

RETIREMENT WORKSHOP DISTRICT OF COLUMBIA TEACHERS' RETIREMENT PLAN

March 2020

ARE YOU READY TO RETIRE?

“Information You Should Know Before You Retire”

Presented By:

**The District of Columbia
Public Schools,**

**The Washington Teachers Union &
The Council of School Officers**

and

**The District of Columbia Retirement
Board**

DISTRICT OF COLUMBIA TEACHERS' RETIREMENT PLAN

Member Contributions

- **Members of the Teachers' Plan do not pay into Social Security Retirement.**
 - **Members hired or rehired after March 31, 1986 pay into Medicare.**
- **Members Contribute 7% of their DCPS Salary, if hired before November 1, 1996.**
- **Members Contribute 8% of their DCPS Salary, if first hired on or after November 1, 1996.**

VOLUNTARY RETIREMENT

- **Eligibility:**

- Age 55 and at least 30 years of service*
- Age 60 and at least 20 years of service*
- Age 62 and at least 5 years of service*
- Any age with at least 30 years of service* if hired on or after November 1, 1996

*Must include at least 5 years of DCPS service.

EXAMPLE: AVERAGE SALARY

Average Pay = Average of the highest consecutive 36 months of base pay

Jane is planning on retiring on June 30, 2020.

Based on her high consecutive 3-years of base pay, her average pay is determined as follows:

\$84,959 for 6 months = \$ 42,479.50

\$84,959 for 12 months = 84,959.00

\$82,410 for 12 months = 82,410.00

\$79,938 for 6 months = + 39,969.00

Total = \$249,817.50/3

Average Salary = \$83,272.50

HOW YOUR VOLUNTARY RETIREMENT BENEFIT IS CALCULATED (Hired Before November 1, 1996)

Benefit Formula:

1.5% x average salary* x 1st 5 years of service

+

1.75% x average salary x 2nd 5 years of service

+

2.0% x average salary x years of service over 10 =

Unreduced Annual Retirement Benefit (plus any unused sick
leave)

* Average Salary is the average of your highest consecutive 36 months of base pay.

VOLUNTARY RETIREMENT BENEFIT CALCULATION EXAMPLE: (Hired Before November 1, 1996)

(Average Salary = \$83,272.50)

$$1.5\% \times \$83,272.50 \times 5 = \$6,245.44 \quad (7.50\%)$$

$$1.75\% \times \$83,272.50 \times 5 = 7,286.34 \quad (8.75\%)$$

$$2.0\% \times \$83,272.50 \times 20 = +\underline{33,309.00} \quad (40.00\%)$$

$$\text{TOTAL} = \$46,841.00 \text{ Per Year}^* \text{ (Plus unused sick leave)}$$

$$= \$3,903.00 \text{ Per Month}^*$$

Alternative:

$$7.50\% + 8.75\% + 40.0\% = 56.25\%$$

$$56.25\% \times \$83,272.50 = \$46,841.00 \text{ (Plus unused sick leave)}$$

HOW YOUR VOLUNTARY RETIREMENT BENEFIT IS CALCULATED

(Hired On/After November 1, 1996)

Benefit Formula:

2.0% x Average Salary* x Years of Service = Your Unreduced Annual Benefit (plus unused sick leave)

Example (Average Salary = \$75,000):

2.0% x \$75,000 x 30 Years = \$45,000 Annual Benefit (plus unused sick leave)

= \$ 3,750 Per Month

* Average Salary is your highest consecutive 36 months of base pay.

