

*“It’s never  
too early  
to plan  
for your  
retirement!”*



# **UNDERSTANDING YOUR COUNTY RETIREMENT BENEFIT**



*prepared by*  
Fairfax County  
Retirement Administration Agency



# INTRODUCTION

This booklet has been prepared to give you a brief overview of information that you may find helpful as a Fairfax County employee who is engaging in retirement planning.

*Nothing in the material is intended to be financial or legal advice.  
Please contact a qualified professional for advice that is specific to your situation.*

The material is divided into two sections:

- ❖ “Taking the Leap into Retirement,” explores the changes that you will undergo when you retire. This section includes information on psychological changes, housing options and health issues.
  - Preparing for the Changes to Come *page 1*
  - Who Needs That Old Job Anyway? *page 1*
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- ❖ “Your Benefits,” explains your Fairfax County Benefits after Retirement
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  - Social Security and Medicare *page 18*

~ ~ **We hope you find this information informative and interesting** ~ ~

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# TAKING THE LEAP INTO RETIREMENT

## *PREPARING FOR THE CHANGES TO COME*

Many people spend more time planning for their annual vacations than they do planning for their retirement.

Among those who plan, many only prepare for their financial needs in retirement. While financial planning is essential, it is only one part of the retirement planning process.

Without proper planning, many people find that the transition to retirement is unnecessarily difficult and, for some, quite costly.

Before looking at the many changes that come with retirement, it is important to realize that all these changes do not occur on the day you leave your workplace for the last time. Just as you have seen your life change in many ways over the past 25, 30, 40, or even 50 years of your work life, you will see many more changes occur over the next 10, 20, 30 or more years of your retired life. You will be preparing for (or being surprised by) these changes in retirement for the rest of your life.

## *WHO NEEDS THAT OLD JOB ANYWAY?*

Many new retirees who had been eagerly anticipating their retirement are surprised by how much they miss their old job, even if it was a job they disliked. They may not have realized that employment provides much more than paychecks and benefits.

For most people, their job provides them with a number of things that must be replaced by some other activity in retirement including:

- ***Structure for your day.*** You have a reason to get up, somewhere to go, a time to eat and a time to go home.
- ***A constant, easily accessible source of socialization and a sense of belonging.*** For many people, the support groups they form at work are the only ones they have.
- ***Goals to reach for.*** These can be short- or long-term goals, specific tasks that you can accomplish, career development, promotions, etc.

- ***New experiences, personal growth, and challenges.***
- ***An outlet for your creativity and skills.***
- ***A place where your achievements are recognized.*** This recognition could be as simple as a pat on the back or “thank you for a job well done” or a sense of achievement for tasks completed.
- ***Status.*** No matter how small the amount of power and influence you have in your job, you will probably miss that sense of control when you retire.
- ***A sense of self-esteem or identity.*** Many people find their identity and self-worth or self-esteem through what they do for a living or the position they have reached in their profession. After retirement, you can no longer introduce yourself by saying, “I’m a budget analyst,” or “I am the assistant director in charge of special projects.”

People who find other activities that meet these needs before retirement find their transition to retirement is less stressful. You may find that volunteer or part-time work, politics, membership in

community groups, religious activities, hobbies, sports, etc. may meet this need. It is a good idea to establish a routine, prior to retirement, that includes some of these activities.

## ***GO WHERE YOU WANT, DO WHAT YOU WANT TO DO***

Once you retire, you will be freed from the constraints of your job. You will be able to do whatever you want to do (if you can afford it), whenever you choose. Unfortunately, many new retirees waste the first weeks, months or even years of their retirement trying to decide what to do or trying out activities that they soon abandon. Many find they wish they had taken the time to prepare for something different.

Effective planning can help you get the most from your retirement from the very first day.

- Decide what makes you feel happy and satisfied.
- Identify your major concerns (i.e. health, health care, finances, where to live, family, friends, boredom, etc.)?
- Determine the resources you will have and the options available to increase those resources before retirement.
- Decide who else should be involved in your decision-making process (i.e. spouse, children, parents).

### **Gather Information**

- Use local libraries, senior citizens groups, government sources and the Internet to locate information on leisure activities, fitness, health, financial planning, housing, personal adjustments, etc.

- Discuss your ideas and plans with your spouse and others who can offer constructive input. You may find that your ideal retirement activity is traveling around the country while your spouse wants to stay put and start a part-time business. Make sure you are open to compromise and maintain the ability to be flexible.

### **Set realistic goals and deadlines**

Once you have some ideas about what you might like and have gathered information, you can set achievable goals with deadlines and begin to take action to meet those goals. Here are some examples:

- ***Savings goals.*** You decide that you need \$50,000 for a motor home and traveling expenses for a one-year trip around the country when you retire in about five years. *Action:* begin to set aside \$1,000 a month by September 1.
- ***Training goals.*** In order to start your new business after retirement, you will need a real estate broker's license. *Action:* Begin taking night courses next semester.
- ***Housing goals.*** You decide you want to live in Florida after retiring. *Action:* Find a neighborhood that appeals to you and spend time there during all seasons of the year. Also, begin to involve yourself

in community life; try to find doctors, shopping centers, a church and cultural activities that will meet your needs.

- **Activity goals.** Choose or expand a hobby, pursue a new career or an activity that you want to be involved in after retirement. *Action:* Begin to get involved now, on a limited-basis, to see if you really enjoy the activity and the people with whom you will be involved.

## **Review and update as necessary**

### ***Periodically ask yourself:***

- Am I achieving my goals and meeting my deadlines?
- Am I running into roadblocks? Why?
- Should I set new goals?
- Have I discovered new information or have changes occurred in my life that will affect my plans?

## **ADAPTING TO CHANGE**

After you retire you will find that you will have to adapt to a number of changes in your life. Considering how best to deal with these challenges in advance may reduce your chances of making mistakes.

