Tacoma Employees’ Retirement System

WELCOME TERS MEMBERS
Disclaimer

• This presentation is a summarized description of the plan, and does not fully capture all the details and exceptions

• Please see the Tacoma Municipal Code - Chapter 1.30 on Retirement and Pensions for a full review of the ordinances

• TERS does not provide professional investment, tax or legal advice
TERS pension is only one part of your retirement plan

Retirement Expenses:
- Housing
- Transportation
- Entertainment
- Health Insurance
- Food
- All Other

Retirement Income:
- TERS Pension
- Savings
- SSA
Most Commonly Asked Questions

When can I retire?

How does TERS plan work?

What option should I chose?

How much money will I get from TERS?

How safe is my TERS retirement?

Should I work longer to get a bigger retirement benefit?
Tacoma Employees’ Retirement System

- Provides a monthly defined benefit at retirement

- Typically based on member’s final average salary and the number of “credited service years”

- Benefits funded by contributions and investment earnings
Funding Principles

Ultimately:
Contributions + Investment Earnings
= Benefit Payments + Expenses
## TERS Contribution Rates
*(as a percent of pay)*

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Total Contribution Rate</th>
<th>Employer Rate</th>
<th>Member Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-1996</td>
<td>19.3 %</td>
<td>10.44%</td>
<td>8.89%</td>
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<tr>
<td>1997-2000</td>
<td>16.7</td>
<td>9.02</td>
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<td>2001-2008</td>
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<td>7.56</td>
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<td>2012-2017</td>
<td>20.0</td>
<td>10.80</td>
<td>9.20</td>
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<td><strong>2018 - present</strong></td>
<td><strong>21.0</strong></td>
<td><strong>11.34</strong></td>
<td><strong>9.66</strong></td>
</tr>
</tbody>
</table>

Note: Long-standing ratio of employer to employee contributions is 54% / 46%
# Contributions

## Employee Contributions
- Credited with interest quarterly
- May be withdrawn at separation

## Employer Contributions
- Not matching, and cannot be withdrawn at separation
- Not credited to your account
- Fund future benefits
When Can I Retire?

Full Benefit - 2% Factor
- Age 60, any years of service
- Any age, 30 years of service
- Rule of 80: age + years of service = 80
e.g., 25 years service at age 55

Reduced Benefit (see table)
- Age 55 or older, 10 years of service
- Age 40 or older, 20 years of service
How is my Benefit Calculated?

• **Service Retirement** - based on highest 24 month salary, years of service, and a factor

OR

• **Contribution formula**
  TERS applies an annuity factor to your accumulated normal contributions plus interest. The annuity factor is based on your age at retirement

You will receive the higher of these two benefits
Service Formula

Service Credit Years × Factor (%) × Average Final Compensation (AFC) = Monthly Lifetime Benefit
## Factor Table

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<th>Age</th>
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<td>0.642</td>
<td>0.591</td>
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<td>0.897</td>
<td>0.825</td>
<td>0.759</td>
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<td>42</td>
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<td>0.975</td>
<td>0.897</td>
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</tr>
</tbody>
</table>
Average Final Compensation and Service Credit

- Average final compensation (AFC) = highest consecutive 24 month base salary

- Service Credit = years of service. It may be reduced due to:
  - Leave without pay
  - Less than 2080 hours per year or 80 hours pay period
  - Military leave (if not restored through purchase)
Service Retirement Example

Unmodified benefit for a member age 52

25 Service Years

1.871% Factor

$5,000 AFC

= Monthly Lifetime Benefit

$2,338.75
Cost of Living Adjustment (COLA)

Post Retirement income adjustments

• Annual increase up to 2.125% (based on Seattle-Tacoma-Bremerton CPI)

• Effective July 1 after first full year of retirement, and every July 1 thereafter

• Floor of 50% of purchasing power
Estimating Your Monthly Benefit

• Use the online calculator to get a rough estimate

• If you are within 6 months of retirement, TERS staff will provide you a more accurate estimate

• Request an application for retirement, final estimate and one-on-one conference AT LEAST 60 days prior to retirement
Yes, it is taxable*

• When estimating your benefit, keep in mind it is subject to federal taxes, but not FICA

• You decide how much to withhold when you fill out a W-4P when you retire

* except on after tax contributions
Other features affecting the benefit

- Benefit option
- Purchase of service credit
- Portability
- Social Security Modification (contact Retirement office)
## Retirement Options

