



St. Paul Teachers' Retirement Fund Association

Pension Planning Seminar

January 23, 2012



SPTRFA - Lifetime, monthly benefit

Make online appointments at
www.sptrfa.org

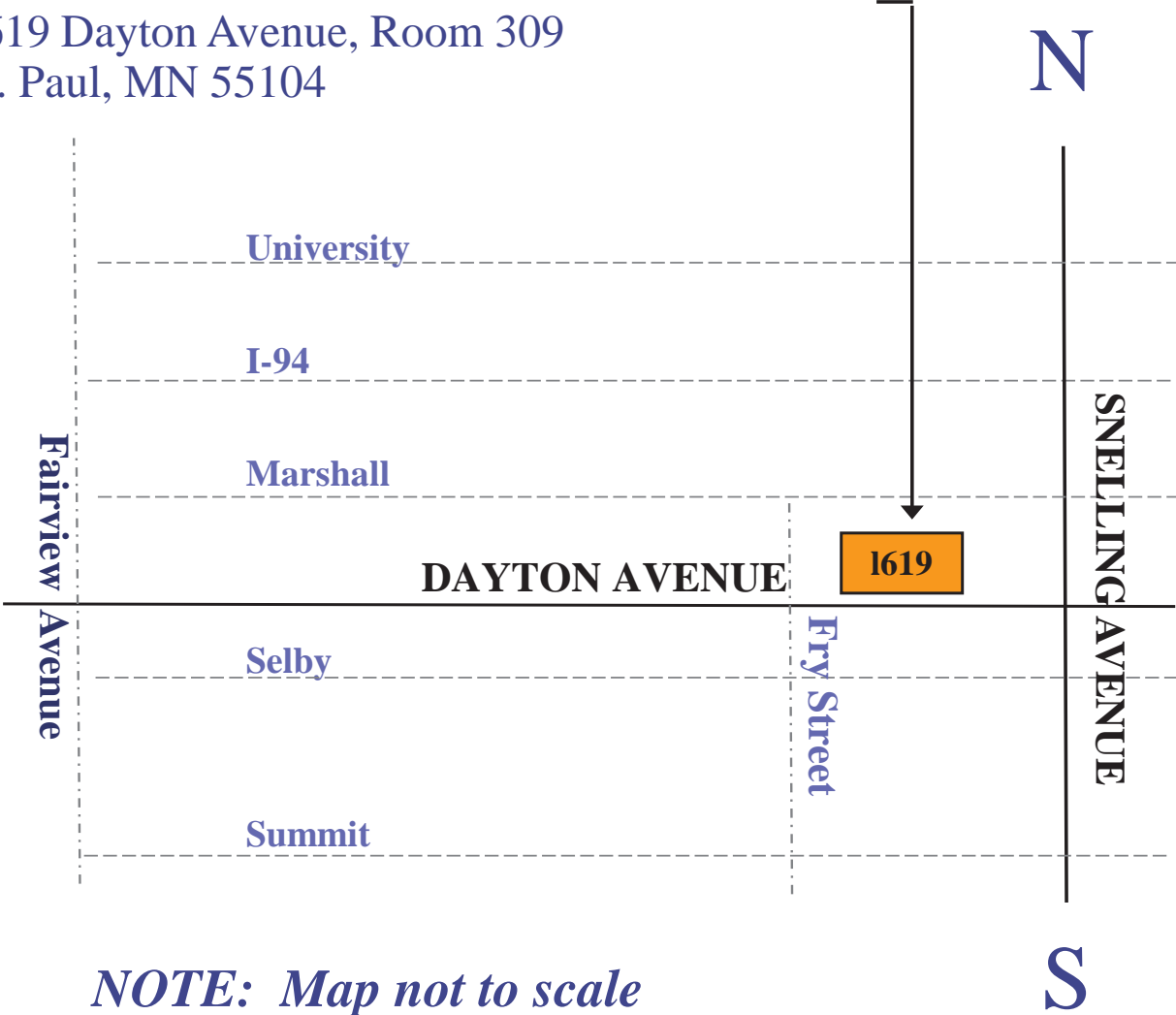
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Office Location