### **Changes in Relationships**

There are watershed events in everyone's life where their relationships with others seem to change. Some of these events include: graduation, marriage, the birth of a child, divorce or death of a spouse, and retirement.

Some couples find that the adjustments required at retirement are quite difficult, especially when one spouse retires before the other or where one spouse is not employed outside the home. Suddenly having the new retiree continually underfoot creates new stresses in the relationship. The old saying, "I married you for life, not for lunch" describes this conflict.

New retirees need to recognize that they may be intruding on their spouse's existing routine. Here's an example that shows that it doesn't take much to cause a major annoyance.

Sue has been at home for the last five years. Every morning after getting her husband, Bob, off to work, she started her day by having a leisurely cup of coffee at the dining room table, watching the squirrels at the birdfeeder. After about 30 minutes, she was ready to begin her day.

However, when Bob retired, he figured that Sue's reflection time was the perfect opportunity to discuss the day's activities. Bob's intrusion into this small, but important part of Sue's day caused Sue irritation and it impacted their relationship. In an effort to diffuse this situation and respect Sue's feelings, Bob decided that this time would give him the perfect opportunity to read his newspaper without interruption.

### **Friends Are Important**

Other relationships also take on new meaning during retirement. Studies have shown that as people age, their friends may begin to become more important even than family members. People often feel more comfortable turning to friends for transportation and companionship than to their children who are busy with their own lives and families.

Generally, you make friends through the activities in which you are involved. However, if illness or disability causes you to

limit your activities, you need to be willing to take the initiative to reach out and maintain the friendships you have.

It is also essential that you try to maintain harmonious relationships both with your family and friends. This not only makes you easier to get along with and helps build relationships, but it can reduce your level of stress and can even benefit your health.

## **Filling Your Time**

Many retirees worry that they won't know what to do with the 40+ hours per week they presently spend commuting and working. In reality, many retirees find that they have more trouble learning how to say "no" to avoid over-committing themselves.

Some individuals look at retirement as a prolonged vacation. As much as you might like fishing, gardening, or catching up on your reading or any other leisure activity, you will soon find that you need something more stimulating and challenging, something that involves activity, diversity and interaction with others.

Always try to schedule an activity early in the morning (even if it is just to meet someone for a stroll). In this way, you will be forced to get up, get dressed and get moving. Otherwise you might end up sitting down with a cup of coffee in front of the TV first thing in the morning, and before you know it, it's late in the afternoon and you are still there in your bathrobe staring at the TV.

## **Living With Less**

One of the unfortunate realities of retirement is that most retirees will have a lower income after retirement than they received while they were working. This may require them to make choices about what they can afford to buy or do; where

they can afford to live and even what kind of car they can afford to buy.

On the other hand, retirees often have more opportunity to do comparison shopping, clip coupons and utilize discounts (like low-cost cruises booked at the last minute to replace someone who cancelled). Conversely, your needs may be changing so that you may not even miss the extra income. The important thing is to keep a positive attitude, while using your creativity and flexibility to make what income you have, go as far as possible.

## **Dealing with Unexpected Changes**

Retirees face many other challenges. You may be responsible for the care of elderly parents. Your children may move away (or move back in with you). You may face divorce or serious illness in your family. You may have to deal with the death of your spouse, your parents or even a child.

Some challenges may be more positive. Perhaps you will fall in love and get married. There may be new grandchildren (or in some cases, children). You could even collect an inheritance or win the lottery.

Retirement is an exciting time. Enjoy it to the fullest.

## **HOUSING CONCERNS**

Where will you live after retirement? Approximately 90% of retirees do not relocate to another part of the county after retirement. Many who stay, however, may relocate to smaller homes or apartments with less maintenance or to nearby areas with lower housing costs. Some will move several times after retirement as they age and their housing needs change.

If you are planning to stay where you are, you may want to make some changes to your home before you retire. In order for your home to meet your needs for the next 20 or 30 years, you may want to remodel so that you can eliminate unnecessary steps, poorly planned storage areas or safety hazards. You may also want to add conveniences that will make your life easier such as lower shelves, accessible bathrooms, etc. If your local zoning codes allow, you may even decide to split your home into a multi-family home, both to provide a source of income but also to cut down on the extra space that you would have to heat, cool and maintain.

There is a wide variety of housing options available if you decide to move. Besides the traditional single family home or townhouse, there are adult/retirement communities, manufactured/mobile homes, condominiums, cooperatives and rental apartments. Some retirees move in with family members or live with others. There are also facilities that offer congregate housing (independent living), assisted living, and continuing care retirement communities, which offer different levels of care depending on your need.

According to the American Association of Retired Persons, it is important to get legal, tax and investment advice before investing your money in a new type of living arrangement. Ask questions such as: "What premises will I occupy? What services and maintenance can I expect? Are costs subject to an increase and how much? Who pays for the recreational facilities? Common area? What are the rights and restrictions regarding visitors, parking, pets, children, alcoholic beverages, and reselling the property? What are the refund arrangements? Is there a trial period?"

Be sure you understand about any non-refundable fees you may have to pay and any future potential expenses. Insure that

the facility maintains an adequate reserve fund for residents whose assets become depleted. Assisted living and skilled care facilities should have Medicare and Medicaid certification and should be accredited by the Continuing Care Accreditation Commission.

If you decide to relocate to another area of the country, you need to be sure to try out the location during **all** seasons of the year. Also, be sure to find out about the local cost of living, taxes, stores, services, medical facilities, recreational and volunteer opportunities, radio and television reception, local public transportation, airport and train facilities and community and religious organizations. Is traffic a problem? Are there people with whom you can relate? Is it a safe area? Also be aware of things that may be missing. Some retirees find themselves unhappy in their new location because it doesn't have certain foods, restaurants, shops, theatres or even television shows.

Don't move to an area simply because your children are nearby. If you invest in a home and they are transferred or decide to move away, you may have to stay. You will need a support group outside of your children.

