

PENSION BENEFITS

You will be eligible to retire and receive monthly benefits when you are vested and reach retirement age or when you meet the minimum service requirements.

Vesting

You will be vested when you have at least five paid-up years of creditable PERS service.

Once you are vested, you may terminate PERS employment and still receive a monthly retirement benefit when you reach retirement age. You must leave your contributions in the PERS to stay vested.

Minimum Requirements for Age-Based Retirement

You will be eligible to retire and receive a monthly pension benefit if you are vested and meet the following age requirements:

- Age 55 for normal retirement or age 50 for early retirement if you first entered the PERS before July 1, 1986 (Tier I); or
- Age 60 for normal retirement or age 55 for early retirement if you first entered the PERS on or after July 1, 1986 (Tier II or Tier III).

Under early retirement your monthly benefit is actuarially reduced based on your age. The closer you are to normal retirement age, the smaller the reduction. The early retirement reduction is effective for the lifetime of the benefit. Sample early retirement factors are provided in the Appendix.

Vested members who have terminated PERS employment and have reached normal retirement age will not receive larger monthly benefits by waiting until they are older to retire.

WARNING

If you refund your PERS contributions and interest, you will forfeit your PERS pension benefit.

Minimum Requirements for Service-Based Retirement

You will be eligible to retire and receive a monthly pension benefit after you reach retirement age and satisfy the following service requirements.

You must have at least:

- Five paid-up years of PERS service;
- Two paid-up years of PERS service if you are vested in the Teachers' Retirement

System (TRS). See Conditional Service Benefit for more information;

- Two paid-up years of PERS service and your transferred nonvested TRS service combined equals a minimum of five years. See Public Service Benefit;
- If you were first hired as a legislative employee before May 30, 1987, you may retire with 60 days of paid-up service during each of five legislative sessions; or
- If you were first hired as an employee of the legislature after May 29, 1987, you may retire with 80 days of paid-up service during each of five legislative sessions.

You may be eligible to retire at any age and receive a normal, unreduced monthly pension benefit if you have:

- Thirty paid-up years of PERS membership service; or
- Twenty paid-up years of PERS service as a peace officer or fire fighter.

CAUTION

If you plan to retire under the service-based provision, you are strongly advised to have your service verified by your employer to confirm there has been no error in the service reported to the PERS on your behalf. You should not terminate your employment until your eligibility has been confirmed.

Military credit may not be used to satisfy the 20 or 30 years needed to retire.

Temporary credit

may be used to satisfy the 20 or 30 years needed to retire under certain circumstances. Contact the Division for more information.

Refunded service that has not been fully repaid cannot count towards retirement eligibility.

Pension Benefit Calculation

Your normal retirement benefit will be calculated by

multiplying the percentage multiplier times your average monthly compensation (AMC) times your PERS credit.

Peace Officers and Fire Fighters

If you are a peace officer or fire fighter, then your pension benefit will be calculated based on the three highest consecutive payroll years regardless of when you first entered the PERS.

**“All Other” Members:
If you first entered the PERS before
July 1, 1996 (Tier I or Tier II):**

Your AMC is determined by adding together the compensation that you earned during your three highest consecutive payroll years and dividing the total by the number of months and partial months worked during that same time period. You must have at least 115 days of credited service in the last payroll year worked to include that year as one of your three highest.

EXAMPLE

In this example, your AMC for your three highest consecutive salaries would be \$2,500.

Year	Salary	Months
2000	\$ 30,000	12
2001	27,500	11
2002	<u>15,000</u>	<u>6</u>
	\$72,500	29

\$72,500 divided by 29 months equals \$2,500

**If you first entered the PERS on or
after July 1, 1996 (Tier III):**

Your AMC is determined by adding together the compensation you earned during your five highest consecutive payroll years and dividing the total by the number of months and partial months worked during that same time period. You must have at least 115 days of credited service in the last payroll year worked to include that year as one of your five highest.

EXAMPLE

In this example, your AMC for your five highest consecutive salaries would be \$2,500.

Year	Salary	Months
1998	\$ 30,000	12
1999	27,500	11
2000	30,000	12
2001	15,000	6
2002	<u>15,000</u>	<u>6</u>
	\$117,500	47

\$117,500 divided by 47 months equals \$2,500

Cost-of-Living Differential

For those members who first entered the PERS on or after July 1, 1987, a cost-of-living differential will be included in calculating the AMC only if they received a comparable differential during at least 50% of their credited service.