PERCENT EARNED FOR YEARS OF SERVICE

If you were hired prior to November 1, 1996:

- **7.50% of average salary for 5 years of service**
- **16.25% of average salary for 10 years of service**
- **36.00% of average salary for 20 years or service**
- **56.00% of average salary for 30 years of service**
- **80.00% of average salary for 42 years of service**

If you were hired on/after November 1, 1996:

- **2.00% of average salary for each year of service**

OTHER TYPES OF RETIREMENT

- **Deferred Retirement**
 - *Determined by DCRB*
- **Disability Retirement**
 - *Determined by DCPS*
 - *Taxable*
- **Involuntary Retirement**
 - *Determined by DCPS*

DEFERRED RETIREMENT

Eligibility:

- Must have at least 5 years of DCPS service;
- Must be at least age 62; and
- Must not have taken a refund of your contributions.
- Must begin your annuity no later than April 1 following the calendar year you reach age: (i) 72, if your 70^{1/2} birthday is July 1, 2019 or later; (ii) 70^{1/2} if you turned 70^{1/2} prior to January 1, 2020.
 - *Note: Only for separated employees. These ages are **not** mandatory retirement ages.*

*(You **should** elect to receive a Deferred Retirement Benefit at the time you leave DCPS and leave your contributions in the Plan. If you leave DCPS with fewer than 5 years of service, you can only receive a refund.)*

Formula:

- Same as voluntary retirement but no credit for unused sick leave.

DISABILITY RETIREMENT

Eligibility:

- You must have at least 5 years of DCPS service when you become disabled, and
- You must be incapable of satisfactorily performing your job due to a physical or mental disability (not caused by willful misconduct).

Formula:

- Same as voluntary retirement (plus unused sick leave).

Note:

- To be eligible for disability retirement, you must have a disability letter from Washington Occupational Health Association (WOHA).
- You must be actively employed to retire under disability.

MINIMUM ALLOWABLE DISABILITY RETIREMENT BENEFIT

The minimum that your benefit can be is the lesser of:

- 40% of your average salary, or
- The benefit amount using your average salary at the time of your disability, projected to age 60.

INVOLUNTARY RETIREMENT

Eligibility:

- You are terminated for reasons other than misconduct or delinquency with:
 - At least 25 years of service,* or
 - At least 20 years of service* and age 50.

*with at least 5 years with DCPS

Formula:

- Same as voluntary retirement (plus unused sick leave) except that your benefit will be reduced by 1/6 of 1% for each full month that you are under age 55.

ADDITIONAL SERVICE CREDIT YOU MAY PURCHASE

- Up to ten years of full-time prior public school teaching service (or its equivalent) outside of DCPS;
- Prior Federal or District Government civilian service covered under the Civil Service Retirement System (CSRS);
- Your prior continuous DCPS temporary teaching service immediately before your DCPS probationary appointment if you did not have contributions deducted from your temporary teacher's salary.

PLAN PARTICIPATION WHILE TEACHING IN A D.C. PUBLIC CHARTER SCHOOL

- You ***must*** continue participating in the Teachers' Plan if you:
 - Have an approved leave of absence from DCPS to teach at a charter school.
- You ***may elect*** to continue your Plan participation if you:
 - Terminate from DCPS to teach in a charter school within 60 days of your termination. Your election must be made at the time you begin teaching at the charter school.

Under either scenario, you must continue making Plan contributions.

SERVICE CREDIT FOR LEAVES OF ABSENCE

- Up to 6 months of approved leave of absence (including Workers' Compensation) without pay in *any* fiscal year (no purchase necessary)
- Active Military Service Leave (no purchase necessary; must return to DCPS within 5 years)
- Educational Leave of Absence with Partial Pay (Plan contributions continue based on partial pay)
- Educational Leave of Absence Without Pay (requires purchase)
- Teachers' Union Leave (Plan contributions continue)

SERVICE CREDIT THAT IS NOT PURCHASABLE UNDER THE PLAN

- **Federal Government service covered under the Federal Employees Retirement System (FERS)**
- **District Government service covered under the District's 401(a) defined contribution plan.**

BENEFIT PAYMENT OPTIONS*

Depending on your marital/domestic partnership status at the time of your retirement and subsequent death, the following payment options may impact your eligible surviving spouse/domestic partner's** survivor benefit:

- **Unreduced Retirement Annuity**
 - No survivor annuity for your spouse/domestic partner (does not impact survivor annuity for eligible child(ren))
- **Reduced Retirement Annuity With a Maximum Survivor Annuity**
 - 55% of your annuity is paid to your surviving spouse/domestic partner **
- **Reduced Retirement Annuity With a Partial Survivor Annuity**
 - Fixed dollar amount or percentage less than 55% of your annuity is paid to your surviving spouse/domestic partner

*An approved QDRO prior to your retirement may dictate your annuity payment option.

