

City of Tallahassee Retirement Office

GUIDE *to* RETIRING

*For Police Officers and Firefighters
April 2009*



The City of Tallahassee's Retirement Office is pleased to provide the following information to guide you through the retirement process. Inside you will find information regarding:

- Pension Payment Options
- Health Insurance after retirement
 - Continuing your deductions
 - Beneficiary Designations
- MAP 401(k) and RSVP 457 distribution options

Please take a moment to read through the information carefully, and contact the retirement office if you have any questions. It is important that you and your family understand the type and amount of benefits that you are eligible to receive.

You can contact the Retirement Office by calling 891-8343 or by writing to us at:

City of Tallahassee
Pension Administration
300 S. Adams St. Box, A-30
Tallahassee, FL 32301

We also encourage you to visit us on the City's Intranet website at:

<http://cotweb/newcitynet>

Go to Departments, Treasurer-Clerk, then Retirement

This brochure summarizes the Plan Document that legally governs all plan operations. Full details of the Plan are covered in the Plan Document, which is contained in the City Ordinance. In case of any conflict between this brochure and the Ordinance, the provisions of the Ordinance will prevail.

You can help make your retirement as smooth and error-free as possible by completing each of the following steps:

- (1) Notify the Retirement office and your department in writing of your intention to retire at least 30 days prior to your retirement date. This will insure that you receive your first retirement check in a timely manner. NOTE: If all information is received from your department in a timely manner, you should receive your first retirement benefit at the end of the month following the month in which you retire. If you retire on the first day of the month, you will receive your first benefit check on the last day of that month.
- (2) Two or three weeks before you retire, you will be contacted by our office to schedule an appointment for you and your spouse to come in and discuss your options at retirement. At that time you will be asked to choose your retirement benefit option and indicate which payroll deductions you want to keep, i.e. health insurance. This meeting takes approximately an hour. Please refer to pages 4 and 5 of this handout for a description of benefits that may be continued into retirement.
- (3) You must provide a birth certificate or other documentation to verify the age of yourself and your spouse. You must also provide a copy of your marriage license and your spouse's social security number. This information must be provided prior to receiving your first retirement check. Listed below, in order of preference, are the documents we will accept as evidence of age:
 - * Birth Certificate or Delayed Birth Certificate
 - * Census Report (more than 30 years old)
 - * Life Insurance policy (more than 30 years old)
 - * Letter from the Social Security Administration Office, stating the date of birth it has established for you
 - * Hospital birth record
 - * Passport
 - * Naturalization record (citizenship paper)

In the absence of the above, a document from two (2) of the following categories will be required:

- * Birth Certificate of child, showing age of parent
 - * Family Bible or Baptismal Certificate
 - * School Record at time of entering grammar school
 - * Military Record
 - * Official record of marriage issued at least 10 years ago, which shows your birth date or age
- (4) Verify your leave balances before your last day because your leave payout and pension payments will be based on the balances indicated by your department.
 - (5) All retirees are required to establish a direct deposit for their monthly pension payments. If you currently have a direct deposit, it is not necessary to complete a new form.
 - (6) If you are covered under the City's health insurance and are within six months of your 65th birthday, you must contact the Social Security Administration regarding your eligibility for Medicare benefits. If you are eligible, it is mandatory that you retain both Parts A & B and supply the retirement office with a copy of your Medicare card that has both parts listed and the effective date of each. These benefits can decrease the cost of health insurance for you and your spouse. Applications for Medicare are available through the Social Security Administration with approximately a three (3) month wait for approval. The reduction in rates generally begins two months after receipt of your Medicare card by our office.

Continuing Deductions After Retirement

Coverage that can be continued after retirement:

MEDICAL - Capital Health Plan or Blue Cross/Blue Shield

- Coverage can continue. Enrollment is available even if you are not covered as an active employee.
- If you opt out of the City's health insurance plan as a retiree, this decision is irrevocable.
- Rates will increase. Please see page 6 of this handout for current retiree rates.
- Premiums are no longer "pre-taxed"

DENTAL - CIGNA Dental Health (CDH) or CIGNA Scheduled Plan

- You must be covered as an active employee in order to continue coverage as a retiree.
- Rates remain the same as for active employees
(if rates increase in the future for active employees, they will also increase for retirees)
- Premiums are no longer "pre-taxed"

LIFE INSURANCE (Term) – MetLife

- You must be covered as an active employee in order to continue coverage as a retiree.
- Term Life policy can continue, premium will increase with age

