

PUBLIC EMPLOYEES RETIREMENT SYSTEM TIER II

The Public Employees Retirement System (PERS) was established on July 1, 1961 for the purpose of providing retirement benefits for employees of the State and political subdivisions. During the 2015 Legislative session, legislation passed creating a second tier of retirement benefits for those hired for the first time and first become a member of PERS on or after July 1, 2015 (Tier II). PERS has approximately 36,413 active members and approximately 24,931 retirees receiving annuity benefits. PERS is funded by employee and employer contributions. An active member hired for the first time who first become a member on or after July 1, 2015 will be designated as PERS Tier II. The employee and employer will make contributions at a percentage established by the State Legislature and West Virginia Consolidated Public Retirement Board. All employee contributions currently remitted are tax deferred. The employer contributions are annually reviewed to assure that they result in actuarially sound funding for the plan. *“Board”*, when used in the following sections of this brochure refers to the West Virginia Consolidated Public Retirement Board.

RETIREMENT BENEFITS

In order to qualify for retirement benefits, a Tier II member of PERS must meet certain eligibility requirements.

A PERS Tier II member who has not separated from employment with a participating PERS agency may:

- ▶ **Retire** with full benefits at age 62 if he or she has 10 or more years of contributing service.
- ▶ **Retire** between the age of 60 and 62 with reduced benefits if he or she has 10 or more years of contributing service.
- ▶ **Retire** between the age of 57 and 62 with reduced benefits if he or she has 20 or more years of service.
- ▶ **Retire** between the age of 55 and 62 with reduced benefits if he or she has 30 or more years of contributing service.

A PERS Tier II member who has separated from employment with a participating PERS agency prior to retirement and has not withdrawn his or her contributions may:

- ▶ **Retire** at age 64 with full benefits if he or she has 10 or more years of contributory service, excluding purchased military service.
- ▶ **Retire** at age 63 with full benefits if he or she has 20 or more years of service, excluding purchased military service.

EFFECTIVE DATE OF RETIREMENT

◆ Effective date of retirement is dependent upon termination of employment, meeting retirement eligibility and the Board's receipt of the retirement application. The Date the Board receives of the retirement application can impact the effective date of retirement. If the member is less than age 62 upon termination of employment, and all retirement criteria are met, the effective date of retirement will be the first day of the month following receipt of the retirement application.

◆ Retirement benefits are not automatic. Prospective retirees must make application to the Board in order to commence retirement benefits.

RETIREMENT BENEFIT FORMULA

◆ Regular retirement benefits are paid in equal monthly installments in an amount equal to 2% multiplied by the member's years of credited service multiplied by the member's Final Average Salary (FAS).

◆ Final Average Salary means the average annual salary from the highest 60 consecutive months within the last 15 years of employment. Any lump sum payment that is not guaranteed to be paid annually is not considered compensation and is, therefore, not used in FAS. Annual increment pay received by State employees is considered compensation and is, therefore, used in FAS.

$$2\% \times \text{Years of Service} \times \text{FAS} = \text{Annual Straight Life Retirement Benefit}$$

ANNUITY OPTIONS

STRAIGHT LIFE: A lifetime annuity payable monthly to the retiree determined under the full benefit formula without adjustment. There are no beneficiary benefits payable under this option.

OPTION A - 100% JOINT AND SURVIVOR: A reduced annuity payable monthly to the retiree for his or her lifetime. Upon the death of the retiree, the named beneficiary will receive the same amount for his or her lifetime.

OPTION B - 50% JOINT AND SURVIVOR: A reduced annuity payable monthly to the retiree for his or her lifetime. Upon the death of the retiree, the named beneficiary will receive one-half of the monthly payment for his or her lifetime. The named beneficiary in both Option A and Option B must have an insurable interest in the life of the retiree such as a spouse, child, parent, or other dependent. Under all options, any unpaid employee contributions, plus 4% interest, remaining at the retiree's or beneficiary's death, will be paid to the named beneficiary or the estate.

BENEFIT PAYMENTS

The first benefit payment due a retiree or beneficiary will be mailed directly to the recipient's home address. Following the first payment, barring any unforeseen circumstances, benefit payments are credited by direct deposit to retiree accounts on the 25th of each month, except in the month of December when retiree accounts are credited on the 18th. If the 25th (or December 18th) falls on a weekend or holiday, direct deposits are processed on the prior full business day. Social Security income, private sector income, or private sector retirement benefits do not affect PERS regular retirement benefits. (Some stipulations apply to disability retirees.)

Distributions (whether eligible for lump sum refund or monthly annuity) must start by April 1 of the year following the later of: (A) The date a member reaches age 70½, or (B) The date upon which a member terminates employment.

RETIREMENT BENEFIT ESTIMATE

Approximately 6 to 12 months prior to retirement eligibility, members should contact the Board to request an estimate of benefits for all three retirement annuity options. An estimate is required prior to receiving a retirement packet.

