



Seattle City Employees'  
Retirement System

# SCERS Member Handbook

Revised December 11, 2019

This handbook is a summary and is not a complete description of your retirement benefits under the Seattle City Employees' Retirement System (SCERS) plan. Seattle Municipal Code 4.36 governs your benefits. If there are any conflicts between the information shown in this handbook and what is contained in current law, the law will govern.

If you have a question or need clarification about anything in this document, please email [retirecity@seattle.gov](mailto:retirecity@seattle.gov) .

# Seattle City Employees' Retirement System (SCERS)

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## SCERS Summary at a Glance

- SCERS is a **defined benefit plan**. When you meet plan requirements and retire, you are guaranteed a monthly benefit for the rest of your life that is based on your years of applicable public service and average pay or based on your accumulated benefit contributions and interest. The monthly benefit you receive will have been funded over time by your contributions, your employer's contributions, and investment earnings. Retirees do not bear the risk of outliving their retirement benefits or that investment performance will reduce their income.
- SCERS has **two retirement plans**, SCERS Plan 1 and SCERS Plan 2.
- All new City of Seattle employees are **automatically enrolled** as a member of SCERS, except for those hired into an exempt position or temporary assignment. Employees hired on or after January 1, 2017 are enrolled in SCERS Plan 2 unless they have service time eligible for redeposit in SCERS Plan 1 or they elect to defer enrollment into Plan 1.
- Two formulas are used for **calculating retirement benefits** for SCERS 1 members. Your benefit will be determined using the formula which provides the higher benefit.
  1. Service Retirement Formula: Based on Age, Years of Service, and Final Compensation (up to 60%); or
  2. Contribution-Based Formula (Two Times Match): Two times the employee's contribution with interest, in the form of a lifetime annuity.

The most commonly applied formula, "service retirement," is based on your years of service and the average of your highest 52 consecutive pay periods, regardless of when that compensation was earned.

SCERS 2 retirement benefits are calculated solely using the Service Retirement Formula. For these members, the average of your highest 130 consecutive pay periods is used and there is no percentage cap on Final Compensation.

Overtime and/or vacation payouts are not included in the Final Compensation calculation. Premium pay, shift differentials and/or out-of-class pay are counted in most cases.

- **You contribute** a percentage of your salary or pensionable earnings to help fund the plan. SCERS 1 members contribute 10.03% of gross wages or pensionable earnings every pay period. SCERS 2 members contribute 7% of gross wages or pensionable earnings every pay period.
- The **City contributes** a percentage of your salary or wages to help fund the Plan. SCERS Board of Administration adopts contribution rates and periodically adjusts them to reflect the overall cost of the Plan. The City Council has the final decision on contribution rates. City contributions are not matching funds but are used for funding plan benefits.
- A member who has served continuously in a full-time position and has no time loss will accrue a **creditable year of service** for 12 months' service. For all other members, a creditable year of service is measured as 2,088 hours of compensated service at straight time pay. Please note that there is no additional credit given for February 29.

## Welcome to SCERS

### HISTORY

The Seattle City Employees' Retirement System (SCERS) has been providing employees of the City of Seattle and the Seattle Public Library with retirement benefits under the Plan since 1929.




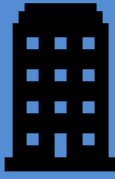


This handbook gives you some of the highlights of the program and can answer many of your questions. However, this handbook is only a summary of your benefits. For specific details, please refer to the Seattle Municipal Code (SMC), [Chapter 4.36 – City Employees' Retirement System](#).

### OVERSIGHT

SCERS is governed by a seven-member Board of Administration. The Board is chaired by the chair of the Seattle City Council's Finance Committee. The City's Finance Director serves as the Board Treasurer and the Human Resources Director serves as Board Secretary. Two active SCERS members and one retired member are elected by the membership to serve three-year terms on the Board. These six Board members select a seventh, at-large member.

Board meetings are normally held on the 2<sup>nd</sup> Thursday of each month. A current schedule of meetings is listed on the SCERS website ([www.seattle.gov/retirement](http://www.seattle.gov/retirement)).

### CONTACT US

 <b>Call</b>  206.386.1293 206.386.1506 (fax)	 <b>Write</b>  SCERS 720 3 <sup>rd</sup> Avenue Suite 900 Seattle, WA 98104	 <b>Email</b>  General inquiries: <a href="mailto:retirecity@seattle.gov">retirecity@seattle.gov</a>
 <b>Visit</b>  Pacific Building (corner of 3 <sup>rd</sup> Avenue and Columbia Street) 720 3 <sup>rd</sup> Avenue, Suite 900 (9 <sup>th</sup> floor) Seattle, WA 98104	 <b>Hours</b>  Monday-Friday 8 am to 5 pm Pacific Time	 <b>Website</b>  <a href="http://www.seattle.gov/retirement">www.seattle.gov/retirement</a>

## Getting Here:

The office is one block from the Pioneer Square underground link rail and on the Third Avenue surface bus line. There is public parking in the Pacific Building parking garage which can be accessed from Columbia Street between Third and Fourth Avenues.



## **HOW YOUR PLAN WORKS**

### **Overview**

SCERS is a 401(a) **defined benefit plan**. When you meet plan requirements and retire, you are guaranteed a monthly benefit for the rest of your life that is based on your years of City service and average pay or, for SCERS Plan 1 members, based on your accumulated benefit contributions and interest, if that is greater. Retirees do not bear the risk of outliving their retirement benefits or that investment performance will reduce their income.

The monthly benefit you receive will have been funded over time by your contributions, your employer's contributions, and investment earnings.

You may elect to provide a lifetime benefit for a beneficiary. For retirement options D or E, the beneficiary is your spouse or registered domestic partner at the time of retirement. If you divorce after retirement, your spouse or registered domestic partner remains the beneficiary. If you remarry, your new spouse or registered domestic partner is not eligible.

