



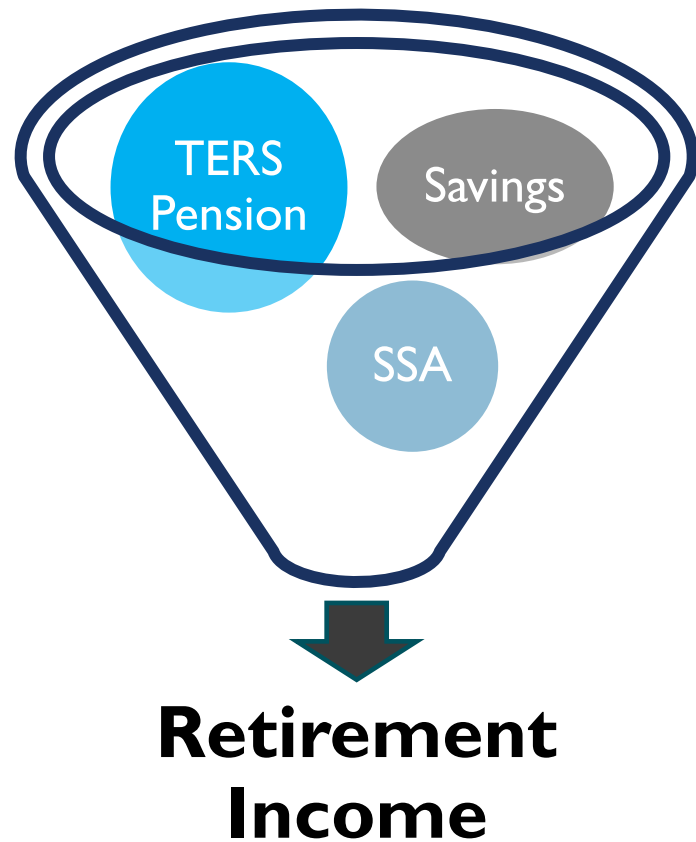
TACOMA EMPLOYEES' RETIREMENT SYSTEM

WELCOME TERS MEMBERS

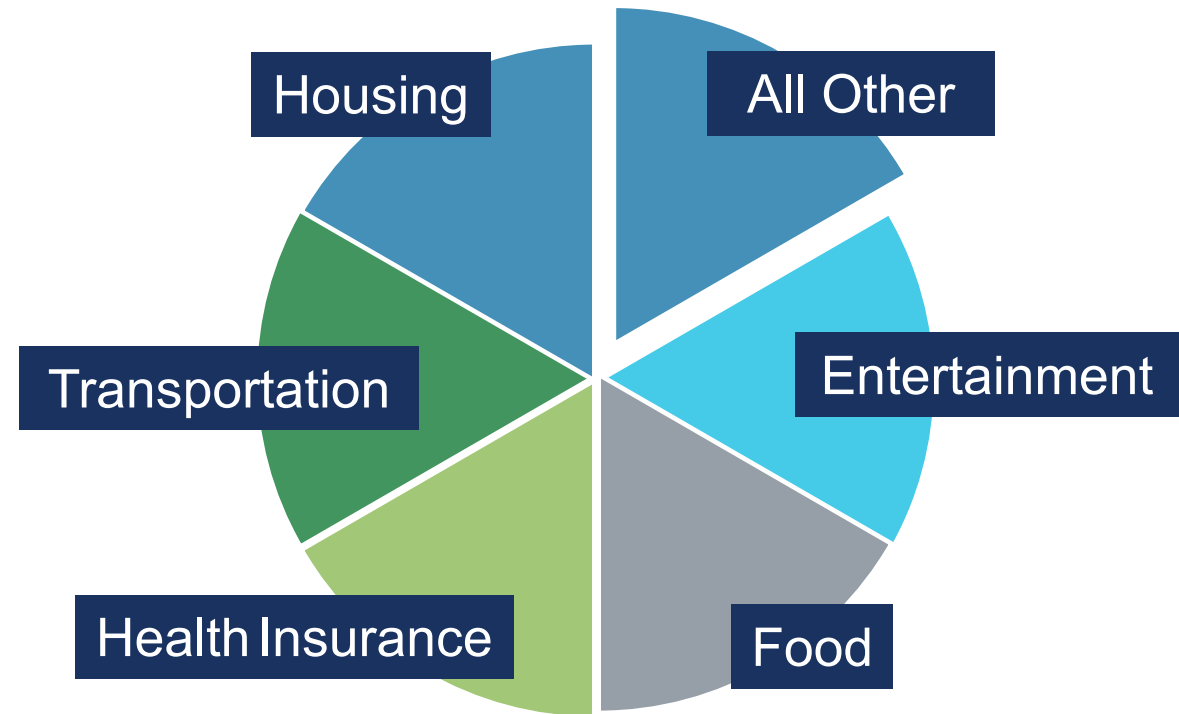
DISCLAIMER

- **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**

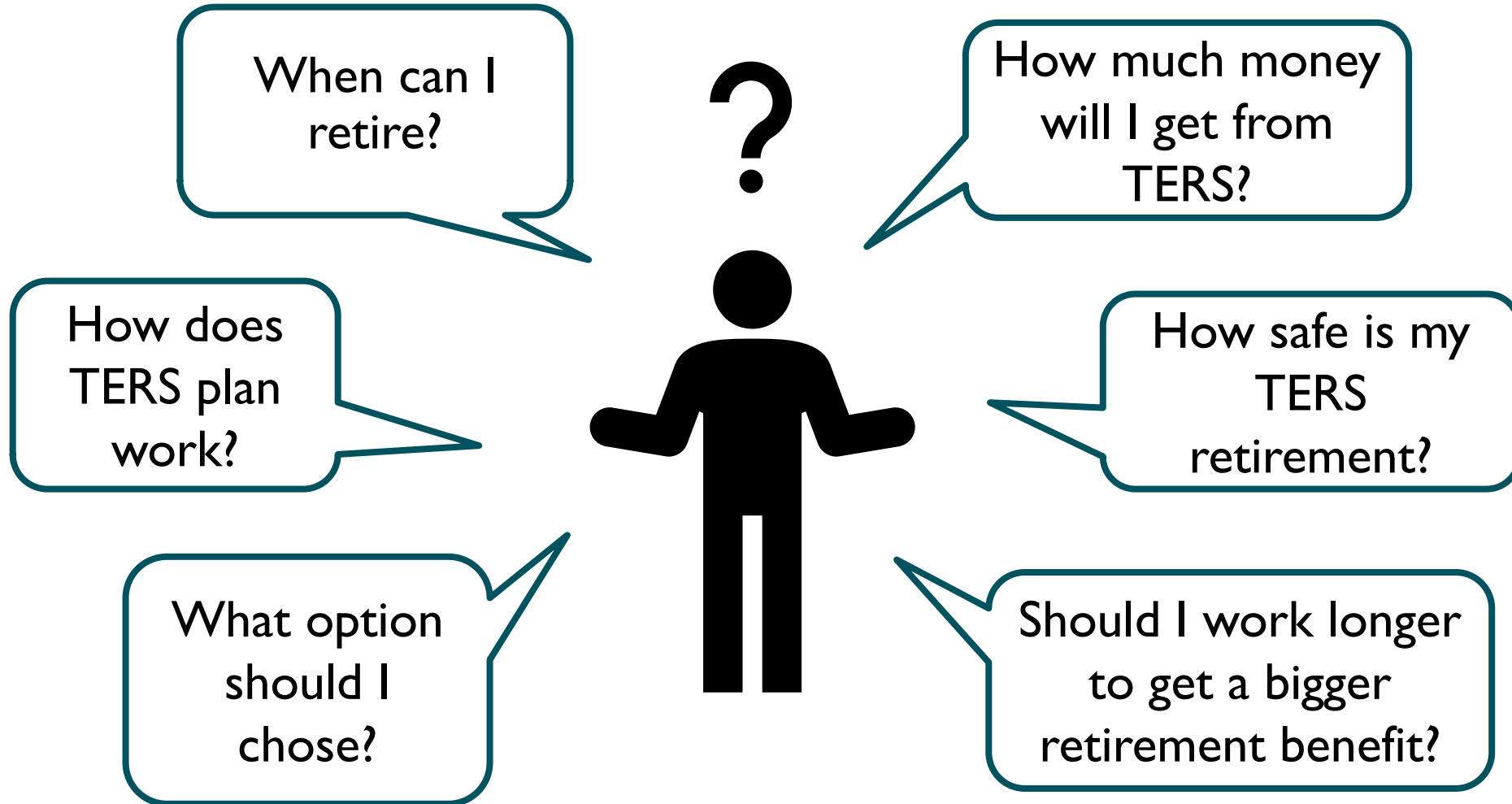
TERS PENSION IS ONLY ONE PART OF YOUR RETIREMENT PLAN



Retirement Expenses