If you first entered the PERS before January 1, 1987, and you received a cost-of-living differential during your three highest years, the differential will automatically be included as part of your salary.

**Percentage Multipliers for
“All Other” Members**

PERS benefits for “all other” members will be calculated using the following percentage multipliers:

- 2% per year for all service earned up to 10 years; plus
- 2-1/4% per year for all service over 10 years, but less than 20 years; plus
- 2-1/2% per year for all service over 20 years.

All service earned before July 1, 1986, will be calculated using the 2% multiplier.

The following example demonstrates how the percentage multipliers will affect a retiring member who earned 30 years of service after June 30, 1986. The multiplier increases to 2-1/4% for service between 10 and 20 years, and increases again to 2-1/2% for over 20 years.

EXAMPLE

Assuming the average monthly compensation is \$2,500.

$$2\% \quad \times \text{1st 10 years} \quad \times \$2,500 = \$500.00;$$

plus

$$2-1/4\% \times \text{2nd 10 years} \times \$2,500 = \$562.50;$$

plus

$$2-1/2\% \times \text{3rd 10 years} \times \$2,500 = \$625.00$$

\$1,687.50

If the same member has 30 years of service, with 17 years earned before July 1, 1986, and 13 years after, the monthly benefit will be \$1,643.75.

$$2\% \quad \times \text{17 years} \quad \times \$2,500 = \$850.00;$$

plus

$$2-1/4\% \times \text{3 years} \quad \times \$2,500 = \$168.75;$$

plus

$$2-1/2\% \times \text{10 years} \quad \times \$2,500 = \$625.00$$

\$1,643.75

**Percentage Multipliers for Peace
Officers or Fire Fighters**

The percentage multipliers for peace officers and fire fighters are:

- 2% per year for their first 10 years of service; and
- 2-1/2% per year for service over 10 years.

Noncertificated School District Employees

PERS school district employees who have elected the alternate service option under Alaska Statute 39.35 should contact the Division for detailed information specific to benefit calculation under this provision.

Deferred Vested (Terminated) Members

The percentage multiplier in effect at the time you terminate PERS employment will be used to calculate your future retirement benefits. The current percentage multipliers will not be used to calculate benefits for deferred vested members who terminated PERS employment before July 1, 1986.

Retirement Benefit Options

If you select early retirement or one of the joint and survivor options, the normal retirement benefit amount will be reduced. Sample early retirement and joint and survivor factors are provided in the Appendix.

When you are eligible to retire, you can choose among the following options:

- Normal or Early Retirement;
- Level Income Option (available if you entered the PERS before July 1, 1996);
- Joint and Survivor Options (50% or 75%); or
- Last Survivor Option (available if you entered the PERS before July 1, 1996).

If you are married, you are required to select a joint and survivor option unless your spouse consents to another form of benefit.

If you are in a qualified same-sex partnership, you are not required to elect a joint and survivor option and there is no waiver requirement if you choose not to elect such an option.

Before selecting an option, you should be aware of the advantages and disadvantages of each option. We recommend you contact the Division prior to applying for retirement benefits.

WARNING
Once you begin receiving pension benefits, your selection cannot be changed!

Normal Retirement

This option provides an unreduced lifetime monthly benefit for you. It will NOT provide a continuing lifetime monthly benefit to your spouse or qualified same-sex partner after you die unless you also select a joint and survivor

option. All benefits, including retiree medical benefits, cease at your death.

If you do not choose a joint and survivor option, your beneficiary will receive the balance of your contribution account, if any, at the time of your death. If the benefits that you received before your death exceeded the amount in your account, your beneficiary will receive your last month's retirement check.

If you select a joint and survivor option, your normal retirement benefit will be reduced.

Early Retirement

Early retirement allows you to retire up to five years earlier. Your lifetime monthly benefit will be reduced to offset the additional years of benefit you will receive. It will NOT provide a continuing lifetime monthly benefit to your spouse or qualified same-sex partner after you die unless you also select a joint and survivor option.

If you don't choose a joint and survivor option, your beneficiary will receive the balance of your contribution account, if any, at the time of your death. If the benefits that you received before your death exceeded the amount in your account, your beneficiary will receive your last month's retirement check.

