Agenda

• Overview of Retirement Plans
• Evaluation Criteria
  - Which plan to choose
  - When to make a change
• Online Calculators
• Steps to Transfer to the Hybrid
• Questions & Answers
# Overview of Retirement Plans

<table>
<thead>
<tr>
<th>Retirement Plan</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternate Retirement Plan (ARP)</td>
<td>Plan in which you are currently enrolled</td>
</tr>
<tr>
<td>SERS Hybrid Plan</td>
<td>New plan introduced with SEBAC 2011 Agreement that offers ARP participants transfer opportunity</td>
</tr>
<tr>
<td>SERS Tier Plans</td>
<td>SEBAC Grievance Award (SAG) allows employees to transfer pending approval by IRS</td>
</tr>
<tr>
<td>Tier II</td>
<td>Employees hired into retirement-eligible position prior to 7/1/1997 (subject to permanent break in service rules)</td>
</tr>
<tr>
<td>Tier IIA</td>
<td>Employees hired into retirement-eligible position 7/1/1997 or later</td>
</tr>
</tbody>
</table>
Overview of Retirement Plans

Deadline to Choose
• 90 days following IRS ruling on SAG Award

Why Review Options Now
• Cost to purchase prior service increases (buying more time)
• Additional cost to purchase prior service may exceed the growth in ARP account
• New actuarial factors starting with applications received after 12/31/2014 increasing cost by average of 3% or more
# Overview of Retirement Plans

<table>
<thead>
<tr>
<th>Retirement Plan</th>
<th>Paycheck Deduction</th>
<th>When you Retire</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARP</td>
<td>5%</td>
<td>Account value (Your 5%, State’s 8%, plus investment returns)</td>
</tr>
<tr>
<td>Hybrid, underlying pension plan:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Tier II                             | 5% (3% to State, 2% to your Voya account) | Choice:  
   • Monthly pension  
   • Cash out (Your 5% matched with 5% and 4% interest) |
| Tier IIA                             | 5%                 |                                                                                |
| Tier Plans                          |                    |                                                                                |
| Tier II                             | 0%                 | Monthly pension                                                                |
| Tier IIA                             | 2%                 | Monthly pension                                                                |
# Overview of Retirement Plans

<table>
<thead>
<tr>
<th>Retirement Plan</th>
<th>Vesting</th>
<th>Disability</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARP</td>
<td>100% immediate</td>
<td>LTD provided at no cost</td>
</tr>
<tr>
<td>Hybrid</td>
<td>Cash out: 100% immediate</td>
<td>&lt; 10 years service: none</td>
</tr>
<tr>
<td></td>
<td>Monthly pension: 5 years</td>
<td>10 or more years service: disability retirement</td>
</tr>
<tr>
<td>Tier II and IIA</td>
<td>5 years</td>
<td>&lt; 10 years service: none</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 or more years service: disability retirement</td>
</tr>
</tbody>
</table>
# Overview of Retirement Plans

<table>
<thead>
<tr>
<th>Retirement Plan</th>
<th>Death Prior to Retirement</th>
<th>Death After Retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARP</td>
<td>Beneficiary receives account</td>
<td>Beneficiary receives account</td>
</tr>
</tbody>
</table>
| Hybrid          | If retirement eligible and married for at least 1 year, spouse has choice:  
• Cash out  
• Monthly pension (50% option) | If Cash Out option selected at retirement:  
Beneficiary receives account |
|                 | If single, married for less than 1 year, or not retirement eligible:  
Cash out | If monthly pension:  
Payment option you selected at retirement |
| Tier II and Tier IIA | If retirement eligible and married for at least 1 year:  
Monthly pension (50% option) | Payment option you selected at retirement |
|                 | If single, married for less than 1 year, or not retirement eligible:  
• Tier II: nothing  
• Tier IIA: refund of contributions plus interest | |
# Evaluation Criteria

<table>
<thead>
<tr>
<th>Retirement Plan</th>
<th>People to Whom It Appeals</th>
</tr>
</thead>
</table>
| ARP              | • Work well beyond normal retirement age  
• Change employers and need portability  
• Want greater flexibility to control finances  
• Life expectancy below the norm                                                                 |
| Hybrid           | • Would prefer a monthly pension benefit, but concerned about vesting  
• Greatest flexibility at retirement  
• Risk averse                                                                                      |
| Tier II and Tier IIA | • Retire young and live long  
• Confident about working long enough to vest  
• Do not want to manage investments                                                             |
Financial Comparison