### **Earning Service Credit**

Service credit is based on the number of hours you work. You receive one year of service for 12 months' service or 2,088 hours of service at straight time pay. No additional credit is given for February 29.

For employees working other than a full-time schedule, credit for years of service will be pro-rated based on employment status. For example, a half-time employee is 50% of a full-time equivalent (FTE) and will earn service credit at a reduced rate. In this scenario, the half-time employee would need to work ten years to receive five years of creditable service and obtain vesting rights.

For eligible temporary employees who are receiving premium pay in-lieu of medical and paid leave benefits, the premium pay will count as part of their Straight Time Service and they will receive additional retirement service credit to account for the paid leave which was not received and for premium pay which was substituted for paid leave. The hours worked will be multiplied by a factor of 1.135; the employee will contribute their required percentage contribution for these additional hours.

### **Dual Membership/Portability**

If you have earned service credit in one of Washington State's public retirement systems, or the cities of Spokane or Tacoma, you may be able to combine your SCERS service credit with credit you earned in the other system(s) as long as you have left your funds with that system.

Dual membership may affect your:

- Eligibility to Retire
- Benefit Calculation
- Vesting

### **Designating Your Beneficiary**

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 according to Washington state law.



Please be sure to submit the Beneficiary Designation Form when you enroll in the plan. It is also important to review your beneficiary designation periodically and submit a new form to SCERS if you need to make a change. If you have a life change (i.e., marriage, divorce, etc.) be sure to update your beneficiary designation as these life events may invalidate your previous choices. Your primary beneficiary is your spouse/registered domestic partner (if applicable), unless you file a Waiver of Right to Retirement Benefits.

Please complete a retirement beneficiary designation form. Beneficiary Designation Forms are available [online](#). The beneficiary designation you completed as a City of Seattle employee does not transfer over to SCERS.

### **Contributions**

Pre-tax retirement contributions will be deducted from your paycheck each pay period. Your contributions, plus contributions paid by the City of Seattle on your behalf, are invested by the Board of Administration and SCERS's Investment staff. Employee contributions, which are automatically deducted on a pre-tax basis from your paycheck, are **10.03% of your salary / pensionable earnings for SCERS Plan 1** members and **7.0% for SCERS Plan 2** members.

These contributions, plus the City's contributions and earnings from investments, pay the cost of providing your retirement benefits. The City's contribution rates are recommended annually by the Board, based on the system's actuarial valuation. The rates are then reviewed and approved by City Council before becoming effective.

Each year, you will receive a Statement of Account reflecting your total employee contributions and accrued interest as of the last full pay period in December of the previous year. For security reasons, SCERS does not release information on anyone's account over the telephone.

The City's contribution to the Retirement Fund varies but is equal to or greater than the employee's contribution. If you leave city employment and withdraw your funds, you will be entitled only to your accumulative contributions and interest; you will not receive the contributions made by the City.

### **CREDITED INTEREST RATE**

Members earn interest at an annual rate of 5.75% on contributions made on or before December 31, 2011. The interest rate after December 31, 2011 varies each year and is set by the Board of Administration each summer for implementation the following January. This variable interest rate is based upon the average yield on 30-year U.S. Treasury Bonds during the previous June 1<sup>st</sup> to May 31<sup>st</sup> period.

### **CITY OF SEATTLE VOLUNTARY DEFERRED COMPENSATION PLAN**

The City of Seattle Voluntary Deferred Compensation Plan (DCP) is a 457(b) Deferred Compensation Plan and Trust available to City employees. This plan allows you to invest in your future by building a retirement savings account using payroll deductions that go into investments you select from the diverse fund lineup selected by the City. The deferred compensation plan is offered through Nationwide and is separate from your SCERS pension.

A deferred compensation plan can help bridge the gap between what you have in your SCERS pension and Social Security. Unlike other retirement plans, a 457(b) deferred compensation plan takes into account that you may retire sooner than workers in the private sector. Also, unlike traditional savings accounts, DCP is tax deferred. This lowers your taxable income while you are working and delays payments of income on your investments until you withdraw your funds.

Generally, you do not have to worry about paying a penalty for retiring early or beginning to take income from the plan before age 59 ½ .

For further information, check the City's deferred compensation website at [www.seattledcp.com](http://www.seattledcp.com)

### **MEMBER SELF-SERVICE PORTAL\***

The Member Self-Service (MSS) Portal replaces Retiree Self-Service and Employee Self-Service for members to securely access retirement/pension information.

With MSS, active and retired members can:

- View your account information at any time.
- View a record of your SCERS contributions.
- Securely submit forms.
- Update your contact information.
- Send a secure message to SCERS staff.

Active members can also create a benefit estimate using a simplified calculator tool. Please note that the member-created benefit estimate is not an official SCERS estimate and SCERS is not bound by the results.

\*SCERS expects full implementation of the MSS Portal in early 2020.

## Membership Eligibility

All employees are always advised to review their paychecks and ensure that payroll deductions, including retirement deductions, are correct.

### **REGULAR EMPLOYEE**

As a new City of Seattle employee, you are automatically enrolled as a member of SCERS, unless you are hired into an exempt position or temporary assignment. A letter will be sent to you from SCERS following your appointment to a permanent position, welcoming you to SCERS, advising you of your contribution rate, and asking you to designate a beneficiary.

The beneficiary you designate will remain on file with SCERS; ***it is not applicable to any other City benefits.***

### **EXEMPT EMPLOYEE**

If you have been hired into an “exempt” position, your enrollment in SCERS is optional. Enrollment will be initiated by the exempt employee by filling out the Membership Application for Exempt Employees form. If you submit your completed enrollment form to SCERS, please ensure that you have received confirmation of receipt within three (3) days of submission.