The younger you are when you retire early, the more your monthly benefits are reduced. You would, however, begin receiving benefits earlier than normal and would receive them for a longer period of time.

If you select a joint and survivor option, your early retirement benefit will be further reduced.

Sample actuarial factors for the early retirement option are found in the Appendix.

Level Income Option

If you first entered the PERS before July 1, 1996 (Tier I or Tier II), you can choose the Level Income Option. You will receive a higher retirement benefit until age 65, and a reduced amount for the rest of your life. You cannot select this option if you wish to choose a joint and survivor option.



Joint and Survivor Options

If you are married, you are required to elect a joint and survivor option unless your spouse consents to another form of benefit.

You may also be required to elect a joint and survivor option under the terms of a qualified domestic relations order (QDRO).

If you are in a qualified same-sex partnership, you are not required to elect a joint and survivor option and there is no waiver requirement if you choose not to elect such an option.

50% Joint and Survivor Option

Your retirement benefit is actuarially reduced from what it would be normally. After your death your spouse or qualified same-sex partner would receive a lifetime monthly benefit equal to 50% of your reduced benefit. If your spouse or partner dies first, your benefit does not change.

75% Joint and Survivor Option

Your retirement benefit is actuarially reduced from what it would be normally. After your death your spouse or qualified same-sex partner would receive a lifetime monthly benefit equal to 75% of your reduced benefit. If your spouse or partner dies first, your benefit does not change.

66-2/3% Last Survivor Option

If you first entered the PERS before July 1, 1996, (Tier I or Tier II), you may elect the 66-2/3% last survivor option. Your retirement benefit is actuarially reduced from what it would be normally.

The last survivor option differs from the joint and survivor options in that whoever is the last survivor receives the reduced retirement benefit. If your spouse or qualified same-sex partner dies first, your benefit reduces to 66-2/3rds for the rest of your lifetime. If you die first, your spouse or qualified same-sex partner would receive a lifetime monthly benefit equal to 66-2/3% of your reduced benefit.

If you elect a joint and survivor or last survivor option, your spouse, qualified same-sex partner, or eligible dependent may qualify for continuing retiree medical coverage after your death.

Sample actuarial factors for the joint and survivor and last survivor options are found in the Appendix.

Rights of Spouses and Dependents

The provisions recognizing the rights of spouses and dependents under the PERS:

WARNING

If you have been divorced during your PERS employment, you must provide court-certified copies of your divorce decree and property settlement to the PERS. Your retirement benefit cannot commence until it is determined whether your former spouse has any entitlement.

- Require the benefit payable to a married member who retires be in the form of a joint and survivor annuity, unless the spouse consents to another form of benefit. A joint and survivor annuity will provide a continuing lifetime monthly benefit to your spouse or other eligible dependent if you die before your spouse;
- Require a joint and survivor annuity be provided to the surviving spouse of

a vested member who dies before retirement if the spouse does not waive the joint and survivor annuity; and

- Allow a former spouse to be treated as a spouse or surviving spouse of a member to the extent required in a divorce decree and contained in a qualified domestic relations order (QDRO). Rights under a QDRO do not take effect until the QDRO is filed with and accepted by the PERS administrator.

A spouse may provide written consent to the PERS administrator for another type of benefit and forfeit a joint and survivor benefit. If the spouse provides this consent, all benefits, including continuing medical coverage, cease at the member's death.

A spouse may provide written consent to waive rights to a joint and survivor benefit to allow an incapacitated, dependent child to receive the lifetime monthly benefit. Medical documentation establishing incapacity must be provided to the PERS administrator for approval before a waiver can be accepted.

The PERS administrator may waive the required written consent before retirement if documentation is provided supporting that:

- The member was not married to the spouse during any part of the member's PERS employment;

- The spouse has no rights to benefits because of the terms of a divorce decree;
- The spouse cannot be located; or
- The member and spouse have been married less than two years and are not living together.
- Joint and survivor benefits may also be elected for a qualified same-sex partner. Documentation establishing the partnership is required and benefits are applied only to the same-sex partner at the time of retirement.

Refund Rights

Terminated members who are married may not receive a refund of their employee contribution account unless their spouse gives written consent or the requirement for spousal consent is waived by the PERS administrator. Terminated members who have divorced at any time during their PERS employment may not receive a refund of their employee contribution account unless they can show that their former spouse was not granted an entitlement to the account.