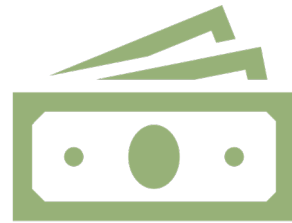
MOST COMMONLY ASKED QUESTIONS



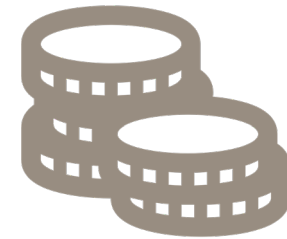
TACOMA EMPLOYEES' RETIREMENT SYSTEM



Provides a monthly defined benefit at retirement

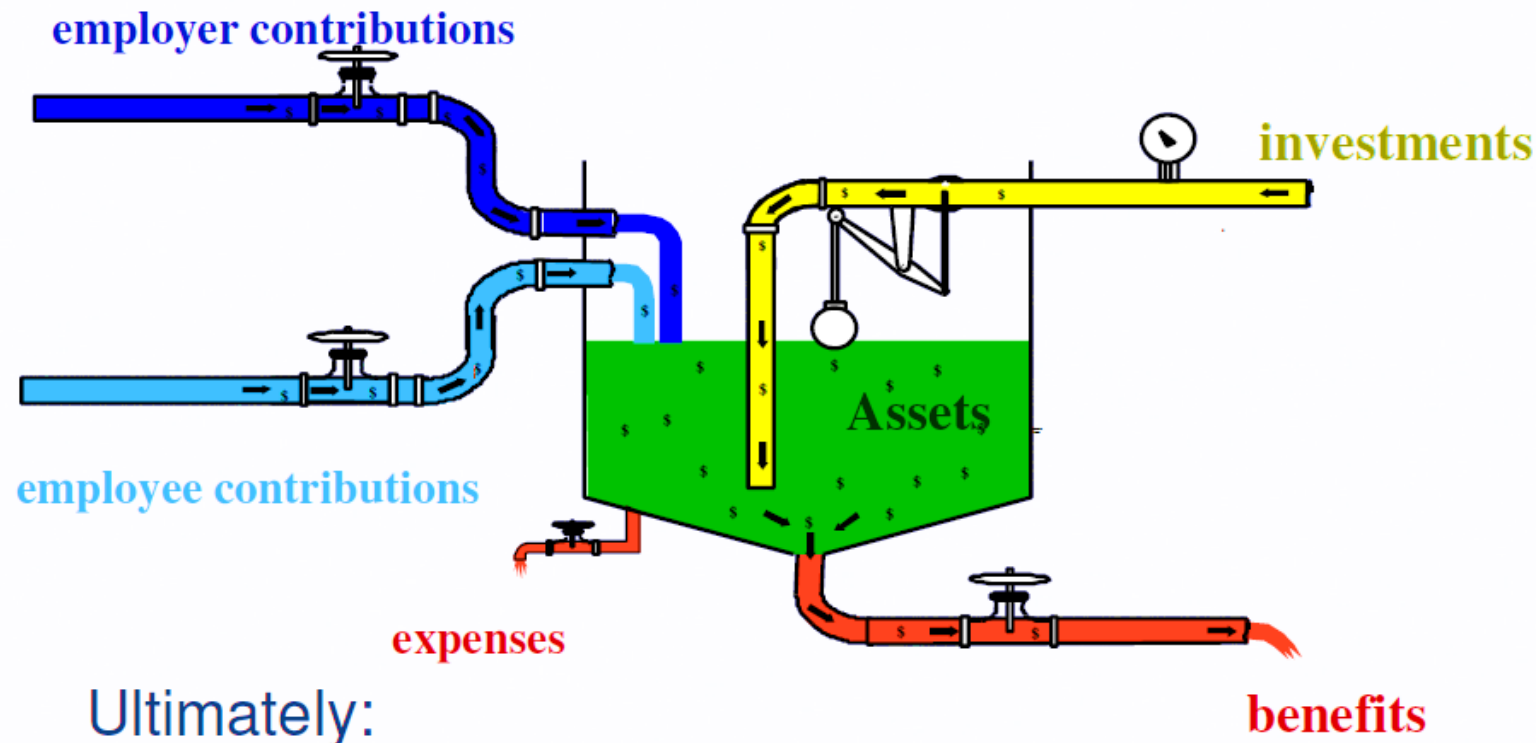


Typically based on member's final average salary and the number of "credited service years"



