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# ARE YOU READY TO RETIRE?

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“Information You Should Know Before You Retire”

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# Critical Questions to Ask Yourself . . .

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1. Why am I retiring?
2. When should I retire?
3. What steps should I take when I'm close to submitting my application?
4. Do I have an income replacement plan in place?
5. What about my health? Am I in relatively good health or should I begin to make a few changes now?
6. Do I have too much life insurance coverage?



# How much do I contribute to the plan?

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- If you were hired into an eligible position *prior to* November 1, 1996, then you contribute 7% of your salary to the plan.
  - If you were hired into an eligible position *after* November 1, 1996, then you contribute 8% of your salary to the plan.
  - Members hired or rehired after March 31, 1986 pay into Medicare.
  - Members of the Teachers' Plan *do not pay* into Social Security Retirement.
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# What are my options?

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Once you have contributed to the plan for 5 years you will be vested in the plan. As a vested participant, you can apply for **voluntary retirement** at:

- Age 55 and at least 30 years of service
  - Age 60 and at least 20 years of service
  - Age 62 and at least 5 years of service
  - Any age with at least 30 years of service if hired on or after November 1, 1996
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# What are my options?

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- If you are vested and you are **involuntarily separated** from
- DCPS, you may retire
  - At any age if you have at least 25 years of creditable service in the plan or
  - Age 50 with at least 20 years of creditable service in the plan.
- If you are under age 55, your benefit will be reduced by  $\frac{1}{6}$  of 1% for each full month that you are under age 55.

# What are my options?

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## Disability Retirement

- You must have at least 5 years of creditable DCPS service when you become disabled, *and*
  - You must be incapable of satisfactorily performing your job due to a physical or mental disability.
  - You must be actively employed to retire under disability.
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# What are my options?

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## Deferred Annuity

- Must have at least 5 years of creditable DCPS service;
  - Must be at least age 62; and
  - Must not have taken a refund of your contributions.
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# What is Creditable Service?

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As long as you are making mandatory contributions to the Retirement Fund, you earn one year of **teaching service** for each academic year you work:

- in a salary class position ET 1-15 in the DCPS system under a temporary, probationary, or
- permanent appointment; or
- as a D.C. Public Charter School teacher who is a Plan participant.





# What is Creditable Service?

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**You may receive teaching credit for the following prior work periods:**

- Up to 10 years of service in a public day school system or an equivalent school system outside of the DCPS System (referred to as non-DCPS teaching service).
- Certain other service in the DC or federal governments that is creditable under CSRS.
- Your continuous temporary service with the DCPS system immediately preceding a probationary appointment.

**To receive credit for this type of prior work, you must:**

- have at least five years of service as a DCPS teacher (eligible service);
  - make service contributions (plus interest) to the Fund for each year that you would like to purchase credit; and
  - purchase the service before you retire.
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# What Impacts My Creditable Service?

You can take up to six months of approved leave without pay each **fiscal year** and continue to earn teaching service in the Plan without having to make mandatory contributions.

- **D.C. Public Charter School Leave** -the public charter school must continue to deduct your mandatory retirement contributions from your charter school salary and make the required employer contribution.
- **Teachers' Union Leave** -. you must arrange to continue to make your mandatory contributions to the Plan during your leave .

# What Impacts My Creditable Service?

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- **Educational Leave of Absence** - to receive credit for the time you are on an authorized educational leave of absence without pay, however, you must make your mandatory contributions that you would have had deducted from your teaching salary, plus interest equal to the average rate of return on investments of the Retirement Fund.
- **Workers' Compensation Leave** - the six months of approved leave without pay per fiscal year rule applies to the time during which you are on an authorized leave without pay due to workers' compensation.
- **Military Leave Due to War or National Emergency** - if you leave your teaching position to enter the military service during a period of war or national emergency proclaimed by the President or declared by Congress, you will not be required to make contributions for this military leave to count toward your retirement.

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# How are my retirement benefits calculated?

