

Alaska Division of Retirement and Benefits



STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
TEACHER'S RETIREMENT SYSTEM

*Defined Benefit Retirement Plan
Seminar Handout Packet*

Table of Contents

Medical and Dental/Vision/Audio (DVA) Premiums 3

Long-Term Care Premiums 4

Long-Term Care Options at a Glance 5

Glossary of Long-Term Care Terms and Definitions 6

Monthly Expenses Worksheet 7

Montly Net Income Worksheet 8

Monthly Expenses Worksheet (Sample) 9

Montly Net Income Worksheet (Sample) 10

Move or Stay Put 11

Move or Stay Put Worksheet 12

Where to Get Financial Advice 13

Application Process 14

Timing of Benefits 14

Points to Consider 14

Medical and DVA Premiums

| | Retiree | Retiree/ Spouse | Retiree/ Child(ren) | Retiree/ Family |
|--|--------------------------------------|--|--|--|
| DVA (All Tiers) | \$66.00/mo. | \$131.00/mo. | \$119.00/mo. | \$187.00/mo. |
| Medical (Tier II and Tier III with 10 years service) | \$823.00/mo. Before age 60 | \$1,647.00/mo. Before age 60 | \$1,163.00/mo. Before age 60 | \$1,987.00/mo. Before age 60 |

Long-Term Care

| | Silver | Gold | Platinum |
|----------------------|-------------|----------------|----------------|
| Lifetime Maximum | \$400,000 | \$300,000 | \$300,000 |
| Inflation Protection | None | 5% Simple | 5% Compound |
| Nursing Home | \$200/day | \$200/day plus | \$200/day plus |
| Assisted Living | \$150/day | \$150/day plus | \$150/day plus |
| Hospice Care | \$125/day | \$125/day plus | \$125/day plus |
| Respite Care | See Booklet | See Booklet | See Booklet |

All plans have 90-day deductible period.

Rates are subject to change.

Long-Term Care Benefits – Premium Rates by Age

| Age at enrollment | SILVER OPTION \$400,000 maximum No inflation protection | GOLD OPTION \$300,000 maximum Simple inflation protection | PLATINUM OPTION \$300,000 maximum Compound inflation protection |
|-------------------|---|---|---|
| 40 and under | \$26 | \$76 | \$148 |
| 41 | \$27 | \$77 | \$150 |
| 42 | \$28 | \$78 | \$153 |
| 43 | \$30 | \$79 | \$155 |
| 44 | \$31 | \$81 | \$158 |
| 45 | \$33 | \$82 | \$161 |
| 46 | \$35 | \$84 | \$164 |
| 47 | \$37 | \$85 | \$167 |
| 48 | \$39 | \$89 | \$170 |
| 49 | \$41 | \$92 | \$172 |
| 50 | \$44 | \$96 | \$175 |
| 51 | \$46 | \$100 | \$177 |
| 52 | \$49 | \$103 | \$180 |
| 53 | \$52 | \$109 | \$184 |
| 54 | \$56 | \$114 | \$188 |
| 55 | \$60 | \$120 | \$192 |
| 56 | \$63 | \$126 | \$195 |
| 57 | \$67 | \$131 | \$199 |
| 58 | \$75 | \$143 | \$212 |
| 59 | \$84 | \$156 | \$225 |
| 60 | \$92 | \$168 | \$237 |
| 61 | \$100 | \$181 | \$250 |
| 62 | \$108 | \$193 | \$263 |
| 63 | \$123 | \$212 | \$281 |
| 64 | \$137 | \$231 | \$300 |
| 65 | \$151 | \$250 | \$319 |
| 66 | \$166 | \$269 | \$338 |
| 67 | \$180 | \$288 | \$357 |
| 68 | \$201 | \$313 | \$381 |
| 69 | \$222 | \$339 | \$404 |
| 70 | \$244 | \$364 | \$428 |
| 71 | \$265 | \$389 | \$451 |
| 72 | \$286 | \$414 | \$475 |
| 73 | \$314 | \$444 | \$502 |
| 74 | \$343 | \$474 | \$529 |
| 75 | \$371 | \$503 | \$556 |
| 76 | \$399 | \$533 | \$584 |
| 77 | \$427 | \$563 | \$611 |
| 78 | \$471 | \$609 | \$654 |
| 79 | \$515 | \$654 | \$698 |
| 80 | \$559 | \$700 | \$741 |
| 81 | \$603 | \$746 | \$784 |
| 82 | \$646 | \$791 | \$828 |
| 83 | \$731 | \$887 | \$923 |
| 84 | \$815 | \$982 | \$1,018 |
| 85 and over | \$900 | \$1,078 | \$1,113 |