Your home can also provide income for your retirement. In addition to renting out a room or splitting your house into apartments, you may be able to use the equity in your home to provide income during your retirement.

## **PREPARING TO BE SINGLE**

It is estimated that 41 percent of women and 16 percent of men age 65 or older live alone. Many became single later in life due to the divorce or the death of their spouse. While there is no way to adequately prepare for the emotional trauma that comes from suddenly losing a spouse, you can make

some preparations to make the transition to singleness a little easier.

This is an area where communication can really make a difference. If one spouse traditionally handles the family finances, he or she needs to communicate to the other spouse what is being done and why so that the spouse may be adequately prepared to manage the finances in the event of the incapacity or loss of the one who pays the bills. Be sure to let your spouse know where all the documents are kept; creditors' names, addresses and balances due; available assets and who to contact if questions arise.

It is equally important for both spouses to know how to handle all of the household chores. Just as bills won't get paid by themselves, bathrooms aren't self-cleaning. Both spouses should know when auto, furnace or other household maintenance is due and how to arrange to have it done. Each should know how to handle any emergencies that should arise.

Even the smallest tasks should be shared. If one spouse traditionally drives the car, the other spouse (especially as he or she grows older) may find it overwhelming to drive on un-familiar roads and navigate to even the most familiar destinations. Everything seems to look different from behind the wheel.

Each spouse needs to clearly communicate their feelings about possible healthcare decisions the other spouse may be forced to make on their behalf (i.e. should they be put on life support). Burial preferences should also be made known. It is might be helpful to complete the document called "In the Event of My Death", which records important information that will be needed by your spouse (or other survivors) in the event of your death. (See page 20 of this document, for additional information.)

## **LIVING HEALTHY**

All the preparations you make for a successful retirement will mean nothing if you neglect your health. Choices you make starting today can, in large measure, determine how you will spend your retirement. You want to do the things that you've planned, and not end up suffering from sickness, physical limitations or die prematurely.

People often have the mistaken impression that aging somehow makes people sick. Studies, however, show that this is not true. Doctors have estimated that the majority of illnesses and premature deaths are caused by factors within your control such as poor diet, smoking, lack of exercise, reactions to stress, and misuse of alcohol and drugs. If you begin to take positive steps to improve your health today, you could look forward to a healthy, vibrant life into your 70's, 80's, or beyond.

### **Good Nutrition**

Experts agree that good nutrition and calorie control are important to maintaining good health as you age. A proper diet can lower the incidence of diabetes, tooth decay, stroke, high blood pressure, heart disease, and some forms of cancer. Diet can also play an important part in maintaining one's mental health. Memory loss, depression and confusion in old age are often the result of poor diet.

Your body changes as you age. As you grow older, the amount of your body fat increases. Therefore you will need to eat fewer calories. At age 60, the average woman needs fewer than 1,500 calories per day and the average man needs less than 2,000 calories. Most Americans get 40 to 50 percent of their calories as fat so it is important to eat a low fat diet. Limiting fat in your diet may prevent weight gain. This, in turn, may reduce your chances of

developing diabetes, high blood pressure and heart disease. It also reduces stress on your bones. Limiting fat may also protect against breast and colon cancer.

You should also limit your intake of sugar, salt, alcohol and caffeine. Remember that excessive alcohol use can damage your liver, brain and heart. Alcohol can also interact with certain medications. Check with your doctor or pharmacist.

Be sure to eat adequate amounts of fruits, vegetables, whole grain bread and other sources of fiber to ensure regular bowel function and help guard against heart disease and cancer.

## **Exercise**

Exercise provides many health benefits. In addition to strengthening your heart and lungs, exercise improves your flexibility and strength; helps prevent osteoporosis; relieves depression, sleeplessness and stress and protects you against illness. It can even make you look better, make you more mentally alert and add to your general sense of well-being.

If you are not exercising regularly, check with your doctor and then begin an exercise program. Start slow, but gradually increase the amount of exercise you do. This exercise may be as simple as walking a mile a day or swimming laps in the pool. The best exercise consists of rhythmic, continuous and vigorous exercise lasting at least 20-30 minutes at least three times per week. Always remember to allow adequate time for warming up and cooling off.

One popular exercise program for many retirees is walking through the malls early in the morning. Other retirees join health clubs and pools or purchase exercise bicycles or other equipment for use at home. County retirees may join the fitness center located on the first floor of the Government Center, paying the low employee rate.

## **Osteoporosis**

Osteoporosis is a condition in which the bones become thin and brittle, losing mass and density. While this condition mainly affects post-menopausal women, 25 percent of the time it afflicts men. This degenerative disease is the major cause of fractures of the spine, hip, wrist, and other bones. Often it can be prevented by following a regimen of exercise along with the consumption of adequate amounts of calcium. Postmenopausal women should insure that they have at least 1,500 milligrams, or the equivalent of six glasses of milk, in their daily diet. Men and pre-menopausal women need only about 1,000 milligrams of calcium daily.

Excellent sources of calcium also include yogurt, hard cheese, canned sardines and salmon, green leafy vegetables, turnips, collard greens, kale and broccoli. Some antacid tablets contain calcium carbonate. This is an inexpensive calcium supplement. Too much protein, smoking, alcohol, coffee and salt may increase the need for calcium.

## **Stress**

Stress is a natural part of life. However, there are certain events that trigger abnormal amounts of stress. Chronic, unrelieved stress, however, can have serious health-related side effects. Lack of concentration, depression, irritability, fatigue, loss of appetite, migraine headaches, insomnia, ulcers, emotional problems, hypertension, chronic anxiety, heart attacks and strokes have all been attributed to stress.

Stress can be relieved in a number of ways. Deep abdominal breathing, exercise, and concentration on music are simple, short-term solutions. Talking with a friend or counselor, learning new stress management techniques, developing a more positive outlook, laughing more and insuring

that you have sufficient rest and exercise can provide long-term help.

