

**GENERAL EMPLOYEES RETIREMENT
EDUCATION PLAN
(G.E.R.E.P.)**

CITY OF TAMPA



G.E.R.E.P. - General Employees Pre-Retirement Workshop

AGENDA

- Overview of G.E. Pension Plan
- Overview of Human Resources Items
- Overview of Nationwide 457 Plan
- Overview of Social Security Items
- Other Informational Resources

General Employee Pension Plan

OUTLINE

- Why a Retirement Workshop
- Steps to Retirement
- Retirement Eligibility
- Types of Retirements
- Pension Calculations
- D.R.O.P.
- Post Retirement

Why a Retirement Workshop

- Retirees will need 70% - 80% of their current income to meet everyday living expenses
- 4 out of 10 people aged 55 or older, have less than \$100,000 saved for retirement
- 1 out of 4 don't sign-up for the company retirement savings plan
- Only 1 out of 10 contribute the maximum amount

Why a Retirement Workshop

- About 1/2 of employees will cash out their savings when changing jobs rather than roll the funds into an IRA
- Nearly 2/3 do not expect their standard of living to decline after retirement
- Preparations ≠ Expectations ≠ Reality

Steps to Retirement

- Plan Ahead
- Determine Retirement Eligibility
- Discuss your retirement date (last day on the job) and H.R. separation requirements with your Supervisor and Personnel Assistant
- Complete and turn in a Notice of Separation
- Contact the Pension Office to make an appointment for a retirement interview

Steps to Retirement – Administrative Office

- Andrea Noriega, Pension Superv. 274-8136
Tampa Municipal Office Building (TMOB)
306 East Jackson Street
Seventh Floor East
Tampa, Florida 33602

Retirement Eligibility

- **Vesting:** 6 years of continuous service
- **Normal Retirement Age:**
 - Division A: 55 years
 - Division B: 62 years

Types of Retirements

- Longevity Retirement: Retirement at age 55 (A), or age 62 (B)
- Deferred Retirement: Retirement at an age younger than 55 (A), or 62 (B) with 6 or more years
- Early Retirement (B only): Retirement at age 55 with 5% reduction for every year before age 62
- Deferred Retirement Option Program (DROP)
Benefits: DROP accumulations for a maximum of 7 years provided requirements for Longevity have been met

Pension Calculations

3 Components:

- Years of Service
- Multiplier:
 - Division A –
 - 2.0% for first 15 years
 - 2.5% for next 15 years to a maximum of 30 years
 - Division B – 1.2%
- Average monthly salary over the highest 3 of the last 6 years of service from the date of retirement

Benefits Formula (Division B)

YOS	X	Multiplier	X	Average Earnings	= Pension Benefit
20		1.2%		\$58,000	\$13,920/yr. - \$1,160/mo.
25		1.2%		\$58,000	\$17,400/yr. - \$1,450/mo.
30		1.2%		\$58,000	\$20,880/yr. - \$1,740/mo.

D.R.O.P.

(Deferred Retirement Option Program)

- Must be retirement eligible to participate
- Pension benefits are calculated and locked in as though retiring
- Member keeps working (work status does not change) and still eligible for salary increases, promotions, etc.
- 7% contributions are stopped (Division A)
- Accrued pension benefit is accumulated each month and remains tax deferred

D.R.O.P.

(Deferred Retirement Option Program)

- Money in the DROP account earns investment return (gains or losses) of the total pension fund, credited once per year
- DROP statements are issued every quarter
- DROP accumulates for a maximum of 7 years
- Member is free to leave the program before the 7 year period
- When member leaves the DROP, he/she must separate from service (leave employment)

D.R.O.P. Distributions

- DROP account can be taken as:
 - Roll over to tax qualified vehicle
 - Lump-sum (20% tax withholding)
 - Some combination of the two
- Seek personal tax and financial information
- DROP payments are made the last day of the quarter following the quarter of retirement
 - 1/1 to 3/31 – receive distribution 6/30

Post Retirement C.O.L.A.

- Cost of Living Adjustment (COLA)
 - Division A: 2.2% every January 1st
 - Division B: 1.2% every January 1st

Post Retirement Death Benefits

- Division A:
 - Widow(er) receives 75%, 50% on remarriage
 - Children under age 18 receive \$100 per month
- Division B:
 - Spouse on day employee retires and at time of death receives 50%
- See Plan Section 12 for further details

Post Retirement Benefits and Options

- Optional Health Insurance
- Optional Life Insurance
- Direct Deposit of Pension Benefits (mandatory)
- Federal Income Tax Withholding

Post Retirement Expenses

- Health Insurance: As of January 1, 2009 the least expensive coverage was:
 - Non Medicare: NPOS-Single \$384.60/mo.
 - Family \$873.28/mo.
- Rent, Utilities, Food, etc.

Post Retirement Sources of Income

- Social Security
- Pension(s)
- Savings (Outside)
- Deferred Compensation (457 Plan)
 - 457 program makes a difference in retirement years
 - Start investing early
 - A 20 year old who invests \$50 a month in the program, assuming an 8% return, can have up to \$100,000 by the time he is 54.

General Employees Pre-Retirement Workshop



THE END