



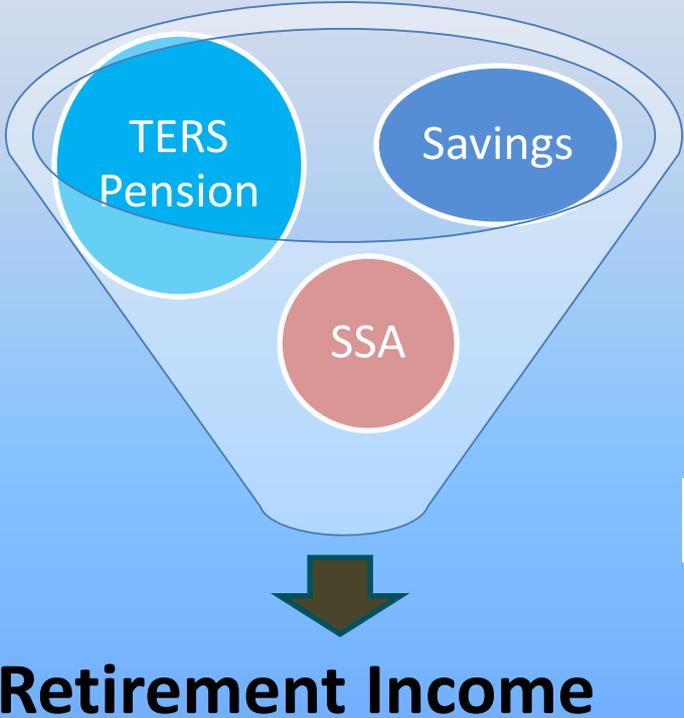
Tacoma Employees' Retirement System

WELCOME TERS MEMBERS

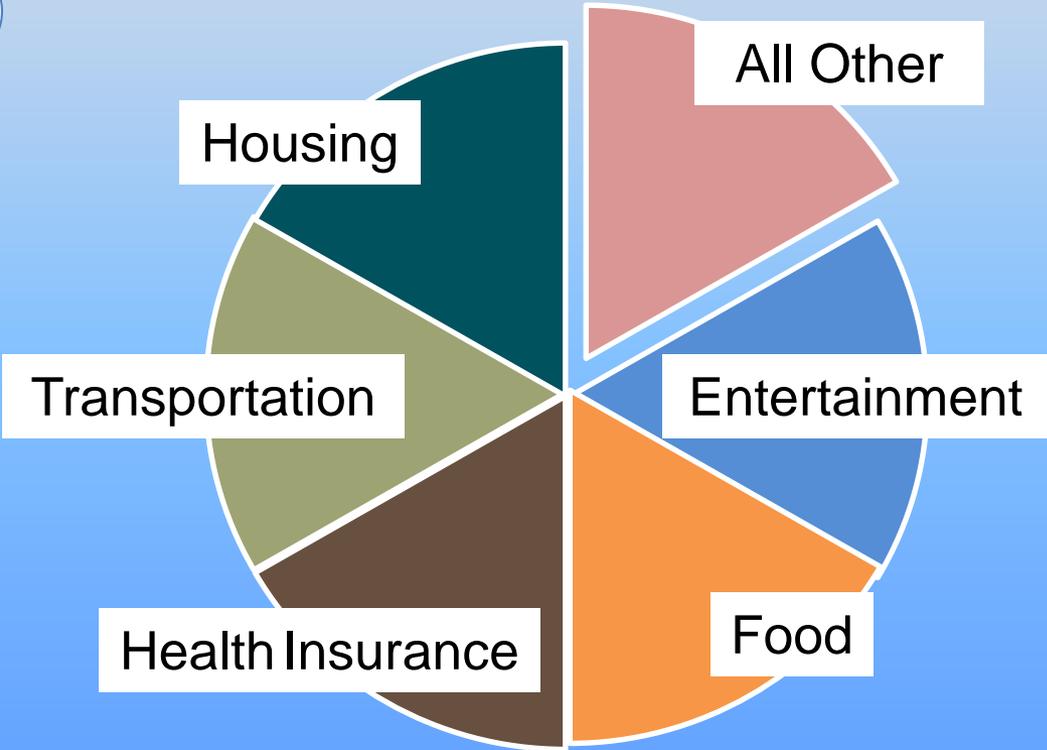
Disclaimer

- 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



Most Commonly Asked Questions

When can I retire?