Long-Term Care Options at a Glance

| | BRONZE OPTION <i>(existing option closed to new entrants after 1/31/2000)</i> | SILVER OPTION | GOLD OPTION | PLATINUM OPTION |
|---|---|--|--|--|
| Deductible | 90 days of covered long term care | 90 days of covered long term care | 90 days of covered long term care | 90 days of covered long term care |
| Benefit eligibility | Inability to perform 2 of 5 activities of daily living | Inability to perform 2 of 6 activities of daily living or cognitive impairment | Inability to perform 2 of 6 activities of daily living or cognitive impairment | Inability to perform 2 of 6 activities of daily living or cognitive impairment |
| Lifetime maximum benefit | \$200,000 all services \$50,000 home health care | \$400,000 all services | \$300,000 all services | \$300,000 all services |
| Nursing home daily benefit | \$125 in Alaska \$75 outside Alaska | \$200 in and out of Alaska | \$200 in and out of Alaska | \$200 in and out of Alaska |
| Assisted living facility daily benefit | Covered in lieu of other services if approved | \$150 in and out of Alaska | \$150 in and out of Alaska | \$150 in and out of Alaska |
| Home health care daily benefit | \$75 in Alaska \$40 outside Alaska | \$125 in and out of Alaska | \$125 in and out of Alaska | \$125 in and out of Alaska |
| Hospice daily benefit | Not Covered | \$125 in and out of Alaska | \$125 in and out of Alaska | \$125 in and out of Alaska |
| Respite care daily benefit amount | Not Covered | Up to \$200 in and out of Alaska, maximum of 14 days | Up to \$200 in and out of Alaska, maximum of 14 days | Up to \$200 in and out of Alaska, maximum of 14 days |
| Inflation protection | None | None | Simple at 5% of original benefit each year. Applies to lifetime and daily benefit amounts. | Compound at 5% of the prior year's benefit each year. Applies to lifetime and daily benefit amounts. |

Definitions

- Deductible—the amount you must pay before the plan pays benefits.
- Activities of Daily Living—The Silver/Gold/Platinum options include bathing, continence, dressing, eating, toileting, and transferring.
- The Bronze Option includes dressing, toileting, transferring, eating, and walking.

Glossary of Long-Term Care Terms and Definitions

Activities of Daily Living— LTC policies pay benefits based on the inability to perform two out of six activities necessary for independent living. The list may include dressing, bathing, feeding, toileting, transferring and continence.

Assisted Living— An alternate form of 24-hour personal or custodial care provided in a facility, which is licensed by the state and meets other specified criteria.

Benefit period— The period of time that begins when the insured becomes eligible for benefits and ends when the insured has been out of claim service for a given period of time, such as 60, 90 or 120 days.

Case management— A professional service that arranges and coordinates health and/or social services through assessment, service plan development and modification, monitoring, and quality assurance.

Cognitive impairment— Problems with attention, memory, or loss of intellectual capacity requiring supervision to help or protect the impaired person.

Custodial Care— Also known as Maintenance or Personal Care. Provides assistance with personal needs such as bathing, dressing, and eating

Elimination or waiting period— The initial number of days before benefits are paid by an insurance company once the insured becomes eligible for benefits under an LTC policy

Guaranteed renewable— This provision of an LTC policy states that the insured's coverage cannot be canceled except for nonpayment of premium. The insurer may only change premium rates or benefits by class. Required in all LTC policies.

Home Health Care— Medical and non-medical services provided to ill, disabled, or infirmed persons in their residences. Such services may include Homemaker Services, assistance with Activities of Daily Living, and Respite Care services.

Inflation Protection— An optional policy feature that is available for additional premiums that provides for increases in benefit levels over time to help pay for expected inflation in the costs of long term care services.

- **Compound Inflation Protection**— An option offered on some long-term care policies to increase the maximum daily and lifetime benefits each year by a pre-set percentage on a compound basis. It is available at an additional premium.
- **Simple Inflation Protection**— This benefit provides for an insured's long-term care maximum daily benefits and lifetime maximum benefits to increase each year by a set amount. Increases are always based on the initial benefit. Available at an additional premium.