If a QDRO has been filed awarding the former spouse a monthly benefit, the court would have to amend the QDRO to allow for a refund of the employee contribution account as a lump-sum pay out. For detailed information regarding QDROs, please contact the Division for a copy of the *Qualified Domestic Relation Orders Divorce and Dissolution Information Packet*.

Establishing Benefit Entitlement

Individuals who are entitled to benefits because of marriage or a QDRO must file evidence of their entitlement in the form of a marriage certificate, divorce or dissolution decree, or QDRO with the PERS administrator to protect their rights.

If evidence of entitlement has not previously been filed, evidence must be filed with the PERS administrator within ten days of the member's death.

WARNING
If notice is not provided within ten days and benefits are paid to another person before a claim is filed, no benefits will be paid to the individual filing evidence of entitlement. If any benefits remain to be paid at the time evidence is received, they will be paid according to entitlement.

WARNING
If you are meeting retirement eligibility requirements by years of service, be sure to have your service verified prior to terminating employment.

How to Apply for Benefits

Contact the Retirement Customer Service Center at the Division and request an estimate of benefits and a retirement application packet a minimum of 120 days in advance of your prospective retirement date. Once

you have received the estimate and the retirement packet, you can arrange to meet with your regional counselor either in person during a field visit to your area, by an appointment in either our Anchorage or Juneau office, or by telephone to discuss any questions you might have about the process.

If you have been divorced at any time during your PERS employment, you will need to provide a court-certified copy of your divorce decree and property settlement if you have not already provided this to the Division.

Your application should be sent to the Division at least 60 days before you terminate employment.

Pension Benefit Payments

You will be appointed to retirement and be eligible for medical benefits on the first of the month following the date:

- You meet the minimum service and age requirements for retirement; however if your birthday falls on the first day of the month, you are eligible to retire that month rather than the following month;
- You terminate PERS employment; and
- Your completed *Application for Retirement Benefits* (form pers035) is either received by the Division or postmarked.

Benefits Start

Pension benefits are paid once per month at the end of the month. The processing of your first benefit check can take up to six weeks. For more information regarding application for retirement, please read the brochure *PERS Guidelines to Apply for Retirement*.

The Final Check

The beneficiary may be entitled to the benefit check for the month in which a benefit recipient dies. However, a check payable to a deceased recipient must be returned to the Division and reissued in the beneficiary's name. It is illegal to cash a deceased member's check.

Minimum Benefit

The minimum monthly benefit for eligible members is \$25 for each year of PERS service. For example, a member with 10 years of service is eligible for a minimum monthly benefit of at least \$250 per month.

The minimum monthly benefit will be reduced if an actuarial adjustment is necessary for early retirement, indebtedness, or a joint and survivor option. The minimum benefit will be increased if the member is eligible for the Alaska Cost-of-Living Allowance (COLA) or a Post Retirement Pension Adjustment (PRPA).

Conditional Service Benefit

You may be eligible for a conditional service benefit from the PERS if you are vested in the Teachers' Retirement System (TRS), are eligible for a TRS retirement benefit, and you have at least two paid-up years of PERS membership service.

Conditional service benefits are calculated based on the highest salaries that are earned in either system. For example, TRS salaries (if higher) will be used to calculate PERS conditional benefits and PERS salaries (if higher) will be used to calculate TRS conditional benefits. However, TRS salaries may not be used to calculate regular PERS retirement benefits, unless the member is vested in both systems.

Members who are eligible to receive conditional service benefits are NOT vested unless they satisfy the vesting requirements.

Also eligible for conditional service benefits are those who were first hired as a legislative employee:

- Before May 30, 1987, who have at least 60 days of paid-up service during each of five legislative sessions; or
- After May 29, 1987, and before June 30, 2006, who have at least 80 days of paid-up service during each of five legislative sessions.

Eligible legislative employees receive credit for each day that they work.

You may be eligible for a conditional service

benefit from the TRS if you are eligible to retire from the PERS and have two years of TRS service. If you are retired from the PERS, you may receive a conditional service benefit from the TRS with only one year of TRS service.

EXCEPTION

A member of the PERS defined benefit plans (Tiers I, II, III) who employs with an employer who only participates in the PERS defined contribution plan (Tier IV) will accrue Tier IV benefits in addition to their PERS defined benefit plan benefits.