How much money will I get from TERS?

How does TERS plan work?



How safe is my TERS retirement?

What option should I chose?

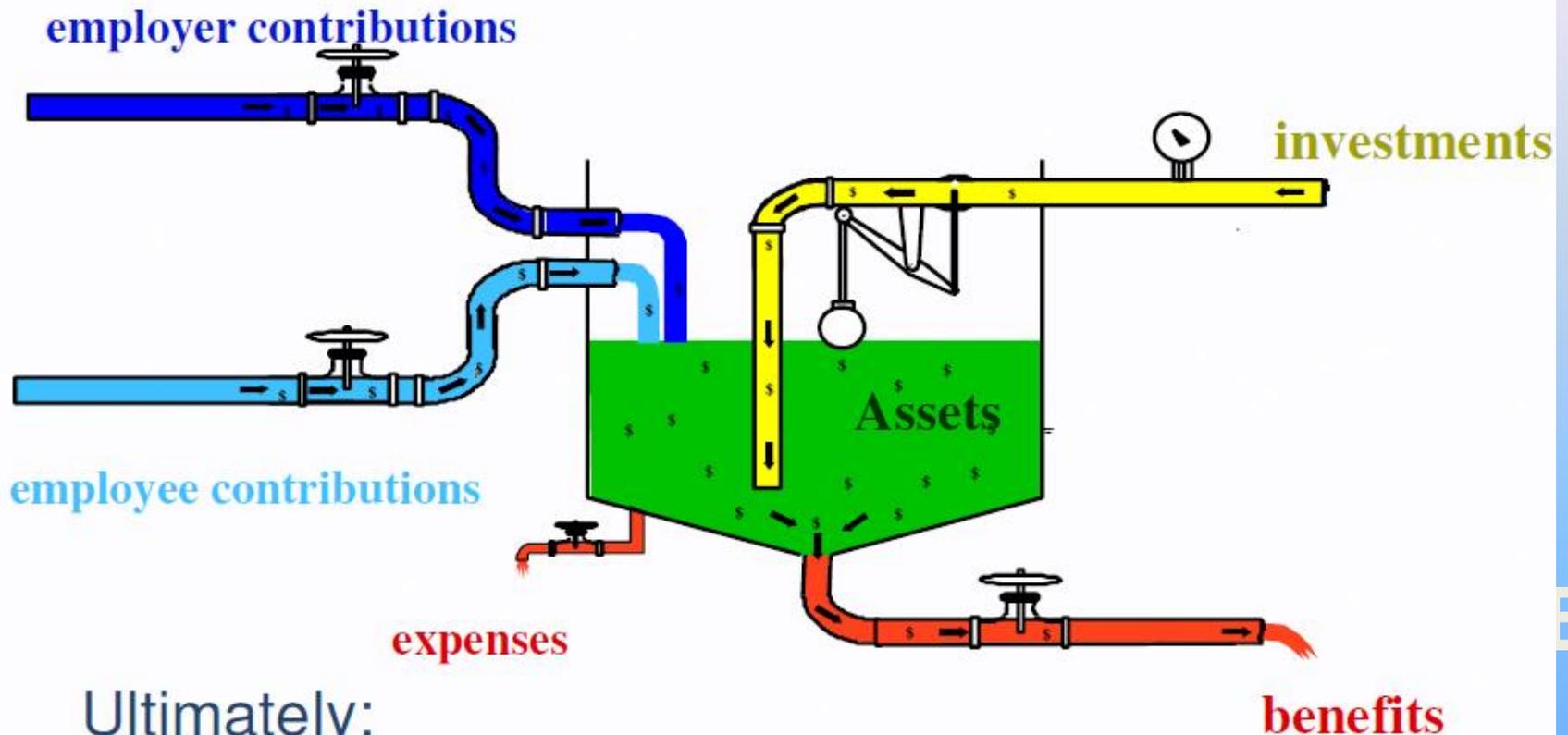
Should I work longer to get a bigger retirement benefit?