Oftentimes, people are stressed but will not admit it (sometimes even to themselves). However, when faced with a stressful situation in your life, you should first identify the cause. Then decide what actions you can take to improve the situation. Then act. Indecision and inaction are two of the worst stress producers. Sometimes it is important to realize that there is nothing you can do to control your situation. All you can do is accept it. If you have a positive attitude you will believe that something good will come out of the bad situation and you will probably find that it's true. If you have a negative attitude, all you will find is stress and disappointment.

## **Manage Your Health**

Remember that you are in charge of your health care. It is your responsibility to watch for changes that may require medical attention. It is your right to manage your own treatment. Learn to be an assertive patient. If you don't understand your doctor's diagnosis, instructions, or treatment plans, ask questions. Ask about alternative treatments, side effects of drugs, and unfamiliar procedures. If you have any doubts or problems, write your concerns down and let your doctor know. If you aren't satisfied, get a second opinion.

*~Take time to enjoy your friends and family~*

## **GOING BACK TO WORK**

Many retirees return to the workforce after retirement. Some need the additional income. Some want to go into a different line of work or start their own business. Others just enjoy working.

Not all retirees go back to work full-time. Many work part-time. Some work seasonally or fill in when needed. Others set their own hours or even work from home via computers.

Re-entering the job market can be extremely challenging, especially if you haven't looked for a new job for twenty years or more.

The first step to a successful job search is deciding what kind of work you want to do using the skills you possess. Choose the job or jobs that you would like. Then do research to find where those jobs are and who is doing the hiring. Remember that most available jobs are not listed in the classified ads. Therefore, you need to develop an extensive list of contacts. Tell your friends, previous co-workers and supervisors, professional contacts, people you know through clubs and organizations, etc., what kind of job you are looking for and ask if they can point you to someone who may have a job or who may know someone who might know of something.

Try to meet with people who know the kind of work you are looking for or who know the company you want to work for. During these informal interviews let them know that you are looking for information that will help you focus your job search. Prepare a resume appropriate for the job for which you are applying. Don't forget that working in your field as a temporary employee or volunteer can be excellent ways to learn about jobs and for potential employers to learn about you.

If you are planning to start your own business, be sure you know what you are getting yourself into both in terms of financial and time commitments. Get the necessary legal, financial, tax and insurance advice. Understand how to keep records, manage employees and about any potential operational problems you may encounter.

Discuss your plans with any family members who may be impacted. Many experts suggest starting out in an unfamiliar enterprise by working in someone else's business part-time first. In this way you will learn if you really enjoy the business and how the business works before investing too much time and money.

There are a number of excellent books available on re-entering the workforce covering subjects ranging from resume preparation to interviewing techniques. Fairfax County's Office for Women offers classes to both men and women and has a variety of resources available. Many other organizations (including organizations for retirees) also offer job-hunting classes and support groups.

“Don't simply retire from something; have something to retire to.”

## **KEEP LEARNING**

Learning about retirement and health issues is a lifelong exercise. The more you learn, the better equipped you will be to insure that your retirement is the best it can be. Libraries, government agencies, non-profit groups and senior citizen organizations are excellent sources of information about a wide variety of subjects. Take the initiative and get the information you need.

You should look for opportunities to keep learning in other ways as well. Many school districts and colleges offer senior citizens the opportunity to take classes at reduced prices or no cost. Some offer special programs aimed at seniors. Museums, nature centers, and religious institutions also often offer classes. Senior citizen organizations may sponsor or have information about other educational opportunities. Surfing the Internet and participating with Elderhostel can be excellent ways to learn new things and meet interesting people from around the country.

***Your retirement stretches before you .... enjoy it.***



# THE PSYCHOLOGICAL CHALLENGES OF RETIREMENT

Over the span of working years, employers fill many important needs for their employees.

## BELONGING

- ❖ An employer or an organization provides its employees with membership in groups--work groups, teams, committees, departments--and it provides them with colleagues.
- ❖ Each person is a part of the whole and each person has a sense of belonging.
- ❖ What other groups can be found to provide a sense of belonging in the retirement years?

## SOCIALIZATION

- ❖ Organizations provide individuals with opportunities for socialization--contact with fellow workers, colleagues, employees of other local governments, and even with friends.
- ❖ When the reality of the work group is cut off by retirement, either the person's existing socialization patterns must be maintained or new ones must be acquired.
- ❖ What other groups can be found to provide opportunities for socialization in the retirement years?

## USE OF TIME

- ❖ Organizations provide individuals with schedules and routine to their lives—time to rise, time to go to work, time for staff meeting, time for lunch, time for monthly report, time to leave work—they provide a routine of comfort and stability.
- ❖ At retirement, the control of all twenty-four hours in the day is returned to the individual who then faces the task of rearranging ways to use time that generate energy and expend it toward rewarding goals.
- ❖ What activities and interests can be found or rediscovered that are stimulating and satisfying and will provide purposeful consumption of time in the retirement years?

## GOALS

- ❖ Organizations provide goals and tasks to be performed, even long range personal goals such as earning a living, supporting a family, buying a home, educating children, and gaining financial security are tied to the meeting of organizational goals.
- ❖ After an individual retires from a work organization, they are free to create goals that are self-rewarding rather than organizationally rewarding.
- ❖ What personal goals can be pursued to produce a joy in living during the retirement years?

## ACHIEVEMENT

- ❖ Opportunities for achievement are usually offered in one's work organization. They may be opportunities for external recognition, or they may simply allow an individual to feel personal satisfaction and pride in accomplishment.
- ❖ At retirement, the work structure is no longer there to provide opportunities for achievement and the motivation for achievement must come from within the retiree.
- ❖ What opportunities for personal achievement can be developed to make the retirement years satisfying?