Benefits funded by contributions and investment earnings

FUNDING PRINCIPLES



Ultimately:

$$\begin{aligned} & \text{Contributions} + \text{Investment Earnings} \\ & = \text{Benefit Payments} + \text{Expenses} \end{aligned}$$

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

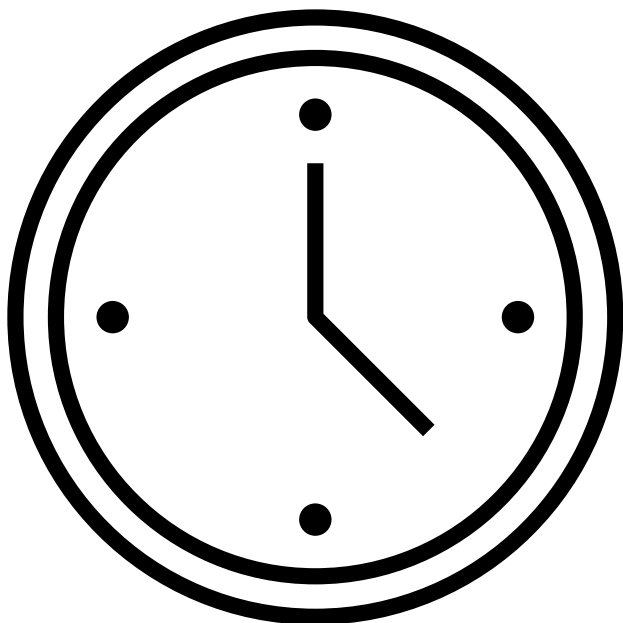
Employee Contributions

- 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

Service
Credit
Years



Factor
(%)



Average
Final
Compensation
(AFC)

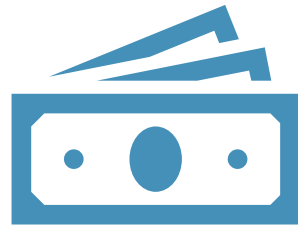


Monthly Lifetime Benefit

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	1.706	1.603	1.507	1.417	1.332	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