You should also receive a letter from SCERS following your appointment, giving you the choice to accept or decline membership. You may elect membership at any time during your employment with the City. However, once you elect to become a member, the election is irrevocable, and you cannot reverse your decision in the future.

The only exception to this is if you are returning to City employment in an exempt position and previously withdrew any accumulated contributions and interest you had in SCERS. In such situations, membership is optional. If you did not withdraw your funds when you previously left City employment, you are required to continue your membership in your new position.

### **TEMPORARY EMPLOYEE**

If you work in a “temporary assignment” (temporary, interim, intermittent, or provisional, or a part-time position exempt from the Civil Service), you will have two opportunities to become a member of SCERS.

First, you will receive a letter from SCERS giving you the option of becoming a member within six (6) calendar months of completing 1,044 hours of continuous compensated straight-time service. If you do not exercise this option, you will have a second opportunity to elect membership within six (6) months of completing 10,440 hours (equivalent to five (5) years full-time) of continuous compensated straight time temporary service.

If you join the system during your temporary assignment, or if you join as a result of accepting a permanent assignment no later than six months after completing 10,440 hours of temporary service, then you will have the option to purchase your previous temporary service credit back to the 1,044-hour threshold.

Temporary, interim, intermittent, provisional, or part-time employees who are SCERS members shall maintain membership in the system for the duration of his/her City service until retirement and will continue to make contributions to SCERS while working for the City.

If at any time you accept a permanent, non-exempt position, membership in SCERS is mandatory.

### **EXCLUSIONS**

The following individuals are excluded from membership in SCERS:

- officer or employee of a City contractor, regardless of whether or not the contractor is providing mandatory or discretionary governmental services or is a for-profit or non-profit entity;
- uniformed personnel in the Fire and Police Departments;
- police recruits; and
- internships and work studies.

## **Milestones/Life Changes**

### **BECOMING VESTED**

If you have a minimum of five (5) years of creditable service in SCERS or in combination with a system which has portability with SCERS, you are considered “vested” in SCERS and you may elect to leave your funds with SCERS until you reach an age at which you become eligible for retirement.

If you **are vested** when you leave City employment but are not eligible or ready to retire, you will continue to accrue interest at the Board-approved applicable rate per annum, and you will be able to retire when you reach the eligibility threshold. However, you will lose any accrued sick leave credit and you will not be eligible to participate in the Death Benefit Program and the City of Seattle’s retiree medical plan when you retire.

As a vested employee, you are not required to leave your money in SCERS when you leave City employment. You have the right to remove your contributions with interest from SCERS at any time up to the day of your retirement. These funds will only include your contributions and interest; the City contributions will not be included. In removing your funds, however, you lose all rights in SCERS and your funds will be subject to any and all applicable Federal taxes.

Please be sure to keep your name, home phone number, home address, personal email address, and/or beneficiary updated. It is important to keep your beneficiary designation current as it may be invalidated by a divorce, marriage, or other circumstances.

### **LEAVING CITY SERVICE WITHOUT FIVE (5) YEARS OF SERVICE**

When you leave City service, if you do not have five (5) full-time years of membership in SCERS or in combination with a portable/dual membership system, you are *not eligible to “vest”* and should withdraw your funds from SCERS.

These funds will only include your contributions and interest; the City contributions will not be included. If you leave your contributions and interest in SCERS, you will cease earning interest on these funds two years from your date of separation.

The date of separation is defined as follows:

- if you leave the city voluntarily by terminating your employment or if you are laid off without being eligible for reinstatement, your separation date is your termination date;
- if you are laid off and are eligible for reinstatement your separation date is the end date of the reinstatement period;
- if you are a temporary employee, your date of separation is your termination date.

### **WITHDRAWING YOUR CONTRIBUTIONS FROM SCERS**

There are two options for withdrawal of your contributions and interest:

- Receive your funds directly as an Electronic Funds Transfer; or

- Transfer your funds to an Individual Retirement Account (IRA)

To withdraw your contributions and interest, please submit a notarized withdrawal form and a copy of your Social Security card to our offices. You may download a copy of the form from our website [or contact our office.](#)

If you choose to withdraw and have your funds paid directly to you, Federal law requires 20% of the taxable portion of your retirement funds be withheld for tax purposes (please note that contributions made before 1985 have already been taxed and will be returned to you without any tax deduction). Further, a 10% penalty may be assessed by the Internal Revenue Service (IRS) against all taxable funds removed from SCERS that are not rolled into an IRA or other qualified plan.

If you opt to transfer your funds to an Individual Retirement Account (IRA) or other qualified plan, you will not be subject to taxes or penalties at the time of withdrawal.

You can change your mind about withdrawing your funds without penalty for 30 days following your application to withdraw.

### **RETURNING TO CITY SERVICE AND REDEPOSITS/BUYBACKS**

If you are rehired in a permanent non-exempt position, your membership in SCERS will automatically be reinstated and contributions deducted from your paycheck.

If you are rehired in an *exempt* position, your membership in SCERS will automatically be reinstated **only** if you were previously a member of SCERS and left your contributions in the Plan.

If you withdrew your accumulated contributions when you previously left City service, you have **two (2) years from your rehire date** to exercise your option to re-deposit your withdrawn contributions with interest at the assumed rate of return on investment (currently 7.5% per year). By so doing, you will recover the service credit you had previously accumulated in SCERS.

If you do not make a redeposit or enter into a purchase contract within two years, you may still recover your previous service time at a later date. However,, this will be at a higher rate. In such instances, the interest on the redeposit amount applied in each year between the withdrawal date and the redeposit date will be the greater of:

- the actuarial assumed rate of investment return; or
- the actual rate of investment return for the year.

