

Service Retirement Application Package



July 2018

maine **PERS**
Public Employees
Retirement System

SERVICE RETIREMENT APPLICATION PACKAGE

All the forms you need to apply for your MainePERS Service Retirement Benefits are in the back pocket of this package.

As you prepare to retire, there are many decisions to manage. We encourage you to use the checklist on the final page of this packet to make sure you send MainePERS all the information needed to process your retirement application. The items on the list may or may not apply to you, depending upon your individual circumstances.

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Asking for an Estimate (Getting Started)

Before you file your Service Retirement Application, you must have an Estimate of Benefits. If you haven't asked for an estimate, contact MainePERS. If you have questions about your estimate, be sure to get all of the facts you need to make well-informed decisions about your retirement. Call or email MainePERS to go over your questions or set up a time to visit our office for help. Once your benefit payments start, you can no longer make any changes to your retirement date or payment option. Changes to your retirement beneficiary are only allowed in some situations (**see page 5**).

When to File

You can submit your Application for Service Retirement Benefits to MainePERS up to 12 months before you retire. If you file early, it is important to let us know about any changes in your home mailing address or if you change banks.

You can expect your first benefit payment at the end of your first month of retirement, if we have your complete application before your effective date of retirement. If we receive your application on or after your effective date of retirement, you can expect to receive your first benefit payment at the end of your second month of retirement. When you receive your first deposit, it will include payment for all months from your effective date of retirement through the payment date. Filing your application more than 31 days after your termination date can result in the loss of life insurance coverage.

Choosing an Effective Date

After you receive and understand your Estimate, you need to choose your effective date of retirement. The effective date is always the first of the month. The following examples and explanations are for general guidance and information. Your effective date can also impact when you become eligible for cost of living adjustments (COLA) (see page 5). Contact MainePERS with any questions before making this important choice.

If you are an active member who has reached your normal retirement age (NRA), your effective date is the first of the month after you terminate all MainePERS-covered employment.

Example: An active member who is their NRA or older and leaves their MainePERS-covered job on June 15th will have a retirement effective date of July 1st.

If you retire after meeting your plan's service requirement (e.g. 25 years) but before you reach your NRA, your benefit is reduced for early retirement. If you are within six (6) months of your next birthday on your effective date of retirement, we will calculate the reduction based on your age as of your next birthday.

Example: A member with 30 years of service whose NRA is 65 and who will turn 60 next January 15th can retire effective the 1st of the month after they leave covered employment. If they choose an effective date that is between January 1st and July 1st of this year, the reduction is based on their actual age of 59. If the effective date is August 1st (the first of the month after they are 59½) through December 1st, the reduction is based on 60, their age on their next birthday.

If you are an inactive member who had vested status when you left MainePERS-covered employment, your effective date of retirement is usually the first of the month after you turn your normal retirement age (NRA).

Example: An inactive, vested member whose NRA is 65 and who turned 65 on October 10th will have a retirement effective date of November 1st.

Termination Date

For MainePERS' service retirement purposes, your termination date is usually the last day you work for your MainePERS-covered employer. If you are employed in more than one covered position, you must terminate all MainePERS-covered positions before your effective date of retirement. If you take vacation time right before you retire, your termination date can be the last paid vacation day.

Example: Your last work day is the 15th of the month, but you use accrued vacation time through the 30th; your termination date is the 30th.

Paid vacation time is not the same as payment you receive for unused leave time.

Example: Your last work day is the 15th and your employer pays you for vacation time that you had available, but you did not remain on your employer's payroll or receive benefits (e.g. health insurance) from your employer after the 15th of the month; your termination date is the 15th.

Special note for Teacher Members: Your termination date may not necessarily be the final day of your contract. Usually, a teacher member's termination date is the last teaching/working day of the school year.

Example: A classroom teacher under contract from September 1st through August 31st who teaches his/her last day on June 20th, and resigns from employment at the end of the school year generally has a termination date of June 20th.

Bona Fide Termination

No matter what your age when you retire, you must have a bona fide termination to be eligible to draw your MainePERS service retirement benefit. This means you must:

- Terminate all MainePERS-covered employment,
- Not return to covered employment before the effective date of your retirement, and
- Not return to MainePERS-covered employment for at least 30 days after termination.

If you are retiring younger than your normal retirement age, you also must:

- Not discuss or negotiate a return to work with your employer prior to your termination, and
- Certify to MainePERS (on the form provided) that you have met all of these requirements.

Choosing a Payment Option

Choosing a payment option is an important part of your retirement process. You will not be able to change your option after you receive your first benefit payment and changes to your beneficiary are limited.

MainePERS will not tell you which option to choose, but we will help you understand how they work. Your estimate included a written description of each payment option. You may also find our video at <http://mainepers.org/Pensions/The-Retirement-Process.htm> helpful. Contact MainePERS with any questions about how the options work. The amounts listed on your estimate only apply to the beneficiary listed on the estimate. Naming someone else will change the amounts of Options 2-8. If you are considering naming a different beneficiary, contact MainePERS for updated figures.

Direct Deposit

MainePERS requires your retirement payments be deposited directly to your savings or checking account. We will not process your retirement application until we have a completed direct deposit form.

If you select benefit payment option five (5), your beneficiary must also complete a direct deposit form, even if you and your beneficiary have a joint account.

Each month after you retire, your benefit payment will be directly deposited to your account on the next-to-last day of the month, unless that day falls on a weekend. When that happens, your benefit will be deposited on the last business day of the month. You will find a payment schedule in the Retiree section of mainepers.org.