Pension Calculator
• Available at osc.ct.gov > Employee Resources > State Employee Retirement Information > State Retirees: Your Retirement Information > Estimate Your Benefit)

HYPE Calculator, to estimate purchase cost of prior ARP service under the Hybrid Plan
• Available at osc.ct.ct.gov > SERS Hybrid Plan > #4

HYPER Calculator, to estimate how much service you can purchase for a fixed amount of money
• Available at osc.ct.ct.gov > SERS Hybrid Plan > #5
Pension Calculator

Information Needed

• Retirement date (month, year)
• Service at retirement
  – Vested service (not adjusted by % of employment)
  – Credited service (adjusted by % of employment)
• Average of your 3 highest years of pensionable earnings (such as salary, longevity, special payroll earnings while also on regular payroll)
  – Part-time employees should adjust earnings as if working full time
• Your DOB
• Beneficiary DOB
• Grandfathered Normal Retirement Date (NRD)
  – Yes, no, or not applicable
Normal Retirement Date (NRD)

<table>
<thead>
<tr>
<th>Length of Service at Retirement</th>
<th>Current NRD</th>
<th>NRD starting 7/1/2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 25 years</td>
<td>62</td>
<td>65</td>
</tr>
<tr>
<td>25 +</td>
<td>60</td>
<td>63</td>
</tr>
</tbody>
</table>

Option to grandfather the current NRD at a cost (30-day deadline following transfer to Hybrid)

- Cost of grandfathering is between .02% and .72% of biweekly pay
- Over 90% of all eligible employees elected to grandfather

Applies to employees who will not meet their NRD prior to 7/1/2022

- If DOB is 7/1/1960 or earlier, NA
- If DOB is 7/1/1962 or later, applicable
- If DOB is between 7/1/1960 and 7/1/1962, depends on length of service
HYPE and HYPER Calculators

Information Needed

• Your DOB
• Service in years, months
  – Amount of time in ARP not adjusted by % of employment
• 1 highest year of pensionable earnings (such as salary, longevity, and special payroll earnings while on regular payroll)
  – For part-time employees, use actual earnings (not adjusted)
• ARP account value (Voya, TIAA-CREF)
  – TIAA Traditional funds can be used to purchase service, but subject to fee (up to 16.5%)
Scenario 1: Bill

- DOB: 4/1/1955
- Spouse’s DOB: 2/1/1956
- Retirement date: 6/1/2015
- Service at retirement: 30 years (vesting, credited, in ARP)
- Average 3 highest years of earnings: $80,000
- Highest 1 year of earnings: $83,000
- ARP account balance at Voya: $480,000
Bill’s Pension Estimate

Office of the State Comptroller
Retirement Services Division

Tier II & IIA Retirement Estimator

Name: 
Employee Date of Birth: 4/1/1965 (mm/dd/yyyy)
Spouse / Survivor Date of Birth: 2/1/1956 (mm/dd/yyyy)
Granded Normal Retirement Age: N/A
Average Salary: $0.00

Retirement Month: June
Retirement Year: 2015

Vesting Service:
Years: 30
Months: 0 (whole years and months)

Credited Service:
Years: 30
Months: 0 (whole years and months)

Vested Rights Members Only: No
Year Of Termination: 
(mo) (yyyy)

View Retirement Estimate
## Bill’s Pension Estimate

**Tier II – IIA Estimate**

The following estimate is calculated from the data you entered on the input screen. This version of the estimator has been updated to include all provisions of the SEBAC 2011 Concession Agreement.

- **Name:**
- **Member date of birth:** 4/1/1955
- **Survivor date of birth:** 2/1/1956
- **Retirement type:** Normal
- **Date of retirement:** 6/1/2015
- **Vesting service at retirement:** 30 years – 0 months
- **Credited service at retirement:** 30 years – 0 months
- **Member age at retirement:** 60
- **Average salary:** $80,000
- **Breakpoint:** $72,400 For 2015
- **Basic annual benefit:** $34,400 (rounded)
- **Basic monthly benefit:** $2,860 (rounded)
- **Member age nearest retirement date:** 60
- **Survivor age nearest retirement date:** 59
- **Maintain grandfathered normal retirement age of 60/62:** n/a