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:

$$\text{Contributions} + \text{Investment Earnings} \\ = \text{Benefit Payments} + \text{Expenses}$$

TERS Contribution Rates

(as a percent of pay)

Time Period	Total Contribution Rate	Employer Rate	Member Rate
1980-1996	19.3 %	10.44%	8.89%
1997-2000	16.7	9.02	7.68
2001-2008	14.0	7.56	6.44
2009	16.0	8.64	7.36
2010	18.0	9.72	8.28
2011	19.0	10.26	8.74
2012-2017	20.0	10.80	9.20
2018 - present	21.0	11.34	9.66

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- May be withdrawn at separation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- Not matching, and cannot be withdrawn at separation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?



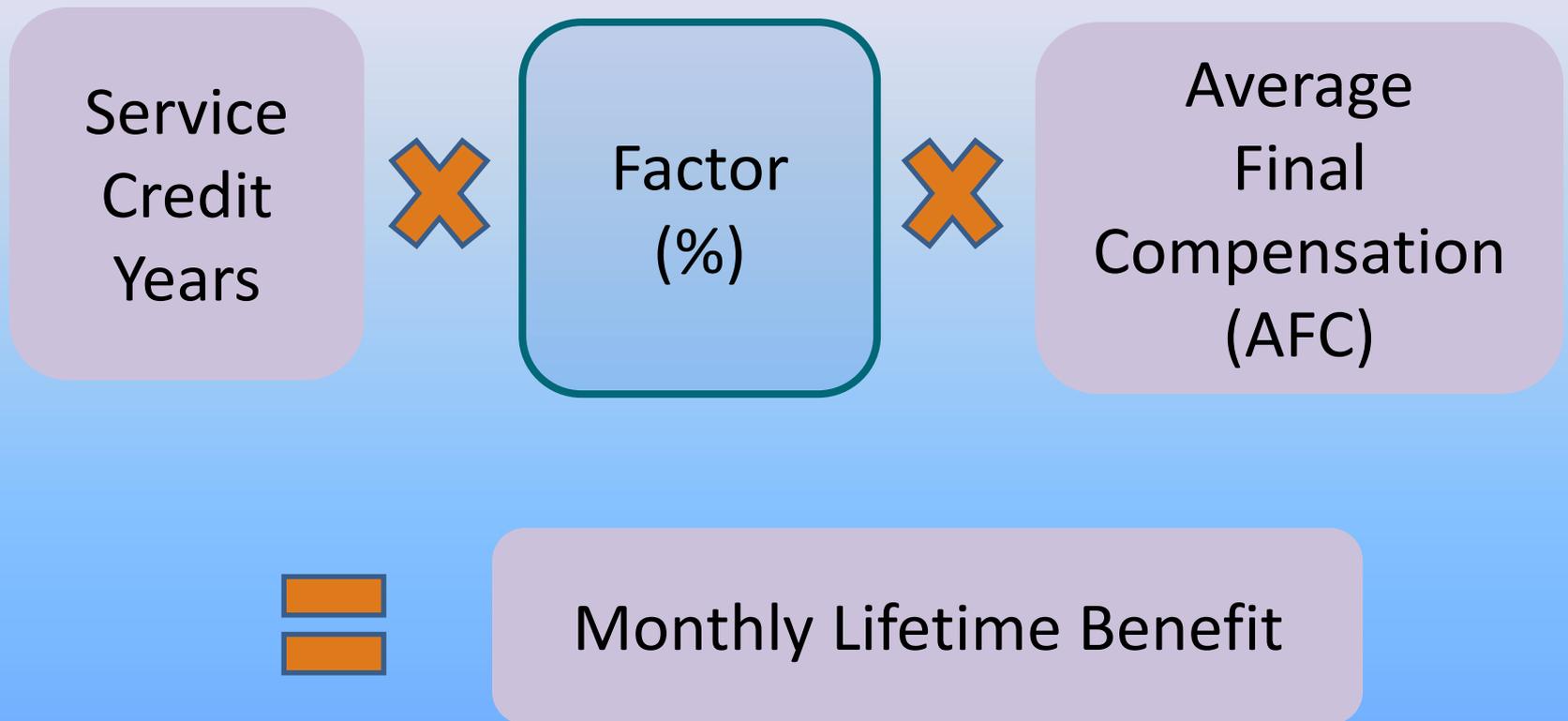
- Service Retirement - based on highest 24 month salary, years of service, and a factor