St. Paul Teachers' Retirement Fund Association
1619 Dayton Avenue, Room 309
St. Paul, MN 55104



NOTE: Map not to scale



Terms Used

SPTRFA – St. Paul Teachers’ Retirement Fund Association

SPPS – St. Paul Public Schools

SSA – Social Security Administration

Termination/Resignation Date –
Last paid employment day with SPPS.

Pension Date –
Date to begin SPTRFA benefit.

Normal Retirement/Normal Retirement Age –
Drawing your SPTRFA pension at an age which there is no reduction for early retirement (between Age 65 & 66).

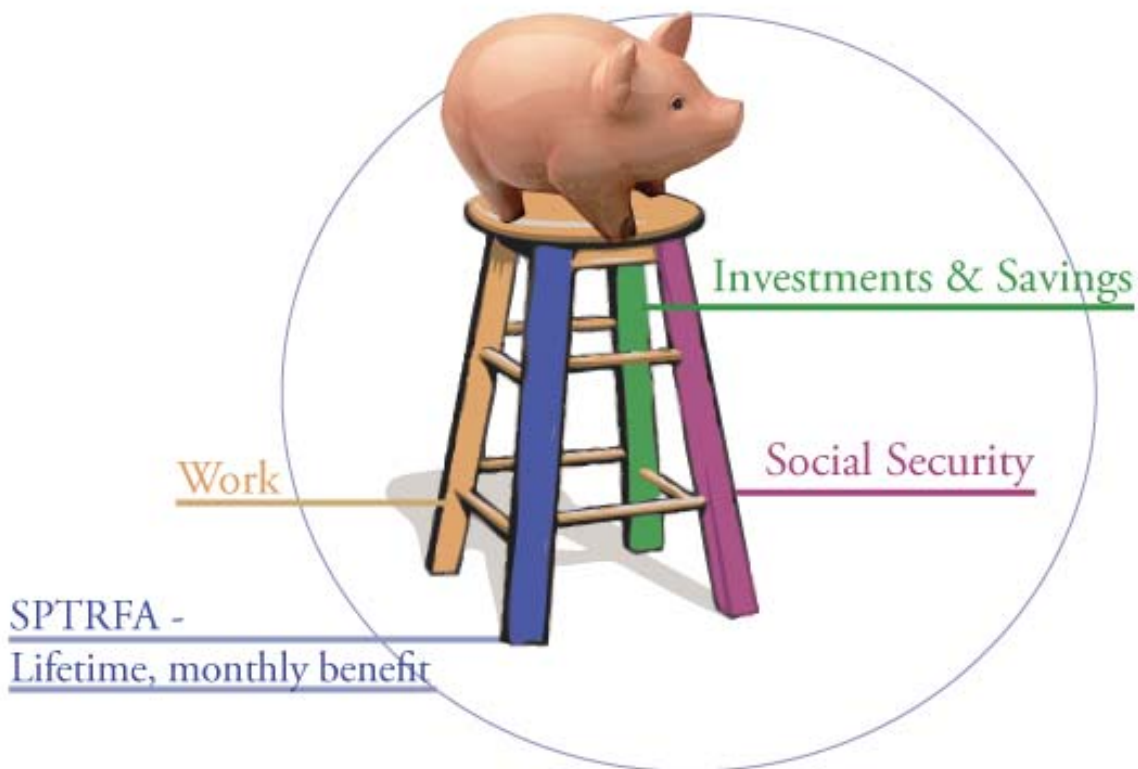
Early Retirement –
Drawing your SPTRFA pension *before* your Normal Retirement Age, resulting in a lower monthly benefit, unless an offsetting provision applies (Ex: Rule of 90).