## **POSITIVE ROLE IMAGE**

- ❖ A work career helps to underscore the image of one's role(s) in life: he/she is a . . . his/her responsibilities are . . . For many people, their role images are affected by their career.
- ❖ People who are separated by a work career because of retirement may feel uncertain about their values as perceived by others.
- ❖ What current activities can be pursued to provide a positive role image during the retirement years?

## **POWER AND INFLUENCE**

- ❖ No matter how small the amount of power and influence that is possessed, giving it up at retirement can be difficult. The transition of power and influence, in whatever degree it exists, is important in the passage to retirement.
- ❖ The transition should be one of shifting focus—from external to internal.

**External power** is that exerted by an individual at work. His or her use of that power is subject to and must respond to outer forces—the other powers in the organization.

**Internal power** is that exerted by people who create for themselves an active and self-rewarding life and, in that process, gain control over it and themselves.

# **PLAN NOW**

## **REASONS FOR PLANNING**

- ❖ In 1900, two out of three men past 65 worked for a living. Today, only one in five does.
- ❖ Retirement is a time of change that differs from other transitions in one's life.
- ❖ People devote much effort and time to preparing themselves for entering worklife. They must prepare to enter retirement if they are to successfully leave work life for a new stage.
- ❖ Planning is essential to maintain your life style and to continue to fulfill the basic human needs that are either fully or partially satisfied by your work.

## **HAZARDS OF NOT PLANNING**

- ❖ Failure to have a good financial program.
- ❖ Difficulty with adjustments in roles and attitudes.
- ❖ Lack of a base of interests and outlets.
- ❖ Feelings of uselessness and lowered self-esteem.

## **TRUE OR FALSE?**

Pre-Retirement Planning is not really optional but an essential part of the Life Planning Process!

# YOUR BENEFITS AFTER RETIREMENT

The retirement benefits discussed in this section are divided into two parts:

- Fairfax County Retirement System benefits
- Your Social Security and Medicare benefits

In addition to your County pension benefit and Social Security benefits, you may choose to keep some of your health, dental, or life insurance benefits through Fairfax County or FCPS.

General County employees can print benefit information from the following internet site: [www.fairfaxcounty.gov/retirement/retired\\_employees/enrollment.htm](http://www.fairfaxcounty.gov/retirement/retired_employees/enrollment.htm). School employees will find retiree benefit information at [www.fcps.edu/hr/benefits/retireebenefits.shtml](http://www.fcps.edu/hr/benefits/retireebenefits.shtml) or by calling the FCPS Benefits Office at 571-423-3200.

*Additional information can be found in the “Preparing for Retirement” guides on the RAA website, located under the Active Employee tabs for each retirement system under “Publications”.*

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## **FAIRFAX COUNTY RETIREMENT SYSTEM BENEFITS**

To understand how your benefit is calculated, it will be helpful for you to understand the definition of the following terms:

*Final Average Salary (FAS):* is the average of the highest consecutive 78 bi-weekly pay periods any time in your career. Sick leave is included in the calculation as though you worked those hours at your final rate of pay.

*Social Security Breakpoint:(Relevant for members of FCERS only)* is the average of the annual Social Security Maximum Wage Base for the last 35 years before you reach age 65. This figure, based on your year of birth, changes each year as the Social Security Maximum Wage Base changes. An updated chart is published in the Employees’ Retirement System Handbook and is available on the Retirement Agency website.

## **EMPLOYEES’ SYSTEM – ERS NORMAL RETIREMENT**

You will be eligible to retire at age 65 with at least five years of service or when you are at least 50 years old and your age and service equal 80 or more. Any sick leave at retirement will be counted as service (172 hours of sick leave for full-time employees counts as one month of service. For part-time employees, service is credited based on the employees scheduled hours.)

Your normal retirement benefit will be calculated as follows:

**Plan A:** 1.8% times your FAS up to the Social Security Breakpoint for your year of birth times your service PLUS 2% of your FAS in excess of your Social Security Breakpoint times your years of service (*including sick leave but excluding LWOP*). The total is then increased by 3%. For part-time employees, your FAS and service are annualized (*see the Employees’ Retirement System handbook for more information*).

**Plan B:** 2% times your FAS times your years of service (*including sick leave but excluding LWOP*). The total is then increased by 3%.

In addition, if you retire from Fairfax County with a Regular Service Retirement you may be eligible to receive the Pre-Social Security Benefit, UNTIL the age at which you will be eligible to receive **unreduced** Social Security Benefits, somewhere between the ages of 65 and 67. If you retire before this age, you will be eligible for the Pre-Social Security Benefit, for a limited number of years. This benefit automatically ceases when you reach the age at which you will be eligible for **unreduced** Social Security benefits. This benefit is calculated at 1% of your FAS up to your Social Security Breakpoint times your years of service (*for Plan A and B*). The total is then increased by 3%. If you choose to take early Social Security at age 62 at a reduced amount, that decision does NOT affect your eligibility for the Pre-Social Security Benefit from Fairfax County.

## **EARLY RETIREMENT -- ERS**

If you wish to retire early, you must be at least 50 years old and your age and years of service must equal 75 or more.

Your early retirement benefit will be calculated in the same way as your normal retirement benefit. However, it will be reduced depending on your age at the time of retirement. Also, you will NOT be eligible for the Pre-Social Security Benefit.

## **DEFERRED VESTED RETIREMENT -- ERS**

If you terminate employment with at least five years of service and leave your contributions in the System, you will be eligible for a Deferred Vested Benefit. A Deferred Vested Benefit is calculated in the same way as your normal retirement benefit

(*based on your salary and years of service with the County*). You will begin to receive this benefit at age 65 or you may receive a reduced benefit earlier if your age and service equal 75 or more (*early retirement reduction factors apply and no Pre-Social Security Benefit is payable*).