DISABILITY RETIREMENT

LESS THAN 10 YEARS OF SERVICE - A member who has less than 10 years of credited service may apply for disability retirement benefits if the member became incapacitated within 12 months of last being employed with a participating public employer and if the incapacitation occurred as a result of a work related injury. The member must be receiving (or have received) Workers' Compensation benefits on account of such disability.

10 OR MORE YEARS OF SERVICE- A member who has 10 or more years of credited service may apply for disability retirement benefits if the member became incapacitated within 12 months of last being employed with a participating public employer. Disability benefits shall not be less than 50% of a member's FAS. At age 65 the benefit is calculated on actual years of service and may be reduced, but the straight life benefit or equivalent may not be less than 20% of the FAS. Disability retirees are required to submit medical recertification and copies of his or her annual statement of earnings for specified periods of time following receipt of disability benefits.

CHANGING A BENEFICIARY

PRIOR TO RETIREMENT

If a member wishes to change a beneficiary(ies), he or she must complete a new beneficiary form and return it to the Board. The member should keep a copy of this form for his or her records. If a member's family situation changes (birth, death, divorce, marriage.), his or her beneficiary designation should be reevaluated.

DEATH PRIOR TO RETIREMENT - BENEFICIARY OPTIONS *PERS* members may select beneficiary options based only upon the specific category that describes his or her particular circumstance at the time a beneficiary form is completed (i.e., date of hire, years of service and marital status).

CATEGORY 1: LESS THAN 10 YEARS OF CREDITED SERVICE REGARDLESS OF ORIGINAL DATE OF HIRE OR MARITAL STATUS:

A member who falls under this category may elect to name a beneficiary(ies) to receive a lump sum payment of his other employee contributions plus 4% interest.

CATEGORY 2: HIRED FOR THE FIRST TIME BEFORE OR ON JUNE 9, 2006, HAS 10 OR MORE YEARS OF CREDITED SERVICE, AND IS MARRIED AT THE TIME OF DEATH:

Upon the death of a member who falls under this category, a 100% Joint and Survivor annuity will be paid to the deceased member's surviving spouse, calculated as if the member had retired the day preceding the date of his or her death, unless the "Spouse's Waiver of Survivorship Annuity" section on the beneficiary form is completed. If the "Spouse's Waiver of Survivorship Annuity" section is completed, the member may elect to name an alternative beneficiary, who has an "insurable interest" in the life of the member, to receive the 100% Joint and Survivor Annuity. Should the surviving spouse or alternative beneficiary, if applicable, pre-decease the member, the member may also elect one of the following

options:

- (A)** The member may name another beneficiary, who has an "insurable interest" in the life of the member, to receive the 100% Joint and Survivor annuity; or
- (B)** The member may name a beneficiary to receive a lump sum payment of his or her employee contributions, plus 4% interest.

CATEGORY 3: HIRED FOR THE FIRST TIME BEFORE OR ON JUNE 9, 2006, HAS 10 OR MORE YEARS OF CREDITED SERVICE AND IS NOT MARRIED AT THE TIME OF DEATH:

A member who falls under this category may elect one of the following options:

- (A)** The member may elect to name a beneficiary(ies) to receive a lump sum payment of his or her employee contributions plus 4% interest.
- (B)** The member may elect to have a 100% Joint and Survivor annuity, calculated as if the member had retired the day preceding the date of his or her death, paid to a named beneficiary who has an "insurable interest" in the life of the member.
- (C)** The member may elect not to name a beneficiary and have his or her pre-retirement death benefit paid as a monthly annuity, calculated as though the member had retired as

of the date of his or her death and elected a Straight Life annuity, to a minor child or children until the minor child or children attains age 21 or sooner marries or becomes emancipated. *In no event shall any child or children receive more than \$250.00 per month under this option.*

CATEGORY 4: HIRED FOR THE FIRST TIME AFTER JUNE 9, 2006, HAS 10 OR MORE YEARS OF CREDITED SERVICE AND IS MARRIED AT THE TIME OF DEATH:

Upon the death of a member who falls under this category, a 100% Joint and Survivor annuity will be paid to the deceased member's surviving spouse, calculated as if the member had retired the day preceding the date of his or her death, unless the "Spouse's Waiver of Survivorship Annuity" section on the beneficiary form is completed. If the "Spouse's Waiver of Survivorship Annuity" section is completed, the member may:

- (A)** Elect to name a beneficiary(ies) to receive a lump sum payment of his or her employee contributions, plus 4% interest; or
- (B)** Elect to name a child who is financially dependent by virtue of a permanent mental or physical disability to receive the 100% Joint and Survivor Annuity.