<table>
<thead>
<tr>
<th>Options</th>
<th>Monthly payment for life</th>
<th>Benefit to Beneficiary or Survivor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unmodified</strong></td>
<td>Largest payment</td>
<td>Nothing</td>
</tr>
<tr>
<td><strong>Option A</strong></td>
<td>Reduced</td>
<td>Lump sum payment of any remaining employee contributions</td>
</tr>
<tr>
<td><strong>Option B</strong></td>
<td>Reduced</td>
<td>Limited monthly payment until employee contributions are fully paid out</td>
</tr>
<tr>
<td><strong>Option C</strong></td>
<td>Reduced</td>
<td>Monthly payment for 5 or 10 years from date of retirement.</td>
</tr>
<tr>
<td><strong>Option D</strong></td>
<td>Reduced/with Pop up*</td>
<td>Spouse/partner receives half of your monthly payment for life</td>
</tr>
<tr>
<td><strong>Option E</strong></td>
<td>Reduced/with Pop up*</td>
<td>Spouse/partner receives the same monthly payment for life.</td>
</tr>
<tr>
<td><strong>Option F</strong></td>
<td>Reduced</td>
<td>Survivor will receive either half or equal payment for life.</td>
</tr>
</tbody>
</table>

* Pop up: payment may revert to unmodified upon death or divorce.
Portability/Dual Membership

*Member of TERS and:*

- PERS
- PSERS
- SERS
- TRS
- LEOFF 2
- WSPRS
- 1ST Class Cities of Seattle or Spokane

Combine Service Credit for Eligibility

Use Highest Final Average Pay

You will receive pension payment from each system
Portability Example

- Sam, who is age 55, has 10 years of service with the City.
- He also has 15 years prior service with the State.
- His highest 2 and 5 year AFC was earned at the City.

<table>
<thead>
<tr>
<th>TERS</th>
<th>WA State PERS 2/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible for a full benefit retirement due to the <strong>rule of 80.</strong> (55 age + 25 yrs svc = 80)</td>
<td>Eligible for a reduced benefit at age 55 with his combined 25 years of service. If he defers to age 65, he is eligible for a full benefit.</td>
</tr>
<tr>
<td>Highest City AFC</td>
<td>Highest City AFC</td>
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</tbody>
</table>
Purchase of Service

• Members with more than 5 years (but less than 30) credited years are eligible to “purchase service”

• Benefits:
  • Larger monthly payment
  • May allow you to retire earlier

• Payments must be made in a lump sum at time of final retirement application

• Cost of purchase depends on your salary and age
Termination/Separation before retirement

Members with fewer than 5 years service:
Lump sum refund of your contributions plus interest

Members with 5 years or more (vested):
Lump sum equal to refund of contributions, plus additional amount
or
Defer retirement to age 60 or later

Withdrawals are taxable unless rolled directly to an Individual Retirement Account (IRA) or qualified plan.
Death In Service Benefit

A spouse/ domestic partner or one or multiple beneficiaries* may receive a pension benefit.

- The member must be:
  - vested (also applies to deferred members)
    - 5 or more years of service credit
    - age 60 or older
    - portability/dual membership (combined years)
  - eligible to retire

* Lump sum payout to beneficiary(ies) if not vested

* Beneficiary form must be current and valid
The Benefits Calculator will allow you to calculate estimated retirement benefits and the cost of purchasing additional time.

The Benefits Calculator is located on the TERS website at: www.cityoftacoma.org/ters
If your Employee Number is less than six digits, please add leading zeros to come up with a six character Username. For example, if your Employee Number is 124, then your Username is 000124.

Username and/or password do not match!

Username: 
Password: 

Log In
Forgot Password?

Username and Password

Your username is your six digit Employee Number (e.g. 001234). Your default password is the first five characters of your last name followed by the first two letters of your first name and your eight digit birth date. If you have less than 5 characters in your last name, please use * to populate the additional spaces.

Example 1
Name: Sally Day
Date of Birth: 9/3/1962
Default password: day**sa09031962

Example 2
Name: Gregory Lee-Johnson
Date of Birth: 3/4/1956
Default password: lee-jgr03041956

This site is best viewed with Internet Explorer 8. Click here to download.

If you are having problems logging in, call 253-502-8200.
Welcome! This website will calculate your Tacoma Employees’ Retirement System benefit. You will be able to save three different estimates. Some data is provided by the TERS office and cannot be overridden. The TERS office will update your data quarterly.

Please select and name one of the estimates below to get started. Example: Age 60.

- Estimate 1
- Estimate 2
- Estimate 3

*Data will automatically save when you move forward or back through the input screens.

**Have questions? Click on Contact Us or call 253-502-8200 between 8:00 AM and 5:00 PM.
City of Tacoma, Washington
TERS

Service and Salary Screen

TACOMA EMPLOYEES' RETIREMENT SYSTEM

Choose a Calculation
Basic Information
Contributions
Service and Salary
Benefit Elections
Results

Current Calculation: 888888-888888-03-E

Repayment of Contribs
Benefit Options
Contact Us
Log Out

Service

Service Adjustment
Enter the total amount of time between your Date of Membership and Date of Termination in which you did not work full-time.

Before 8/1/1983
Years: 0
Months: 0
Days: 0
Hours: 0.0

After 8/1/1983
Years: 0
Months: 0
Days: 0
Hours: 0.0

Portability
Portability?
No

Salary

Salary Projection
Current Monthly Salary: $5,000.00
Assumed Annual Raises: 0%

*If you plan to retire in the next 24 months or you are not presently employed by the City of Tacoma, enter your final average earnings instead of your current monthly salary to obtain a correct result.