## **UNIFORMED SYSTEM – URS**

### **NORMAL RETIREMENT**

You will be eligible to retire when you have 25 or more years of service or at age 55 with at least six years of service. Any sick leave at retirement will be counted as service. (*Note: 172 hours of sick leave for full-time employees counts as one month of service--for employees who work 56-hour weeks, 258 hours on pay stub is the equivalent of 1 month of service in retirement records.*)

Your normal retirement benefit will be calculated as follows:

**Plans A and B:** 2.0% times your FAS times your service (*including sick leave but excluding LWOP*). The total is then increased by 3%. Members of Plans A and B are also eligible for a Pre-62 benefit.

**Plans C and D:** 2.5% times your FAS times your service (*including sick leave but excluding LWOP*). The total is then increased by 3%.

In addition, to the Plan benefits listed above, you may be eligible to receive a Pre-Social Security Benefit, UNTIL the age at which you will be eligible to receive **unreduced** Social Security Benefits, somewhere between the ages of 65 and 67. If you retire before this age, you will be eligible for the Pre-Social Security Benefit for a limited number of years. This benefit automatically ceases when you reach the age at which you will be eligible for **unreduced** Social Security benefits. For members of Plans A and B, this benefit is calculated at 0.2% of your FAS times your years of service. For members of Plans C and D,

this benefit is calculated at 0.3% of your FAS times your years of service. The total is then increased by 3%. If you choose to take Social Security at age 62 with a reduction of benefits, that decision does NOT affect your eligibility for the Pre-Social Security Benefit from Fairfax County.

## **EARLY RETIREMENT--URS**

If you wish to retire early, you must have 20 or more years of service.

Your early retirement benefit will be calculated in the same way as your normal retirement benefit. However, it will be reduced depending on your age at the time of retirement.

## **DEFERRED VESTED RETIREMENT--URS**

If you terminate employment with at least five years of service and leave your contributions in the System, you will be eligible for a Deferred Vested Benefit starting at age 55. A Deferred Vested Benefit is calculated in the same way as your normal retirement benefit (*based on salary and years of service with the County*).

## **OPTIONAL SPOUSE'S BENEFIT** **For members of the Employees' System and the Uniformed System**

If you should die **before retiring** and have at least five years of service, and you have named your spouse as your sole primary beneficiary, your spouse may elect to receive 50% of the base benefit of the regular service retirement you would have been eligible for on the date of your death. The spouse benefit does **not** include a Pre-Social Security Benefit. If your spouse does not elect this option, your spouse, designated beneficiary, or your estate will receive a refund of your accumulated contributions and interest.

## **DEFERRED RETIREMENT OPTION PROGRAM (DROP)**

The Deferred Retirement Option Program (DROP) is a means of providing employees who choose to work beyond their normal retirement dates the flexibility to elect to receive some of their retirement benefits in a lump sum, rather than continuing to earn additional years of retirement service and higher monthly annuities.

Specifically, DROP provides employees who are fully eligible for normal retirement the option to retire for purposes of the pension plan, while continuing to work and receive a salary for a period of up to three (3) years. During the DROP period, the pension plan accumulates the monthly retirement benefits in an account balance identified as payable to you only at the end of the DROP period. While in DROP, your account balance is credited with 5% interest per year, compounded monthly. At the end of the DROP period, you must terminate employment with the County, and begin to receive your retirement benefit directly instead of having it credited to your DROP account balance. Sixty days prior to exiting DROP and retiring, you must make a decision for what to do with the money in your DROP account: 1) accept a lump sum distribution; 2) authorize a rollover to another qualified plan; 3) elect to have your monthly retirement annuity increased by the actuarial equivalent of the lump sum, thereby receiving a higher lifetime monthly benefit; or 4) certain combinations of the options above.

During the DROP period, you will continue to receive all other active employee benefits. For example, members continue to accrue annual and sick leave and continue to be eligible for health, dental and life insurance at the same premium rates as other County employees. *Years of service continue to increase for the purposes of the health insurance subsidy ONLY while the member is in the DROP.*

Members of each retirement system are eligible to enter the DROP when they become eligible for Normal Retirement:

**Employees' Retirement System**

- When you are age 65 with at least five years of eligibility service, **OR**
- When you are age 50 or older and your age plus years of eligibility service total 80 or more.

**Uniformed Retirement System**

- 25 years of service, **OR**
- When you are age 55 with at least six years of eligibility service

**Police Officers Retirement System**

- 25 years of service, **OR**
- When you are age 55

At the end of three years, and no less than 60 days prior to your DROP exit date, you should complete the DROP Exit Notification form and choose how the DROP balance is to be distributed. If a DROP Exit form is not received, your DROP account balance will be paid to you as a lump sum, with applicable taxes withheld.

**Sick Leave and DROP**

At DROP entry, you have the option of converting your entire sick leave balance to retirement credit or you may retain 40 hours (or the equivalent for those on a 56 hour schedule) of your total balance to have available after you enter the DROP. However, any sick leave balance carried forward will not be converted to service at the end of the DROP, and all of the sick leave you earn **during** the DROP is use or lose.

**Continued Eligibility for the DROP**

Members who continue to work and who do not elect to enter the DROP when first eligible for normal retirement, may elect to enter the DROP at the beginning of any pay period following their eligibility.

**Applications for DROP entry must be received 60 days prior to the date a member wishes to enter the DROP.**

## **DECISIONS YOU MUST MAKE AT RETIREMENT**

### **When Should I Retire?**

Fairfax County has no mandatory retirement age so you can continue working after you become eligible to retire. However, once you decide to retire, there are several things that you should consider in deciding when you wish your retirement to become effective.

*Pay Increases:* You may wish to wait until after the effective date of any pay increases in order to have your FAS and annual leave/compensatory time payoff calculated at the highest possible salary. You may also wish to choose a date that allows you to receive the highest pro-rated COLA during your first year of retirement.

