



SFERS
San Francisco Employees' Retirement System



SFERS Ready to Retire Webinar 5 Years from Retirement

Charter Sections A8.509, A8.587, A8.600 & A8.603

Working today for a secure tomorrow... Discover the benefits of SFERS!

SFERS Disclaimer

The San Francisco City and County Employees' Retirement System (SFERS), provides this webinar as a service to its members. It is intended for general information purposes only. The information provided is not intended to serve as legal advice. You should consult an attorney knowledgeable in retirement law matters for legal advice.

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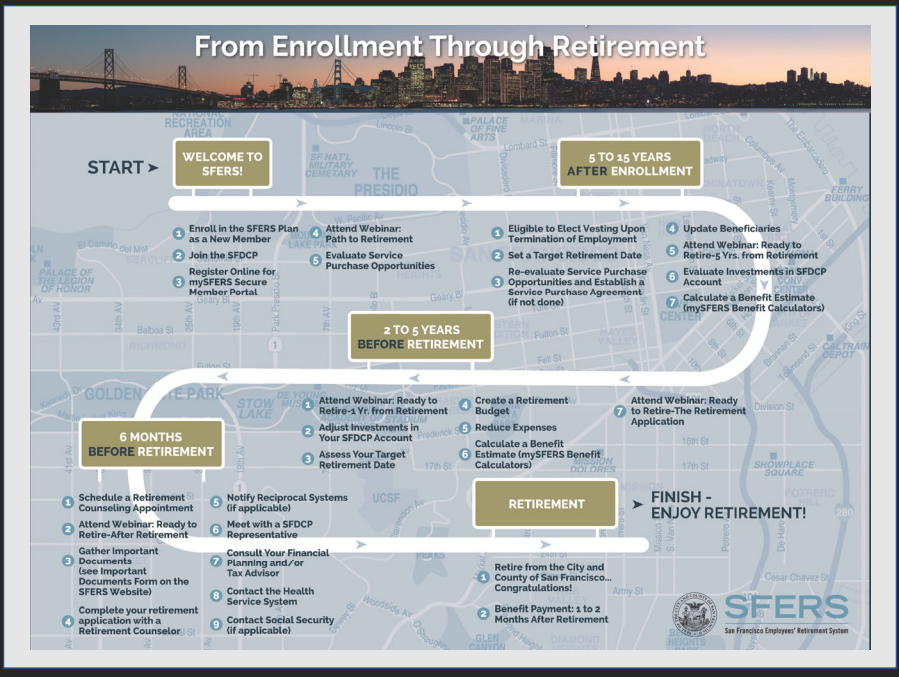
Your **MICROPHONE** is muted by default while the webinar is in progress



Please use the “Chat” function to submit **QUESTIONS**. We will answer them at the end.

In this webinar you will learn...

- Steps to prepare for retirement
- How your pension is calculated
- Strategies to maximize your retirement income



Are you ready to retire?

- Step 1: Assess financial goals for retirement
- Step 2: Set a target retirement date
- Step 3: Calculating your pension
- Step 4: Purchase eligible service
- Step 5: Evaluate SFDCP investments
- Step 6: Prepare a retirement budget

Step 1: Assess Your Financial Goals

Can you afford to retire?

- Sufficient Income to support your desired lifestyle after retirement
- Target retirement income to equal 80% of your gross working income
- Use the SFERS calculator in the member portal to estimate your benefit as a guide

Step 2: Set a Target Retirement Date

Your Pension is based on your age and years of service

- Your pension grows as you work more years and age
- Working longer can give you more time to accumulate retirement income
- Your target retirement date should reflect the date on which you believe you will reach your financial goals

Step 3: Calculating Your Pension

SFERS Pension Formula



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Service Retirement Benefit Calculation:

$$\begin{aligned}
 &\text{Credited Service} \\
 &\quad \times \\
 &\text{Age Factor (see SPP)} \\
 &\quad \times \\
 &\text{Average Monthly Final Compensation} \\
 &= \\
 &\text{Monthly Service Retirement Benefit}
 \end{aligned}$$

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Step 3: Calculating Your Pension cont'd

Example of Service Retirement Benefit

- | | |
|---|-------------|
| ▪ Total Service Credit | 22.868 yrs. |
| ▪ Retirement Age | 61.25 yrs. |
| ▪ Age factor (see summary of plan provisions) | 2.225% |
| ▪ Average Monthly Final Compensation | \$5,500 |
| ▪ Account balance | \$150,000 |

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Step 3: Calculating Your Pension cont'd

Example of Service Retirement Benefit

Step 1: Calculation of Percentage of average Final Compensation

$$\begin{aligned} \text{Service Credit} \times \text{Age Factor} &= \text{Benefit Percentage} \\ 22.868 \text{ yrs.} \times 2.225\% &= 50.881\% \end{aligned}$$