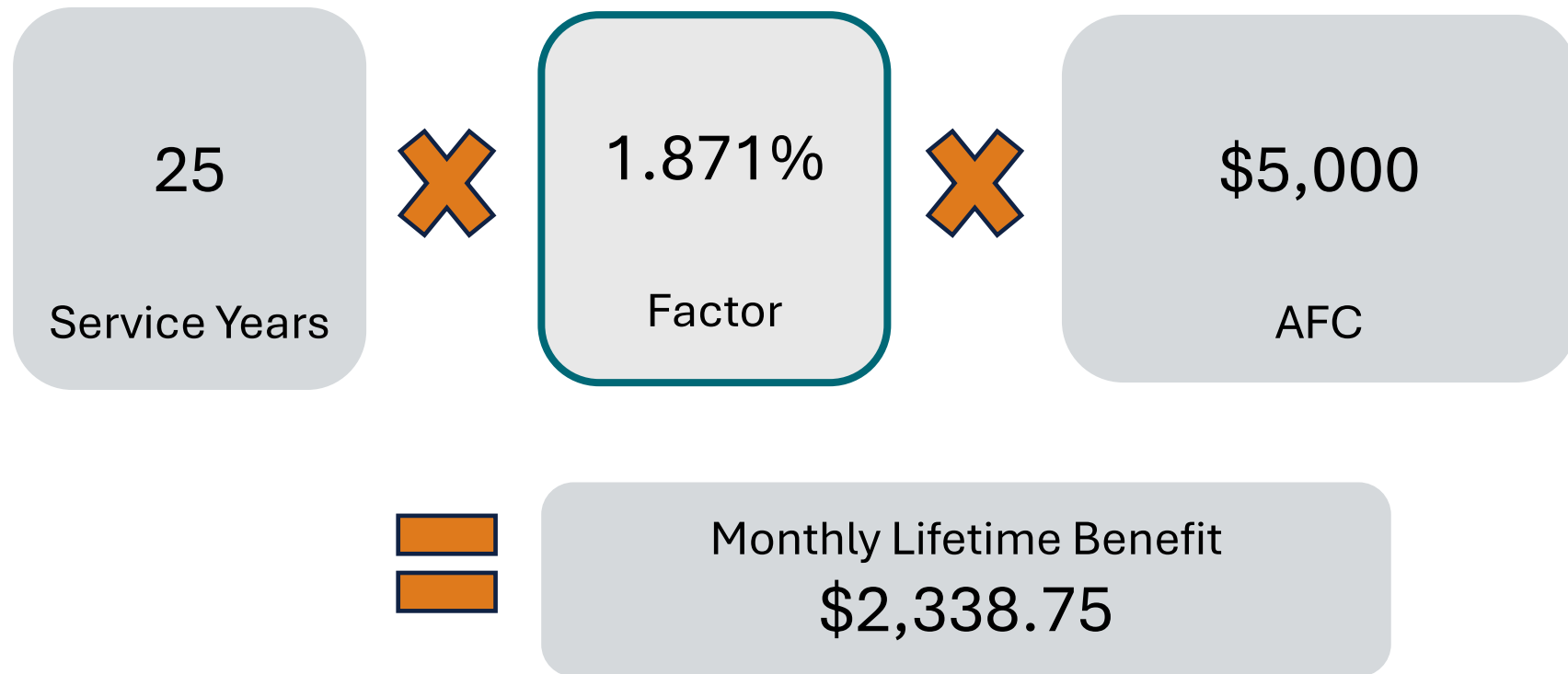
Service Credit = years of service

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 OR 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

[Forgot username](#)

[Forgot password](#)



INITIAL SCREEN

Tacoma Employees' Retirement System

Calculation description:	Calculation 1
Benefit type:	Retirement
Do you know the exact value of the contributions as of the retirement date?:	No

Participant information ?

Employee number:	222222
First name:	John
Last name:	Doe
Date of birth:	04/01/1961
Date of membership:	04/01/2003
Last day of employment: ?	07/01/2023
Date of retirement:	07/01/2023
Age at retirement:	62.25
Gender:	Male

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SERVICE AND SALARY SCREEN

Tacoma Employees' Retirement System

Service

Service adjustment ?

Enter the total amount of time between your date of membership and last day of employment in which you did not work full-time.