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## ❖ Hired Before November 1, 1996

Benefit Formula:

1.5% x Avg Salary x 1<sup>st</sup> 5 years of service

+

1.75% x Avg Salary x 2<sup>nd</sup> 5 years of service

+

2.0% x Avg Salary x years of service over 10

## ❖ Hired On/After November 1, 1996

Benefit Formula:

2.0% x Avg Salary x years of Service

# How are my retirement benefits calculated?

**Average Pay = Average of the highest consecutive 36 months of base pay**

Jane is planning on retiring on June 30, 2023. Based on her high consecutive 3 years of base pay, her average pay is determined as follows:

\$84,958 for 6 months = \$ 42,479.00

\$84,958 for 12 months = 84,958.00

\$82,410 for 12 months = 82,410.00

\$79,938 for 6 months = 39,969.00

Total = \$249,816.00/3

*Average Salary = \$83,272.00*

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# Example

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## ❖ Hired Before November 1, 1996

(Average Salary = \$75,000, 30 years)

1.5%	x	\$75,000	x	5 years	=	\$5,625.00
1.75%	x	\$75,000	x	5 years	=	\$6,562.50
2.0%	x	\$75,000	x	20 years	=	\$3,000.00
TOTAL	=	\$42,187.50 Annual Benefit (plus unused sick leave)				

**= \$3,516 per month**

## ❖ Hired On/After November 1, 1996

(Average Salary = \$75,000, 30 years)

2.0% x \$75,000 x 30 years = \$45,000 Annual Benefit (plus unused sick leave)

**= \$3,750 per month**

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# **What benefit payment options are available?**

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Depending on your marital/domestic partnership status at the time of your retirement, the following payment options may impact your eligible surviving spouse/domestic partner's survivor benefit:

- **Unreduced Retirement Annuity**
    - No survivor annuity for your spouse/domestic partner (does not impact survivor annuity for eligible child(ren))
  - **Reduced Retirement Annuity With a Maximum Survivor Annuity**
    - 55% of your annuity is paid to your surviving spouse/domestic partner
  - **Reduced Retirement Annuity With a Partial Survivor Annuity**
    - Fixed dollar amount or percentage less than 55% of your annuity is paid to your surviving spouse/domestic partner
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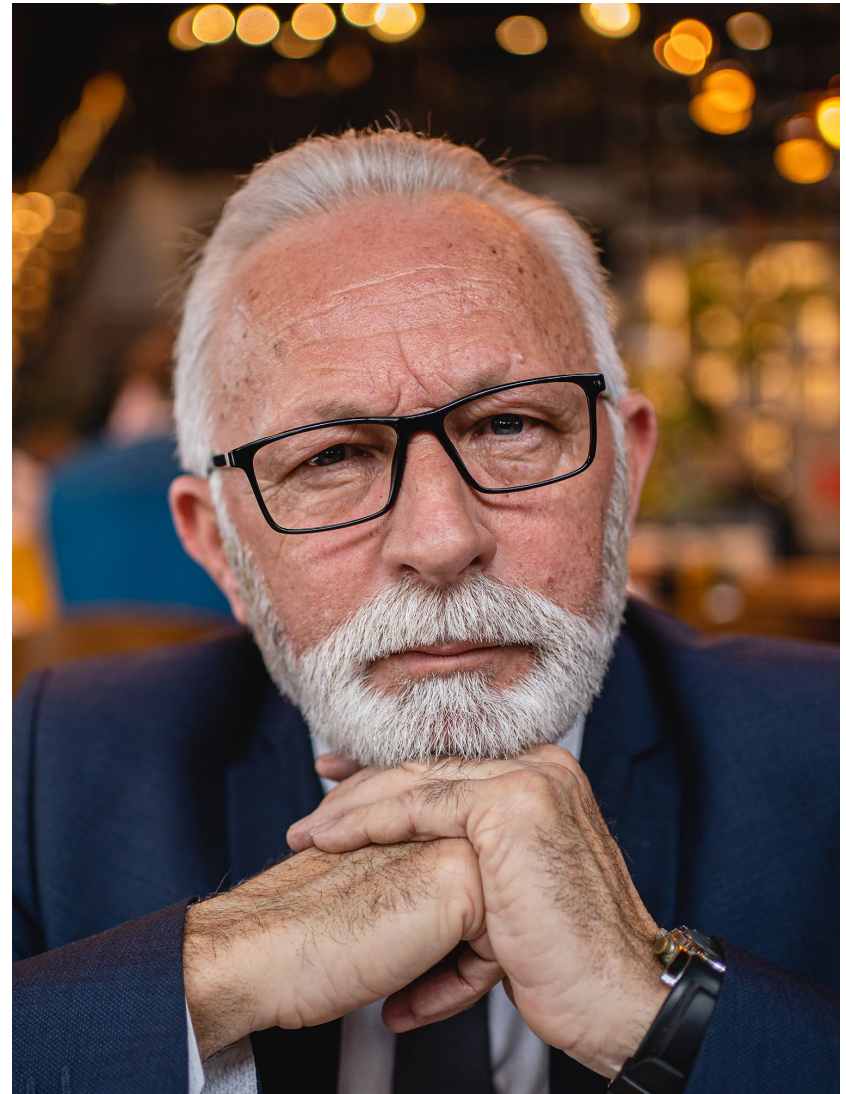
# What is the Windfall Elimination Provision?

