

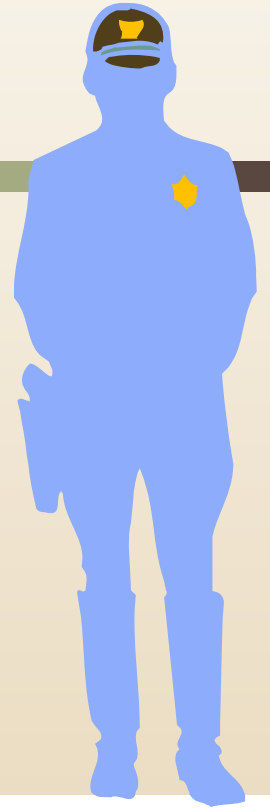
Policemen's Annuity & Benefit Fund Chicago

Welcome

2014 Retirement Seminar

Presented by Regina M. Tuczak

Executive Director



When Should I Retire?

- ❖ The most **appropriate** time to retire . . .

Any date that is suitable to you.

- ❖ The most **practical** date to retire . . .

The fund recommends a resignation date the close of business (cob) on the 15th of any month. Your first pension check will be disbursed 6 weeks thereafter.

What do I need to Retire?

- ❖ A printed copy of your PAR form and Exit Interview is required.
- ❖ Documentation on file should include:
Certified Copies of (County issued)
marriage certificates, birth certificates,
divorce decrees, death certificates, et al.
- ❖ Social Security Numbers:
All dependants that will continue on your health care coverage.

What is the Process?

- ❖ Application process takes approximately one hour.
- ❖ 2 - 4 weeks prior to your last day plan on visiting our office - Appointments are required and scheduled within the 30 days prior to your last day
- ❖ 221 N. LaSalle Street - Suite 1626
- ❖ Application By Appointment
312-744-3891 (Pax - 0357 or 0358)

Annuity Calculation

Formula Annuity = combination of age, service,
and average salary for the last four years

Effective date of annuity is which ever is later:

Age 50

Date of resignation

20 years = 50% of 4-year average salary

2 & 1/2 % for each year of service thereafter

One day past your anniversary date of employment
constitutes a full year of service

29 years & 1 day = maximum of 75%

Average Monthly Salary

- Highest 4 consecutive years out of the last ten years of service
- Based on wage grade and step rate
- Includes duty availability
- If Exempt, you must have been compensated three out of the last four consecutive years based on the exempt rank salary schedule.

Sample Annuity Benefits

Police Officer retiring June 15, 2014, based on the following Years of Service:

Years of Service	Final Avg. Salary	Percentage of Final Avg. Salary	Accrued Monthly Benefit
30	\$7,394.48	75.00%	\$ 5,545.86
25	\$7,193.73	62.50%	\$ 4,496.08
20	\$6,946.79	50.00%	\$ 3,447.40

Final average salary in this example includes Duty Availability.

Note: The maximum rate (step 11) affects only those members attaining 30 years of service prior to January 1, 2006.

Maximum Annuities

Your annuity continues to increase after your 30th year worked, even though the annuity factor does not increase

<u>Date of Retirement</u>	<u>Final Average Salary</u>	<u>Monthly Benefit</u>	<u>Percentage</u>
06/15/2014	\$7,394.48	\$ 5,545.86	75%
08/15/2014	\$7,404.29	\$ 5,553.22	75%
12/15/2014	\$7,423.91	\$ 5,567.93	75%

This happens because as you work more, higher monthly salaries are being used to determine your final average wages

Example of an Annuity

Employee hire date: 06/02/1989

Employee retires: 06/15/2014 (cob)

Annuity effective: 06/16/2014

Employee Date of Birth: 07/19/1954 *

* Prior to 1/1/1955

If unmarried on date of resignation a spouse accumulation refund is due.

4-Year Average Salary

2014	6 months	@	6,975.50	=	41,853
2013	12 months	@	6,975.50	=	83,706
2012	12 months	@	6,975.50	=	83,706
2011	12 months	@	6,906.50	=	82,878
2010	6 months	@	6,771.00	=	<u>40,626</u>
					\$332,769

Total Salary to Apply for Average

Wage and Grade salary applied = \$ 332,769.00

Plus duty availability salary = \$ 12,570.00

Total pensionable salary = \$345,339.00

÷ 48 months

4 year average salary = \$ 7,194.56

Service Credit Calculation

Date of Resignation	2014 - 06 - 15
Date of Hire	<u>1989 - 06 - 02</u>
Gross Service Credit	25 - 00 - 13
Less Lost Time*	<u>00 - 00 - 11</u>
Net Service Credit	25 - 00 - 02
Formula @ 20 years =	20 - 00 - 00 = 50%
Years over 20 (5+) = 6 x 2.5 =	05 - 00 - 01 = <u>15%</u>
Maximum % Service credit allowed	65%