After 8/1/1983: Years Months Days Hours

Portability ?

Portability?

Salary

Current salary information

Current monthly salary*:

*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 you current monthly salary to obtain a better estimate

Assumed annual raises:

Salary projection ?

Do you wish to enter pay rates, longevity pay code, and temp

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BENEFIT ELECTIONS SCREEN

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Tacoma Employees' Retirement System

Benefit elections

Annuitant information ?

Annuitant type:	Spouse
Annuitant date of birth:	01/04/1961

Benefit form

Benefit option:	Show all options
To see a description of these options, click on benefit options .	
Social security adjustments:	No

Service purchase ?

Is service purchase available:	Yes
Years of service purchase needed to	0.00000

RESULTS SCREEN – PART 1

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Basic Information Contributions Service and salary Benefit elections **Results**

TACOMA EMPLOYEES' RETIREMENT SYSTEM
Estimation of Retirement Allowance
Filename: 222222-222222-01-E

Basic information

Name:	John Doe	SAP number:	222222
Membership date:	04/01/2003	Termination date:	07/01/2023
Retirement date:	07/01/2023	Gender:	Male
Member birth date:	04/01/1961	Member age:	62.25
Annuitant birth date:	01/04/1961	Annuitant age:	62.25

Contributions

Total member contributions:	\$80,993.13
Total benefit contributions:	\$69,989.96
Additional post-83 contributions:	\$0.00
Non-taxable contributions:	\$0.00


Service and salary


Average final salary:	\$5,000.00
TERS service:	20.25000


IRS tests

Benefit amount may exceed the 415 limit:?	No
Salary may exceed the 401(a)(17) limit:?	No

RESULTS SCREEN – PART 2

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Contributions

Service and salary

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 Repayment of contributions

 Benefit options

Tacoma Employees' Retirement System

Welcome TERS
Employee num: TERS

Benefit elections - you have selected: Retirement - Show all options

The Unmodified Benefit will pay you approximately \$2,025.00 per month for your life. No benefit will be paid to a beneficiary after your death.

Option A will pay you approximately \$2,007.04 per month for life. If you die before you have withdrawn all of your contributions (\$80,993.13) in annuity payments of \$574.42 per month, the balance goes to your beneficiary in a lump sum. For example, if you live for only ten months after you retire, \$5,744.20 would be deducted from the \$80,993.13 and your beneficiary would receive \$75,248.93 in a lump sum.

Option B will pay you approximately \$2,010.80 per month for life. If you die before you have withdrawn all of your contributions (\$80,993.13) in annuity payments of \$574.42 per month, your beneficiary will continue to receive monthly payments of \$574.42 until the \$80,993.13 is paid out.

Option C5 will pay you \$2,014.88 per month for your life. If you die within 5 years of your retirement, your beneficiary will continue to receive \$2,014.88 for the remainder of the 5 year period.

Option C10 will pay you \$1,988.55 per month for your life. If you die within 10 years of your retirement, your beneficiary will continue to receive \$1,988.55 for the remainder of the 10 year period.

Option D will pay you approximately \$1,887.30 per month for life. After your death, your spouse will receive one-half of this amount, or \$943.65 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 (\$2,025.00). No benefit will be paid to a beneficiary after your death and the death of your spouse.

Option E will pay you approximately \$1,767.83 per month for life. After your death, your spouse will receive \$1,767.83 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 (\$2,025.00). No benefit will be paid to a beneficiary after your death and the death of your spouse.

Disclaimer:

Application for Retirement must be made at least 30 days prior to Retirement. Retirement counseling takes approximately one hour for the options to be explained and the forms to be filled out. A Birth Certificate is needed for proof of age. If Option D or E is elected, a Marriage Certificate is required. Please contact us if you have worked under another Retirement System in Washington since you could have dual membership which may affect your benefits. If you have any questions or to make an appointment please call 253-502-8200 or 888-404-3787.

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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: <https://www.cityoftacoma.org/ters>