



WEA
Retired

Important Information for Retiring Employees
Compiled by members of the
WEA-Retired Pre-retirement Seminar Program

Congratulations on your decision to retire! The following information is being provided to help guide you through the planning and decision making process during this critical transition.

State Benefit:

- All members of PERS (Public Employees Retirement System), SERS (School Employees Retirement System) and TRS (Teachers Retirement System) are entitled to a defined benefit from the state. The benefit is determined by your average final compensation, your service credit years, and either 2% (all Plan 1 and Plan 2 retirees) or 1% (all Plan 3 retirees).
- If you plan on drawing your state benefit right after you stop working, you must formally request a **benefit estimate** and complete a **retirement application** with the Washington State Department of Retirement Systems (DRS). It is preferable to do this via the member login on the DRS website, www.drs.wa.gov. As an alternative you may request that these items be mailed to you by calling DRS at 1-800-547-6657. Processing can take from 10 to 90 days.
- If you are a member of Plan 2 or 3, the date you choose for your DRS retirement date will affect your benefit. Please refer to the July vs. September comparison below.

July 1st retirement

If you retire July 1, your cost-of-living adjustment (COLA) starts on July 1 of the following year. Because you chose July over September, you forfeit service credit for the months of July and August.

September 1st retirement

If you retire September 1, your COLA will not go into effect until July 1 two years after your retire. That's one year and 10 months after your retirement. This is because you must be retired for one entire year before receiving your first COLA payment. You will earn two more months of service credit by waiting until September to retire, but you will delay receiving your COLA benefits for nearly *two* years.

- If you are a member of Plan 2 or 3, you also have the choice between the 3% Early Retirement Factor (3% ERF) option and the 2008 Early Retirement Factor (2008 ERF) option.

3% ERF

With this option full eligibility age is 65. Your benefit is reduced by 3% for each year before age 65.

2008 ERF

With this option full eligibility age is 62. Your benefit is reduced 2% or 3% for each year before age 62. With this option there are stricter rules about returning to public service employment. It is always best to check with the Department of Retirement System before accepting employment if there is any question of jeopardizing your monthly benefit.

PERS 2 members cannot work for any entity that pays into DRS until age 65

SERS and TRS Plans 2 & 3 members can:

- work for public school districts, charter schools, educational service districts, State School for the Deaf, State School for the Blind, or tribal schools.
- must count training, orientation and classroom preparation time in the 867-hour maximum
- coach
- do office-support

SERS, TRS Plans 2 & 3 cannot:

- work in any administrative capacity
- work in any position involving staff evaluation
- work for any state agencies or local governments that pays into the Department of Retirement System
- engage in independent contracting with any school district, state agency or local government that pays into the Department of Retirement System

So what's best? There are many factors to consider that are unique to your situation. You should consult with a financial planner and/or a DRS retirement analyst for assistance in determining the most appropriate retirement date for you.

- Sick leave cash outs do not affect your benefit. Vacation leave cash outs may affect your benefit depending on your retirement plan.
- After your district makes its final report to DRS on your pay, DRS will conduct an audit and your final benefit amount will be determined. This is generally done within 6 months.

- TRS/SERS Plan 3 members have many options regarding defined contributions. Informational pamphlets are available on the DRS website, www.drs.wa.gov.

Medical:

- When district health insurance ends depends on whether you retire or sever employment.
 - If you retire, covers ends:
 - June 30 if your retirement starts July 1
 - August 30 if your retirement starts September 1
 - If you sever, cover ends September 1
- Health Insurance Options
 - **Spousal coverage**^{***} is an option provided the spouse is actively employed and the coverage is employer-sponsored.
 - **COBRA**^{***} is a federal program whereby you may continue with your district coverage for up to eighteen months after your active coverage ends. You should receive notification regarding this option before your coverage ends. If you choose this option, you will pay the district the full amount that it pays each month for your current coverage.
 - **Health Benefit Exchange**^{***} is an option for people who are under age 65.
 - **Health Care Authority K-12 Retiree program**, also known as **PEBB** (Public Employees Benefits Board).
 - PERS, SERS, and TRS Plans 1 and 2 members **MUST** retire and begin receiving a monthly benefit from DRS in order to have the right to medical coverage under PEBB.
 - PERS, TRS and SERS Plan 3 members have the right to medical coverage under PEBB if they 1) retire begin receiving a monthly benefit from DRS or 2) separate from service and delay taking the state defined benefit. If they separate from service, they must be age 55 with at least ten service credit years in order to qualify.
 - PEBB is “resident dependent”. This means where you live will determine your choices of insurance providers.
 - There are three insurance providers if you are pre-Medicare: Kaiser WA (former Group Health), Kaiser NW, and Uniform Medical Plan.
 - There are five insurance providers from which to choose a Medicare supplemental: Kaiser WA (former Group Health), Kaiser NW, Uniform Medical Plan, United Health Care (UHC) PEBB Balance. United Health Care (UJC) PEBB Complete and Plan G.

- For more information please contact the Health Care Authority at 1-800-200-1004 or visit www.pebb.hca.wa.gov.

Please Note:

If you wish to join a PEBB plan, you must enroll no later than 60 days after your district coverage ends.

**** If you choose an alternate qualified health plan, you must notify the Health Care Authority that you are deferring your right to the PEBB program at that time or you give up all rights to the program at a later date.*

Qualified plans include Tricare, Federal Employees Health Benefits Program, COBRA, Health Benefit Exchange plans, or an employer-based group health plan. It does NOT include any non-federal employer's retiree coverage.

It is highly recommended that you contact PEBB authorities if you are considering choosing an alternate qualified health plan. It is much easier to make informed decisions than it was to untangle a mess, if that was even possible. 800-200-1004

SHIBA (State Health Insurance Benefit Advisers) is a non-profit organization available to assist with your PEBB choices. You may contact them at 1-800-562-6900 to set up an appointment.

Sick Leave

Whether you are retiring or separating from service, up to 180 days of unused sick leave can be cashed out or transferred to a VEBA Health Reimbursement Account. The days are paid using a one-to-four ratio at your per diem the year you retire or separate from service, as if you were working full time.

Funds transferred to a VEBA account are non-taxable. Funds paid out in cash are taxed as income. Whether the funds can be transferred to a VEBA account will depend on the annual vote taken by your bargaining unit.

VEBA agreements vary from district to district.

In some districts a majority vote favoring putting funds into a VEBA account means everyone retiring or separating from service that year must put the funds into a VEBA account.

In other districts a majority vote favoring putting funds into a VEBA account could have a penalty for not doing so.

Check with your association or district to see what the rules are for you.

Social Security and Medicare:

- Full retirement age ranges from 65 to 67 depending on when you were born. Although you may receive Social Security benefits as early as age 62, your benefit will be permanently reduced. If you choose not to take your benefit at full retirement age, your benefit will increase each year until age 70.
- If you take your benefit before full retirement age, there are limits as to how much you can earn.
- Once you reach full retirement age, there is no limit on how much you can earn.
- Medicare is available if you are 65 or older, disabled or have kidney failure.

For more information about Social Security or Medicare, call the Social Security Administration at 1-800-772-1213 or visit their websites, www.socialsecurity.gov or www.medicare.gov.

Working After Retirement

If you plan on returning to work for a DRS covered employer, you must abide by DRS work rules or you risk reducing or losing your pension. You must also be separated from covered employment for at least one full calendar month following your DRS retirement date. Return to work restrictions will depend on your unique situation and plan provisions. For example, if you are employed in a position that pays TRI monies, DRS will add hours that count towards the 867-hour limit. Please thoroughly review your return to work rules, which are available online at www.drs.wa.gov.

The idea for this handout came from a document created by Seattle Public Schools in 2016 for its retirees. SPS graciously allowed WEA-Retired to follow its format.