Income Tax Withholding

You owe state and federal income taxes on most of your service retirement benefit. Any part of your benefit you already paid taxes on is not taxed again in retirement. You paid state taxes on all of your contributions. You paid federal taxes on contributions made before January 1989. You did not pay state or federal taxes on the interest your contributions earned while you were working. You can find more information on how the taxable portion of your benefit is determined on mainepers.org, or by asking us for a copy of Form #H0019.

As when you were working, the filing status and allowances to claim are up to you. If you do not return the withholding forms provided, by law we must deduct state taxes as if you were single and claiming no allowances and federal taxes as if you were married and claiming three (3) allowances. You can change your filing status or number of allowances as needed by sending in new forms.

Preliminary Benefits

To start, your benefit payments will likely be paid at an estimated rate, based on your most recent Estimate and the payment option you chose. This allows MainePERS to begin making payments before we know your final amount. Once everything is final, we will adjust your monthly payment amount and make up any difference between your preliminary and actual retirement benefit.

If your service retirement benefit is subject to either a child support order or a qualified domestic relations order (a court order telling MainePERS to pay part of your benefit to one or more "alternate payees," as in a divorce settlement), you are not eligible for Preliminary Benefits. Without Preliminary Benefits, your first payment will likely be two or more months after you retire. Once MainePERS has your final payroll information we will calculate your benefit amount and begin monthly payments as soon as we are able. Your first payment will be for all of the months between your retirement effective and first payment dates.

Beneficiary Changes After Retirement

Unless you select payment Option One, the changes you can make to your beneficiary designation are very limited, once we deposit your first benefit payment. A post-retirement beneficiary change can result in a change in your monthly benefit amount, your beneficiary's current or future monthly benefit amounts, and/or the length of time benefits are paid to your beneficiary. You can find more information on changing your beneficiary in the current version of your member handbook, found on mainepers.org, or by calling MainePERS.

Cost-of-Living Adjustments

Whether and when your benefit will be increased by any cost-of-living adjustments (COLA) depends on the retirement plan(s) provided by your employer. Any increase for those eligible is effective each September. You may want to think about when you will get your first COLA when choosing your retirement effective date.

Some plans have a waiting period for COLA based on your retirement date:

Example: Retirees from plans with a 12-month waiting period for COLA were eligible for the September 2017 COLA if their effective date of retirement was on or before September 1, 2016. Those who retired between October 1, 2016 and September 1, 2017 will be eligible for any COLA starting in September 2018.

Other plans base COLA eligibility on your normal retirement age (NRA). In these plans, COLA eligibility begins the first September that is at least 12 months after you reach NRA.

Example: Retirees from plans with NRA-based eligibility were eligible for the September 2017 COLA if they had turned their NRA by August 31, 2015, and their effective date of retirement was on or before September 1, 2016.

Address Changes

If you plan to regularly move between two (or more) addresses (e.g. a winter and summer address), let us know (in writing) about each address. Then, when you move between them, simply call or e-mail us with the effective date each time you change. We will follow up to your request by sending confirmation letters to both addresses. If any of your addresses change, you will need to send us a signed change form.

Health and/or Dental Insurance

MainePERS does not handle your health or dental insurance. Ask your employer or check your current coverage card for contact information.

Life Insurance

If you have Group Life Insurance through MainePERS for you and/or your dependents, our Survivor Services Division will contact you about continuing coverage into retirement.

Social Security Benefits

The amount of your MainePERS service retirement benefit is not affected by any Social Security benefits you receive. However, Social Security benefits you receive, either because you worked in a Social Security-covered job or your deceased spouse did, may be affected by your MainePERS benefit. Contact your local Social Security Administration office to learn more.

Returning to Work After Retirement

Certain rules apply to MainePERS retirees who return to work for the “same” employer. Be sure to know the specifics of your retirement plan before you retire. You will find more information on the enclosed informational sheet, in the Retire Return to Work section of mainepers.org or by calling MainePERS.

Notes



MainePERS Service Retirement Application Checklist

Use this checklist to help make sure you return all forms needed.

Not all packets include all forms. Call MainePERS for more information.

Required for All Applicants

- Application for Service Retirement Benefits
- Direct Deposit Form

Required for Some Applicants (read form or call for clarification)

- Certification of Spousal Notification
(required if you are married and do not name your spouse as your retirement beneficiary)
- Certification of Bona Fide Termination
(required if you are retiring before turning your normal retirement age)

Recommended, Optional Forms

- Home Contact Choice
- Federal Income Tax Withholding Form (W4-P)
- State of Maine Income Tax Withholding Form

Required if You Chose Option 5 (Completed by your Beneficiary)

- Direct Deposit Form (even if you are both using the same account)

Recommended, Optional Forms if You Chose Option 5 (Completed by your Beneficiary)

- Federal Income Tax Withholding Form (W-4P)
- State of Maine Income Tax Withholding Form (W-4ME)

Missing or incomplete forms can delay your first payment.

Need another form? You can print most of our forms at www.maineopers.org.

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Upon request, this publication can be made available in alternative formats. If you have such a request, please contact the MainePERS Communications Department.

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The information in this brochure is intended to give you a general understanding of benefits available to you as a member of the Maine Public Employees Retirement System (MainePERS). The contents are not the basis of any rights between MainePERS and its members, nor does this brochure provide all of the detail of the laws and rules that govern MainePERS membership and related rights. There are often changes to the statutes and rules relating to MainePERS, and the most recent law may not be reflected in this brochure. Before making a decision relating to your rights and benefits, contact MainePERS to be certain the information you have is current.