If you leave City service and later return as a temporary employee, your SCERS membership status is contingent on whether you withdrew your accumulated contributions at the time you left regular service. If you left your contributions in your SCERS account, your SCERS membership will automatically be reinstated and contributions deducted from your paycheck. If you withdrew your contributions and interest when you left regular city employment, you would have the option of joining SCERS again after 1,044 hours of temporary work. At that time, you would also have the option to buyback your previous service credit.

Redeposits and buy backs are initiated by the member. If you wish to buy back your previous service credit, you can do so by contacting SCERS and entering into a service purchase contract. You can buy

back your service credit through a lump sum payment, a rollover from deferred comp/IRA or by payroll deduction. Buybacks using payroll deductions must be completed within a ten (10) year period and you will be charged a financing interest rate equivalent to the assumed rate of investment return (currently 7.5% per year) at the time the purchase contract is initiated. The minimum payroll deduction for a redeposit is \$25.

When you have finished repaying your withdrawn contributions, you will be credited with your previous membership time. Your retirement benefit is based on the total years of membership. The more years of service credit you have, the greater value your retirement benefit will be.

Buybacks must be completed with the funds received by SCERS while actively employed with the City. Once you have separated or retired from the City, SCERS will not accept additional buyback funds or requests.

## **MARRIAGE OR DIVORCE**

When you become a member of SCERS, you will be asked to designate your beneficiary. If you are married, you must designate your spouse as your beneficiary, unless your spouse willingly relinquishes this right.

Though you are not required to designate a beneficiary until you actually retire, it is wise to have a beneficiary on file in case something happens to you.

When you come in for your retirement transition meeting, you will be required to bring in a copy of your Marriage License if you are married and selecting Option D or E. At this meeting, you will specify the Retirement Option you are selecting, the medical plan and coverage you have selected, and review other aspects of your transition to retirement. **Your spouse is required to sign your retirement application.** If you designate someone other than your spouse as your beneficiary, your spouse's signature on the retirement application will serve to relinquish rights to be your beneficiary.

In the state of Washington, a public employee's retirement benefit constitutes marital property that must be taken into account when property is divided in the event of a marital dissolution. 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).

The QDRO can award an interest in your account to your ex-spouse. SCERS can review a **draft** QDRO to determine whether SCERS can comply, **before court approval of the QDRO is sought.**

If you have specific questions relating to QDROS, you can review the [QDRO FAQs](#) or call us at (206) 386-1293.

## **IF THE UNEXPECTED HAPPENS**

### **Medical Leaves and Industrial Injury Time Loss**

There are three types of leaves in this category:

- Family Medical Leave;

- Leaves of absence for medical reasons documented by your physician as part of the Leave approval process; and
- Time loss due to an industrial injury while employed by the City and during your time as a member of the system.

If you took unpaid leave of this type, you have the option to buy back the service credit lost. You may exercise this right immediately upon returning from the leave or at any time afterwards.

The cost is calculated based on your pay rate at the time of your leave and interest is applied at the assumed rate of investment return (currently 7.5% per year). Because of the interest charge, the cost will increase the longer you delay the purchase.

You may make payments through a lump sum payment, a rollover from deferred comp/IRA or by payroll deduction. If you chose to make payment by payroll deduction, you will be charged a financing fee equivalent to the assumed rate of investment return.

### **Military Leave**

If you are a member of SCERS and are called to active duty while you are employed by the City, you may purchase your lost service credit within 90 days of the termination of your military leave, but only if you return to City service.

The cost is calculated based on your pay rate at the time of your leave and interest is applied at the assumed rate of investment return.

### **Disability Benefits**

In the event of total and permanent disability from City service, you may be eligible for a disability pension, provided you have at least 10 years of service with the City. The 10-year eligibility requirement is not applicable if your disability is the result of an on-the-job injury. Applicants for disability retirement must be examined by one or more physicians appointed by the Retirement Board.

### **Terminal Illness**

If you have a documented terminal illness, the Board of Administration may in its discretion authorize an employee to discontinue membership in SCERS and may refund all contributions that the employee has made.

Withdrawal under this provision does not exempt the employee from any Federal Taxes or penalties associated with the early withdrawal of funds from SCERS. Further, the withdrawal of funds severs all connection with SCERS.

The member also forfeits all current and future rights to retirement, disability, and death benefits, including those of a spouse or registered domestic partner, if any. Please see Seattle Municipal Code 4.36.675(A-E) for details.

### **Death Benefits – Death After Retirement**

If you die while receiving a retirement benefit, depending on the retirement option that you selected, your surviving spouse or registered domestic partner may be eligible to receive a monthly survivor's



benefit if named as your beneficiary. In addition, if the death (burial) benefit was selected at the time of retirement, the beneficiary will receive a \$2,000 death (burial) benefit upon the member's death.

### **Death Benefits - Death Prior to Retirement**

If you die before retiring, your employee contributions and interest deposited in SCERS will be handled in one of the following ways:

1. A lump sum payment or installment payments of all employee contributions and interest will be made to either your beneficiary or estate.
2. If you have 10 years of retirement service credit at the time of your death, your spouse or registered domestic partner may elect to receive Option 1 (listed above) or one of the following options:
  - a. A benefit equal to what you would have received under the provisions of Retirement Option E, had you retired on the day of your death; or
  - b. A cash payment, not to exceed 50% of your total employee contributions and interest, along with the monthly retirement benefit described above that is proportionately reduced by the amount of the cash payment.

Options 2a and 2b are valid only for the life of the spouse or registered domestic partner. If there is no surviving spouse or registered domestic partner, minor children may elect to receive a similar benefit until they reach the age of 18.

