

How To Retire At RT



**Regional Transit
Employee Benefits**

Human Resources/Benefits Division

Retiring From RT?

The purpose of this class is to provide you with a general description of the Retirement Plan and how to go about applying for retirement when you are ready. It is not intended as a detailed analysis of all of the provisions of the Plan.



Who is Eligible to Participate In The Pension Plans?

- Every full-time employee of Regional Transit is eligible to become a participant.
- ATU Operators employed on 1-1-94 will receive credit for part time hours worked as an Operator

When do I Become a Participant and When am I Vested ?

- Each employee becomes eligible on their first day of employment.
- Vesting is:
 - ATU, 256: 10 years of service
 - IBEW, 1245: 5 years of service
 - AFSCME: 9 years of service – sliding scale starts at 5 years – 20%,40%,60%,80%
 - AEA/MCEG: 5 years of service

Estimates Available

- The Benefits unit does have the software to provide you with a preliminary estimate
- You can expect a 1 week turnaround on estimates
- Final numbers will vary based on benefit option selected, final work day, sell backs, final earnings

When Can I Retire?

- As a member of the Salaried Plan (AEA, AFSCME, and MCEG), you may retire effective the 1st of any month – your last work day can be any day of the month and you may bridge with accrued vacation or personal days
- Example: Your 10 year anniversary with RT is Jan 10th and you want this to be your last day- 2 options
 - Make Jan 10th last day and receive final paycheck – 1st pension check effective Feb 1st – no pay between Jan 10th and Feb 1st
 - Make Jan. 10th last work day, use vacation or floating holidays, through Jan 31st and receive final paycheck on Jan 31st – 1st pension check effective Feb 1st – no lapse in pay

When Can I Retire?, Cont

- As a member of the Contract Plan (ATU and IBEW), you may retire any day of the month
 - IBEW: If you leave in the middle of a quarter, you will not receive credit for that quarter – quarters end on March 31st, June 31st, September 30th and December 31st

When Should I Apply For Retirement?

- You should contact HR at least 30 days prior to your expected last day of work
- You will need to notify your supervisor/manager at least 2 weeks prior to your expected last day
 - Your supervisor/manager will need to complete final paper work

How Do I Apply?

- Contact HR , Deborah Brown at 321-3814, at least 45 days prior to your last day of work to make an appointment
- You will meet with HR and fill out a retirement application packet – your spouse may or may not be present at this meeting
- At this meeting you should bring:
 - Copy of your birth certificate or passport – if less than 25 years of service
 - Copy of your spouse’s birth certificate or passport, if married

What is Included in My 48 Months of Pay?

- Regular pay, including overtime
- Consent Decree payout, if applicable
- Vacation and sick leave sell back, in accordance with each policy
- Please note: Cash-in-lieu of medical is **not** included in your final compensation

Picking Your 48 Month Period

- You will need to know what 48 month period you would like to use for your “highest 48 month of earnings”
- Typically your last 48 months, including your last day with sell backs, is your highest
- However, you may choose any 48 months during your career at RT

Sell Backs

- Each Collective Bargaining Agreement (CBA) or Personnel Policies and Procedures is different – for specifics please see your agreement or ask after the presentation
- Your sell backs may either be cashed out and included in your final paycheck or transferred into the Deferred Compensation Plan (457 Plan) – you make the choice – you can not exceed the annual contribution - \$15,500 or \$20,500 (if 50+ years old) – if you roll to 457 plan, must wait for next pay period to receive final monies due

Sell Backs, Cont

- Your cashed out sell backs will be in one lump sum with your regular earnings on **one** check, and are taxed at your W4 rate in place on your last day

Choosing Your Benefit Options to Have Calculated on Application

- You have 4 benefit options to select
 - Life Alone Option
 - 100% Joint & Survivor Option
 - 50% Joint & Survivor Option
 - Social Security Adjusted Option
- Please note: If you are married, the actuary, EFI, must calculate the first 3 options. This is a CA law.
- Life Alone Calculation:
Yrs of service x final monthly avg x multiplier

Joint & Survivor Option

- Who can be my beneficiary for J&S option?:
 - Spouse
 - Child or any other dependent
 - Significant Other
- If choosing a beneficiary much younger than yourself, your benefit will be significantly reduced due to the length of expected lifetime
- If choosing a beneficiary other than your spouse, but same age, your benefit will still be reduced due to the sharing of benefit over two lifetimes

When do I Get My Final Paycheck and What Does It Include?