Public Service Benefit

If you are not vested in either the PERS or the TRS, you may be able to combine your PERS defined benefit and TRS defined benefit service under the public service benefit provision in the PERS. This allows you to combine your PERS and TRS service to reach the minimum of five years of employment required to receive a benefit under the PERS. You must have a minimum

combined total of five years service in both the PERS and the TRS with a minimum of two years in the PERS. Contact the Division to find out if this provision applies to you and what the cost will be.

Duplicate Benefits

The PERS prohibits payment of PERS benefits under more than one provision, such as:

- Duplicate PERS credit for the same period of service;
- PERS credit exceeding more than one year during any calendar year;
- Payment of PERS benefits at the same time PERS credit is accruing; or
- Participation in both the PERS and the TRS at the same time unless a member is eligible under AS 14.25.040(d), AS 39.35.131, or for elected public official credit under AS 39.35.381.

PERS and Your Social Security Pension Benefits

Many factors go into determining your Social Security eligibility and benefits. The following information comes from Social Security publications explaining how a retirement benefit received from the PERS can reduce any Social Security benefits.

If you worked for a federal, state, or local government where you did not pay Social Security taxes, the pension you receive from

WARNING

Your right to reinstate refunded service for conditional service benefits ended on June 30, 2010. If you did not reinstate your service by that date, you forfeit the refunded service and the associated benefits.

that agency may reduce any Social Security benefit for which you are qualified.

Your Social Security benefit can be reduced in one of two ways. One is called the “governmental pension offset” and applies to persons eligible to receive Social Security benefits as a surviving spouse.

The other is called the “windfall elimination provision” and affects how your retirement or disability benefits from Social Security are calculated if you receive a pension from work not covered by Social Security.

For more information regarding how your PERS benefits may affect any Social Security benefits you may be entitled to, please contact the Social Security Administration by calling their toll-free number (800) 772-1213.

Recorded information is available 24 hours a day including holidays and weekends. People who are hearing impaired may call the toll-free TTY number (800) 325-0778 between 7 a.m. and 7 p.m. on business days.

You can also access Social Security information through the Internet at www.ssa.gov.

After-Retirement Benefit Increases

Cost-of-Living Allowance

If you reside in Alaska after you retire, you may be eligible to receive the Alaska Cost-of-Living Allowance (COLA) in addition to your regular monthly benefit. COLA is equal to 10% of your base benefit or a minimum of \$50, whichever is greater.



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The following benefit recipients are eligible for COLA:

- Members who first entered the PERS before July 1, 1986 (Tier I), and their survivors;
- Members who first entered the PERS on or after July 1, 1986 (Tier II or Tier III), and their survivors if they are at least age 65; and
- All members receiving a disability benefit.

Residing in Alaska means principally domiciled and physically present in Alaska. You may be absent from the state for a continuous period of up to 90 days and still be eligible to receive COLA. You may also be eligible to receive COLA if you are absent from the state for up to six months if you submit a physician’s certificate to the division.

For details regarding COLA, please read the brochure *PERS Alaska Cost-of-Living Allowance*.

Post Retirement Pension Adjustment (PRPA)

Eligible PERS benefit recipients will receive an automatic annual PRPA when the cost of living increases, based on the consumer price index for urban wage earners and clerical workers for Anchorage. The amount of the PRPA will depend upon the recipient’s age, how long the recipient has been receiving PERS benefits, and whether the recipient is receiving PERS disability benefits.

PRPAs are calculated effective July 1 each year by multiplying the recipient’s base pension benefit, including any prior PRPAs, times:

- 75% of the cost-of-living increase in the preceding calendar year or 9%, whichever is less, if the recipient is at least age 65 or on PERS disability on July 1; or
- 50% of the cost-of-living increase in the preceding calendar year or 6%, whichever is less, if the recipient is at least age 60 or has been receiving PERS benefits for at least five years as of July 1.

Eligible recipients who have not received pension benefits during the entire preceding calendar year will receive a prorated PRPA.

Members who entered PERS prior to July 1, 1986, may be eligible for an alternate PRPA calculation. Unlike the automatic PRPA, the “ad hoc” PRPA must be authorized by the Commissioner of Administration. The Commissioner may only authorize an ad hoc PRPA when the fund balance exceeds 105 percent of which is necessary for the PERS to meet its obligations.