Note: Maximum percentage of average final compensation cannot exceed 75%

Step 3: Calculating Your Pension cont'd

Example of Service Retirement Benefit

Step 2: Calculation of Monthly Service Retirement Benefit

$$\begin{aligned} \text{Monthly Benefit} &= \\ \text{Benefit Percentage} \times \text{Average Monthly Final Compensation} \\ &= 50.881\% \times \$5,500.00 \\ &= \$2,798.46 \end{aligned}$$

Step 4: Purchase Eligible Service

Purchasing service can increase your benefit

- Service is the credit you earn towards qualifying for retirement
- You earn one year of service for every 1740 hours worked and paid in a fiscal year (approximately 10 months)
- Maximum one year of credited service **per fiscal year** (not calculated annually on your anniversary date)
- You can purchase service any time prior to retirement
- Payroll deduction, rollover from another qualified plan, or lump sum (depends on type of service being purchased)
- Service eligible for purchase is listed in your mysfers member portal account

Step 4: Purchase Eligible Service cont'd

Service Purchases

- | | |
|---|--|
| <ul style="list-style-type: none"> ■ Eligible San Francisco City Prior Service <ul style="list-style-type: none"> — rendered prior to membership date ■ Redeposit of previously withdrawn SFERS contributions ■ Unpaid Parental Leave Prior to July 1, 2003 | <ul style="list-style-type: none"> ■ Public Service <ul style="list-style-type: none"> — service as a member of a California public defined benefit plan — civilian service as a member of a Federal defined benefit plan ■ Union Representative Service ■ Military Service |
|---|--|

Step 4: Purchase Eligible Service cont'd

Non-Service Purchases

- **Gillmore Debt:** community property payments to ex-spouse
- **Account Shortage:** reduced contributions
- Forms are available for service purchases on the SFERS website
 - Log in to mySFERS member portal and select the “Service Purchase” tab

Step 4: Purchase Eligible Service cont'd

Example of Service Retirement Benefit with Purchased Service

- | | |
|---|-------------|
| ■ Total Service Credit (including 1.500 years of purchased prior service) | 24.368 yrs. |
| ■ Retirement Age | 61.25 yrs. |
| ■ Age factor (see summary of plan provisions) | 2.225% |
| ■ Average Monthly Final Compensation | \$5,500 |
| ■ Account balance including prior service contributions & interest | \$158,000 |

Step 4: Purchase Eligible Service cont'd

Example of Service Retirement Benefit with Purchased Service

Step 1: Calculation of Percentage of average Final Compensation

Service Credit X Age Factor = Benefit Percentage

$$24.368 \text{ yrs.} \times 2.225\% = 54.219\%$$

Note: Maximum percentage of average final compensation cannot exceed 75%

Step 4: Purchase Eligible Service cont'd

Example of Service Retirement Benefit with Purchased Service

Step 2: Calculation of Monthly Service Retirement Benefit

Monthly Benefit =

Benefit Percentage X Average Monthly Final Compensation

$$= 54.219\% \times \$5,500.00$$

$$= \$2,982.05$$

Step 5: Evaluate SFDCP Investments

An opportunity to complement your pension income

- Acquire additional retirement savings with voluntary contributions.
- Take advantage of available resources and tools to estimate and track potential retirement income.
- Adjust your investments as you near retirement (schedule an appointment with an SFDCP Retirement Counselor for assistance).
- Not participating? Visit www.sfdcp.org to enroll online.

Step 6: Prepare a Retirement Budget

Position Yourself to Meet Your Retirement Financial Goals

- Estimate your total retirement income (pension, savings, social security, etc.)
- Estimate your expected expenses in retirement (housing, health care, etc.)
- Create a plan to reduce expenses as you near retirement
- Consult a financial advisor for assistance

Recap

2 to 5 Years from Retirement:

- Assess your retirement financial goals
- Set a target retirement date based on when you expect to reach your retirement financial goals
- Understand how to calculate your pension
- Purchase eligible service and/or repay an account shortage or debt to increase your retirement benefit
- Evaluate and adjust your SFDCP account investments to complement your pension income
- Create a retirement budget and reduce expenses as you near retirement

Additional Resources

mysfers.org:

- Secure member portal
- Summary Plan Provisions
- Announcements, News, Updates
- Benefits estimate calculator
- Annual statement
- Account balance verification
- Online appointment scheduler
- Forms, frequently asked questions
- Annual reports on fund performance



How to Reach Us

Email: sfersconnect@sfgov.org
sfershelp@sfgov.org (member portal assistance)

Main Phone: 415-487-7000