

# Preparing for Retirement

*from Fairfax County*



A Guide For:

**SCHOOL Employees – FCPS**

*Information on Normal Service, Early Service  
and  
Deferred Vested Retirements*



# **Preparing for Retirement HANDBOOK**

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This booklet is a summary of information for **Fairfax County Public School Employee members of FCERS** retiring on a normal service, early service, or deferred vested retirement. You can find more detailed information about these subjects in the *Employees' Retirement System Handbook*, online at <http://www.fairfaxcounty.gov/retirement/pdfs/emphandbook.pdf> and the FCPS Benefits website at <http://www.fcps.edu/hr/benefits/health/retireehealth.shtml>.

*(The Fairfax County Code will govern in the event of any error in this booklet.)*

**This Retirement Handbook is for SCHOOL employee members of Fairfax County Employees' Retirement System Plans A, B, C & D**

## **Fairfax County Retirement Systems**

*Employees' Retirement System (FCERS)*

10680 Main Street, Suite 280, Fairfax, VA 22030-3812

**703-279-8200** \* TTY : 711 \* 1-800-333-1633

**FAX 703-273-3185**

[www.fairfaxcounty.gov/retirement/](http://www.fairfaxcounty.gov/retirement/)

## **Fairfax County Public Schools (FCPS)**

*Office of Benefit Services -- Department of Human Resources*

8115 Gatehouse Road, Falls Church, Virginia 22042

**571-423-3200**, Option 3, then Option 2

fax 571-423-5000

[www.fcps.edu/DHR/benefits](http://www.fcps.edu/DHR/benefits)



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# Retirement Issues – Employees’ Retirement System

## I’m Almost Ready To Retire. . .What Do I Do? Is Counseling Available?

If you are within one year of retirement eligibility and have not already received a personalized estimate of your retirement benefits (in addition to your Annual Benefit Statement), call the Retirement Systems office at 703-279-8200 to request one. The form to request an estimate can be found on the Retirement System’s website at <http://www.fairfaxcounty.gov/retirement/pdfs/es039-estimate-request-schools.pdf>.

After you have received your estimate, contact the Retirement System’s office to make an appointment for counseling.

## When Can I Retire? What Will I Receive?

To understand how your benefit is calculated, you need to understand the definition of the following terms:

*Final Average Salary (FAS) [Also referred to as Average Final Compensation (AFC)]:* is the average of the highest **consecutive** 78 bi-weekly (or 36 monthly) pay periods any time in your career. Periods of Leave Without Pay (LWOP) for approved Family and Medical Leave will be disregarded when calculating highest consecutive pay periods. Part-time employees earn a full year of creditable service toward their retirement eligibility for each year they work their scheduled hours.

*Social Security Breakpoint:* is the average of the annual Social Security Maximum Wage Bases 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. Updated charts are published in the Employees’ Retirement System Handbook and are available on the Retirement Systems website.

## NORMAL RETIREMENT: Employees’ Retirement System (FCERS)

### Eligibility

**Plan A & B members** are eligible to retire or enter the Deferred Retirement Option Program (DROP) at age 65 with at least five years of service **or** at or after **age 50**, once age and service total 80 or more. Unused sick leave will be counted as service (172 hours of sick leave for full-time employees counts as one month of service).

**Plan C & D members** are eligible to retire or enter the Deferred Retirement Option Program (DROP) at age 65 with at least five years of service **or** at or after **age 55**, once age and service total 85 or more. Unused sick leave, up to a maximum of 2,080 hours, will be counted as service (172 hours of sick leave for full-time employees counts as one month of service).

For all Plans, Leave without Pay (LWOP), except for approved Family and Medical Leave, does not count as creditable service. Part-time employees earn a full year of creditable service towards retirement eligibility if employed at the end of the school year and the beginning of the next school year.

**Your normal retirement benefit will be calculated as follows:**

**Plans A & C:** 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 service (including sick leave\* but excluding all LWOP). The total is then increased by 3%.

**Plans B & D:** 2.0% times your FAS times your service (including sick leave\* but excluding all LWOP). The total is then increased by 3%.