First Employment Date –
The date that you were first hired in a position covered by any Minnesota public defined benefit public pension fund.

Sources of Retirement Income

The “Four-Legged Stool”

1. **SPTRFA - Lifetime, monthly benefit**
The focus of this presentation
2. **Social Security - (for Coordinated Plan members)**
3. **Investments & Savings – tax sheltered or not**
4. **Work**



Who do I contact?

St. Paul Teachers' Retirement Fund Association (SPTRFA)

Office – 651-642-2550

Monthly pension payments, including the effect on future benefit payments related to employment or life changes:

- Leaves of Absence // Working part-time // Resignation
- Re-employment in another school district
- Marriage // Divorce // Disability // Beneficiary Change

St. Paul Public Schools (SPPS)

Employee Benefits – 651-767-8212

- Resignation/Early Notification Bonus
- Post-Retirement Health Insurance
- Severance Pay
- SPPS Tax-Sheltered Annuity – 403(b) or 457 plans
- Granting of Leaves of Absence // Part-Time Program

Social Security Administration (SSA)

St. Paul SSA Office Phone – 1-866-667-6032

Main SSA – 1-800-772-1213

Contacting the SPTRFA for general or detailed information

E-mail: info@sptrfa.org

Online www.sptrfa.org

Call (651)642-2550

What is the effect on my SPTRFA benefit if any of the following apply:

- ▶ **Change in employment status:** Work part-time / Take a leave of absence / Resigning with SPPS on *<provide date>*
- ▶ **Life changes:** Marry / Divorce / Disability
- ▶ **Combined Service Law:** Special form of portability for individuals having allowable retirement service credit with more than one covered Minnesota public pension fund.

What is the process for drawing my SPTRFA pension benefit. I'm planning on retiring . . .

In the next "x" number of years. We will review your file, update your multi-year estimate, discuss your pension options, and answer general pension-related questions.

In the upcoming year. We will provide you with a single-date estimate with more detail, discuss the process, and provide pension benefit application documents.

SPTRFA Retirement Plans

Basic Plan

Members hired prior to July 1, 1978 who do not contribute to Social Security.

Both Tier I and Tier II calculations – Members receive whichever benefit is larger.

- The final average salary is the average of the highest five salaries out of the last ten years.
- Automatic survivor benefit to one eligible survivor, with no reduction in the member's benefit.
- Eligible survivors are: Spouse to whom the member has been married at least 3 years at the time of death or retirement, if none a dependent parent, or if none, a dependent sibling.
- Vesting at 5 years

Coordinated Plan

Members hired/reappointed on/after July 1, 1978, and those who elected the Plan. Contribute to Social Security in addition to the SPTRFA.

Both Tier I and Tier II calculations – Members hired prior to July 1, 1989, receive whichever benefit is larger. Members hired later are only eligible for Tier II benefits.

- Members may elect a survivor option at the time that they retire for a reduction in the member's benefit.
- The final average salary is the average of the highest five successive salaries.
- Vesting at 3 years

SPTRFA Pension Estimates

Mailed annually in late December to vested members over the age of 40 and currently employed by SPPS at least 40% time.

Provides your gross estimated SPTRFA monthly benefit (before taxes) for future July 1st retirement dates, once eligible. Estimated benefit is a percentage of your *projected* final average salary (aka High 5).

Assumptions:

- Annual salary growth = 1.5% presently. Subject to revision – revisions have a corresponding effect on your benefit estimate amounts.
- Member continues to work at the same FTE status until retirement.
- No changes in pension benefit laws affect pension calculations.