### **Involuntary Retirement**

In the event your retirement is *involuntary* (e.g., because of layoff, termination etc.), you should call SCERS immediately, and let the staff know that you have an immediate need for an appointment with a Retirement Specialist. This will enable staff to prioritize scheduling an appointment for you and ensure the necessary calculations have been completed for your meeting with the Retirement Specialist.

The Board may deny retirement benefits to a member convicted of a felony related to or arising out of the member's duties as an employee or officer of the City.

## Approaching Retirement

### **RETIREMENT ELIGIBILITY**

You are eligible to retire with a full benefit under the following:

#### **Retirement Eligibility – SCERS Plan 1**

<b>Age</b>	At least 62	At least 57	At least 52	Any Age
<b>Service Credit Years</b>	5 to 9	10 to 19	20 to 29	30

#### **Retirement Eligibility – SCERS Plan 2 (generally employees hired on or after January 1, 2017)**

<b>Age</b>	At least 60	At least 57	At least 55
<b>Service Credit Years</b>	5 to 9	10 to 19	20 to 29

### **RETIRING AS A DUAL MEMBER**

If you are a member of more than one eligible Washington state retirement system, you are a dual member. You can combine service credit earned in all dual member systems to become eligible for retirement.

You are a dual member if you belong to more than one eligible retirement system. Dual member systems and plans include:

- *Public Employees’ Retirement System (PERS) Plan 1, 2, and 3*
- *Teachers’ Retirement System (TRS) Plan 1, 2, and 3*
- *School Employees’ Retirement System (SERS) Plan 2 and 3*
- *Public Safety Employees’ Retirement System (PSERS) Plan 2*
- *Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF) Plan 2*
- *Washington State Patrol Retirement System (WSPRS) Plan 1 and 2*
- *City of Spokane*
- *City of Tacoma*

Dual membership may affect your:

- **Vesting** – you can use years of service from other systems to vest in SCERS
- **Eligibility to Retire** – you can use combined years of service to determine your retirement eligibility age
- **Benefit Calculation** – claiming portability will allow you to use a percentage factor based on your combined years of service, and your highest average salary regardless of which system that you earned it in.

Under dual membership, you receive a separate defined benefit from each of your systems. The benefit you receive from each system will be based on the service credit you have accumulated in that system.

Portability can be complicated. Ask your systems for more information. Please note that it may not always be in your best interest to retire based on portability. The Department of Retirement Services [website](#) provides examples.

### **ESTIMATING YOUR BENEFIT**

If you expect to retire within the next year, we encourage you to submit a written estimate of your benefit.

Forms can be found on our [website](#).

## Ready to Retire

### **APPLYING FOR RETIREMENT**

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. The form is available on our [website](#). Please do not wait until the last minute to request your Retirement Benefit Estimate.

Contact SCERS at least 60 days prior to your intended retirement date to schedule a one-on-one conference with one of our Retirement Specialists. **Your retirement application must be signed and filed with SCERS at least 30 days prior to the date you wish to retire.**

If you are married, your spouse also needs to sign your retirement application. If your spouse does not attend your retirement meeting, the form with her/his signature needs to be notarized. The Retirement Specialist will assist you in completing your retirement application and other applicable forms by reviewing all retirement options available, and purchase of additional service credit. Once you have selected a retirement option, this option is irrevocable upon receiving your first pension payment.

As part of the application process, please bring the following items to your conference.

- A copy of your Birth Certificate. If you choose a spousal/survivor benefit option, a copy of their birth certificate is required.
- A copy of your Marriage Certificate or Washington State Registered Domestic Partnership Certificate, if applicable.
- A copy of your Driver's License and for your spouse/registered domestic partner, if applicable.
- A blank voided check for direct deposit.
- A copy of your Social Security Card

You will also be asked to complete the following additional forms:

- Withholding Certificate for Pension or Annuity Payments (W-4P)
- Direct Deposit Authorization Form
- Beneficiary Designation Form
- Social Security Benefit Estimate with your name printed on it (if you are selecting Option F)

It is your responsibility to notify your department of your retirement at least two (2) weeks prior to retiring.

### **YOUR BENEFIT OPTIONS**

Choosing a benefit option means deciding how your retirement benefit will be paid out. All options provide a monthly benefit to the retiree for life. Options A through E provide a modified monthly benefit to provide for a beneficiary.

There are no right or wrong choices. Members choose an option based on individual circumstances.

Please review your options carefully before you schedule a retirement meeting. **Once you retire and receive your first payment, you cannot change your option.**

### **Unmodified Monthly Benefit (Straight Benefit Option):**

The **maximum monthly retirement benefit** you can individually receive for the rest of your life is the **Unmodified Monthly Benefit**, which is usually referred to as the **“Straight Benefit”**.

This option is for the member only and does not provide for a beneficiary after your death. Any remaining balance in your account is forfeited and goes back to the Employees’ Retirement Fund.

Options A – B provide for a death benefit under which your estate or your named beneficiary may receive a payment following your death. Because a death benefit is payable, the monthly amount of retirement allowance will be less than the “Unmodified Option.” The financial value of your retirement benefit, however, remains the same.

It is important that you keep your beneficiary information updated so the money may be paid properly.

#### **Option A:**

Provides a **slightly reduced monthly benefit** for the rest of your life.

A portion of this monthly check comes from your ACWI account (accumulated contributions with interest) and a portion from the City’s contributions/Retirement fund.

Even if you exhaust the accumulated contributions and interest in your account, you will continue to receive your full monthly benefit from the Retirement fund for the rest of your life.

When you pass away, your beneficiary will receive a lump sum refund of any remaining balance in your ACWI account.

#### **Option B:**

This Option pays a **slightly higher monthly benefit than Option A** for the rest of your life.

A portion of this monthly check comes from your ACWI account (accumulated contributions with interest) and a portion from the City’s contributions/Retirement fund.