*\*The maximum amount of sick leave used in the calculation of a Plan C or D retirement benefit is 2,080.*

If you are a part-time employee, your salary will be annualized, using the hourly rate of pay, multiplied by the full-time number of hours paid to a bi-weekly or monthly paid employee. These annualized amounts are used to calculate a benefit in proportion to the full-time equivalent benefit you would have earned, had you worked in a full time position. (See the Employees' Retirement System Handbook for more information.)

**Pre-Social Security Benefit (Pre-SSB):**

If you retire on a normal service retirement BEFORE you are eligible for unreduced Social Security benefits, you will receive an additional temporary benefit. You will receive this Pre-SSB until the first month after you are entitled to receive an unreduced Social Security benefit. This benefit is the same for all plans and is 1.0% x FAS (up to the Social Security Breakpoint) x Benefit Service. The total is then increased by 3%.

**Note:** ERS Plan A & B DROP participants also receive the Pre-SSB.

At such time as you become eligible for **unreduced** Social Security benefits, your Pre-SSB will automatically cease. Even if you choose to receive early Social Security benefits, at or after age 62, your Pre-SSB will not cease until you reach the age for **full** Social Security benefits.

<b>Year of Birth</b>	<b>Year You Will Turn 62</b>	<b>Your Age for Full SS Benefits and Termination of Pre-SSB</b>
1937 or earlier	1999 or earlier	65 years
1938	2000	65 years, 2 months
1939	2001	65 years, 4 months
1940	2002	65 years, 6 months
1941	2003	65 years, 8 months
1942	2004	65 years, 10 months
1943-1954	2005 – 2016	66 years
1955	2017	66 years, 2 months

Year of Birth	Year You Will Turn 62	Your Age for Full SS Benefits and Termination of Pre-SSB
1956	2018	66 years, 4 months
1957	2019	66 years, 6 months
1958	2020	66 years, 8 months
1959	2021	66 years, 10 months
1960 or later	2022 or later	67 years
Use the table above to determine your Pre-Social Security Benefit eligibility.		

**EARLY RETIREMENT:** If you wish to retire early, you must be **at least** 50 years old and your age and 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 (see the Employees' Retirement System Handbook for a chart showing reduction factors) and you will **not** be eligible for the Pre-Social Security Benefit.

**DEFERRED VESTED RETIREMENT:** If you terminate from FCPS employment with at least five years of service and leave your contributions in the FCERS, you may 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 service with the FCPS). You will begin to receive this benefit the month after you turn age 65. Pre-Social Security Benefits are NOT payable to Deferred Vested retirees. You may be eligible to receive a reduced deferred vested benefit earlier than age 65, if your age and service equal 75 or more. (Early retirement reduction factors will apply.)

**OPTIONAL SPOUSE'S BENEFIT:** If you die, prior to retirement or DROP entry, and have at least 5 years of contributory service to FCERS, and if your current legal spouse is designated as your sole Primary Beneficiary with the Retirement Systems office, your spouse may elect to receive 50% of the normal service retirement benefit you would have been eligible for, on the date of your death.

This spouse benefit does not include any Pre-SSB and your spouse must make this election within 180 days of your death. If your spouse does not elect this option, he or she will receive a refund of your accumulated contributions and interest. If you do not have a spouse, or did not choose to make your spouse your sole primary beneficiary, your designated beneficiary(ies) or your estate will receive the balance of your retirement account, including any interest it has earned.

## Retirement Timing Decisions

**When Should You Retire or enter the DROP?** There is no mandatory retirement age, so you can continue working after you become eligible to retire.

**You must be eligible for Normal Retirement to enter the DROP.** You must give at least 60 days' notice, by application, to enter the DROP and DROP entry is only applicable on the first day of a pay period. For a schedule of DROP entry dates

and deadlines, please review the DROP Application Schedule on the Retirement Systems website at <http://www.fairfaxcounty.gov/retirement/pdfs/a049-drop-application-schedule.pdf>. Just because you do not apply for retirement or DROP entry as soon as you are eligible, that does not mean that you cannot apply at any future date.

**There are several things you may want to consider before deciding when during the course of the year you wish your retirement or DROP enrollment to become effective.**

**Salary Adjustments or Increases:** You may wish to wait until after the effective date of a salary increase in order to have your FAS and annual leave/compensatory time payoff calculated at the highest possible salary or choose a date that will provide you with the highest possible prorated first year adjustment on your retirement benefit.

