

The Pension Trust

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Getting Ready for Retirement

What is my pension benefit?

As a regular employee of SLO County or the Court you are probably looking forward to retirement. The Retirement Plan you are participating in is administered by the San Luis Obispo County Pension Trust (SLOCPT). For Miscellaneous members – like SLOCEA members – your pension benefit will be either a Tier 1 (hired before 2011), Tier 2 (hired 2011-2012 Court Employees not eligible), or Tier 3 (hired 2013 or later).

Whatever your pension benefit is and whatever age you chose to retire, it is important to note that this is a Defined Benefit pension that pays you **lifetime income**. In other words, you won't "outlive your savings" like some retirees from the private sector. Whether you live to 70 or 105, SLOCPT will keep paying your pension benefit. After you have 5 years of Pension Trust Service Credits (e.g., 5 years of full-time employment) you are Vested in the Retirement Plan and may be eligible to receive a pension. Here are some things to think about as you get ready for retirement.

How do I get estimates of my pension and other SLOCPT information:

At any time in your career you can call the SLOCPT at 805/781-5465 to talk with one of our Retirement Specialists. You may want to confer on your future benefits, possible reciprocity with other retirement systems, your account balance of your pension contributions, or how to address your pension if you are going through a divorce. You can also get estimates of your pension benefit based on some future date you are thinking about retiring. Also, you can use SLOCPT's **Member Portal** online to check your balances and do your own estimates of retirement. If you have not yet set up your login credentials, call SLOCPT and we will get you a PIN to get signed up.

Why does getting divorced matter for my pension?

California is a Community Property state. This means that your pension is an asset that must be addressed if you get divorced. In that case, your Domestic Relations Order (DRO) as part of the divorce **MUST** address your pension benefit. It can be split in some agreed upon proportions between you and your ex-spouse, or it can be a "you keep your pension, I'll keep my pension" DRO. Either way, it must be addressed or we can't start your pension benefit because we won't know how much to pay to whom. If you were divorced before your career with SLO County and there is no overlap between that marriage and your SLOCPT covered years, then there is no

community property interest to worry about. Call SLOCPT if you are going through a divorce and we can provide sample language for your DRO.

Getting ready for retirement – 5 years or so in advance:

Retirement Estimates - It is never too early to start planning your retirement! See SLOCPT for various retirement estimates. Combine these pension estimates with other retirement accounts you may have, including additional pensions, 401(k) accounts, IRAs, Roth IRAs, Deferred Compensation Plan balances, and other assets you may have. From those accounts, you can estimate what your retirement income may be and decide if it is adequate. You may wish to consult with a financial planner on the outside as well. Everyone's financial situation and career path is different.

Reciprocity with other California Retirement Systems – If you have worked for another public agency in California and were covered by their retirement system – e.g., CalPERS or another County system - you may be eligible for “reciprocity” between SLOCPT and another system. Not all systems are reciprocal with SLOCPT and there are limits such as no more than a 6-month break in service between the two retirement systems. You must apply for reciprocity and should have done so when you joined SLOCPT upon hire. If not, now is the time to discuss this with SLOCPT staff. You must retire at the same time from SLOCPT and the other retirement system(s) to benefit from the reciprocal use of the same highest Final Average Salary in your pension benefit calculation.

Divorce issues - This is also the time to tidy up any divorce Domestic Relations Order (DRO) issues left unaddressed regarding your pension benefit. Don't put this off – it could delay your retirement!

Service Credit Purchases (“Buybacks”) – If you have had any significant Leave Without Pay (LWOP) periods for medical reasons in the middle of your SLO County career, it may be possible to “buy back” those missed Pension Trust Service Credits and increase your pension. This can be expensive and it is complicated. Call SLOCPT to inquire about this possibility. The sooner after a significant LWOP period you buyback that service, the less expensive it will be.

Deferred Retirement Option Program (DROP) - The DROP is open only to County Employees in Tier 1. It allows your pension benefit to start and get deposited into an account like the Deferred Compensation Plan while you continue to work up to a maximum of five more years. Once you retire, your pension starts getting paid to you normally and you have a nice nest-egg in your DROP account. DROP makes sense mostly for long-service members whose pension is near any applicable maximum such as 80% of final pay, but they still want to work a few more years. Many

Tier 1 members think DROP is a good idea just because a coworker used the DROP. But everyone's situation is different and DROP is not a simple decision. You should call SLOCPT early on if you are thinking about DROP.

Spouse/RDP Continuance of pension benefit - The Retirement Plan provides for a continuing pension after your death to your spouse or Registered Domestic Partner. It requires you to have been married or in an RDP for at least a year before you retire. So, this is the time to “seal the deal” if you want your significant other to receive a pension continuance should you predecease them. The basic unmodified benefit continues 50% of your pension after you die. There are options for larger continuances such as 100% of your benefit going to your spouse/RDP after your death. There are also options to have part of your pension continue to some other named beneficiary besides a spouse/RDP. The different survivor options for continuance of your pension may involve varying levels of reduction to your basic pension benefit depending on your age and that of your spouse/RDP or other named beneficiary.

Applying for retirement – 3 months or so in advance::

Documents Needed – Birth certificates for you and your spouse/RDP. Marriage certificate or RDP document. Name change from your birth certificate documentation. If widowed, death certificate of your spouse. If divorced – final judgement and DRO. Social Security – printout of your SS estimate at age 62 (doesn't mean you have to take SS then, there are some pension options that coordinate with SS if you want). Bank information for direct deposit. Age 65+ - bring a copy of your Medicare card.

SLOCPT Application – You should already have gotten retirement estimates from SLOCPT to help you decide when to retire. About 3 months prior to retirement date, meet with SLOCPT staff and work through the various options on your application. Especially important is the spouse/Registered Domestic Partner pension continuance options if you predecease your spouse/RDP.

Healthcare in Retirement – You may be able to continue to enroll in your employer's healthcare plans after retirement if you retire within 120 days of your last day on payroll. These health plans are administered by your Human Resources department and not SLOCPT. As a convenience the SLOCPT coordinates with your employer to submit enrollment forms and set up withholding for your premiums from your pension payments. Participation in your employer's health plans may be advantageous, but it is not required. Many retirees get their health coverage elsewhere (e.g., spouse's employer plan, Medicare supplement plan, Affordable Care Act coverage purchased on their own, etc.). You should shop around for other alternatives that may work better for you. Everyone's needs are different.

SLOCREA

After you retire you are encouraged to join the San Luis Obispo County Retired Employees Association (SLOCREA). See www.SLOCREA.org.