---

**Your Monthly Benefit and Payment Options**
### Bill’s Pension Estimate

#### Your Monthly Benefit and Payment Options

<table>
<thead>
<tr>
<th>Option</th>
<th>Monthly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Straight Life Annuity - Option D</td>
<td>$2,860</td>
</tr>
<tr>
<td>50% to Spouse or Contingent Annuity - Option A or B</td>
<td>$2,668</td>
</tr>
<tr>
<td>100% Spouse or Contingent Annuity - Option B</td>
<td>$2,501</td>
</tr>
<tr>
<td>10 Year or 20 Year Period Certain - Option C</td>
<td></td>
</tr>
<tr>
<td>10 year period certain:</td>
<td>$2,800</td>
</tr>
<tr>
<td>20 year period certain:</td>
<td>$2,636</td>
</tr>
</tbody>
</table>

**Note:** The receipt of disability compensation payments under CGS 5-142(a) together with retirement benefits from SERS is not allowed. Please call the Retirement Services Division immediately if you should begin to receive disability compensation benefits under CGS 5-142(a) after you retire from state service.
### Your Benefit Calculation Details

- **Factor**: 0.0140
- **Factor**: 0.0183

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Salary up to Breakpoint</td>
<td>$73,400.00</td>
</tr>
<tr>
<td>Salary above Breakpoint ($80,000 - $73,400)</td>
<td>$6,600</td>
</tr>
<tr>
<td>$1,148.38</td>
<td></td>
</tr>
</tbody>
</table>

### Interim Calculation

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,148</td>
<td>Interim Calculation</td>
</tr>
<tr>
<td>30.00</td>
<td>Years of Credited Service up to 35</td>
</tr>
<tr>
<td>$34,451.40</td>
<td>Benefit Under 35 Years of Service</td>
</tr>
</tbody>
</table>

### Annual Benefit before Reduction

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.01623</td>
<td>Factor</td>
</tr>
<tr>
<td>$80,000</td>
<td>Avg. Salary</td>
</tr>
<tr>
<td>0.00</td>
<td>Years of Credited Service over 35</td>
</tr>
<tr>
<td>$0</td>
<td>Benefit - Over 35 yrs Service</td>
</tr>
<tr>
<td>$34,451.40</td>
<td>Annual Benefit before Reduction</td>
</tr>
</tbody>
</table>

### Annual Reduction

<table>
<thead>
<tr>
<th>Calculation</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.0050</td>
<td>Factor</td>
</tr>
<tr>
<td>$2,870.95</td>
<td>Monthly Benefit before Reduction</td>
</tr>
<tr>
<td>0.00</td>
<td># of months before NRA</td>
</tr>
<tr>
<td>$0.00</td>
<td>Monthly Reduction</td>
</tr>
<tr>
<td>12</td>
<td>Months in a Year</td>
</tr>
<tr>
<td>$0.00</td>
<td>Annual Reduction</td>
</tr>
<tr>
<td>$34,400</td>
<td>Est. Annual Benefit</td>
</tr>
</tbody>
</table>

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**UCONN**

Department of Human Resources
Bill’s HYPE Calculation

Office of the State Comptroller
Retirement Services Division
HYPE

This tool provides an estimate of the service credit you will receive when moving your ARP assets available for transfer from ARP to the SERS Hybrid Plan. This is only an estimate. The final cost to purchase past service will be determined when your application is processed.

Prior to entering the information below for your transfer cost estimate, you must confirm the accuracy of your salary and service with the human resource office in your agency.

<table>
<thead>
<tr>
<th>Date of Birth - mm/dd/yyyy</th>
<th>4/1/1955</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed Years of Service - whole years</td>
<td>29</td>
</tr>
<tr>
<td>Completed Months of Service - whole mos.</td>
<td>0</td>
</tr>
<tr>
<td>Highest Annual Compensation - 2014 Max</td>
<td>83,000</td>
</tr>
<tr>
<td>Limit is $255,000</td>
<td></td>
</tr>
<tr>
<td>Current ARP Account Value</td>
<td>490,000</td>
</tr>
</tbody>
</table>

SEE ESTIMATE BELOW:

! This Service Purchase Estimate is Based on the Following !
Bill’s HYPE Calculation

Current ARP Account Value: 480,000

SEE ESTIMATE BELOW:

<table>
<thead>
<tr>
<th>Years</th>
<th>Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>59</td>
<td>9</td>
</tr>
<tr>
<td>29</td>
<td>6</td>
</tr>
<tr>
<td>$83,000</td>
<td></td>
</tr>
<tr>
<td>January 1, 2015</td>
<td></td>
</tr>
</tbody>
</table>

Est. Cost of Transfer All Service: $420,040

This transfer cost estimate is good for applications postmarked by December 31, 2014. New rates apply in 2015.