- The Windfall Elimination Provision (WEP), reduces the Social Security benefits if you earned both Social Security and a pension from federal, state, or local government employment not covered by Social Security i.e., the Teachers Retirement Plan.
- The Windfall Elimination Provision impacts your annuity if both of are true:
  - you earn a retirement or disability pension from an employer who didn't withhold Social Security taxes.
  - you qualify for Social Security retirement or disability benefits from work in other jobs for which you did pay taxes.

If you meet one of the following criteria:

- You reached age 62 after 1985.
- You developed a qualifying disability after 1985

The Windfall Elimination Provision can apply to you.



# What is the Government Pension Offset?

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- The Government Pension Offset, or GPO, affects spouses, widows, and widowers with pensions from a federal, state, or local government job.
- Generally, Social Security benefits will not be reduced if:
  - Your government pension is not based on your earnings.
  - Your government pension is from a federal, Civil Service Offset, state, or local government job where you paid Social Security taxes; and at least one of the following applies:
    - You filed for and were entitled to spouse, widow, or widower benefits before April 1, 2004.
    - Your last day of employment at the job was before July 1, 2004.
  - You paid Social Security taxes on your earnings during the last 60 months of government service.



# What happens if I leave without retiring?

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- If you leave the DCPS system before you retire:
  - if you have less than 5 years of creditable service you can receive a refund of your contributions;
  - if you have more than 5 years of service, you can leave the money in the fund and apply a deferred annuity when you reach age 62.
  - your refund will include your mandatory retirement contributions and any purchase of service contributions you may have made to the plan.
  - partial refunds are not permitted; and
  - your refund does not include employer contributions, earnings or interest.

# Can I continue my health insurance after I retire?

- Yes!
- Teachers hired prior to October 1, 1987 participate in **the Federal Health and Life Insurance Plans.**
  - Continuously enrolled for at least 5 years at the time of your retirement
- Teachers hired after September 30, 1987 participate in the **District Health and Life Insurance Plans.**
  - Have at least 10 years of creditable service
- Your premium share is deducted from your annuity.



# What about my life insurance coverage?

- You can continue your life insurance coverage into your retirement if you were enrolled in the plan for 5 consecutive years immediately prior to your retirement date.
- Key questions to consider:
  - Do you have a life insurance policy outside of DC government?
  - If so, is it a term life, whole life or universal life insurance plan?
  - Does my plan include a waiver of premium provision?
  - Does my plan include an accelerated death benefit?
  - What goals are you trying to achieve with your life insurance?
- Are my beneficiary designations up to date?



## For More Information

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Active Teachers should  
contact DCPS Employee  
Services Division at  
**(202) 442-4090.**

Retired Teachers should  
contact DCRB Member  
Services at  
**(202) 343-3272.**



**Thank you!**

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