Long-Term Care (LTC)— The type of care received when someone needs assistance with daily living due to an accident, illness, cognitive impairment or advancing age. Care is provided either in a facility or at home. Long-term care may include a range of formal and informal services for health, personal care and social needs. Often thought of only as nursing home institutionalization, long-term care can be provided both formally, by medical and health professionals, and informally, by personal, unskilled caregivers.

Respite Care— A form of temporary care in the home, or in a more formal care setting, to relieve the primary caregiver who has been providing constant care

Spending Down— Spending down is when you, or your family, spend all your assets to reach the level where Medicaid will cover your LTC expenses. Not only will this action deeply affect your surviving spouse, but it can also take away your freedom of choice. Most facilities have a limited number of Medicaid beds, if they accept Medicaid at all. Medicaid has a significant number of restrictions on Home and Facility care, approved caregivers and the location of that care.

Monthly Expenses Worksheet

| | CURRENTLY | IN RETIREMENT |
|---|-----------|---------------|
| Mortgage payment or rent | | |
| Real estate taxes | | |
| Home repairs/improvements | | |
| Household repairs/replacements | | |
| Maintenance contracts | | |
| Telephone bill | | |
| Garbage | | |
| Water/sewer | | |
| Home heating | | |
| Other utilities | | |
| Groceries | | |
| Food at restaurants | | |
| New clothing | | |
| Cleaning bills | | |
| Personal expenses (cosmetics, haircuts) | | |
| Auto payments | | |
| Auto maintenance/repairs | | |
| Gas/oil | | |
| Parking | | |
| Licenses | | |
| Other transportation (bus, etc.) | | |
| Entertainment/recreation | | |
| Education (lessons, tuition, etc.) | | |
| Health insurance premiums | | |
| Medical/dental bills | | |
| Medication | | |
| Life/disability insurance premiums | | |
| Insurance (home and auto) | | |
| Child/parent/other support | | |
| Personal loan payments | | |
| Credit card payments | | |
| Liquor/tobacco | | |
| Pet supplies | | |
| Donations/contributions | | |
| Gifts | | |
| Other taxes | | |
| Other _____ | | |
| TOTAL EXPENSES | | |

Monthly Net Income Worksheet

| | CURRENTLY | IN RETIREMENT |
|-------------------------------------|-----------|---------------|
| Wages or salary, self | | |
| Wages or salary, partner | | |
| State retirement pension, self | | |
| State retirement pension, partner | | |
| Other pension, self | | |
| Other pension, partner | | |
| Veteran's pension | | |
| Social Security retirement, self | | |
| Social Security retirement, partner | | |
| Child support/alimony | | |
| Income from rental property | | |
| Interest income (savings, etc.) | | |
| Bonds | | |
| Trust funds | | |
| Annuities | | |
| Treasury bills | | |
| Stocks | | |
| Mutual funds | | |
| Disability payments | | |
| Other income _____ | | |
| Other income _____ | | |
| TOTAL INCOME | | |

Net Cash Flow

| | CURRENTLY | IN RETIREMENT |
|--|-----------|---------------|
| Total monthly income (from above) | | |
| Total monthly expenses (from previous page) | | |
| DISCRETIONARY | | |
| MONTHLY INCOME | | |