Lost Time

Any day(s) a pension deduction is not made and forwarded to the Pension Fund. This may occur for any of the following reasons, but not limited to:

Suspension

Leave of Absence

Military; if the City has not forwarded pension deductions for the entire LOA

Settlement agreement which do not include pension compensation

Service + Salary

Month average salary *	=	\$7,194.56
Service Credit %	X	65%
Guaranteed Annuity	=	\$4,676.47 per month
Automatic Increase (COLA)		

Calculated on Base annuity

For those born before 1/1/1955 (3%)	=	\$140.29
For those born after 1/1/1955 (1.5%)	=	\$ 70.15

Example individual would receive the first increase 07/01/2015

Automatic Increase (COLA)

- If born prior to January 1, 1955:
- 3% of the base annuity the first of the month following attainment of age 55 or first anniversary of retirement, whichever comes later, each January 1st thereafter, for life.
- If born after January 1, 1955:
- 1.5% of the base annuity first of the month following attainment of age 60 or first anniversary of retirement, whichever comes later, payable for 20 years.

Spouse Annuity



ward is $1/2$ of the annuity that the retiree is receiving at the time of death, including all cost of living increases accrued.

EXAMPLE:

Base monthly annuity	=	\$ 4,676.47	
1st increase	=	\$ 140.29	
2nd increase	=	<u>\$ 140.29</u>	
Monthly Annuity @ death	=	\$ 4,957.05	
Award to spouse	=	\$ 2,478.53	per month

Retired & Unmarried

You will receive a refund of the spousal portion of your contributions.

Range is anywhere from \$22,000 up to \$36,000, which is based on your contributions. The longer you work the more you contribute.

20% penalty no longer applies to public safety personnel, Pension Protection Act of 2006.

All are subject to mandatory 20% withholding, unless rollover option is chosen.

If you remarry after retirement and have received this refund, you must repay the refund within one year from date of marriage in order for your spouse to be eligible for a survivor's annuity.

Death Benefit Directive

- Paid for with the \$1.25 payroll deduction
- Will be reviewed and updated during retirement application process
- Payable to the person(s) you designate, no restrictions
- Value is set at \$6,000.00 at retirement
- May be changed at any time

enefits Management Office

Currently, the City offers group health benefits to annuitants and their eligible dependents

The Pension Fund, as a courtesy to our members, completes the BMO required enrollment form, which is part of the retirement process

Your signed and completed form is forwarded to the City, and thereafter BMO issues your new medical/insurance card(s)

According to your selected coverage, the Pension Fund deducts the appropriate amount, if applicable, for premium costs from your annuity disbursement, which is forward to the City each month

The Pension Fund does not have access to BMO records or Blue Cross Blue Shield information, i.e. claims, coverage, dependents, etc.

Retired members should contact Benefit Management Services @ 877-299-5111 concerning any issues regarding health coverage.

Calculation of Taxable Amount of your Annuity - Safe Harbor

Investment in Contract	\$ -0- *
Retired after 1986, therefore	
Fully Taxable with 1st annuity payment	
Disbursed:	August 1, 2011

* Investment in contract are contributions made prior to 1/1/1982, which reduces the amount of your annuity that is subject to federal income tax by a predetermined, actuarial, amount.

Currently, all pension annuities are exempt from Illinois State Income Tax if you are a resident of Illinois

Pension Protection Act

May allow for tax-deferral of insurance premium deductions, up to a maximum of \$3,000.00 for all types of insurance coverage. Applies only to the retired employee, widows are excluded.

ELIGIBLE PREMIUMS PAID:

- Annuitant Healthcare Plan
- Dental & Vision premiums

Impact on Annuity of PPA 2007

Up to a maximum of \$3,000.00 can be deferred per year for any premiums paid

Tax savings:

Based on a 15% tax bracket,

maximum of $3,000 \times 15\% = \$450.00$ per year

Based on a 28% tax bracket

maximum of $3,000 \times 28\% = \$840.00$ per year

IRS Guidelines due before implementation

** If you subtract the premiums from income, you cannot use the premium amount in your itemized medical deductions on Schedule A*

Additional Comments

- Any retroactive salary adjustments will be pensionable and all annuities will be adjusted retroactively
- Changes on State Pension Laws
- Retirement Calculator on our website
- QILDROs
- Retiree healthcare and Medicare eligibility

Summary

Visit the Fund office:

- ✓ 2 - 4 weeks prior to effective date
- ✓ Work close of business 15th of any month
- ✓ Bring any and all certified documents
- ✓ Application process is an hour or less
- ✓ Watch for Award Letter
- ✓ Use Direct Deposit
- ✓ Enjoy Your Retirement, You Earned It!

www.chipabf.org



Addendum's

- Reversionary Annuity
- State Income Tax Policy Chart
- QILDRO's (Court Orders pertaining to Divorce)
- Key Phone Numbers
- Document Check List