**Leave Implications:** You may wish to retire before any excess annual leave is converted to sick leave or, you may choose to wait until after any excess annual leave is converted to sick leave, since some or all of your sick leave will count towards retirement service credit for retirement or DROP entry.

*Please note: Any sick leave earned during DROP is use or lose; your retirement benefit will not be re-calculated at the end of the DROP.*

**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.

## Other Questions

- **Should You Elect a Joint and Last Survivor Option?** If you retire on a normal or early retirement 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 the Pre-Social Security Benefit) after your death. This benefit will continue, with annual COLAs, for your spouse's lifetime. 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, your benefit will be increased to what it would have been had you not elected the option. For more specific information about this option, contact the Retirement Systems office.

- **Deductions/Taxes:** You will also have to make decisions about any deductions or tax withholding you may wish to have taken from your retirement check.

Deductions for FCPS/County group term life and dental and health insurance premiums, as well as contributions you request such as deposits to your credit union may be taken from your retirement benefits. In addition, federal and Virginia state income tax will be withheld at your request. If you are liable for another state's taxes you will have to file estimated tax forms with that state.

*\*Premiums for Health, Dental, and Life Insurance will be automatically deducted from your monthly pension payment as long as your retirement payment is sufficient to cover your premiums. If your retirement payment is not large enough to cover your premiums, we will coordinate with the FCPS Benefits Office and you will be billed separately for the premiums.*

- **Can Your Benefits Be Assigned, Attached or Garnished?** No, except to the extent permitted by Virginia law for spousal and/or child support or for Internal Revenue Service (IRS) tax levy or Chapter 13 bankruptcy court orders.

- **Will You Receive Cost-of-Living Adjustments (COLAs) as a Retiree?** Yes. Retirees and DROP participants receive COLAs based on the lower of 4% or the Consumer Price Index increase for the Washington, D.C. area each year on July 1. COLAs are pro-rated in your first year of retirement and DROP participation.

- **Will Your Retirement Benefit Be Taxed?** 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 already-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.

- **What Information/Documents Will You Need to Retire?**

- ❖ A completed, notarized\* retirement application (see last section for forms)
- ❖ Birth Certificate or passport as proof of birth
- ❖ Birth Certificate or passport as proof of birth for your spouse\*\*
- ❖ Marriage Certificate or Marriage License\*\*
- ❖ Completed Authorized Deduction Form\*\*\*
- ❖ Completed Direct Deposit Form

*\*Notarized signature from your spouse is required*

*\*\*Required for Joint and Last Survivor Option only*

*\*\*\*In the absence of completed forms, taxes will be withheld at the married with three exemptions rate for federal taxes (one exemption for Virginia state taxes)*

- **What Happens to My Retirement Annuity If I Return to Work For Fairfax County Public Schools After I Retire?\***

If you are hired to a position under your former appointing authority (FCPS) covered by the Employees' Retirement System, your benefits will cease and you must again become a contributing member of the System. In essence you must "unretire". Then, when you re-apply for retirement, your new benefit will be the higher 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 barred from joining 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 will be reduced accordingly.

*\*Make sure to read the section on "Prohibition Regarding Future Employment Activities" on page 7 of this handbook.*

## Your First Retirement Payment

Retirement benefits are paid once a month on the last business day of the month. Since your first payment will include all retirement benefits earned from your date of retirement, it is often larger than subsequent payments. First payment will be paid 60-90 days after your last day of employment. This first payment will generally be larger than subsequent monthly payments. Monthly benefit payment information can be found in Web Member Services (WMS) on the Retirement Systems website by clicking on Benefit Payroll History. Your current month's payment displays upon entry to that link.

If you plan to move after you retire, remember to notify your payroll clerk to provide your new address to them so your W-2 Form will not be delayed. Also remember to turn in your School System ID Card and any keys or other School System property in your possession.

## Direct Deposit

Direct Deposit is required for the payment of benefits. You may have your funds deposited in nearly any bank, savings and loan or credit union. To sign up for Direct Deposit, complete the Retirement Systems Direct Deposit Authorization Agreement. To change banks or account numbers, visit our website under "Forms A-Z" and download a blank Direct Deposit form. Once completed, please mail or fax the form to the Retirement Systems office.

