
City of Tallahassee Retirement Office

GUIDE *to* RETIRING

*For General Employees
November 2011*



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 our website at:

<http://www.talgov.com/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:

Submit a completed Retirement Form to your Benefit Coordinator at least 30 days prior to your retirement date. These forms can be found in the Forms section of our website, or you may contact the Retirement Office at 891-8343. Your Benefit Coordinator will forward your Retirement Form to our office.

Once we receive your completed Retirement Form, we will contact you 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 benefits you want to keep, i.e. health insurance. You will also make decisions on the distribution of your Prudential accounts. This meeting takes approximately an hour.

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.

Optional Benefits After Retirement

Coverage that can be continued after retirement

Medical-Capital Health Plan or Blue Cross/Blue Shield

- You may enroll at Retirement even if you are not covered as active employee.
- If you opt out of the City's health insurance plan as a retiree, this decision is irrevocable.
- Rates will generally increase annually. Current retiree rates are listed on the next page.
- Premiums are no longer "pre-taxed"

Dental, Vision, Prepaid Legal, Life Insurance and Long Term Care

- You must be covered as an active employee in order to continue coverage as a retiree.
- Your premiums will be converted from bi-weekly to monthly premiums.
- 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"

Coverage that cannot be continued after retirement

Accidental Death & Dismemberment (AD&D) MetLife

UNUM Long Term Disability Insurance

Health Care and Family Care Spending Accounts

- Your Health Care and Family Care Spending Accounts terminate on your date of your retirement.
- Any monies deducted from your paycheck from January 1 through your retirement date must be spent by the date you retire.
- Any services incurred from January 1 through your retirement date must be claimed by March 31 of the following year.
- Contact Human Resources prior to retirement to discuss your options.

MAP 401(k) and RSVP 457 Loans

- You may continue to repay your monthly loan payment directly to Prudential until it is paid off
- You cannot take distribution of any money from the account as long as your are continuing to pay off your loan. You must default on the balance of the loan before you can begin any distributions.
- Defaulting on the balance of your loan has no negative impact on your credit rating, however, it will be reported as taxable income.

City of Tallahassee 2012 Monthly Health Insurance Rates for Retirees

CHP/BCBS	Retiree's Monthly Portion	City's Monthly Portion	Total Monthly Premium
Individual	\$288.36	\$174.88	\$463.24
Two-Party	\$617.57	\$315.71	\$933.28
Three or More	\$832.80	\$443.22	\$1,276.02
Medicare CHP			
Individual	\$172.38	\$37.76	\$210.14
Two Party (Both Medicare)	\$348.54	\$71.74	\$420.28
Two Party (One Medicare)	\$462.40	\$183.40	\$645.80
Family Medicare	\$717.10	\$298.82	\$1,015.92
Medicare BCBS			
Individual	\$324.28	\$159.78	\$484.06
Two Party (Both Medicare)	\$682.08	\$336.07	\$1,018.15
Two Party (One Medicare)	\$682.08	\$336.07	\$1,018.15
Family (One or More Medicare)	\$940.50	\$463.39	\$1,403.89

* This chart illustrates the monthly premium that is paid by the retiree, the portion that the City Pays on behalf of the retiree, and the total monthly premium that is paid to the Health Insurance provider.

Explanation of Pension Payment Options

General Employees: Part "C"

Under the rules of the plan, a legal spouse may qualify for the three forms of payment listed below. No named beneficiaries other than your legal spouse can receive benefits under these three payment methods. Only the spouse that you were married to at the time of your retirement is covered, if you remarry after you retire, your new spouse will not be eligible for a benefit payment.

- A. Base Pension Payment - Joint and Contingent Two-Thirds: This benefit amount provides a life-time benefit for you and, after your death, a payment of two-thirds of your benefit to your spouse for life.
- B. 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.
- C. 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.

Under the four payment methods explained below, your beneficiary can be someone other than your legal spouse - whomever you choose.