Even if you exhaust the accumulated contributions and interest in your account, you will continue to receive your monthly benefit from the Retirement fund for the rest of your life.

Option B is similar to Option A, except that when you die any remaining balance in your ACWI account is refunded or paid in monthly payments rather than in a lump sum, as provided in Option A. When you pass away, your beneficiary will receive monthly (annuity) payments until the total payments made to you and your beneficiary equals your total contributions/interest at the time of retirement.

#### **Option C:**

Provides a **reduced monthly benefit** to you until your death and the payment of a retirement benefit to your beneficiary after your death up to a guaranteed period of years from the date of your retirement.

This is also known as “term certain”. You may select a term of five (5) years, ten (10) years, fifteen (15) years, or twenty (20) years.

As with all of our retirement options, payments are guaranteed to you for life, even if you live beyond the guaranteed period chosen for this option. However, if you live longer than the selected term-certain period, there will be no payments to your beneficiary.

In the event you pass away before the term-certain period ends, your beneficiary will receive a monthly payment equivalent to the benefit amount you were receiving for the remaining term-certain period.

So, if you pass away 5 years after you retire, and you selected a C-20 Retirement Option, your beneficiary would receive monthly benefit payments equivalent to what you were receiving for the next 15 years.

#### **Option D:**

Provides a ***reduced monthly benefit*** for life.

***After your death***, your spouse or registered domestic partner will receive ***one-half*** of your benefit each month for life.

If you retired on or after March 24, 1997 and your spouse or registered domestic partner dies before you, your monthly benefit will be adjusted to the original unmodified benefit (Straight Benefit) amount. The adjustment will occur effective the date SCERS is notified.

This option provides no further benefit to another beneficiary after the death of your spouse or registered domestic partner. Only the spouse or registered domestic partner designated at the time of retirement is eligible for benefits under this option due to the state of Washington’s community property laws.

Should you remarry after retirement, regardless of the reason, your new spouse or registered domestic partner is not eligible for this benefit.

#### **Option E:**

Provides a ***reduced monthly benefit*** for life.

After your death, your spouse or registered domestic partner will receive ***the same monthly benefit*** for life. If you retired on or after March 24, 1997 and your spouse or registered domestic partner dies before you, your monthly benefit will be adjusted to the original unmodified benefit (Straight Benefit) amount.

This option provides no further benefit to another beneficiary after the death of your spouse or registered domestic partner. Only the spouse or registered domestic partner designated at the time of retirement is eligible for benefits under this option due to the state of Washington’s community property laws.

Should you remarry after retirement, your former spouse/registered domestic partner, not your new spouse/registered domestic partner is eligible for this benefit.

**Option F:**

Option F must be ***taken in combination with a Straight Benefit or one of the Standard Retirement Options (Option A-E).***

This option is available to members who retire ***before they are eligible to receive Social Security benefits*** and is intended to create a level income stream by inflating the amount of the City retirement benefit up until the point the member is eligible for Social Security.

If Option F is selected, members must submit a recent Social Security estimate with the member's name printed on it. The pension amount is inflated by the projected Social Security benefit multiplied by an adjustment factor based on the number of years until you are Social Security eligible.

***When you reach your Social Security age your retirement benefit will be reduced by your full Social Security benefit. This reduction occurs regardless of when you actually start collecting your Social Security benefits.***

Although the goal is to create a constant income stream, this often does not turn out to be the case because of differences between the Social Security amount estimated at retirement and the actual amount earned once you reach your Social Security age.

Members might end up with a ***smaller monthly retirement benefit than anticipated.***

**Option G:**

Option G must be ***taken in combination with a Straight Benefit or one of the Standard Retirement Options (Option A-E).***

Option G allows you to ***withdraw a lump sum payment*** at retirement which is equivalent to either *100%* of your employee accumulated contributions with interest, or *50%* of this amount.

Taxes will be withheld on the amount withdrawn unless the lump sum is rolled over into an eligible retirement plan. An eligible retirement plan includes an individual retirement account (IRA), Roth IRA, and an eligible governmental deferred compensation plan (457(b)). Your monthly benefit will be reduced by an amount to actuarially compensate for the annuity funds (your contributions plus interest) withdrawn.

You will continue to receive a reduced monthly benefit based on your pension.

**DEATH BENEFIT PROGRAM**

As an active member, you are an automatic member of the Death Benefit Program. When you retire, you may elect whether or not to retain this benefit. This option is only available for members retiring from active employment with the City. Deferred Vested members do not have this option.

The intended purpose of the benefit is to help cover burial costs. The benefit is \$2,000 and payable only to your named beneficiary on file with SCERS at the time of your death. The premium at this time is \$12.00 per year which is deducted from your February pension payment.

This policy has no cash value for the retiree.

## **HEALTH/DENTAL INSURANCE COVERAGE**

When you retire as an active SCERS member, 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 medical insurance from the City, the cost can be deducted from your monthly retirement benefit payment.

SDHR Benefits Unit **requires that enrollment happen thirty (30) days prior to your last paid workday**. An SDHR Benefits Unit packet of enrollment information will be provided to you at your retirement appointment, but it is your responsibility to contact SDHR Benefits.

If you or your spouse are sixty-five (65) or older, you must be enrolled in Medicare Part A and B prior to enrolling in a retiree medical plan.

For more information, please see SDHR's Retiree Health Plan webpage at:  
[www.seattle.gov/personnel/benefits/retirement/scersretiree.asp](http://www.seattle.gov/personnel/benefits/retirement/scersretiree.asp)

## **FEDERAL TAX ON YOUR BENEFIT**

At retirement, you will complete and submit a federal W-4P form to let us know how much of your benefit should be withheld for taxes. If a W-4P form is not submitted, SCERS is unable to process your benefit payment.