- Your final paycheck will either be mailed or you may pick up from HR
- All final paychecks will be ready either on your last day or within 2 days of your last day
- Your final paycheck will include:
 - All hours worked up to and including your last day since the last pay period – we pay two weeks in arrears
 - Any overtime due since last pay period
 - Any vacation and/or sick leave sell back

When Can I Expect My Final Pension Calculation?

- If you choose the last 48 months of earnings, you can expect your final pension calculation form in 3-4 weeks after your last day worked
 - Why? HR must wait until your last day worked to request all final earnings, including sell backs, from payroll
- You will receive your final pension calculation in the mail at your home address with a letter instructing you what to do
 - Two options: Have notarized with spouse, if applicable or make an appointment with HR to sign

Do I Have to Have My Spouse Sign the Final Pension Calculation Form?

- If you are married and choose one of the Joint & Survivor (J&S) Options, you do not have to have your spouse sign
- If you are married and choose the Life Only Option or the Social Security Option, yes, you need to have your spouse sign. This is a law in the State of California
 - This must be done in front of a notary or with HR – your choice

What If I am Single?

- You need to sign in front of a Notary or HR – your choice
- If you want to sign in front of HR, call Deborah Brown at 321-3814 and make an appointment

When Do I Receive My First Pension Check?

- After you have signed in front of a Notary or HR, the process takes approximately another 2 weeks
 - The signed form goes to the General Manager and Legal for approval
 - Your election is entered into our HR System, SAP
 - The entire process, from your last day worked, takes 4-6 weeks

Is My First Pension Check Retroactive To My Retirement Date?

- Yes...
- Your first pension check will be retroactive and will be a live check, not direct deposit
 - This check is typically mailed to your home address, if you would like to pick it up, let HR know
- Pension is paid the same as active employees – two weeks in arrears and the 10th and 25th of each month

What Does Two Weeks In Arrears Mean To Me?

Example

- I retire effective November 1, 2007 – my last paycheck as an active employee was October 31st and paid me through the 31st - Would receive final paycheck on October 31st or November 2nd
- HR enters my final elections in the system on December 15, 2007 after receipt of retiree's signed forms
- My first pay check as a retiree will be paper and will include pay from November 1st through November 30th on December 16th
- My next pay check will be December 25th and will include pay for December 1st through December 15th – just like you were paid as an active employee. This may be direct deposit or paper check mailed to you.
- Next pay check will be January 10th, 2008 and will include pay for December 16th through December 31st and so on

Is My Pension Check Taxable?

- Yes...
- However, only two taxes are taken from pension checks and they are:
 - CA State Tax
 - Federal Tax
- If you move out of state, RT does not collect out of state taxes. It will be your responsibility to contact that state and pay appropriate state taxes.
- You may change your state and federal tax withholdings at any time by completing an updated W-4

Will I Have Benefits After I Retire?

- ATU and IBEW
 - Have option of continuing medical insurance and life insurance at full premium
 - Dental and vision will be available through COBRA for 18 months
 - If medical is not continued, it will also be available through COBRA for 36 months
 - Current COBRA Administrator is Capitol Administrators – package will go to your home directly from Capitol

Will I Have Benefits After I Retire, Cont?

- **Salaried Employees (AEA, AFSCME and MCEG)**
 - Depending on your hire date, you will receive medical, dental and life insurance for self and dependents (varies by group)
 - Vision will be available through COBRA for 18 months
 - Current COBRA Administrator is Capitol Administrators – package will go to your home directly from Capitol
 - Will address personal situations and questions after the presentation – may make an appointment

When Can I Receive An Estimate or Make An Appointment?

- Due to the heavy volume we're currently providing estimates for December & January retirees.
- Appointments for those wishing to retire in December or January, call Deborah Brown at 321-3814 right away to schedule
- Appointments for those wishing to retire in February or later in 2008, appointments will be set for January or later

Thank You

We appreciate your participation and we
thank you for your time.