

LEAVING YOUR JOB WITH THE CITY?

WHAT TO KNOW ABOUT YOUR PENSION
BEFORE YOU LEAVE CITY EMPLOYMENT



Seattle City Employees'
Retirement System

OVERVIEW

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- II. Scenarios:
 - A. Vested & Leaving (But Not Retiring)
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I. TO WITHDRAW OR NOT TO WITHDRAW?

Am I vested in SCERS and/or a portable system?

SCERS = 5 years

WA DRS/Tacoma/Spokane = depends on plan

More information on dual membership is available [here](#).

YES

- You are Vested with SCERS!
- Vested = Guaranteed lifetime pension benefit
- Contributions continue to earn Interest (Quarterly)

NO

- You are not Vested with SCERS
- No pension benefit will be paid
- Contributions stop earning Interest at 2 years from separation

Determine if you have time worked but not credited. A Service Credit Purchase could help you reach vested status

Consider withdrawing (or rolling over to qualified pension plan)

Consider leaving funds if you think you'll re-hire with the City or portable system in the future



SCENARIO A: IF YOU ARE VESTED & LEAVING (BUT NOT RETIRING)

Here is a list of things to know before you leave City service:

Ensure that your information is up-to-date before you go!

With Your City Department:

- Contact information (mailing address, phone, personal email)

With SCERS:

- Beneficiaries on file
- Portability paperwork on file
- Double check that the Member Self Service (MSS) Portal doesn't use your City email as your contact email.

Complete any Service Credit Purchases (SCPs) you want credit for, before your last day with the City. Payment must be received in SCERS's lockbox before you separate from your City job.

The death benefit and city retiree medical benefits are not available if you separate from City employment before retirement. They will only become available to you again if you re-hire with the City prior to retirement.

Consult with your City Department regarding your Sick Leave, Vacation and other cash-outs before you go.

Consult with the SDHR Deferred Compensation Unit, for questions about your voluntary, deferred compensation account.
www.cityofseattlederferredcomp.com

SCENARIO B: IF YOU ARE NOT VESTED & LEAVING

OPTIONS	FACTS TO KNOW
1. Leave your funds with SCERS	Your Accumulated Contributions With Interest (ACWI) will continue to accrue interest for 2 years from your separation with the City. After 2 years, generally, your best option is to withdraw & reinvest to keep your funds working for you. Ensure SCERS can reach you by leaving up-to-date contact information.
2. Withdraw your funds	The type of withdrawal you choose impacts how you'll be taxed and your overall retirement savings.

Option 2A:
 Receive a payment directly to your bank account
 (Funds are no longer considered retirement)

 Tax = income tax + 10% early withdrawal tax if you are under 59.5 years old

❖ You can only withdraw your ACWI. Employer contributions are not eligible for withdrawal.

❖ A 1099-R Form will be mailed to you by January 31st of following year.

Option 2B:
 Rollover to a qualified pension plan
 (Funds are still considered retirement savings)

 Tax = 0%. You won't be taxed to rollover

III. TIME LIMITATIONS TO KNOW

Certain processes are only available within certain windows of time

SCERS PROCESS AREA	TIME WINDOW
1. Service Credit Purchase (SCP)	Missed time must be purchased <u>before</u> you separate from City employment
2. Redeposits	If you return to the City or a portable agency, it is most beneficial to redeposit your withdrawn contributions from SCERS within 2 years of rehire. After that point, a different formula is used to calculate the redeposit and will likely be more costly.

Here are some other areas you may want more information on before you go:

• Last paycheck, end of medical coverage, timesheet, benefits, etc.	Contact your City Department
• Medical (COBRA)	Contact SDHR Benefits Unit benefits.unit@seattle.gov
• Deferred Compensation	Contact SDHR Deferred Compensation Unit www.cityofseattledeferredcomp.com

IV. SERVICE CREDIT PURCHASE (SCP)

- **What is a Service Credit Purchase (SCP)?**

- You may be eligible for a SCP if you have time worked with the City for which you did not receive service credit. Common examples include: Temporary employee time, unpaid Family Medical Leave (FML) time, military service time, time spent on workers compensation, exempt time before you became a member, and time associated with a prior withdrawal from the Plan.

- **How is my SCP calculated?**

SCP TYPE	CALCULATION
<ul style="list-style-type: none">• Temporary Employee Time• Military Service Time• Exempt Time	Cost calculated at Actuarial Present Value of resulting increase to benefit <i>(note: If purchased at resignation, the cost will be re-calculated and trued-up at time of retirement)</i>
<ul style="list-style-type: none">• Unpaid FML• Time on Workers Comp	Missed contributions with compounded interest
<ul style="list-style-type: none">• Redeposits	(Within 2 years of rehire): Amount withdrawn + compounded interest at Actuarial Assumed Rate of Investment Return between date of termination & date of redeposit (Later than 2 years from rehiring): Amount withdrawn + compounded interest at Actuarial Assumed Rate of Investment Return or the actual rate of investment return, whichever is higher

IV. SERVICE CREDIT PURCHASE (SCP) CONTINUED

- **When can I purchase my SCP?**

- During original windows of opportunity, per the SMC
- All SCPs must be paid in full **prior to** resignation or retirement, whichever occurs first

