

# **So You've Made the Decision to Retire... Now What?**



**Richmond Retirement System**

**RRS**

*Building your financial future*

City of Richmond, Virginia

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## Eligibility

Employees participating in the Defined Benefit Plan (DB Plan) are eligible to receive a retirement benefit, provided that one of the following conditions is met:

### Active Employees

General Employee	Age	Service
Early Retirement (reduced benefits)	55	5 years
Early Retirement (unreduced benefits)	N/A	30 years
Service Retirement	65	Can be less than 5 years

  

Sworn Police and Fire	Age	Service
Early Retirement (reduced benefits)	50	5 years
Early Retirement (unreduced benefits)	N/A	25 years
EDB Plan Employees (unreduced benefits)	N/A	20 years
Service Retirement	60	Can be less than 5 years

Active employees must be in pay status on the date before their effective retirement date to have their retirement classified as service or early service retirement. If you are inactive and delay applying for a monthly annuity; your retirement will be classified as deferred, and you forfeit benefits that you may never recover.

There is no mandatory retirement age. Active employees may continue to work after reaching normal retirement age.

### Former Employees

Vested (5 years of service) former employees are eligible to receive a retirement benefit from the Richmond Retirement System (RRS) upon meeting one of the following conditions:

- General Employee - Age 55
- Sworn Police Officer/Fire Fighter - Age 50

## Pre-Retirement Planning

The RRS makes the following tools and resources available to assist you with your retirement planning needs:

- Request an estimate of benefits at least six months prior to your prospective retirement date. You may obtain a Request for an Estimate of Retirement Benefits Form on the Richmond Retirement System's web site at: [www.richmondgov.com/Retirement/GeneralForms.aspx](http://www.richmondgov.com/Retirement/GeneralForms.aspx).
- Attend a pre-retirement workshop. The RRS conducts retirement education workshops on a semi-annual basis. Access: [www.richmondgov.com/Retirement/GeneralEducation.aspx](http://www.richmondgov.com/Retirement/GeneralEducation.aspx) for schedules and locations.

Inform the RRS of any prior service **before** you complete your retirement application. This service must be verified and approved before it may be counted as creditable service.

It is recommended that active employees provide written notification to their supervisor and/or director of their intent to retire.

## Retirement Application Process

Complete and submit an application for retirement with the RRS.

Apply at least sixty (60) days but no more than ninety (90) days before your effective retirement date, which must be the first day of the month.

Download forms and instructions from the RRS web site at [www.richmondgov.com/Retirement/](http://www.richmondgov.com/Retirement/)

**GeneralForms.aspx.** Completed forms should be mailed to the following address; Richmond Retirement System, 730 East Broad Street, Suite 900, Richmond, Virginia 23219. The RRS offers counseling sessions to assist you in completing your retirement application if necessary.

A copy of your application will be sent to your department immediately after receipt. Your department will be responsible for certifying your salary and service history and your unused sick leave hours.

Once the signed certification forms are returned to our office, your application will be submitted to the Board of Trustees for approval at the next Board meeting.

A copy of your approved retirement application will be sent to your department notifying them of the Board's action.

A Retirement Certificate will be sent to you with important information about your retirement benefit (benefit amount, first benefit disbursement date, etc.).

## Acceptable Documents for Proof of Age

The Richmond Retirement System will accept the following documents as proof of age:

- Birth Certificate
- Report of Confidential Social Security Benefit Information (Form 2485)
- Hospital Birth Record or Certificate
- Physician's or Midwife's Birth Record
- Passport
- Official Foreign Birth Record (Translation Required)
- Marriage Certificate (if birth date is listed)
- Religious Record (Established before the age of five showing age or date of birth.)
- Final Adoption Decree (The adoption decree must show birth information from the original birth certificate.)

## Benefit Payment Options

When you elect to retire, you must select one of the benefit payment options described below. If you do not elect a payment option, your benefit will be automatically paid to you through a life annuity (Basic Benefit).

