

Welcome to the  
**Employees' Retirement System**  
and the  
**RSA**



*Fall 2015*

# **ERS** is a *Defined Benefit Plan*

- **Guaranteed lifetime benefit for member**
- **Benefit level is established by law**
- **Benefit is calculated using a formula**

**Retirement benefits are NOT dependent upon the investment returns earned on members' contributions.**

***COLA's are not guaranteed!***

# Tier 1

## Your RSA Participation is Mandatory

Regular Members contribute **7.50%**\* of their earnable compensation

\*Still **5%** for many local governments

The contribution rate changes in the law were mandatory **ONLY** for State Agencies.

Full-time, certified Firefighters, Correctional Officers, Law Enforcement Officers contribute **8.50%**\* of earnable compensation

\*Still **6%** for many local governments

**10%** for Troopers

## Tier 2

### Your RSA Participation is Mandatory

#### Regular Members

contribute **6.0%**  
of their earnable  
compensation

Full-time, certified  
Firefighters,  
Correctional  
Officers, Law  
Enforcement  
Officers contribute  
**7.0%** of earnable  
compensation

# Yearly Statement

- Every year you will receive a statement from ERS.
- **Check this statement carefully.** If there is a discrepancy, please call into RSA and speak with a counselor. Don't let what could be a mistake linger for years.
- **Always** check to make sure your **beneficiary information** is up to date!

# ERS Member Handbook

- The Member Handbook is a valuable resource for you.
- **All contact information is printed on the inside front cover.**
- Details of your retirement system are explained.
- **Page 13 shows the Preretirement Death Benefit which changes with the years you work.**

# Tier 1

## Death of a Member Prior to Retirement

### ***Ineligible to Retire***

Under age 60 or Over age 60	1 – 25 Years of Service  Between 1 & 10 Years	Member contributions, total interest earned, plus an amount equal to the member's salary for the prior fiscal year (Oct. 1 – Sept. 30)
Any Age	Less than 1 year, death was job-related.	Member contributions, total interest earned, plus an amount equal to the member's salary at time of death.
Any Age	Less than 1 year, death was <i>not job-related</i> .	Member contributions, total interest earned, plus an amount matching the contributions and interest but limited to a maximum of \$5,000.

### ***Eligible to Retire***

Any Age or Age 60	25 Years or More  10 Years or More	Choice of: 1. Option 3 monthly benefit (50% of member's retirement benefit) to spouse or beneficiary... <b>OR</b> 2. Member contributions, total interest earned, plus an amt. equal to the member's salary for the prior fiscal year (Oct. 1 – Sept. 30)
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# Tier 2

## Death of a Member Prior to Retirement

### Ineligible to Retire

Under 62 or 62 or Older	Between 1 & 10 Years	Member contributions, total interest earned, plus an amount equal to the member's salary for the prior fiscal year (Oct. 1 – Sept. 30).
Any Age	Less than 1 year, death was job-related.	Member contributions, total interest earned, plus an amount equal to the member's salary at time of death.
Any Age	Less than 1 year, death was not job-related.	Member contributions, total interest earned, plus an amount matching the contributions and interest but limited to a max of \$5,000.

### Eligible to Retire

62 or Older	10 Years or More	Choice of: 1. Option 3 monthly benefit (50% of member's retirement benefit) to spouse or beneficiary... <b>OR</b> 2. Member contributions, total interest earned, plus an amount equal to the member's salary for the prior fiscal year (Oct. 1 – Sept. 30).
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## **Purchasing Additional Service Credit**

- State law allows active members to purchase service credit for certain types of past employment.
- Purchasing service credit may increase your pension, allow you to retire sooner.
- Certification forms are on the RSA website.

# Types of Service Available to Purchase

- **Military Service** – may purchase up to 4 years during first year or after 10 years of service.
- **Withdrawn Service**
- **Previous Service** with a city/county/town/public or quasi-public organization.
- **Out-of-State Service**
- **TRS Support Personnel, Teacher Aide, Job Corps, and Teacher Corps.**
- **Non-Participating Employer Service.**



*Information given in your Handbook*

# Vested

When a member has 10 years in the system, they are termed

**VESTED.**

Being **vested** qualifies you for a monthly retirement check once you reach age 60 (Tier 1) & age 62 (Tier 2)– even if you have not worked for the state of Alabama in a while.