*Cost-of-Living Increases (COLAs) as a Retiree:* Each July 1 your pension may be increased to reflect increases in the cost-of-living. Cost-of-living increases apply to normal, early and disability retirements, and to deferred vested benefits once benefits start. However, they do not apply to the additional Pre-Social Security Benefit that is payable for normal retirement.

The cost-of-living increase is equal to the lesser of 4% or the percentage increase in the Consumer Price Index (CPI-U) for the period ending in March of each year. The COLA is applied to the basic benefit plus previous COLAs, plus other adjustments that are COLA-eligible as of June 30. The cost-of-living increase is pro-rated if you have received retirement benefits for less than a year, as follows:

<u>If you retired</u>	<u>%full increase</u>
July 2 to October 1	75%
October 2 to January 1	50%
January 2 to April 1	25%
After April 1	0%

*Tax Implications:* You may wish to choose a retirement date that allows your annual leave/compensatory time payoff to be paid after January 1 so that it will not be included as part of your taxable salary for your last year of employment.

*Income Taxes:* If you do not plan to work after retirement from Fairfax County, you may choose to pick your retirement date at a point in the year that would limit your income for tax purposes.

*Social Security Breakpoint (Relevant in the Employees' System only):* Social Security Breakpoint tables are revised effective July 1 each year. This may be a factor when deciding the best time to retire.

## **Should I Elect a Joint and Last Survivor Option?**

If you retire with a normal or early service retirement benefit you may elect a Joint and Last Survivor Option which entitles your surviving spouse to receive all or a percentage (50%, 66<sup>2</sup>/<sub>3</sub>%, 75% or 100%) of your base retirement benefit (not including your Pre-Social Security Benefit) after your death. If you elect this option, your benefit will be reduced. The amount of reduction depends on the difference in age between you and your spouse. If your spouse should die before you (or, in the case of divorce), your benefit will be increased to what it would have been had you not elected the option. For more specific information about this option, read your retirement system handbook or contact the Retirement Agency.

## **What Deductions/Taxes Will Be Made From My Check?**

Retirement benefits are generally taxable. Contributions you made prior to January 1, 1985, however, have already been taxed and are not taxable again.

According to IRS regulations, a small portion of these previously taxed contributions will be included in each of your retirement payments. At the end of each year, you will be sent a IRS Form 1099-R showing the taxable and previously taxed benefits paid to you that year along with the amount of any taxes you have had withheld.

You will have to make decisions about any deductions or tax withholdings you may wish to be withheld from your retirement check.

You may request deductions for County group term life, health and dental insurance premiums. You may arrange for all or part of your check to be sent to the credit union. In addition, federal income taxes will be withheld. State taxes can only be withheld for the Commonwealth of Virginia.

## **Can My Benefits Be Assigned, Attached or Garnished?**

No, except to the extent permitted by Virginia law for spousal and/or child support and tax liens.

## **What Happens If I Return to Work For Fairfax County After I Retire?**

If you are hired to a position under your former appointing authority, your benefits will cease and you must again become a contributing member of the System. Then, when you re-apply for retirement, your new benefit will be the greater of either your previous benefit, including applicable cost-of-living increases, or a new benefit calculation which includes the creditable service and compensation received from the new position.

If you are hired to a position covered by one of the other Fairfax County Retirement Systems, you retain your annuity but are not entitled to join the new System. In addition, your combined salary and retirement

benefits may not exceed 115% of the then current maximum monthly salary for a Deputy County Executive, in the County's Compensation Plan. If you exceed that cap, your retirement benefit may be reduced accordingly. For additional information on returning to work for Fairfax County, please visit <http://fairfaxnet.fairfaxcounty.gov/Dept/DHR/Pages/Reemployment.aspx>.

## **YOUR FIRST CHECK**

Retirement benefits are paid once a month on the last business day of the month.

You will receive your first check at the end of the first full month in which you make no contributions to the Retirement System. Since your first check will include all retirement benefits earned from your date of retirement, it is often larger than subsequent checks. For instance, if you retire September 10, you will receive your first retirement check the last working day of October. The check, however, will include your retirement annuity for October and the portion of September after you retired. Generally, no income taxes are withheld from the first check except upon your request.

You will also receive a letter explaining how much of your benefit is taxable along with income tax withholding forms (if they have not previously been submitted). Once these forms are returned to the Retirement Agency, income taxes will be withheld according to your instructions. As a retiree, you pay your share of your health and dental premiums in advance of the month of coverage. If you choose to keep your health and dental insurance, your first check will have a deduction for the current month as well as the following month.

## **DIRECT DEPOSIT**

We require new retirees to sign up for Direct Deposit. With Direct Deposit you

don't need to worry about your check being lost in the mail. Then, even if you are away from home, sick in bed or facing inclement weather, you have the security of knowing that your funds have been automatically deposited on the last business day of the month.

You may have your funds deposited in nearly any bank, savings and loan or credit union. To change banks or account numbers, call the Retirement Agency at 703-279-8200 or 1-800-333-1633 OR complete a new Direct Deposit form (*located under "Forms" on the RAA website*).

## **SOCIAL SECURITY AND MEDICARE**

One important component of your retirement income (ERS & URS retirees) is your Social Security benefit. Administered by the federal government, the following Social Security benefits are funded primarily through payroll taxes paid by employees and employers:

1. Disability Benefits
2. Survivor Benefits
3. Old Age Benefits
4. Medicare

The Social Security Administration also administers the Supplemental Security Income (SSI) program which is designed to help aged, blind, and disabled people, who have little or no income. SSI benefits are generally paid along with Food Stamps and state sponsored Medicaid. SSI is **not** funded from the Social Security trust funds.

Social Security disability survivors, old age and Medicare benefits may be payable to the worker, the worker's spouse (*and some ex-spouses*) and to eligible children under the age of 18 (*19 if still in high school*). Children who are disabled before the age of 22 are eligible to receive benefits

while they remain disabled. Parents who are dependent on the worker's income may also be eligible.