**A survivor benefit for domestic partner applies only to the portion of the benefit based on service accrued after June 30, 1997.

Depending on the type of health care coverage and covered dependents you have at your death, these payment options may impact your survivor's eligibility to continue health coverage after your death.

BENEFIT PAYMENT OPTIONS (CONTINUED)

- **Reduced Annuity With a Survivor Annuity to a Person With an Insurable Interest:**
 - You must be single and in good health.
 - Your designated survivor must be financially dependent on you.

Your annuity is reduced between 10% and 40%, depending upon the age of your designated survivor.

If your designated survivor predeceases you, your reduced annuity will be increased to its unreduced amount.

BENEFIT PAYMENT OPTIONS

(CONTINUED)

- **Reduced Annuity With a Life Insurance Benefit**
 - You elect to reduce your annuity so a lump-sum “life insurance benefit” can be paid to your designated beneficiary of choice upon your death.
 - The lump-sum amount of the benefit cannot be more than your total employee contributions to the Plan.

MARITAL/DOMESTIC PARTNERSHIP STATUS CHANGE

- If you are single at retirement and you subsequently marry/register a domestic partnership, within 1 year of your status change, you must notify DCRB in writing to elect to change your unreduced annuity payment option.
- If at retirement you elected a reduced annuity to provide a survivor annuity and your spouse/domestic partner predeceases you, you must notify DCRB for your reduced annuity to be increased to its unreduced amount.

Once your annuity is being paid, you cannot change your election unless there is a change in marital/domestic partnership status.

RETIREE HEALTH/LIFE INSURANCE INFORMATION

- Teachers hired prior to October 1, 1987 participate in the **Federal Health and Life Insurance Plans**.
- Teachers hired after September 30, 1987 participate in the **District Health and Life Insurance Plans**.

For More Information:

- **Active Teachers** should contact DCPS Employee Services Division at (202) 442-4090.
- **Retired Teachers** should contact DCRB Member Services at (202) 343-3272.

See also <https://www.opm.gov/healthcare-insurance/life-insurance/> and <https://dchr.dc.gov> and the District's DPM Bulletin No. 21B-15.

LUMP-SUM DEATH BENEFITS

(Member Plan Contributions)

If There is No Survivor Annuity Paid and You Die:

Shortly after retiring or any time before retiring, a lump-sum payment of your unexpended Plan contributions will be paid to your beneficiary(ies) under the Plan's Order of Precedence:

- your written designated Teacher Plan beneficiary;
- surviving spouse/domestic partner (District benefit payment only);
- surviving children (or surviving child (your grandchild) of deceased child);
- surviving parents;
- your estate; or
- next of kin as determined by DCRB under your state of domicile upon your death.

You should periodically review your written designated beneficiary, if any. A divorce/domestic partnership termination does not affect your written designation unless you change it.

LUMP-SUM DEATH BENEFITS

(Unpaid Retirement Annuity)

Regardless if a survivor annuity is paid, a lump-sum payment of your accrued but unpaid annuity in your month of death will be paid to your beneficiary(ies) under the Plan's Order of Precedence.

RETIREE DISTRICT HEALTH CARE BENEFITS

To be eligible for post-retirement health care coverage, you must:

- Have at least 10 years of creditable District service;
- Be enrolled in a District health plan at the time of your retirement (includes a deferred retirement that begins immediately after leaving DCPS); and
- Have been continuously enrolled for at least 5 years at the time of your retirement (does not include breaks in service).

Your premium share is deducted from your annuity. If your annuity is insufficient, you can arrange to self-pay.