### Basic Benefit

This form of payment provides a monthly benefit to you for life. However, when you die, all benefits cease. There are no monthly payments to a beneficiary after you die.

### Smooth-Out

This payment option offers an increased monthly benefit prior to age 65. Upon attaining age 65, your retirement benefit will be reduced by the projected amount of your primary Social Security benefit, which results in a nearly level total retirement income before and after age 65. There are no monthly payments to a beneficiary after you die. This option is not available for service retirements.

### Joint and Survivor - 25%, 50%, 75%, 100%

This option offers a reduced benefit during your lifetime when compared to the Basic Benefit. However, upon your death, the same benefit amount or a designated fraction thereof, will continue to be paid to a designated beneficiary, if living. This benefit remains reduced if your designated beneficiary predeceases you.

### Pop-Up Joint and Survivor - 25%, 50%, 75%, 100%

This payment option provides for a reduced benefit when compared to the Basic Benefit, with the same benefit amount or a designated fraction thereof, continuing to your designated beneficiary after your death. If your beneficiary predeceases you, the benefit is increased to the amount you would have received under the Basic Benefit.

### Level Option (Sworn Police and Fire Employees Only)

This payment option provides a level monthly

benefit for your lifetime which is less than the Basic Benefit before age 65 amount and greater than the Basic Benefit after age 65 amount.

### **Changing Your Payment Options After You Apply**

Should you wish to change your benefit option, your request must be made in writing to the Board of Trustees prior to your effective retirement date. **Once your retirement is effective, your benefit payment option cannot be changed.**

## **Benefit Formula**

The amount of your monthly retirement benefit will depend on the following characteristics:

- Average Final Compensation (AFC)
- Creditable Service\*
- Age

\*Any periods of leave without pay will be deducted from your creditable service, unless you are on military leave. Fifty percent of your unused sick leave time will be credited towards creditable service. Unused vacation time cannot be converted to creditable service.

## **Monthly Payments**

### **Receiving Your Pension Check**

Payments are made via direct deposit to your financial institution on the last business day of the month.

Upon retirement, you will receive a check in the mail for your first pension payment so that your direct deposit can be activated.

### **Pension Check Deductions**

Pension payments are subject to federal and state income taxes, as well as health and dental insurance premiums, if applicable.

Pension payments are subject to child support payments and IRS tax levies, but are not be subject to garnishments.

End-of-Year Tax Statements (Federal Form

1099-R) are mailed by January 31st of each year. This statement shows gross and taxable annuity payments, and federal and Virginia State tax withholding.

## **Cost-of-Living Adjustments**

Retirement benefits do not include guaranteed annual cost-of-living adjustments (COLA). However, COLA's may be granted at the discretion of City Council during its annual budgeting process.

COLA's are calculated as a percentage of your pension benefit, and are cumulative. If a change occurs in the amount of your regular allowance, the amount of your COLA will also change.

## **City of Richmond Health and Dental Insurance Coverage**

### **Active Employees**

You and your dependents may continue your health insurance coverage with the City of Richmond at the retiree rate provided that you:

- Have been enrolled continuously in a City health plan for five years prior to retirement; and
- Have at least ten years of creditable service at the time of retirement

Monthly premiums for health insurance coverage vary depending upon the number of years of service a member has at the time of retirement.

When you become Medicare-eligible (normally at age 65), you will no longer be eligible to participate in the City's health insurance program. Your non-Medicare eligible spouse/dependent(s) may remain on the City's plan until they become

Medicare-eligible, unless COBRA ( Consolidated Omnibus Budget Reconciliation Act of 1985) provisions apply.

## Former Employees

Vested former employees are not eligible for health or dental insurance with the city.

## Health Insurance Leave and Return Policy

Non-Medicare eligible retirees have the option of canceling their health insurance coverage and re-enrolling at a future date in the City's health insurance program under certain terms and conditions.