Signature: ___________________ Date: ____________

Additional information can be found on the site map.
Bill’s Summary

- Retire at age 60
- Pension if 50% option elected: $2,668/mo, $32,016/yr
- Cost of living adjustment each year in retirement
  - Minimum: 2%, maximum: 7.5%
- Cost to purchase prior service: $420,040
- Remaining in ARP account after purchase: $59,960 plus earnings
Bill’s Estimated Cost to Wait

Using HYPE Calculator

- Make Bill 1 year older
- Add 1 year of service
- Increase highest year of earnings to reflect full impact of raise
- Increase purchase price by 3% to reflect change in actuarial factors (NEW)
Bill’s Estimated Cost to Wait

Date of Birth - mm/dd/yyyy
Completed Years of Service - whole years
Completed Months of Service - whole mos.
Highest Annual Compensation - 2014 Max
Limit is $255,000
Current ARP Account Value

SEE ESTIMATE BELOW:

This Service Purchase Estimate is Based on the Following:

- Age: 60
- Service: 30
- Salary: $85,000
- Transfer Date: January 1, 2015

Est. Cost of Transfer All Service: $446,400
Bill’s Estimated Cost to Wait

Estimated cost to transfer in 1 year:
  • $446,400 \times 1.03 = $459,792 \text{ (NEW)}
  • Difference = $459,792 – $420,040 = $39,752

Estimate change in Bill’s ARP account value in 1 year
  • New contributions: $83,000 \times 13\% = $10,790
  • Interest income: $420,040 \times 3\% = $12,601
  • Total: $23,391

Net Cost to Wait: $39,752 – $23,391 = $16,361 \text{ (Risk)}
Potential Savings (Reward)

- Hybrid costs 3% more than Tier II and Tier IIA
- $3\% \times $83,000 = $2,490/\text{year}$
- $16,361 \text{(Risk)}/$2,490 = 6.5 \text{ years}$

Summary: The risk of waiting would outweigh the reward unless Bill plans to work for more than 6.5 years
### Jill’s HYPE Calculation

Prior to entering the information below for your transfer cost estimate, you must confirm the accuracy of your salary and service with the human resource office in your agency.

<table>
<thead>
<tr>
<th>Date of Birth - mm/dd/yyyy</th>
<th>09/01/1960</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed Years of Service - whole years</td>
<td>10</td>
</tr>
<tr>
<td>Completed Months of Service - whole mos.</td>
<td>0</td>
</tr>
<tr>
<td>Highest Annual Compensation - 2014 Max Limit is $255,000</td>
<td>$60,000</td>
</tr>
<tr>
<td>Current ARP Account Value</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

**SEE ESTIMATE BELOW:**

<table>
<thead>
<tr>
<th>Years</th>
<th>Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>34</td>
</tr>
<tr>
<td>Service</td>
<td>10</td>
</tr>
<tr>
<td>Salary</td>
<td>$50,000</td>
</tr>
<tr>
<td>Transfer Date</td>
<td>January 1, 2015</td>
</tr>
</tbody>
</table>

**Est. Cost of Transfer All Service**

$21,200
Jill’s Estimated Cost to Wait

Prior to entering the information below for your transfer cost estimate, you must confirm the accuracy of your salary and service with the human resource office in your agency.

**Date of Birth - mm/dd/yyyy**
8/1/1979

**Completed Years of Service - whole years**
11

**Completed Months of Service - whole mos.**
0

**Highest Annual Compensation - 2014 Max**
$52,000

**Limit is $255,000**

**Current ARP Account Value**
$0.00

**SEE ESTIMATE BELOW:**

! This Service Purchase Estimate is Based on the Following:

<table>
<thead>
<tr>
<th>Years</th>
<th>Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>5</td>
</tr>
<tr>
<td>11</td>
<td>0</td>
</tr>
<tr>
<td>$52,000</td>
<td></td>
</tr>
</tbody>
</table>

**Transfer Date**
January 1, 2015

**Est. Cost of Transfer All Service**
$25,000
Jill’s Estimated Cost to Wait

Estimated cost to transfer in 1 year:
• $25,000 x 1.03 = $25,750 (NEW)
• Difference = $25,750 – $21,200 = $4,550

Estimate change in Jill’s ARP account value in 1 year
• New contributions: $52,000 x 13% = $6,760
• Interest income: $21,200 x 3% = 636
• Total: $7,396