Upon your death, if eligible, your covered dependents can elect to continue coverage.

COST-OF-LIVING ADJUSTMENTS (COLAs)

Retirement and Survivor Annuities may be adjusted annually:*

- COLAs are determined by the Mayor according to the movement in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the previous calendar year.
- COLAs are capped at 3% for you and your survivors if you were hired on or after November 1, 1996.
- COLAs are effective March 1ST and included in the April annuity payments.

*A prorated amount may apply for the first year of the annuity payment.

STEPS TO ASSIST IN THE RETIREMENT PROCESS

- **Review your job summary in PeopleSoft Self Service.**
 - Under Payroll and Compensation > Review Job Summary, View All, then click on last tab (Show All).
 - Note that positions prior to 2009 (the first registered year of PeopleSoft integration) may not appear here.

STEPS TO ASSIST... (CONTINUED)

- You may want to make copies of your appointments, terminations, reinstatements, sabbaticals, authorized leaves of absence, and any Workers' Compensation documents.
- Contact DCPS Employee Services for information and necessary forms if you wish to purchase service time.
 - Begin the purchase of service process at least 6 months before you submit your retirement papers to DCPS Employee Services.
 - *If you have purchased service and you are making installment payments, **all such payments must be completed prior to retirement.***

RETIREMENT TIMEFRAME

- Response times depend on your retirement date:
 - **Retirement date 6 months or sooner**
 - 30 business days
 - **Retirement date 6 months to one year**
 - Off-peak: 30-60 business days
 - Peak: 60-90 business days
 - **Retirement date 1 or more years**
 - Off-peak: 60-90 business days
 - Peak: 90-120 business days

TIMEFRAME (CONTINUED)

- Submit your retirement computation request in QuickBase at least 90 days prior to your anticipated retirement date.
- Review and accept your retirement computation in QuickBase at least 60 days prior to your anticipated retirement date.
- Complete your retirement documentation and schedule your in-person meeting with our Retirement team at least 30 days prior to your anticipated retirement date.
 - Note: **Completed documents are required in order to meet with our Retirement team.**
- You should receive your first annuity payment within 60-90 days of DCRB's receiving your completed retirement application package.

RETIREMENT BENEFIT PAYMENT PROCESS

- DCRB's Retirement Services Unit (RSU) will review and process your ***completed*** retirement package.
 - Your package is complete after any employer data, service, pay, or contribution issues and needed corrections are resolved.

First Payment

- Approximately 60-90 days after processing your ***completed*** package.
- Retroactive to your Benefit Commencement Date (day after your retirement date).
- Paid on the first business day of the following month the payment accrued (e.g., July 1-31 payment is payable on August 1 (if weekend or holiday, then next business day)). Earnings statements are mailed.
- You will receive a calculation letter from DCRB with due process if you disagree with DCRB's calculation.

POST-SEPARATION/RETIREMENT ITEMS

- Keep your home and mailing addresses and contact information current with DCRB.
- Keep your banking information current (never close one account until payment is received in new account).
- Keep your beneficiary forms current:
 - Teachers' Plan beneficiary form to DCRB
 - FEGLI beneficiary forms to OPM
 - DCEGLI beneficiary forms to DCRB
- Report deaths of your covered dependents under your health care coverage.
- Submit a *DCRB Power of Attorney* form in case of sickness or other incapacitation.

HELPFUL RESOURCES

DCPS Employee Services (DCPS)

<https://dcps.dc.gov>; dcps.retirement@k12.dc.gov; (202) 442-4090

District of Columbia Retirement Board (DCRB)

<https://dcrb.dc.gov>; dcrb.benefits@dc.gov; Member Services (202) 343-3272

DC Office of Pay and Retirement Services (OPRS)

(202) 741-8600

US Office of Personnel Management (OPM)

<https://www.opm.gov>; retire@opm.gov; (888) 887-4957

Teachers' Plan: DC Code §§ 38-2021.01 et seq.

Teachers' Summary Plan Description available from DCPS and DCRB

QUESTIONS????