## Monthly Pay Advice

Your monthly pay advice is available online, through Web Member Services (WMS). After you have entered your User ID and password, look under "Benefit Payroll History" for your retirement pay advice.

## Online Access to Your Retirement Account

It is important for you to keep abreast of changes in the laws and provisions that could affect your retirement and other benefits. All information affecting your benefits can be found on the Retirement Systems website at <http://www.fairfaxcounty.gov/retirement>. Notice the "Announcements" field on each page for any current notifications.

By creating an account within Web Member Services, retirees can view their benefit payroll history, tax withholding, deductions and more. Retiree information in WMS is updated in the middle and at the end each month. In addition, WMS provides a link to fairfaxNET so retirees can access Fairfax County news articles as well as Benefits and Open Enrollment information. Information in fairfaxNET is CURRENT.

To visit Web Member Services, go to <http://www.fairfaxcounty.gov/retirement> and click on *Retirement Account Log In* under "Related Links" in the left navigation bar. Establish an account by choosing a Username and Password. Log in and proceed. You will see a link to fairfaxNET at the bottom of the left navigation bar.

## Beneficiary and Address Changes

When you retire, if you have not elected a Joint and Last Survivor Option for your current spouse (as legally recognized in the state of Virginia) you will be asked to name a beneficiary to receive the balance of your contributions should you die before they are exhausted. If your beneficiary or address changes, you should notify the Retirement Systems by calling 703-279-8200 or 1-800-333-1633, TTY 711, and request the appropriate form.

**Please note:** Any future changes to your address should be recorded directly with the Retirement Systems office and the Office of Benefits Services. See introductory page of this Guide for all of the relevant contact information.

## Other Considerations

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### Credit Union

All FCPS retirees may continue as members, or join as new members, of the Fairfax County Employees Credit Union or Apple Credit Union. Deductions to the Apple Credit Union may be taken from your retirement check and you may elect to have your retirement benefit directly deposited into either 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. For more information contact the Fairfax County Employees Credit Union at 4201 Members Way, Fairfax VA 22030 or call 703-218-9900 or the Apple Credit Union at P.O. Box 1200, Fairfax VA 22030 or call 703-323-0246.

### Fitness Center

The Employee Fitness and Wellness Center (EFWC) is operated by the Fairfax County Park Authority and is open to all Employees & Retirees of Fairfax County Government and FCPS. Members of the EFWC may designate **one** person, over 18 years of age, who lives in the same household as them to join the EFWC under their account. Hours and rates are the same as for active employees. For information on rates, classes and schedule, please call 703-324-5590 or visit the EFWC website at <http://fairfaxnet.fairfaxcounty.gov/dept/parks/fitness/Pages/default.aspx>. You must log in to your retirement account through Web Member Services (WMS) in order to view page links through fairfaxNet.

### Prohibition Regarding Future Employment Activities

Any employee who retires from FCERS may not be reemployed by the school system until that employee has severed employment for at least one year. During that period, the school system shall not reemploy the retiree in any capacity (regular or hourly) nor shall it retain the employee as an independent contractor or consultant. For more information and comprehensive rules for the reemployment of retirees, contact the FCPS Department of Human Resources and refer to Regulation 4774.4.

## Social Security and Medicare

♦ **Social Security:** Most retirees born before 1938 are eligible to receive unreduced Social Security retirement benefits at age 65 (increasing to age 67 for those born in 1960 or after – see table on pages 2 & 3). Reduced benefits are available as early as age 62). You may be eligible to receive those benefits based on your own earnings or on the earnings of your current or former spouse. In addition, Social Security provides benefits for those who are disabled and for surviving spouses and children. Surviving spouses (including divorced spouses) may be eligible to receive survivor benefits as early as age 60 or earlier if they are disabled or caring for eligible children. Social Security also provides Supplemental Security Income (SSI) benefits for those with low incomes and limited assets who are blind, disabled or over age 65.

For more information or to apply for Social Security benefits call 1-800-772-1213 or visit <http://www.socialsecurity.gov>. When applying for Social Security retirement benefits its best to apply about 3 months before the month you want to begin receiving benefits.

♦ **Medicare:** See page 15 in the *Retiree Benefits Handbook for FCPS Retirees*, for information related to Medicare.