- D. Life Only: If you are not married at the time you retire, you will receive a benefit equal to the Base Pension Payment amount for your lifetime. This form of benefit is called the "Life Only" option. After your death, there is no further benefit payable.
- E. Ten Year Certain and Life: This form of payment provides a reduced monthly benefit 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.
- F. Fifteen Year Certain and Life: This option 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.
- G. Twenty Year Certain and Life: This option is like the Ten Year Certain and Life, except that 240 payments, the remaining payments will be made to your beneficiary.

Please carefully read the explanation of the options above and the Commonly Asked Questions on the following page. At the time you retire, you will choose an option and certify that you understand the option you have selected. The option you select at retirement can never be changed.

General Employees Commonly Asked Questions Concerning Pension Payment Options

1. Once I retire and begin receiving payments, can I change my option?

No, 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?

- If you choose a joint and contingent option you cannot change your beneficiary under any circumstances.
- If you choose a 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?

If you choose 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 one of the period certain options, you may change your beneficiary at any time.

4. What happens when both my beneficiary and myself die?

- 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.

Matched Annuity Pension MAP 401(k) Monthly Payment Options for General Employees

Monthly payment Options 1, 2 and 3 provide a 50% match of eligible 401(k) funds and are available to general employees who have at least seven years of City service in a permanent position, and retire from the City under early/normal/disability retirement provisions. Terminated employees with at least seven years of City service are eligible to begin Options 1, 2 or 3 at age 55.

Option 1: 72T Distribution (Prudential)

- A monthly payment that is based on IRS formula using retiree age (IRS annuity tables) and account balance (including interest earnings). Unlike the DEFRA payment (option 2), this monthly payment is not recalculated each year, so your monthly payment remains the same for the life of the payout. Investment earnings on account balance would determine length of payout over your life expectancy.
- One additional payment, a partial withdrawal, may be requested. Remaining City 50% matching funds will be forfeited if the additional payment is taken from the employee's matched funds. The monthly payment will then be recalculated based on the remaining balance.
- Taxable only as monthly payments are received.
- Retiree retains investment control.
- Cash out provision at any time. Remaining City 50% matching funds will be forfeited back to the City, and a tax penalty may apply according to IRS regulations.
- Upon the death of the retiree, the primary beneficiary retains control of the account balance including 50% match.

Option 2: City DEFRA Distribution (Prudential)

- A monthly payment that is based on IRS formula using retiree age (IRS rolling life expectancy annuity tables) and account balance (including interest earnings). This payment will be recalculated annually which may increase or decrease depending on interest earnings on your account balance.
- Payment is recalculated annually.
- One additional payment, referred to as a partial withdrawal, may be requested. Remaining City 50% matching funds will be forfeited if the additional payment is taken from the employee's matched funds. The monthly payment will then be recalculated based on the remaining balance.
- Taxable only as monthly payments are received.
- Retiree retains investment control.
- Cash out provision at any time. Remaining City 50% matching funds will be forfeited back to the City, and a tax penalty may apply according to IRS regulations.
- Upon the death of the retiree, the primary beneficiary retains control of the account balance including 50% match.

Option 3: Insurance Company Annuity (MetLife Insurance Company)

- Retiree's MAP 401(k) account and the City's 50% match is disbursed to insurance company
- \$300 initial set up fee, which is deducted from amount transferred to insurance company
- Monthly payment is an annuity based on: Retiree's age, Spouse's age (if joint & contingent option is selected), current insurance company yield and the option selected. The payment increases by 3% annually.
- Six payment options available: 10 Year Certain and Life; 15 Year Certain and Life; 20 Year Certain and Life. If married, the following options are also available: Joint and Contingent Full, Joint and Contingent 2/3 and Joint and Contingent 1/2. (These options are similar to the City's retirement options).
- Taxable only as 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

- 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 rule.
- Death Benefit: Upon death of retiree, their primary beneficiary retains control of the account including the 50% City's match. The account balance is paid in lump sum to beneficiary or beneficiary can choose to receive monthly payments under IRS regulations.