You can adjust your withholding amount at any time during retirement by completing a new W-4P form which is available on our website.

For each tax year you receive a retirement benefit, we will provide you with a 1099-R form to use in preparing your tax return. These forms are usually mailed at the end of January for the previous year.

## **WHEN AND HOW YOUR BENEFIT WILL BE PAID**

Pension payments are issued on the last weekday of each month and directly deposited in your bank or credit union account via and Electronic Funds Transfer.

If the last weekday of the month falls on a holiday, payment timing may vary slightly. The amount of your monthly benefit will not be the same as the amount on your Estimate. The dollar figure on your Estimate is **before** taxes and does not reflect reductions for medical, dental or death benefit costs.

If you change banks once you have retired, please complete a new Electronic Deposit Authorization Form, attach a voided check, and send it to SCERS.

If you have questions once you receive your first payment, do not hesitate to call SCERS to speak to a Retirement Specialist.

In the event that SCERS was not notified of a bank direct deposit change, or, if SCERS receives repeated returned mail and is unable to reach you using all contacts on file with the us, **we will suspend your benefit payment until you contact us and resolve the issue(s). It is important that you keep your mailing address, home phone number, and personal e-mail address updated with us.**



## Once You Retire

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

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

### **WORKING AFTER RETIREMENT**

In the event you retire and at some later point have the opportunity to return to City service, there are specific guidelines about which you should be aware.

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 year. We begin counting your hours the first pay period of the City's calendar year which is typically the last pay period in December of the previous year.

If you exceed this threshold or if you are appointed to a regular full-time or part-time position, 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 your City service ends or a new calendar year begins.

If you return to work with the City after you retire, talk with your Department Human Resources staff to ensure the **retirement deduction code is deactivated** in your records. You will not be eligible to rejoin SCERS and you should not have contributions deducted from your paycheck.

When you separate from City employment again, be sure to notify SCERS. At that point, your full retirement benefit (both annuity and pension) will resume with the same retirement option you originally selected.

### **BENEFIT OVERPAYMENTS OR UNDERPAYMENTS**

If you or your beneficiary ever receive an **overpayment** of the monthly retirement benefit, you will be required to repay it.

This normally only happens in the event of a retiree's death. If there was a slight delay in notification, there could be an overpayment. If this occurs, the estate and/or beneficiary is notified of the overpayment and must submit a repayment check. If a continuing benefit or payout is due to the beneficiary, they can elect to have the overpayment deducted from remaining benefit due.

All overpaid monies received by a member or beneficiary are required to be repaid to the City's Retirement System. SCERS reserves the right to send outstanding amounts to collections.

## Appendix A

### SCERS Plan 1 Retirement Benefit Age-and-Service Factor Table

SCERS Plan 1 members can use this chart for a rough estimate of your pension benefit at retirement. Your actual benefit will be based on the higher result of two calculations. One uses actual service time worked and your highest average 52 pay period salary. The other is based on your contributions and interest balance. You are a SCERS Plan 1 member if you have membership eligibility prior to January 1, 2017.

#### Retirement Eligibility

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

**What is a factor?** Think of it as a percentage of your salary. We multiply your years of service by the factor to get the total percentage of your average salary that will become your benefit amount.

#### How to use this chart:

1. Find your estimated years of service at retirement on the left column and the age when you plan to retire along the top of the chart. **Please remember that the years of service is based on hours worked. If you are part-time, please adjust your time accordingly.**
2. Multiply the number where the selected column and row intersect by the highest salary you received consecutive over 52 pay periods (roughly two years)

Years of Service	Retirement Age													
	52	53	54	55	56	57	58	59	60	61	62	63	64	65
28 plus	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
27	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
26	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
25	1.70	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
24	1.60	1.70	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
23	1.50	1.60	1.70	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
22	1.40	1.50	1.60	1.70	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
21	1.30	1.40	1.50	1.60	1.70	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00	2.00
20	1.20	1.30	1.40	1.50	1.60	1.70	1.80	1.90	2.00	2.00	2.00	2.00	2.00	2.00
10-19						1.52	1.58	1.64	1.70	1.76	1.82	1.88	1.94	2.00
5-9											1.82	1.88	1.94	2.00

**Example 1 – Full Benefits:**

Employee A is 55 and has worked full-time for the City for 30 years. The employee’s average pay is \$3,000 per month. Employee A is eligible for a full benefit (2% factor) since the employee has worked for the City for 30 years.

The unmodified monthly benefit would be calculated as follows:

$$(30 \times 2\%) \times \$3,000 = \$1,800$$

**Example 2 – Reduced Benefits:**

Employee B is 52 and has worked full-time for the City for 25 years. The employee’s average pay is \$4,500 per month. Employee B is eligible to retire at a reduced benefit (1.7% factor ).

The unmodified monthly benefit would be calculated as follows:

$$(25 \times 1.7\%) \times \$4,500 = \$1,912.50$$

**Example 3 – Part-time Employee:**

Employee C is 60 and has worked part-time (50%) for the City for 20 years. The employee’s average pay is \$2,000 per month.

Because the employee is part-time, the employee’s actual years of retirement service would be 10 years rather than 20 since service is calculated on hours worked. Employee C would be eligible to retire at a reduced benefit (1.7% factor).

The unmodified monthly benefit would be calculated as follows:

$$(10 \times 1.7\%) \times \$2,000 = \$340.00$$

If the employee waited 5 more years to retire (at age 65) and 25 years (with actual years of service of 12.5 years), the employee would be eligible to retire for a full benefit (2% factor). The employee’s average pay is \$2,500 per month at age 65.