Monthly Expenses Worksheet – Sample

| | CURRENTLY | IN RETIREMENT |
|---|-----------------|-----------------|
| Mortgage payment or rent | 1,100.00 | 975.00 |
| Real estate taxes | 191.00 | 120.00 |
| Home repairs/improvements | 150.00 | 25.00 |
| Household repairs/replacements | 50.00 | 25.00 |
| Maintenance contracts | 0 | 0 |
| Telephone bill | 35.00 | 35.00 |
| Garbage | 42.00 | 42.00 |
| Water/sewer | 28.00 | 28.00 |
| Home heating | 150.00 | 110.00 |
| Other utilities | 45.00 | 45.00 |
| Groceries | 400.00 | 400.00 |
| Food at restaurants | 160.00 | 100.00 |
| New clothing | 100.00 | 25.00 |
| Cleaning bills | 50.00 | 10.00 |
| Personal expenses (cosmetics, haircuts) | 40.00 | 40.00 |
| Auto payments | 450.00 | 450.00 |
| Auto maintenance/repairs | 50.00 | 50.00 |
| Gas/oil | 60.00 | 60.00 |
| Parking | 0 | 0 |
| Licenses | 48.00 | 5.00 |
| Other transportation (bus, etc.) | 0 | 0 |
| Entertainment/recreation | 100.00 | 400.00 |
| Education (lessons, tuition, etc.) | 200.00 | 0 |
| Health insurance premiums | 42.00 | 82.00 |
| Medical/dental bills | 50.00 | 50.00 |
| Medication | 20.00 | 20.00 |
| Life/disability insurance premiums | 24.00 | 0 |
| Insurance (home and auto) | 27.00 | 22.00 |
| Child/parent/other support | 500.00 | 0 |
| Personal loan payments | 0 | 0 |
| Credit card payments | 100.00 | 0 |
| Liquor/tobacco | 0 | 0 |
| Pet supplies | 25.00 | 25.00 |
| Donations/contributions | 25.00 | 0 |
| Gifts | 20.00 | 20.00 |
| Other taxes | 989.00 | 558.00 |
| Other <u>Retirement contributions</u> | 835.00 | 0 |
| TOTAL EXPENSES | 6,106.00 | 3,725.00 |

Monthly Net Income Worksheet – Sample

| | CURRENTLY | IN RETIREMENT |
|-------------------------------------|-----------------|------------------------------|
| Wages or salary, self | 3,600.00 | 0 |
| Wages or salary, partner | 3,100.00 | 0 |
| State retirement pension, self | | 2,025.00 |
| State retirement pension, partner | | 1,700.00 |
| Other pension, self | | 0 |
| Other pension, partner | | 0 |
| Veteran's pension | | 0 |
| Social Security retirement, self | | 265.00 |
| Social Security retirement, partner | | 175.00 |
| Child support/Alimony | | 0 |
| Income from rental property | | 0 |
| Interest income (savings, etc.) | 52.00 | 52.00 |
| Bonds | | 0 |
| Trust funds | | 0 |
| Annuities | | 0 |
| Treasury bills | | 0 |
| Stocks | | 0 |
| Mutual funds | | 0 |
| Disability payments | | 0 |
| Other income _____ | | 0 |
| Other income _____ | | 0 |
| TOTAL INCOME | 6,752.00 | 3,771.00 Prior to 67 |
| | | 4,217.00 At age to 67 |

Net Cash Flow – Sample

| | CURRENTLY | IN RETIREMENT |
|--|-----------|---------------|
| Total monthly income (from above) | 6,752.00 | 3,771.00 |
| Total monthly expenses (from previous page) | 6,106.00 | 3,725.00 |
| DISCRETIONARY | 646.00 | 52.00 |
| MONTHLY INCOME | | |

Move or Stay Put

Main Decision Factors:

Cost

- Do the benefits of your current home (or your proposed home) offset the expenses?
- What would it cost you to sell your current home and purchase or rent a new home?
- What costs would be associated with moving?

Location

- Are businesses and other organizations easily accessible?
- Do you or would you have recreational opportunities?
- Does or would the weather support the lifestyle you prefer?
- Are you or would you be able to see friends and relatives as often as you like?
- How is the neighborhood/community changing (crime, zoning, ages of residents)?

Maintenance

- Will you be able to handle the maintenance (of either housing option) yourself?
- Will you be able to afford the maintenance costs?

Move or Stay Put

This worksheet is designed to help you weigh the advantages and disadvantages of moving versus staying in your current home. For each consideration listed below, place a check mark in the appropriate column. Then rank the three issues that are most important to you. If you will be making your decision as part of a couple, compare your responses to those of your partner.