- **How can I pay for my SCP?**

- A direct payment from you to SCERS
- A rollover/ transfer of funds to SCERS from another qualified plan
- All payments should be sent to SCERS' Treasury Lockbox

Mail checks to:

City of Seattle, Retirement
FAS Treasury Cashiers
P.O. Box 94766
Seattle, WA 98124-7066

- **How do I start the SCP process?**

- Forms are found on SCERS' website under FORMS <https://www.seattle.gov/retirement/forms-and-publications>

FORM NAME	FORM PURPOSE
<i>Service Credit Purchase Request Form</i>	Complete this form to initiate your request to a cost calculation of your SCP.
<i>Rollover Request To Service Credit Purchase Form</i>	Later in the process when you've signed the agreement to move forward with your SCP, complete this form to rollover funds from another qualified plan to SCERS
<i>Transfer Of Funds: City Deferred Comp To SCERS</i>	Later in the process when you've signed the agreement to move forward with your SCP, complete this form to transfer funds from your City Deferred Comp account to SCERS

V. OTHER COMMON QUESTIONS

- **How is interest calculated and applied to my Accumulated Contributions With Interest (ACWI)?**

- Interest is applied to all eligible accounts on a quarterly basis. Contributions made on or before December 31, 2011 earn interest at an annual rate of 5.75%. The interest rate after December 31, 2011 varies each year is based upon the average yield on 30-year U.S. Treasury Bonds during the previous June 1st to May 31st period. The 2022 approved Credited Interest Rate is 1.77%

- **What happens if I hire back with the City?**

- If you are hired back into a regular position, you are automatically enrolled in your original Plan. If you have withdrawn but were originally in Plan 1 (originally hired before 2017), you are enrolled again in Plan 1 with the option to change to Plan 2. Withdrawn funds can be re-deposited for service credit. If joining is optional in your current position (e.g., temporary & exempt positions) you can elect to join based on the regular eligibility requirements.

- **What happens if there is a retro-active salary adjustment for my position?**

- If you have withdrawn your funds, the City will pay you the adjustment amount. If retirement contributions are withheld, SCERS will proactively refund you those contributions. If you have retired from the City, the City will pay you the adjustment amount and SCERS will proactively assess if this amount impacts the benefit you are due (e.g., changes the Final Average Salary or 2x Contributions may impact your calculated monthly benefit).

V. OTHER COMMON QUESTIONS CONT.

- **How long will it take to process a Withdrawal or SCP?**

- Withdrawals typically take 2-3 weeks after your city department has paid your last check and terminated your status in EV5. Follow-up with your department to make sure this happens so your withdrawal payout does not get delayed.
- SCPs typically take several months (given the current backlog). If you need an SCP escalated due to your departure from the City, please let SCERS know.

- **Who should I contact for the guidance on the following topics?**

TOPIC	CONTACT
Service Credit Purchases, Withdrawals, Redeposits	SCERS website https://www.seattle.gov/retirement SCERS email: retirecity@seattle.gov
Last paycheck, end of medical coverage, timesheet questions, benefit questions	Your City Department
Medical (COBRA)	SDHR Benefits Unit benefits.unit@seattle.gov
Deferred Compensation	SDHR Deferred Compensation Unit www.cityofseattlederferredcomp.com

VI. RELEVANT MUNICIPAL CODE SECTIONS

TOPIC	SMC SECTION	SUMMARY
Redeposits	4.36.525.F and 4.36.567.A & C 4.36.590	<ul style="list-style-type: none"> • Upon return to City employment, it is most beneficial to redeposit your withdrawn contributions from SCERS within 2 years of rehire. After that a different formula is used to calculate the redeposit and will likely be more costly. You can repay by payroll deduction over 10 years from rehire. • Redeposit = amount withdrawn + compound interest at Actuarial Assumed Rate of Investment Return between date of termination & date of redeposit. • Portability redeposits
Service Credit Purchases	4.36.567.B	<ul style="list-style-type: none"> • Must be paid in full prior to resignation or retirement, whichever occurs first. • If paid at resignation, the cost will be trued-up at time of retirement. • Cost calculated at Actuarial Present Value of resulting increase to benefit.
Use of other Plans	4.35.585	<ul style="list-style-type: none"> • You may transfer funds from other qualified plans to purchase your SCP with SCERS.
Withdrawals	4.36.665.A and 4.36.670	<ul style="list-style-type: none"> • Upon member's request, SCERS will pay out member's accumulated contribution with interest (ACWI). • Member can receive a direct payment or rollover to another qualified plan.
Compliance w/ IRS Code	4.36.715	<ul style="list-style-type: none"> • SCERS complies with IRS code

VII. ADDITIONAL RESOURCES

- SMC, Section 4.36 City Employees Retirement System:

https://library.municode.com/wa/seattle/codes/municipal_code

- SCERS Member Handbook:

<https://www.seattle.gov/Documents/Departments/Retirement/Publications/SCERSHandbookDec2019.pdf>

- SCERS Member FAQs:

<https://www.seattle.gov/retirement/faqs>

- Withdrawal forms, Transfer Election Forms, SCP request forms

<https://www.seattle.gov/retirement/forms-and-publications/forms>

- IRS Taxation rules

<https://www.irs.gov/taxtopics/tc410>

Or, contact our main office

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Phone: (206) 386-1293

Fax: (206) 386-1506

Email: retirecity@seattle.gov