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





Factor Table

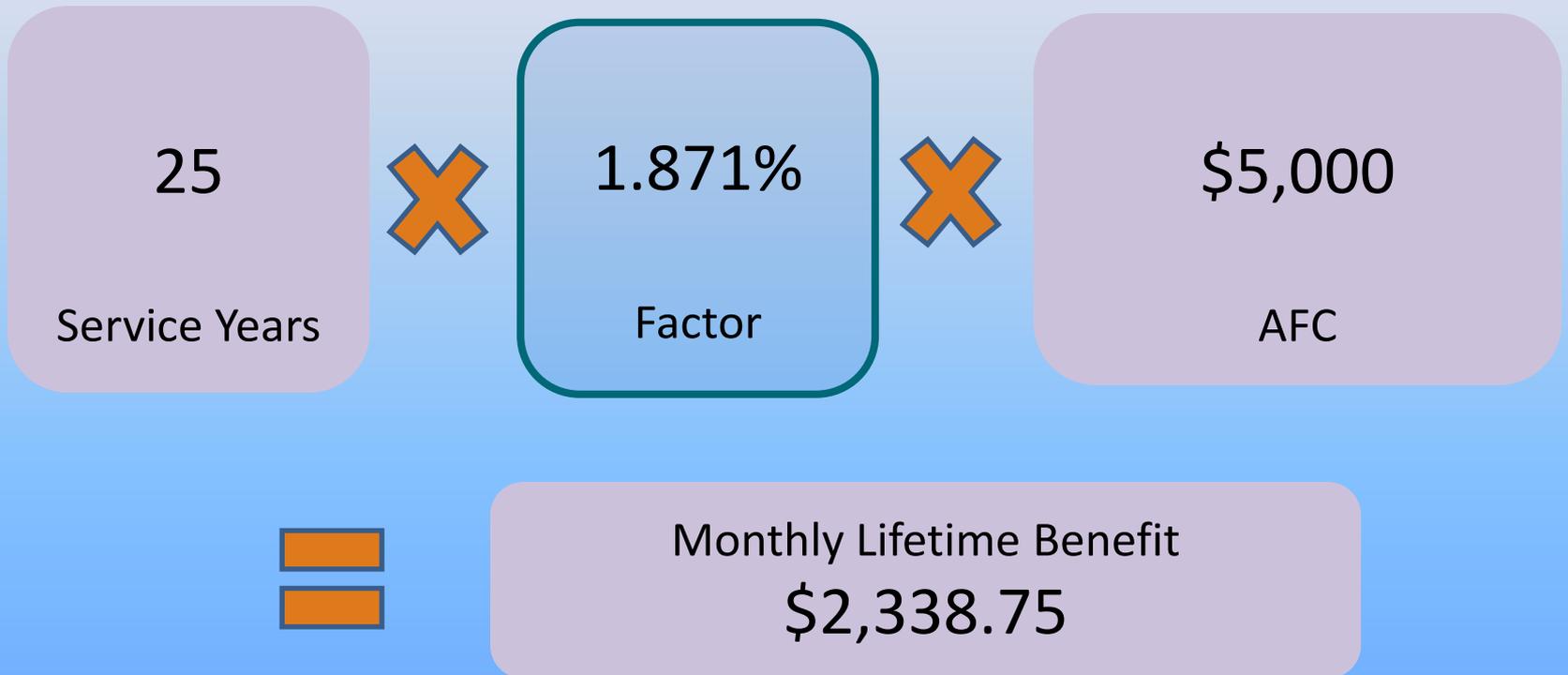
Age	Creditable Service Years												
	30	29	28	27	26	25	24	23	22	21	20	19-10	9-1
40							0.759	0.698	0.642	0.591	0.544	N/A	N/A
41						0.897	0.825	0.759	0.698	0.642	0.591	N/A	N/A
42					1.060	0.975	0.897	0.825	0.759	0.698	0.642	N/A	N/A
43				1.252	1.152	1.060	0.975	0.897	0.825	0.759	0.698	N/A	N/A
44			1.417	1.332	1.252	1.152	1.060	0.975	0.897	0.825	0.759	N/A	N/A
45		1.603	1.507	1.417	1.332	1.252	1.152	1.060	0.975	0.897	0.825	N/A	N/A
46	2.000	1.706	1.603	1.507	1.417	1.332	1.252	1.152	1.060	0.975	0.897	N/A	N/A
47	2.000	1.815	1.706	1.603	1.507	1.417	1.332	1.252	1.152	1.060	0.975	N/A	N/A
48	2.000	1.871	1.815	1.706	1.603	1.507	1.417	1.332	1.252	1.152	1.060	N/A	N/A
49	2.000	1.929	1.871	1.815	1.706	1.603	1.507	1.417	1.332	1.252	1.152	N/A	N/A
50	2.000	1.964	1.929	1.871	1.815	1.706	1.603	1.507	1.417	1.332	1.252	N/A	N/A
51	2.000	2.000	1.964	1.929	1.871	1.815	1.706	1.603	1.507	1.417	1.332	N/A	N/A
52	2.000	2.000	2.000	1.964	1.929	1.871	1.815	1.706	1.603	1.507	1.417	N/A	N/A
53	2.000	2.000	2.000	2.000	1.964	1.929	1.871	1.815	1.706	1.603	1.507	N/A	N/A
54	2.000	2.000	2.000	2.000	2.000	1.964	1.929	1.871	1.815	1.706	1.603	N/A	N/A
55	2.000	2.000	2.000	2.000	2.000	2.000	1.964	1.929	1.871	1.815	1.706	1.706	N/A
56	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.964	1.929	1.871	1.815	1.815	N/A
57	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.964	1.929	1.871	1.871	N/A
58	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.964	1.929	1.929	N/A
59	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	1.964	1.964	N/A
60	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000