Back

Next

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Benefit Elections Screen

TACOMA EMPLOYEES' RETIREMENT SYSTEM

Choose a Calculation
Basic Information
Contributions
Service and Salary
Benefit Elections
Results

Step 1: Basic Information
Step 2: Contributions
Step 3: Service and Salary
Step 4: Benefit Elections
Step 5: Results

Benefit Elections

Annuitant Information
Annuitant Type
Spouse
Annuitant Date of Birth (M/D/YYYY)
10/2/1952

Benefit Form
Benefit Option
Show All Options

Service Purchase
Is Service Purchase available?
Yes
Years of Service Purchase Needed to retire
0.00000
Maximum available Years of Service Purchase
2.42692
Are you purchasing additional service?
No

*To see a description of these options, click on Benefit Options.

*Data will automatically save when you move forward or back through the input screens.

**Have questions? Click on Contact Us or call 253-502-8652 between 8:00 AM and 5:00 PM.
# TACOMA EMPLOYEES' RETIREMENT SYSTEM

## Estimation of Retirement Allowance

**Filename:** 888888-888888-03-E

### BASIC INFORMATION

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<th>Annuitant Birth Date:</th>
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### Results Screen – Part 2 of 6

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<td>Average Final Salary: 5,000.00</td>
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<tr>
<td>Total Benefit Contributions: 157,862.76</td>
<td>TERS Service: 27.57308</td>
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<tr>
<td>Additional Pre-83 Contributions: 0.00</td>
<td>IRS TESTS</td>
</tr>
<tr>
<td>Additional Post-83 Contributions: 0.00</td>
<td>The benefit amount may exceed the 415 limit: No</td>
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<td>Non-Taxable Contributions: 555.00</td>
<td>The salary may exceed the 401(a)(17) limit: No</td>
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<tr>
<td>BENEFIT ELECTIONS - YOU HAVE SELECTED: Retirement - Show All Options</td>
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<tr>
<td>---------------------------------------------------------------</td>
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<tr>
<td>The Unmodified Benefit will pay you approximately $2,757.50 per month for your life, but your beneficiary will receive no part of your contributions after your death.</td>
<td></td>
</tr>
<tr>
<td>Option A will pay you approximately $2,665.98 per month for life. If you die before you have withdrawn all of your contributions ($160,252.62) in annuity payments of $1,251.97 per month, the balance goes to your beneficiary in a lump sum. For example, if you live for only ten months after you retire, $12,519.70 would be deducted from the $160,252.62 and your beneficiary would receive $147,732.92 in a lump sum.</td>
<td></td>
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<tr>
<td>Option B will pay you approximately $2,689.55 per month for life. If you die before you have withdrawn all of your contributions ($160,252.62) in annuity payments of $1,251.97 per month, your beneficiary will continue to receive monthly payments of $1,251.97 until the $160,252.62 is paid out.</td>
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</tr>
<tr>
<td>Option C5 will pay you $2,740.96 per month for your life. If you die within 5 years of your retirement, your beneficiary will continue to receive $2,740.96 for the remainder of the 5 year period.</td>
<td></td>
</tr>
</tbody>
</table>
Option C10 will pay you $2,688.56 per month for your life. If you die within 10 years of your retirement, your beneficiary will continue to receive $2,688.56 for the remainder of the 10 year period.

Option D will pay you approximately $2,467.96 per month for life. After your death, your spouse will receive one-half of this amount, or $1,233.98 per month for life. If your spouse predeceases you, your monthly benefit will increase, or pop-up, at that time to the Unmodified Benefit amount ($2,757.50). No benefit will be paid to a beneficiary after your death and the death of your spouse.

Option E will pay you approximately $2,206.00 per month for life. After your death, your spouse will receive $2,206.00 per month for life. If your spouse predeceases you, your monthly benefit will increase, or pop-up, at that time to the Unmodified Benefit amount ($2,757.50). No benefit will be paid to a beneficiary after your death and the death of your spouse.
Other Public Retirement Systems

**WA State – Department of Retirement Systems**  
Toll Free 1-800-547-6657 or (360) 664-7000  
Website http://www.drs.wa.gov

**Seattle City Employees’ Retirement System**  
Ph: (206) 386-1293  
Website http://www.seattle.gov/retirement

**Spokane Employees’ Retirement System**  
Ph: (509) 625-6330  
Website http://www.spokanecity.org/departments
Contact Information

OFFICE LOCATION

Tacoma Public Utilities
Administration Building North, Ground Floor
3628 South 35th Street, Tacoma 98409
Ph: (253) 502-8200
Fax: (253) 502-8660
Toll Free (888) 404-3787
Email: TERSretirement@cityoftacoma.org
Website: http://www.cityoftacoma.org/ters