal Tax if under 59.5 years old • Rollover to a qualified pension plan (money is still considered retirement savings) Tax = 0% (you will not be taxed on a rollover)

Time Limitations With SCERS

OPPORTUNITY	TIME WINDOW
Service Credit Purchase (SCP)	Missed time must be purchased **BEFORE** you separate from City Employment.
Redeposits	If you return to the City or a portable agency, it is most beneficial to redeposit your withdrawn contributions from SCERS within two years of rehire. After two years, a different formula is used to calculate the redeposit amount and it will likely be more costly.

Service Credit Purchase (SCP)

You may be eligible for an SCP if you have time worked with the City for which you did not receive service credit with SCERS.

Common examples include: temporary employee time, unpaid Family Medical Leave (FML) time, military service time, time spent on workers compensation, Exempt time before you became a member, and time associated with a prior withdrawal from the plan.

- You can purchase your SCP during original windows of opportunity, per the Seattle Municipal Code (SMC).
- All SCPs must be paid in full prior to resignation or retirement, whichever occurs first.
- You can pay for your SCP through a direct payment from you to SCERS or a transfer of funds to SCERS from another qualified plan.
- All payments should be sent to:

City of Seattle-Retirement
FAS Treasury Cashiers
PO Box 94766
Seattle WA 98124-7066

Service Credit Purchase (SCP), continued

How is my SCP calculated?

SCP TYPE	CALCULATION
• Temporary Employee Time • Military Service Time • Exempt Time	Cost Calculated at Actuarial Present Value of resulting increase to benefit (note: If purchased at resignation, the cost will be re-calculated and trued-up at time of retirement)
• Unpaid FML • Time on Workers Comp	Missed contributions with compounded interest
• Redeposits	Within 2 years of rehire: Amount withdrawn + compounded interest at Actuarial Assumed Rate of Investment Return between date of termination and date of redeposit After 2 years of rehire: Amount withdrawn + compounded interest at Actuarial Assumed Rate of Investment Return or the actual rate of investment return, whichever is higher

Starting the SCP Process

To start the SCP process, please complete the appropriate form which can be found on SCERS's website at

https://seattle.gov/retirement/forms-and-publications

FORM NAME	FORM PURPOSE
Service Credit Purchase Request Form	Complete this form to initiate your request for a cost calculation of your SCP.
Rollover Request to Service Credit Purchase Form	If you choose to move forward with your SCP, complete this form to roll over funds from another qualified plan to SCERS.
Transfer of Funds: City Deferred Compensation to SCERS	If you choose to move forward with your SCP, complete this form to transfer funds from your City Deferred Compensation account to SCERS.

Other Common Questions

- How is interest calculated and applied to my Accumulated Contributions with Interest (ACWI)?
  - Interest is applied to all eligible accounts on a quarterly basis. Contributions made on or before December 31, 2011 earn interest at an annual rate of 5.75%. The interest rate after December 31, 2011 varies each year and is based on the average yield on 30-year U.S. Treasury Bonds during the previous June 1st to May 31st period.

- Who should I contact for guidance on the following topics?
  - If you are hired back into a regular position, you are automatically enrolled in your original Plan. If you have withdrawn funds, but were originally in Plan 1 (originally hired before 2017), you are enrolled again in Plan 1 with the option to change to Plan 2. Withdrawn funds can be re-deposited for service credit. If joining is optional in your rehired position (e.g., temporary and exempt positions), you can elect to join based on the regular eligibility requirements.

- What happens if there is a retroactive salary adjustment for my position?
  - If you have withdrawn your funds, the City will pay you the adjustment amount. If retirement contributions are withheld, SCERS will proactively refund you those contributions. If you have retired from the City, the City will pay you the adjustment amount and SCERS will proactively assess if this amount impacts the benefit you are due. Changes in the Final Average Salary or 2x Contributions may impact your calculated monthly benefit.

Other Common Questions, continued

- How long will it take to process a Withdrawal or SCP?
  - Withdrawals typically take 2-3 weeks after your City department has paid your last check and terminated your status in Workday. Follow up with your department to make sure this happens so your withdrawal payout does not get delayed.
  - SCPs can take a while depending on the data SCERS receives from your department. Plan ahead and give yourself time.

- Who should I contact for guidance on the following topics?

TOPIC	CONTACT
Service Credit Purchases, Withdrawals, Redeposits	SCERS website: www.seattle.gov/retirement Email: retirecity@seattle.gov
Last paycheck, end of medical coverage, timesheet questions, benefit questions	Your City Department
Medical (COBRA)	SHR Benefits Unit: benefitsunit@seattle.gov
Deferred Compensation	Deferred Compensation Unit website: www.seattle.gov/retirement/deferred-compensation-plan Email: deferredcompquestions@seattle.gov

Relevant Municipal Code Sections

TOPIC	SMC SECTION	SUMMARY
Redeposits	4.36.525.F and 4.36.567.A and C 4.36.590	• Upon return to City employment, it is most beneficial to redeposit your withdrawn contributions from SCERS within 2 years of rehire. After that, a different formula is used to calculate the redeposit and will likely be more costly. You can repay by payroll deduction over 10 years from rehire. • Redeposit = amount withdrawn + compound interest at Actuarial Assumed Rate of Investment Return between date of termination and date of redeposit. • Portability redeposits.
Service Credit Purchases	4.36.567.B	• Must be paid in full prior to resignation or retirement, whichever occurs first. • If paid at resignation, the cost will be trued-up at time of retirement. • Cost calculated at Actuarial Present Value of resulting increase in benefit.
Use of Other Plans	4.35.585	• You may transfer funds from other qualified plans to purchase your SCP with SCERS.
Withdrawals	4.36.665A and 4.36.670	• Upon member's request, SCERS will pay out member's accumulated contribution with interest (ACWI).
Compliance with IRS Code	4.36.715	• SCERS complies with IRS Code

Additional Resources

- Seattle Municipal Code, Section 4.36 City Employees Retirement System
  - https://library.municode.com/wa/seattle/codes/municipal_code
- Seattle City Employees' Retirement System
  - https://seattle.gov/retirement
- City Deferred Compensation Plan
  - https://seattle.gov/retirement/deferred-compensation-plan
- SCERS Member Handbook and Frequently Asked Questions
  - https://seattle.gov/retirement/forms-and-publications/publications
- IRS Taxation Rules
  - https://www.irs.gov/taxtopics/tc410