| CONSIDERATION | BETTER TO MOVE | BETTER TO STAY PUT | DOESN'T MATTER |
|---|----------------|--------------------|----------------|
| ADDITIONAL INCOME SOURCES | | | |
| • Alaska Permanent Fund Divided | | | |
| • Alaska Cost-of-Living Allowance | | | |
| COST | | | |
| • Mortgage payment | | | |
| • Utilities | | | |
| • Cost, quality and variety of food | | | |
| • Cost of services (plumbers, carpenters, etc.) | | | |
| • Sales tax | | | |
| • Property tax | | | |
| • Income tax | | | |
| • Senior discounts | | | |
| • Property insurance | | | |
| • Health insurance | | | |
| • Automobile insurance | | | |
| LOCATION | | | |
| • Proximity to family | | | |
| • Proximity to friends | | | |
| • Proximity to businesses and organizations | | | |
| • Proximity to trusted professionals (doctor, dentist, etc.) | | | |
| • Availability of doctors/specialists accepting your insurance | | | |
| • Availability of home health care | | | |
| • Availability of nursing home | | | |
| • Crime in the area/security of home | | | |
| • Emergency response | | | |
| • Access to public transportation | | | |
| • Economy/work opportunities | | | |
| • Availability of cultural, social, and recreational activities | | | |
| • Local attitude toward retirees or newcomers | | | |
| • Age of residents around you | | | |
| • Restrictions on pets, visitors, motor vehicles, etc. | | | |
| • Zoning | | | |
| • Climate (avg. temperature, humidity, etc.) | | | |
| • Noise, air, water pollution concerns | | | |
| • Pest (insect/animal) problems | | | |
| • TV reception | | | |
| • View | | | |
| • Personal space (size of yard, house, etc.) | | | |
| MAINTENANCE/REPAIR | | | |
| • Routine upkeep (yard, gutters, cleaning, etc.) | | | |
| • Need for modifications | | | |

Where Can I Get Financial Advice On: **Investments, Insurance, Taxes, Wills & Trusts, and Mortgages**

Choosing Your Adviser

An advisor may be a stockbroker, an accountant, or a financial planner. No matter whom you're thinking of entrusting your life's savings to, you should feel comfortable with him or her. So, do some comparison-shopping.

Ask for friends' recommendations or contact the Financial Planning Association (FPA), for a list of qualified people in your area. (FPA members include financial planners, CPAs, lawyers and brokers.)

Be sure to check references.

How Do I Choose a Financial Planner?

Some things you should consider:

How is the planner compensated?

- Commission-only: Receives a commission if you buy the recommended investment.
- Fee-only: Avoids possible conflict-of-interest in selling investment and advice.
- Fee-plus-commission: Charges a fee for advice and receives a commission if you buy the recommended investment.
- Fee-offset: Reduces fee by commissions earned. You have to decide for yourself which compensation method you prefer.

Is the planner licensed and do they have appropriate credentials?

The most common credentials are:

- CFA Chartered Financial Analyst
- CFP Certified Financial Planner
- CFS Certified Fund Specialist
- CLU Chartered Life Underwriter
- CMFC Chartered Mutual Fund Counselor
- ChFC Chartered Financial Consultant

Choosing the right Financial Planner is as important as the investments you will be making.

The Division of Retirement and Benefits does not give financial advice.

Application Process

- If you have ever been divorced during your PERS service:
 - » You must submit a court-certified copy of your divorce decree and property settlement.
 - » Retirement benefits cannot be processed without this information.
- Request a projection of benefits two years prior to your estimated retirement date.
- Request a retirement packet a minimum of 120 days in advance of your estimated retirement date.
- Application is entered into the tracking system.
- Health insurance is reported to the carrier in the month prior to your appointment date.
- Receipt of Application letter is sent.
 - » If your application is complete, no further communication is needed until the appointment letter.
- Final salary and termination date are requested from employer.
- Retirement benefits are calculated after termination date and the final salary is received.

Timing of Benefits

- Retirement benefits are effective the first day of the month following termination from employment and receipt of retirement application.
- Retirement benefits are paid once per month, at the end of the month.
- Plan for the first benefit check to come six weeks after your retirement effective date.
- Plan for electronic deposits to begin 60 days after your retirement effective date.
- Plan for health eligibility to be reported timely if you have applied at least six weeks in advance.

Points to Consider

- If buying a house after retirement, retirement income cannot be verified until after benefit has been calculated. This could be up to six weeks after your effective date.
- Claiming service at time of retirement may delay your retirement.
- When paying an indebtedness with pre-tax transfer, request paperwork at least eight weeks prior to retirement date.



Alaska Division of Retirement and Benefits
P.O. Box 110203 | Juneau, AK 99811-0203
Telephone: Toll-free (800) 821-2251 | Juneau: (907) 465-4460
Alaska.gov/drb