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



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

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

* 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

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

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

Benefits Calculator

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



TERS Calculator Login



TACOMA EMPLOYEES' RETIREMENT SYSTEM

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:

[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.

Initial Screen



TACOMA EMPLOYEES' RETIREMENT SYSTEM

Choose a Calculation

Change Password / Email

Contact Us

Log Out

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.

- | | |
|----------------------------------|-------------------|
| <input type="radio"/> Estimate 1 | Add a description |
| <input type="radio"/> Estimate 2 | Add a description |
| <input type="radio"/> Estimate 3 | Add a description |

Go

**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.*

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

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

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	<input type="text" value="0"/>	Months	<input type="text" value="0"/>	Days	<input type="text" value="0"/>	Hours	<input type="text" value="0.0"/>
After 8/1/1983	Years	<input type="text" value="0"/>	Months	<input type="text" value="0"/>	Days	<input type="text" value="0"/>	Hours	<input type="text" value="0.0"/>

Portability

Portability?

Salary

Salary Projection

Current Monthly Salary*

Assumed Annual Raises

*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.

Benefit Elections 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

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

Annuitant Information

Annuitant Type

Annuitant Date of Birth (M/D/YYYY)

Benefit Form

Benefit Option*

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?

*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.*

Results Screen – Part 1 of 6



TACOMA EMPLOYEES' RETIREMENT SYSTEM

Choose a Calculation

Basic Information

Contributions

Service and Salary

Benefit Elections

Results

[Save & Log Out](#) [Print this page](#)

TACOMA EMPLOYEES' RETIREMENT SYSTEM Estimation of Retirement Allowance Filename : 888888-888888-03-E

Current Calculation:
888888-888888-03-E

BASIC INFORMATION

Name: John Smith		SAP Number: 888888
Membership Date: 5/5/1984		Termination Date: 12/1/2011
Retirement Date: 12/1/2011		Gender: Male
Member Birth Date: 11/23/1951		Member Age: 60.00
Annuitant Birth Date: 10/2/1952		Annuitant Age: 59.00

Repayment of Contribs

Benefit Options

Contact Us

Log Out

Results Screen – Part 2 of 6

<u>CONTRIBUTIONS</u>	<u>SERVICE AND SALARY</u>
Total Member Contributions: 160,252.62	Average Final Salary: 5,000.00
Total Benefit Contributions: 157,862.76	TERS Service: 27.57308
Additional Pre-83 Contributions: 0.00	
Additional Post-83 Contributions: 0.00	<u>IRS TESTS</u>
Non-Taxable Contributions: 555.00	The benefit amount may exceed the 415 limit: No
	The salary may exceed the 401(a)(17) limit: No

Results Screen – Part 3 of 6

BENEFIT ELECTIONS - YOU HAVE SELECTED: Retirement - Show All Options

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.

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.

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.

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.

Results Screen – Part 4 of 6

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.

Contact and Website Information

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>