Coordinated Plan Annuity Options

ALL options are LIFETIME benefits to the member

- C1 – Member Life Only (Default):** Monthly benefit which stops after your death.
- C2 - Guaranteed Refund:** If your death occurs before you receive back your total SPTRFA contributions in monthly benefit payments, your designated beneficiary (or if none, your estate) receives a refund of any contribution balance.
- C3 - 15-Year Certain:** If your death occurs before the end of 15 years of payments, an equivalent benefit is paid to your designated beneficiary (or if none, your estate) for the remainder of the 15 years not received by the member.
- C4 - 100% Joint & Survivor *:** Upon your death, your spouse will receive a lifetime benefit equal to your benefit.
- C5 - 50% Joint & Survivor *:** Upon your death, your spouse will receive a lifetime benefit equal to 50% of your benefit.

* If your spouse predeceases you, your benefit then increases to the C1 – No Refund (default) amount for the remainder of your life.

Decision Time

Choosing a pension benefit accrual date:

Review your annual SPTRFA benefit estimate. Weigh the value of early retirement (with a smaller earned lifetime benefit) against working longer (with a larger earned lifetime benefit).

Eligible SPTRFA pension accrual dates are the 1st and 16th of each month (after the effective date of your SPPS resignation).

Contact SPPS Benefits Department at (651) 767-8212 to discuss SPPS-provided post-retirement benefits such as health/dental/life insurance coverage, sick leave conversion to severance pay and early notification bonus.

Contact the SPTRFA, www.sptrfa.org for an appointment to discuss pension estimate amounts or obtain pension application documents.

SPTRFA Benefit Counseling

Within four to twelve months of retirement:

Make an appointment for final one-on-one pension counseling. We will provide you with all the forms and information necessary to begin receiving your SPTRFA pension benefit.

If possible, bring to your appointment, photocopies of:

Your birth certificate, and if applicable to your benefit, copies of your spouse's birth certificate and your marriage certificate

If you were divorced *during or after* your SPPS employment, a full copy of your final domestic relations order (divorce decree) and affidavit of service.

General counseling issues addressed include:

Pension benefit options (Coordinated Plan)

First and ongoing benefit payment dates

Pension direct deposit & income taxes

Cost of living adjustment rules

Earnings limitation (if under Age 65 and re-employed with SPPS).

After You Draw Your Pension ...

Your pension is paid the first business day of each month. *The first pension payment is delayed one to two months* (but is retroactive to your pension accrual date), due to a 30 day break-in-service requirement. Prepare for this interrupted cash flow after SPPS resignation.

If re-employed by SPPS after drawing your SPTRFA pension, earnings limitations apply until Age 65. Employment with any *other* employer has no effect on your SPTRFA benefit. You may earn up to \$46,000 per calendar year (prorated for initial partial year in retirement) before your SPTRFA benefit would be reduced. Benefit offset is \$1 for every \$3 in SPPS post-retirement earnings exceeding the limit in each calendar year.

SPTRFA COLA – Any COLA increase is added to your January 1st pension benefit. Letters are mailed to members each December to inform you of COLA eligibility and value.

- In the first year of retirement, any COLA is prorated based on full quarters receiving an SPTRFA benefit.

Retirement Stages: Summary

<p>Homework: Gain understanding of the SPPS, SPTRFA, & SSA benefit processes</p>	<p>Contact SPPS Benefits to understand your benefits. Review annual SPTRFA estimate. Contact the SPTRFA to ask questions about pension. Contact Social Security. Website: www.ssa.gov</p>
<p>Mentoring: Summer or Fall prior to retirement</p>	<p>Schedule appointments: SPPS Benefits Dept. 767-8212 SPTRFA E-mail: info@sptrfa.org Online www.sptrfa.org Call (651) 642-2550 SSA 1-800-772-1213</p>
<p>Finals:</p>	<p>Submit required SPTRFA retirement documents:</p> <ul style="list-style-type: none"> •Application for Retirement Annuity •Federal & State Income Tax Withholding Request •Direct Deposit Authorization •Supporting documents as applicable; birth/marriage certificates, Divorce Domestic Relations Order (DRO)
<p>Graduation:</p>	<div style="text-align: center;">  <p>Enjoy your retirement!</p> </div>