**Evidence of the dependent child's disability must be provided and the disabled child must be named sole beneficiary.*

CATEGORY 5: HIRED FOR THE FIRST TIME AFTER JUNE 9, 2006, HAS 10 OR MORE YEARS OF CREDITED SERVICE AND IS NOT MARRIED AT THE TIME OF DEATH:

A member who falls under this category may elect one of the following options:

- (A)** The member may elect to name a beneficiary(ies) to receive a lump sum payment of his or her employee contributions plus 4% interest.
- (B)** The member may elect to have a 100% Joint and Survivor annuity, calculated as if the member had retired the day preceding the date of his or her death, paid to a child who is financially dependent upon the member by virtue of a permanent mental or physical disability.

**Evidence of the dependent child's disability must be provided and the disabled child must be named sole beneficiary.*

- (C)** The member may elect not to name a beneficiary and have his or her pre-retirement death benefit paid as a monthly annuity, calculated as though the member had retired as of the date of his or her death and elected a Straight Life annuity, to a minor child or children until the minor child or children attains age 21 or sooner marries or becomes emancipated. *In no event shall any child or children receive more than \$250.00 per month under this option.*

DEPENDENT SCHOLARSHIP

Any person who qualifies as a surviving dependent child of a law enforcement officer who dies in the performance of duty is entitled to receive a scholarship to be applied to the career development education of that dependent.

EMPLOYMENT AFTER RETIREMENT

- ◆ If a retiree becomes regularly employed by a participating PERS employer, payment of his or her annuity shall be suspended during his or her reemployment, and he or she shall again become a contributing member of the retirement system.
- ◆ A retiree may accept temporary employment from a participating employer so long as he or she does not receive compensation in excess of \$20,000 during any calendar year.
- ◆ It is the retiree's responsibility to contact the Board to report re-employment and to determine future retirement options.
- ◆ Disability retirees may not earn more than the Social Security substantial gainful activity amount.

TERMINATION OF EMPLOYMENT

If a member terminates employment prior to the time he or she qualifies for retirement benefits and has accrued at least ten (10) years of contributing service, contributions may be left on deposit until he or she qualifies for retirement benefits, or the member may choose to withdraw his or her employee contributions (plus 4% interest if he or she has two or more years of contributing service) from the plan after termination of employment. Employer contributions are not eligible to be withdrawn. Once the member withdraws contributions from the system, all future retirement and disability benefits are forfeited.

REINSTATEMENT OF PREVIOUSLY

WITHDRAWN SERVICE

Any member who has been re-employed for one full year by a participating public employer may purchase previously withdrawn PERS service, provided that he or she redeposits the withdrawn funds plus interest. Members must be re-employed for one year and the first reinstatement payment must be made between the first and second year of re-employment. If the first reinstatement payment is not made before the end of the member's second year of re-employment, the member is not eligible to reinstate previously withdrawn service. The full reinstatement amount must be repaid (in a lump sum or payments) before the end of the fifth year of the member's return to employment. Members should contact the Board at the end of his or her first year of return to employment to obtain the cost to reinstate withdrawn PERS service.

MILITARY SERVICE

Active duty military service up to 5 years may be purchased by PERS Tier II members in accordance with the WV Code §5-10-15. A Tier II member interested in purchasing active military service performed prior to his or her membership in PERS must notify PERS in writing that he or she requests to purchase military service during their first 12 months of employment. After completion of 12 months of retirement contributions, PERS will calculate the actuarial reserve purchase amount and notify the member. Members who have a break in employment as a result of being called to active military service may be eligible to purchase additional military service credit as provided by federal law.

OUT OF STATE SERVICE

A member of PERS may purchase up to five years of service credit for public employment performed in another State. However, the member cannot be vested in the other State's retirement system or be in receipt of an annuity from such plan. Purchased out-of-state service may not be used to establish eligibility for a retirement benefit.

APPOINTMENTS

Most retirement related matters can be handled from the convenience of your home via mail and telephone. However, members who wish to visit the Board to discuss retirement related matters with a PERS staff member are **required** to make an appointment.

QUESTIONS

Should you have any questions regarding PERS, Tier II, please feel free to contact us in writing, by phone, or e-mail, Monday through Friday, 8:00 a.m. to 5:00 p.m. For additional information, you may also want to visit our website.

NOTE

Information contained in this brochure illustrates the CPRB's understanding of the current provisions of the PERS. These provisions are contained in the current plan statutes, and are subject to modification by the West Virginia Legislature each year. This brochure is for general guidance purposes only. In the event there is a discrepancy between information contained in this brochure and the WV State Code and Rules, the language in the Code and Rules shall prevail.

**TIER II
PUBLIC EMPLOYEES
RETIREMENT SYSTEM
(PERS)**

**FOR THOSE HIRED FOR THE FIRST TIME
AND FIRST BECOME A MEMBER
ON OR AFTER
JULY 1, 2015**

Executive Director

Jeffrey E. Fleck

June 2015

Administered by:

The West Virginia

**Consolidated Public Retirement Board
(CPRB)**

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