As an Employee of Fairfax County Government

Does It Make Any Difference When I Retire During the Year?

"Tip Sheet"

There are several things you might want to consider when you are trying to decide when you want to retire during the year.

For some individuals, taking the time to plan their retirement with regards to the following circumstances may make little or no difference —
For others, the timing of their retirement date could have some impact.

Salary Increases: Salary Increases will be taken into account for purposes of pay for annual leave, holiday pay and comp time. In addition, accrued sick leave will be valued at the new regular salary rate for purposes of calculating your final average salary (FAS).

Timing of Receiving Certain Payments: If you are thinking about retiring toward the end of the year, you should keep in mind that you will receive pay for any annual leave and comp time on the payday following your last payday as an active employee.

Timing the payout may reduce a member's tax liability by shifting it into the next year where income is expected to be lower. For some members, timing the payout to occur in the same year as the lump sum payouts for leave hours, may be a better way to avoid some tax liability. Call the Payroll Division in the Department of Human Resources for additional information.

Changes to Social Security Breakpoints: Each July 1, the Social Security Breakpoints may change according to information received from the Social Security Administration and are tied to the Maximum Wage Base – The current Social Security Breakpoint table can be found on the Retirement Systems website at *http://www.fairfaxcounty.gov/retirement/pdfs/ssbp.pdf*. *(Relevant only for members of the Employees' Retirement System)*

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.

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. COLAs do not apply to the additional Pre-Social Security Benefit that may be payable to members in the Employees' or Uniformed Systems.

The cost-of-living increase is equal to the lesser of 4% or the percentage increase in the Consumer Price Index for the Washington CMSA for the 12-month period ending March 31 before the increase goes into effect. The cost-of-living increase will be pro-rated if you have received retirement benefits for less than a year, as follows:

Number of full months you have received benefits	Percentage of full increase	Retirement Months
Less than 3	0%	April, May, June
3, 4, or 5	25%	January, February, March
6, 7, or 8	50%	October, November, December
9, 10, or 11	75%	July, August, September

*This "**Tip Sheet**" was prepared by the Fairfax County Retirement Systems*

*If you have additional questions, please call 703-279-8200 * TTY: 711*

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