In order to be eligible for Social Security benefits you must have been employed for specific periods of time (depending on the type of benefit). For instance, for old-age benefits, a worker generally must have earned 40 quarters of credit for employment under the Social Security system. This represents about 10 years of work. Since 1978, however, a worker can earn four credits for a calendar year based strictly on the worker's annual earnings, regardless of when during the year those credits were earned. Fewer quarters are needed for other benefits.

There are maximum benefits payable to a family. Benefits paid to former spouses do not decrease benefits to the current spouse or family. However, if you have a pension from work not covered by Social Security, your benefits may be reduced. A portion of your Social Security benefits may also be subject to income tax.

## **SS DISABILITY BENEFITS**

To qualify for Social Security disability benefits for you and eligible family members, you must have a physical or mental impairment that is expected to keep you from doing any "substantial" work for at least a year. To qualify for benefits, you must first have worked in jobs covered by Social Security. Then you must have a medical condition that meets Social Security's definition of disability. In general, Social Security pays monthly cash benefits to people who are unable to work for a year or more because of a disability.

Benefits usually continue until you are able to work again on a regular basis. There are also a number of special rules, called "work incentives," that provide continued benefits and health care coverage to help you make the transition back to work.

If you are receiving Social Security disability benefits when you reach age 65, your disability benefits automatically convert to retirement benefits, but the amount remains the same.

Disability under Social Security is based on your inability to work. Your disability must also last or be expected to last for at least one year or to result in death.

Please contact the Social Security Administration for more information on Social Security disability eligibility and benefits ([www.socialsecurity.gov](http://www.socialsecurity.gov)).

## **SS SURVIVORS BENEFITS**

Your surviving spouse (or qualified former spouse) age 60 or older (age 50 if disabled) or any age spouse caring for your children under age 16 may be eligible for benefits. In addition, your surviving children and parents who are dependent on you for at least half of their support may also be eligible for benefits.

## **SS OLD AGE BENEFITS**

Old age retirement benefits are payable when you reach age 65 to age 67 (depending on the year you were born). You may receive reduced benefits as early as age 62. You may also receive increased benefits if you do not sign up for Social Security when first eligible for full retirement benefits or continue working after retirement. Benefits may be payable to your spouse, former spouse, as well as to eligible children and parents, in the event of your death.

For any questions about Social Security, you should contact Social Security directly at 1-800-772-1213 - Monday to Friday from 7am to 7pm. If you have a touch-tone phone, recorded information and services are available 24 hours a day, including weekends and holidays. People with hearing impairments may call toll-free, the following TTY number: 1-800-325-0778, between 7 a.m. and 7 p.m. on Monday through Friday

as well. Please have your Social Security number handy when you call. You may prefer to visit the Social Security internet site at [www.socialsecurity.gov](http://www.socialsecurity.gov). If you would like to see what Social Security offers in the way of online services, please visit [www.socialsecurity.gov/onlineservices/](http://www.socialsecurity.gov/onlineservices/).

## MEDICARE

Medicare is a health insurance program for those 65 or older and many people who are disabled or who have end-stage renal disease. It consists of two parts. Part A is the inpatient hospitalization insurance. It is provided free for those eligible for Social Security benefits (and may be purchased by those with insufficient credits). Part B is the medical insurance that pays for doctor's visits, outpatient hospital care and other medical services. This coverage is optional and the cost is deducted from your Social Security check each month. If you have health insurance through the County, you are required to take Medicare Part B at age 65 if you are no longer working. If you choose not to take Part B, your claims will be paid as though you had Part B.

Medicare Part B has a monthly premium, which can usually be deducted from your monthly Social Security check. While Medicare covers a wide variety of medical services you usually have to pay a deductible and 20% or more of the cost of the medical care. Medicare Part B does **NOT** pay for custodial care, dentures or routine dental care, eyeglasses; nursing home care (*except skilled nursing care after a hospital stay*); prescription drugs and routine physical exams.

For more information about Social Security or Medicare call (800) 772-1213 or go to [www.ssa.gov](http://www.ssa.gov) or [www.medicare.gov](http://www.medicare.gov).

## MISCELLANEOUS INFORMATION

When you retire, you are paid for your accumulated annual leave. Sick leave is not paid but is used in the calculation of your retirement benefit.

- Social Security Benefits – If you are eligible to receive Social Security benefits, your leave payoff could affect those benefits. This is because Social Security benefits are subject to an earnings cap and your leave payoff is considered earnings.

You should contact the Human Resources Department, Payroll Division with regards to this matter. The Payroll Division can give you a letter that explains your leave payoff to the Social Security Administration. The letter will show the dollar value of the leave you earned in prior years versus the value of the leave earned in the year you receive the leave payoff. *Only the leave you earned in the year you receive your leave payoff should be counted toward your Social Security earnings cap.*

## CREDIT UNION

**General County retirees** may continue membership in the Fairfax County Employees Credit Union after retirement. For more information contact the Fairfax County Employees Credit Union at 4201 Members Way, Fairfax VA 22030 or call 703-218-9900.

**School retirees** may continue membership in the Apple Credit Union after retirement. For more information contact the Apple Credit Union at P.O. Box 1200, Fairfax VA 22030 or call 703-323-0246.

For either Credit Union, County or Schools, deductions may be taken from your retirement check and you may elect to have your retirement benefit directly deposited into your Credit Union account. If you have a loan with the Credit Union and are making payments from your paycheck, you must contact the Credit Union and let them know to begin taking the payments from your retirement check instead.

## **DOCUMENTING YOUR IMPORTANT INFORMATION**

The form “In the Event of My Death” is a good place to record information you would like others to have if you become incapacitated or die. This form is available at the Retirement Agency internet site under “Forms”.

**NOTES:**

**THINGS TO  
REMEMBER:**