The unmodified monthly benefit would be calculated as follows:

$$(12.5 \times 2\%) \times \$2,500 = \$625.00$$

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The examples above assume that the unmodified/straight benefit is elected. If the employees were to choose to provide for a beneficiary in the event of their death, their benefits would be reduced.

Average pay is the average of your consecutive 52 pay period salary (roughly 2 years).

## Appendix B

### SCERS Plan 2 Retirement Benefit Age-and-Service Factor Table

SCERS Plan 2 members can use this chart for a rough estimate of your pension benefit at retirement. Your actual benefit will be based on actual service time worked and your highest 130 pay period salary. You are generally a SCERS Plan 2 member if you were hired on or after January 1, 2017.

#### Retirement Eligibility

Age	At least 60	At least 57	At least 55
Service Credit Years	5 to 9	10 to 19	20 to 29

**What is a factor?** Think of it as a percentage of your salary. We multiply your years of service by the factor to get the total percentage of your average salary that will become your benefit amount.

#### How to use this chart:

1. Find your estimated years of service at retirement on the left column and the age when you plan to retire along the top of the chart. **Please remember that the years of service is based on hours worked. If you are part-time, please adjust your time accordingly.**
2. Multiply the number where the selected column and row intersect by the highest salary you received over 130 pay periods (roughly five years)

Years of Service	Retirement Age										
	55	56	57	58	59	60	61	62	63	64	65
30 plus	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
29	1.68	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
28	1.61	1.68	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
27	1.54	1.61	1.68	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
26	1.47	1.54	1.61	1.68	1.75	1.75	1.75	1.75	1.75	1.75	1.75
25	1.40	1.47	1.54	1.61	1.68	1.75	1.75	1.75	1.75	1.75	1.75
24	1.33	1.40	1.47	1.54	1.61	1.68	1.75	1.75	1.75	1.75	1.75
23	1.26	1.33	1.40	1.47	1.54	1.61	1.68	1.75	1.75	1.75	1.75
22	1.19	1.26	1.33	1.40	1.47	1.54	1.61	1.68	1.75	1.75	1.75
21	1.12	1.19	1.26	1.33	1.40	1.47	1.54	1.61	1.68	1.75	1.75
20	1.05	1.12	1.19	1.26	1.33	1.40	1.47	1.54	1.61	1.68	1.75
19			1.12	1.19	1.26	1.33	1.40	1.47	1.54	1.61	1.75
18			1.05	1.12	1.19	1.26	1.33	1.40	1.47	1.61	1.75
17			0.98	1.05	1.12	1.19	1.26	1.33	1.47	1.61	1.75
16			0.91	0.98	1.05	1.12	1.19	1.26	1.47	1.61	1.75
15			0.84	0.91	0.98	1.05	1.12	1.19	1.47	1.61	1.75
14			0.77	0.84	0.91	0.98	1.05	1.12	1.47	1.61	1.75
13			0.70	0.77	0.91	1.05	1.19	1.33	1.47	1.61	1.75
10-12			0.63	0.77	0.91	1.05	1.19	1.33	1.47	1.61	1.75
5-9						1.05	1.19	1.33	1.47	1.61	1.75

**Example 1 – Full Benefits:**

Employee A is 55 and has worked full-time for the City for 30 years. The employee’s average pay is \$3,000 per month. Employee A is eligible for a full benefit (1.75% factor) since the employee has worked for the City for 30 years.

The unmodified monthly benefit would be calculated as follows:

$$(30 \times 1.75\%) \times \$3,000 = \$1,575.00$$

**Example 2 – Reduced Benefits:**

Employee B is 55 and has worked full-time for the City for 25 years. The employee’s average pay is \$4,500 per month. Employee B is eligible to retire at a reduced benefit (1.4% factor).

The unmodified monthly benefit would be calculated as follows:

$$(25 \times 1.4\%) \times \$4,500 = \$1,575.00$$

**Example 3 – Part-time Employee:**

Employee C is 60 and has worked part-time (50%) for the City for 20 years. The employee’s average pay is \$2,000 per month.

Because the employee is part-time, the employee’s actual years of service would be 10 years rather than 20 since service is calculated on hours worked. Employee C would be eligible to retire at a reduced benefit (1.05% factor).

The unmodified monthly benefit would be calculated as follows:

$$(10 \times 1.05\%) \times \$2,000 = \$210.00$$

If the employee waited 5 more years to retire (at age 65) and 25 years (with actual years of service of 12.5 years), the employee would be eligible to retire for a full benefit (1.75% factor). The employee’s average pay is \$2,500 per month at age 65.

The unmodified monthly benefit would be calculated as follows:

$$(12.5 \times 1.75\%) \times \$2,500 = \$546.88$$

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The examples above assume that the unmodified/straight benefit is elected. If the employees were to choose to provide for a beneficiary in the event of their death, their benefits would be reduced.

Average pay is the average of your highest 130 pay period salary (roughly 5 years).

## Appendix C

### COMPARISON CHART

This table contains the most significant differences between SCERS 1 and SCERS 2.

	SCERS 1	SCERS 2
Employee Contribution Rate	10.03 percent	7.00 percent
Final Average Salary	Highest 52 pay periods	Highest 130 pay periods
Minimum Retirement Age	Active employees are eligible after reaching:	Active employees are eligible after reaching:
	5 to 9 service years and age 62	5 to 9 service years and age 60
	10 to 19 service years and age 57	10 to 19 service years and age 57
	20 to 29 service years and age 52	20 or more service years and age 55
	30 or more service years and any age	
Earned Benefit Per Year of Service Multiplier	Maximum 2 percent Refer to table in SMC 4.36.605	Maximum 1.75 percent Refer to table in SMC 4.36.608
Minimum Benefit Calculation	Contributions plus interest times two	Benefit is calculated using age and years of service.  See table in SMC 4.36.608