CANCER - Capitol American Cancer/Conseco

- You must be covered as an active employee in order to continue coverage as a retiree.
- Rates remain the same as for active employees
- Premiums are no longer "pre-taxed"

PREPAID LEGAL - ARAG/Midwest Legal Services

- You must be covered as an active employee in order to continue coverage as a retiree.
- Rates remain the same as for active employees

VISION - Vision Service Plan

- You must be covered as an active employee in order to continue coverage as a retiree.
- Rates remain the same as for active employees
- Premiums are no longer "pre-taxed"

LONG TERM CARE - CNA Insurance

- You must be covered as an active employee in order to continue coverage as a retiree.
- Rates remain the same as for active employees

Coverage that cannot be continued after retirement:

FAMILY CARE SPENDING ACCOUNTS

- Not available to retirees

ACCIDENTAL DEATH & DISMEMBERMENT (AD&D) – MetLife

- Not available to retirees

HEALTH CARE SPENDING ACCOUNTS

- Cannot be continued through pre-tax deduction from retirement check
- Retiree must honor his/her annual election if he/she wants to continue filing claims
- Balance of annual premium may be deducted on a pre-tax basis from the employee's final paycheck or made in monthly after-tax payments - - with an additional 2% administrative fee assessed (COBRA coverage)
- Generally no advantage to continuing COBRA coverage
- If you participate in the Family Care Spending account or the Health Care Spending account, contact Human Resources prior to retirement.

2009 Health Care Rates

Monthly			
CHP/BCBS	Retiree	City	Total
Individual	\$237.42	\$164.98	\$402.40
Two-Party	\$507.12	\$297.84	\$804.96
Three or More	\$682.22	\$418.14	\$1,100.36
Medicare CHP			
Individual	\$143.92	\$35.98	\$179.90
Two-Party (Both Medicare)	\$291.44	\$68.36	\$359.80
Two-Party (One Medicare/ One Not)	\$386.34	\$173.56	\$559.90
Three or More (One or two Medicare)	\$600.24	\$282.46	\$882.70
Medicare BCBS			
Individual	\$249.90	\$159.78	\$409.68
Two-Party (Both Medicare)	\$525.65	\$336.07	\$861.72
Two-Party (One Medicare/One Not)	\$525.65	\$336.07	\$861.72
Three or More (One or two Medicare)	\$724.80	\$463.39	\$1,188.19

Explanation of Pension Payment Options

Police Officers & Firefighters

Under the rules of the Plan, your beneficiary can be whomever you choose if you elect one of the three payment methods below:

- A. Ten Year Certain and Life (Base Pension Payment): This benefit amount provides a monthly benefit for your lifetime, with 120 monthly payments guaranteed. This means that if you die before receiving 120 payments, the remaining payments will be made to your named beneficiary. You will receive benefits for life, regardless of the number of payments made to you; but if you have received more than 120 payments at your death, nothing will be payable to your beneficiary.
- B. Fifteen Year Certain and Life: Under this option, the Base Pension Payment is reduced during your lifetime. It is like the Ten Year Certain and Life option, except that 180 payments are guaranteed. If you die before receiving 180 payments, the remaining payments will be made to your beneficiary.
- C. Twenty Year Certain and Life: Under this option, the Base Pension Payment is reduced during your lifetime. It is like the Ten Year Certain and Life, except that 240 payments are guaranteed. If you die before receiving 240 payments, the remaining payments will be made to your beneficiary.

Under the rules of the Plan, a legal spouse may qualify for the four forms of payment listed below. No named beneficiaries other than your legal spouse you were married to at the time of your retirement can receive benefits under these four payment methods.

- D. Joint and Contingent One-Half: This benefit option provides a reduced monthly benefit for your lifetime and, after your death, a payment of 50% of your benefit to your spouse for life.
- E. Joint and Contingent Two-Thirds: Under this option, the Base Pension Payment is reduced during your lifetime. Then, after your death, two-thirds of the amount you received will be payable to your spouse for life.
- F. Joint and Contingent Three-Fourths: Under this option, the Base Pension Payment is reduced during your lifetime. Then, after your death, three-fourths of the amount you received will be payable to your spouse for life.
- G. Joint and Contingent Full Benefit: This option reduces the Base Pension payable during your lifetime. After your death, an equal amount is payable to your spouse for life.
- H. Life Only: As required under Florida Statutes 175 and 185, you may choose to receive a "Life Only" Pension Payment where the amount is actuarially determined for your lifetime. No further benefits would be paid upon your death; therefore, it is suggested that you choose this option only if you are not married at the time you retire.