Net Cost to Wait: $4,550 - $7,396 = $2,846 savings
Phil’s HYPE Calculation

Date of Birth - mm/dd/yyyy: 9/1/1960
Completed Years of Service - whole years: 15
Completed Months of Service - whole mos.: 0
Highest Annual Compensation: 2014 Max
Limit is $255,000: 70,000
Current ARP Account Value: 100,000

SEE ESTIMATE BELOW:

This Service Purchase Estimate is Based on the Following:

<table>
<thead>
<tr>
<th>Years</th>
<th>Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>54</td>
</tr>
<tr>
<td>Service</td>
<td>15</td>
</tr>
<tr>
<td>Salary</td>
<td>$70,000</td>
</tr>
<tr>
<td>Transfer Date</td>
<td>January 1, 2015</td>
</tr>
</tbody>
</table>

Est. Cost of Transfer All Service: $105,160

Warning! Your current account balance is insufficient to purchase your existing state service balance entered above. To see what portion of your state service you would be able to purchase with your existing account balance, please click on the following link.
# Phil’s HYPER Calculation

**Date of Birth - mm/dd/yyyy**: 01/17/1962

**Completed Years of Service - whole years**: 15

**Completed Months of Service - whole mos.**: 0

**Highest Annual Compensation - 2014 Max Limit is $255,000**: $70,000

**Current ARP Account Value**: $100,000

---

**SEE ESTIMATE BELOW:**

<table>
<thead>
<tr>
<th>Years</th>
<th>Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>54</td>
</tr>
<tr>
<td>Service</td>
<td>15</td>
</tr>
<tr>
<td>Salary</td>
<td>$70,000</td>
</tr>
<tr>
<td>Transfer Date</td>
<td>January 1, 2015</td>
</tr>
</tbody>
</table>

**Estimated Service Existing Assets Can Buy**

<table>
<thead>
<tr>
<th>Years</th>
<th>Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>0</td>
</tr>
</tbody>
</table>

This transfer cost estimate is good for applications postmarked by December 31, 2014. New rates apply in 2015.
Steps to Transfer to Hybrid

- Move monies to be used for purchase
  - TIAA CREF to Voya
  - If in TIAA Traditional Fund and not retiring, initiate 10-year rollout
  - Into CT Stable investment fund

- Contact Terry Stewart if you have a unique payment included in your highest year of earnings

- Print a copy of your HYPE calculation

- Print a copy of your HYPER calculation if purchasing less than your full service
Steps to Transfer to Hybrid

• Complete CO-994
  – Instructions on page 1
  – You sign on page 2 (not on page 3!)
  – Notary signs on page 3
  – Notary signature date and your signature date must be the same
  – Be sure to check a box on top of page 3

• Complete CO-995 if using TIAA Traditional Fund
  – If married, notarized spouse’s signature required
Steps to Transfer to Hybrid

• Add Attachments
  – Voya statement showing monies in CT Stable Value investment fund
  – TIAA CREF statement if using TIAA Traditional Fund
  – Signed HYPE calculation
  – Signed HYPER calculation if purchasing less than full service

• Send Originals of All Forms to Human Resources – Benefits
  – 9 Walters Avenue, Storrs, CT 06269-5075
  – U5075
Additional Considerations

• Grandfathering NRD
  – Deadline: 30 days following Hybrid transfer
  – CO-1094 form

• Purchasing Long-Term Disability Insurance, especially if less than 10 years of service
  – College Benefits Group: (860) 429-9000
What Happens Next

- May receive letter from State indicating receipt of application
- Paycheck dated 1/23/2015 will reflect new retirement deduction code
- Retirement invoice from Retirement Services Division (about 15 months)
Questions & Answers

Will the amount of my paycheck change if I transfer to the Hybrid?

Only if:

• You are not currently participating in Social Security. You will be required to be enrolled.

• You elect to grandfather your NRD. You will have an additional deduction.
Does HR have a notary and someone who can review my forms prior to submission?

Our only notary in Human Resources is leaving UConn on Thursday. We have trained a representative to review all forms submitted who will contact you if anything needs to be remedied.
Can I meet with a representative to assist me with this decision?

There has been an overwhelming demand for individual meetings to assist in the analysis or review forms that well exceeds capacity. As such, we cannot accommodate individual sessions.
Is there any way I can verify the accuracy of the numbers before making this important decision?

The Retirement Services Division conducts the audits to determine the actual numbers. They do not have the resources to perform preliminary audits. UConn does not have access to the tools used by the Retirement Services Division, nor do we have the resources.
Are the SERS pension plans fully funded?

No, the State’s pension plans are not fully funded.