- Retirees are permitted re-entry during open enrollment or with proof of a qualifying event, and are required to show continuous coverage (Certificate of Coverage) from date of withdrawal to date of re-entry to the City's plan.
- With a qualifying event, re-entry is permitted to the same or lesser tier at the time of withdrawal. (Example: Retiree with single coverage may only re-enroll with single coverage.)

## Life Insurance Coverage

### Active Employees

Group life insurance coverage will continue after retirement at no cost to you. However, accidental death and dismemberment coverage ceases at retirement.

The amount of life insurance is equal to your annual salary rounded to the next highest thousand and then doubled. The value of your life insurance coverage, will reduce by 25% on January 1st after the first full year of retirement. Each January thereafter the value will continue to decrease by 25% until it reaches 25% of its original value at

retirement.

For more information regarding your life insurance coverage contact the City of Richmond's Department of Human Resources at 804-646-5660.

### Former Employees

Vested former employees who meet eligibility for retirement upon separation of employment, but choose to defer retirement retain basic group life insurance.

## Death Benefits

### Survivor Allowance

Your spouse or other named survivor would only receive an allowance if you selected one of the Joint and Survivor Options or the Pop-Up Survivor Options and named him/her as the beneficiary.

Should your death occur after applying for retirement from active service, but prior to the effective retirement date your spouse would receive a 100% joint and survivor retirement benefit. Other Code provisions may apply if death is job-related, and vested former employees are ineligible for this benefit.

### Lump-Sum Death Benefit

If you were employed prior to June 13, 1988, and have one or more years of creditable service, a one-time lump-sum payment equal to \$16.67 for each month of service (up to a maximum of \$1,000) may be payable to your beneficiary upon your death, provided you were in receipt of a retirement allowance.

## Re-employment After Retirement

You can accept employment without affecting your retirement benefits, provided the position is not covered under the Richmond Retirement System.



If you accept a position with the City of Richmond or the Richmond Behavioral Health Authority that entitles you to become a member of the Richmond Retirement System, your monthly retirement benefit will cease.

When you retire again after a period of re-employment, your retirement benefit will recommence. Additional benefits earned by a general employee during the period of re-employment will be paid in accordance with the provisions of the Defined Contribution Plan. For sworn public safety members the additional benefit earned during the period of re-employment will be paid in accordance with the provisions of the retirement plan selected upon re-employment.

There are no restrictions regarding working part

time or full-time in a seasonal, temporary or contractual position with the City of Richmond. Creditable service will not be granted for any periods of employment during which the retired member was in receipt of a monthly retirement allowance.

## Social Security Benefits

Information about Social Security benefits may be found on the Social Security Administration's web site, <http://www.ssa.gov>.

## For Additional Information

### Visit our Internet Site

[www.richmondgov.com/retirement](http://www.richmondgov.com/retirement)

### Visit Us

**Walk-in Hours:** 10am to 12pm and 1pm to 3pm, Monday through Friday

Appointments required except during walk-in hours

### Call Us

**Toll Free:** 1-888-288-2781

**Richmond:** 1-804-646-5958

### Write Us

730 East Broad Street, Suite 900  
Richmond, Virginia 23219

# Checklist for Completing your Retirement Benefit Application

- Complete a Retirement Application
- Complete a Direct Deposit Form and attach a voided check or savings deposit slip
- Complete Federal and State Tax Withholding Forms
- Complete a Beneficiary Appointment/Change Form
- Complete a Health and Dental Insurance Deduction Authorization Form
- Complete a Public Safety Officer Authorization Form for Tax-Exempt Health Insurance Distributions Form (if eligible)
- Sign and date all forms
- Make a copy for your records
- Submit the application and all forms to the Richmond Retirement System no later than 60 days prior to your prospective retirement date



**Richmond Retirement System**

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**RRS**

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**Suite 900**

**Richmond Virginia 23219**

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