# Tier 1

## When can I Retire or Collect My Benefits ?

**After 25 years of creditable service regardless of age**

**At age 60 with at least 10 years of creditable service**

**OR**



## Tier 2

When can I Retire or Collect My Benefits ?

**At age 62 with at least 10 years  
of creditable service**



# Disability Benefits

- Must have **10 years (vested)** in the system.
- Must be in service or on official leave of absence.
- RSA Medical Board must determine the member to be permanently incapacitated.
- Disability benefits are calculated identically to benefits for service retirement.

# Tier 1

## How will my Retirement Benefit Be Calculated?

$$\begin{array}{ccccccc} \text{Average} & & \text{Yrs. \& Mos.} & & \text{Benefit} & & \text{Maximum} \\ \text{Final} & \times & \text{Creditable} & \times & \text{Factor} & \div & \text{Monthly} \\ \text{Salary}^* & & \text{Service} & & (2.0125\%) & 12 & \text{Benefit} \\ & & & & & = & \end{array}$$

- \* The average of the **highest three years** of salary (October – September) ***out of the last 10 years*** during which the member contributed.
- \* Refer to Page 22 of your Handbook for examples of Maximum Benefit amounts.

## Tier 2

### How is my Retirement Benefit Calculated?

$$\text{Average Final Salary*} \times \text{Yrs. \& Mos. Creditable Service} \times \text{Benefit Factor (1.65\%)} \div 12 = \text{Maximum Monthly Benefit}$$

- \* The average of the **highest five years** of salary ***out of the last 10 years*** during which the member contributed.



# Retirement Benefit Choices

*This choice is only made  
at time of retirement.*

- 1. Maximum Monthly Benefit**
- 2. Option 1**
- 3. Option 2**
- 4. Option 3**

*Under each of these plans, the member will receive a benefit for life.*



# Maximum Monthly Benefit

- Largest available monthly benefit.
- Benefits **cease completely** at time of retiree's death.
- The designated beneficiary(ies) will receive a one-time prorated monthly benefit covering the days of the month the retiree was alive.

# Option I

- Monthly benefit *slightly less* than the Maximum Benefit
- Lifetime benefit for retiree on a monthly basis
- If retiree dies prior to receiving annuity payments exceeding his or her account balance, ***the remaining balance will be paid to the designated beneficiary(ies)***

# Option II

## (100% Survivor Benefit)

- A reduced monthly benefit over lifetime of retiree
- **Only 1 beneficiary** may be designated to receive same lifetime benefit after the retiree's death
- Benefits are based on ages of retiree and beneficiary
- No change of beneficiary (to receive a monthly benefit) allowed after retirement, unless beneficiary predeceases retiree or a divorce between retiree and beneficiary.

✓ See ***Replacement Beneficiary*** information

# Option III

## (50% Survivor Benefit)

- A reduced monthly benefit over lifetime of retiree
- **Only 1 beneficiary** named to receive one-half of the retiree's benefit over their lifetime after the retiree's death
- Benefits are based on ages of retiree and beneficiary
- No change of beneficiary (to receive a monthly benefit) allowed after retirement, unless beneficiary predeceases retiree or a divorce between retiree and beneficiary.

✓ See ***Replacement Beneficiary*** information

# RSA Educational Programs

RSA offers educational programs or seminars throughout the state.

1. **Control Your Money Game** is a ½ day seminar for early to mid-career employees.
2. **Retirement Preparation** seminars are for employees who are within 5 years of retirement eligibility.
3. **Individual Counseling Appointments** are twenty minute, one-on-one appointments with our retirement.

**Check the RSA website or ask your HR office about the schedules and registration forms. These programs are very beneficial.**

A successful retirement  
requires a lot of  
**planning** and **preparation!**

You have time to plan so get started.