Commonly Asked Questions

Police & Fire Pension Payment Options

1. Once I retire and begin receiving payments, can I change my option selection?
Answer: You cannot change your option; this is an irrevocable decision that you make upon retirement.

2. Once I retire and begin receiving payments, can I change my beneficiary?
Answer:
 - If you choose a joint and contingent option and your spouse dies, as required under Florida Statutes 175 and 185, you can have your benefit recalculated based on the following requirements:
 1. You are remarried
 2. You change your beneficiary and your new spouse is your sole primary beneficiary
 3. You pay the actuarial cost for the recalculation.
 4. The actuarial cost must be paid prior to recalculation and is nonrefundable, even if you choose not to have your benefit changed.
 5. There is a maximum of two times that your benefit can be changed under the criteria listed above.

 - If you choose life only or one of the period certain options, you can change your beneficiary at any time. Please keep in mind that if you choose life only, your beneficiary will only receive the balance of what you paid into the pension plan plus interest less any benefits that have been paid to you.

3. If my spouse is my beneficiary, what happens if I get divorced?
Answer: If you chose a joint and contingent option, upon your death, payment would be made to your spouse named at the time of your retirement. If you choose a life only or period certain option, you may change your beneficiary.

4. What happens when both my beneficiary and myself die?
Answer:
 - If you choose a joint and contingent option and both of you die, the balance between the contributions you paid plus interest and the total amount of benefits you have received will be paid to the estate of the last to die.

 - If you choose the life only option, the balance between the contributions you paid plus interest and the total amount of benefits you have received will be paid to your estate.

 - If you choose a period certain option and both of you die prior to the end of the period certain, payments will continue to the estate of your beneficiary until the end of the period certain option you chose.

Please note: Regardless of the payment option you choose, you as the retiree will always receive a monthly pension payment during your lifetime.

Prudential Account Distribution Options

The following distribution options are available for all of your Prudential tax-deferred savings accounts; the 401(k), 457, 175/185 Supplemental Share Plan and DROP. These payout options apply only to Police Officers and Firefighters who have either retired or terminated employment with the City of Tallahassee.

Option 1: Lump Sum Payout

- You may take either a full or partial lump sum distribution from any of your Prudential accounts.
- 20% taxes will be withheld automatically. This is an IRS rule and not subject to change.
- If you are younger than 59^{1/2} when you take a lump sum, you may be charged with a 10% IRS penalty the year following the distribution. There are two exceptions to this rule:
 - You are employed as a Police Officer or Firefighter until at least age 50.
 - You are taking a distribution solely from the RSVP 457 plan.

Option 2: Monthly Distribution

- There are two methods under this option, the 72t and the DEFRA. They each provide a monthly payment based on IRS formulas using your age and account balance.
 - The 72t monthly payment remains the same for the life of the payout. Your investment earnings may affect the length of the payout.
 - The DEFRA monthly payment is recalculated annually and may increase or decrease depending on your interest earnings.
- One additional payment may be requested annually. Your monthly payment would then be recalculated based on the remaining balance. This is treated as a lump sum withdrawal and subject to IRS rules.
- Your money is taxable only as your monthly payments are received.
- You retain investment control.
- Death Benefit: Your primary beneficiary retains full control of the account.

Option 3: Insurance Company Annuity (MetLife Insurance Company)

- Your entire account is disbursed to insurance company (minus a \$300 set up fee)
- Monthly payment is actually an annuity payment that is based on your age, your spouse's age (if applicable), current insurance company yield and the option selected.
- The payment increases by 3% annually.
- There are six payment options available: 10 Year Certain and Life; 15 Year Certain and Life; 20 Year Certain and Life, Joint and Contingent Full, Joint and Contingent 2/3 and Joint and Contingent 1/2. (similar to the City's retirement options).
- Your money is taxable only as your monthly payments are received.
- No control over where funds are invested.
- No partial withdrawal or cash-out provision.
- Death benefit is based solely on the option selected.

Option 4: Vest account and draw payments at a later date

- You may leave funds in account and draw payments at a later date based on the above options.
- Distributions must begin no later than age 70 ½ - IRS Minimum Required Distribution rule.
- Death Benefit: Your primary beneficiary retains control of the account, and can choose any of the above options for distribution.