For additional information, you may want to contact Medicare for the publication entitled *Medicare and You* available from Medicare Publications, 1-800-MEDICARE (1-800-633-4227) or visit the Medicare website to review that publication and other resources they have available. You can access Medicare information online by visiting their website at <http://www.medicare.gov>.

Medicare should not be confused with Medicaid. Medicaid is the health plan for low-income individuals with limited assets and is usually operated by State welfare or human service agencies. Some individuals may qualify for both plans and may not have to pay any out-of-pocket expenses for their medical care. If you think you may qualify, call the Social Security Administration at 1-800-772-1213.

Laws governing Medicare, Medicaid, and health insurance are subject to change. Pay attention to all mail from Fairfax County and FCPS and watch the websites listed above, and other media for information.

## Services for Older Adults and Volunteer Opportunities

Fairfax County has a reputation of being one of the best places in the country to find any type of service for the elderly. These include senior centers throughout the County where classes and activities are held; many publications geared to the needs of the elderly; home based care programs providing meals, regular visits and other care for the homebound; help with housing, medical forms, and other needs; as well as many opportunities for volunteering and recreation tailored to seniors.

**The Fairfax Area Agency on Aging**, publishes *The Golden Gazette*, a FREE monthly publication covering *news to use* for older adults in the Fairfax area. Each month, *The Golden Gazette* features senior center highlights, a community calendar, a gardening column and articles on important and timely health, legal, financial and

consumer issues. *The Golden Gazette* is available in print, large print and electronic format. Visit <http://www.fairfaxcounty.gov/dfs/olderadultservices/goldengazette.htm> for information on how to subscribe.

The volunteer programs operated by the Area Agency on Aging (AAA) encompass many distinct aspects of service to the older population in the Fairfax area. Many of these programs involve volunteers over the age of 18 in direct service with clients 60 years old and over. A wish list of volunteer opportunities working with older adults is available by calling the Volunteer Solutions Intake number at 703-324-5406, TTY 711.

Most communities are served by their own Area Agencies on Aging or other government agency providing similar services. Consult your phone directory for more information.

The Fairfax County Department of Family Services has a Division that provides services to older adults and adults with disabilities. Information can be found at <http://www.fairfaxcounty.gov/dfs/olderadultservices/>. Family Services also offers a wide array of volunteer opportunities that provide you with the opportunity to make a difference in your community. You can find additional information at <http://www.fairfaxcounty.gov/dfs/About/VolOps.htm>.

## **Fairfax County Retired Employees Association (FCREA)**

Any retired Fairfax County employee or surviving spouse is eligible for membership in the *Fairfax County Retired Employees Association*. The FCREA is **not** affiliated with Fairfax County Government, FCPS, or the Retirement Systems.

In addition to being a voice on issues of interest and importance to County retirees, the group tries to schedule a variety of recreational activities throughout the year.

Annual Membership is \$5.00 to join and a renewal fee of \$5.00 each July 1, or Lifetime Membership for \$50.00. For more information or to join the Association, contact Bobbie Deegan, Treasurer, 301-937-7070. FCREA publishes a bimonthly newsletter for its membership called *Hot Flashes*.

*We wish you a successful transition into Retirement*

## **Human Resources Considerations (School System)**

Information regarding the topics below can be found in the *Retiree Benefits Handbook*, an annual handbook about Benefits and Open Enrollment for FCPS retirees. This publication can be found on the FCPS website in the General Publications category at <http://www.fcps.edu/hr/benefits/publications/>.

The *Retiree Benefits Handbook* contains a listing of contact phone numbers and websites, should you need additional information or assistance. Benefits covered in this handbook includes:

- **Annual Leave and Sick Leave**
- **Medical Plans and Dental Insurance**

While detailed information about Medical Plans and Dental Insurance is available in the *Retiree Benefits Handbook*, *current rates can be found in the retiree benefits briefing also available on the FCPS website in the General Publications category at <http://www.fcps.edu/hr/benefits/publications/>.*

- **Flexible Spending Accounts**
- **Tax-Deferred Personal Retirement Savings Plans - 457(b) and 403(b)**
- **Life Insurance for Retirees**
- **Long-Term Disability Benefits**