



**SFERS**  
San Francisco Employees' Retirement System



## SFERS Ready to Retire Webinar The Retirement Application

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

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

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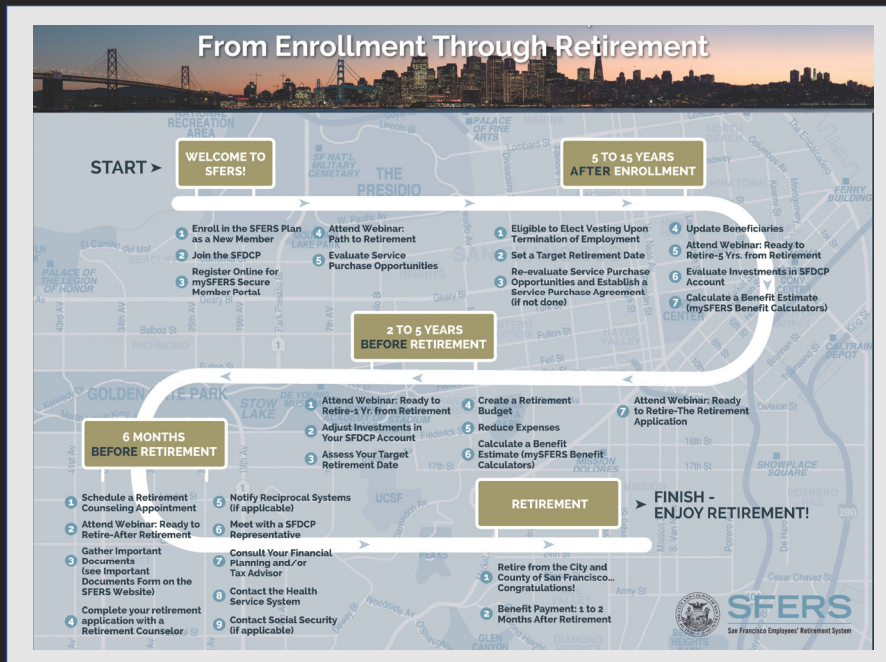
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Please use the “Chat” function to submit **QUESTIONS**. We will answer them at the end.

## In this webinar we will discuss...

- The Retirement Counseling Appointment
- Your Benefit Estimate
- Choosing a Retirement Date
- Benefit Payment Options
- Tax Withholding
- Lump Sum Vacation Payout to SFDCP
- Retiree Health Care, Social Security and Medicare



# The Counseling Appointment

## Documents you will need to bring

- Valid photo ID
- Original marriage certificate or domestic partnership registration
- Original birth certificate of spouse or registered domestic partner
- Social Security Number of spouse or registered domestic partner
- Social Security Number and date of birth of unmarried child or children under age 18
- Social Security Number and date of birth of beneficiary(ies), as applicable

# The Counseling Appointment cont'd

## Conducting your appointment

- Counseling appointments are reserved for members who are completing an application to retire only.
- Appointments are conducted by telephone
- A Retirement Analyst will walk you through completing the application packet
- You will mail your completed application to SFERS for processing

# Calculating Your Pension

## SFERS Pension Formula



### Service Retirement Benefit Calculation:

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

# Calculating Your Estimate

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## Estimate of your final benefit

- Actual calculation of your benefit will be based on payroll data available to SFERS **after** you have been paid your last pay period earnings
- Adjustment of your initial benefit amount may be possible **after** retirement to include earnings not included in the original calculation, (e.g., retro)
- You will receive your first pension payment 30 – 45 days from the latter of your retirement date, application filing date, or your last day on payroll, or if a disability retirement, once your application is granted

# Choose Your Retirement Date

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## Factors to consider

- Retirement Qualifications
- Maximum Service and Disability Retirement percentage: 75%
- Salary Increases
- Use of vacation or paid sick leave before retirement (counts toward credited service)
  - lump sum vacation payout **does not** count toward credited service
    - form must be completed and submitted before your last day of employment for lump sum vacation rollover to SFDCP
- COLAs effective July 1 – for retirement effective on or before July 1
- Personal matters

# Benefit Payment Options

## Why Choose an Option?

- To enhance the standard continuation benefit that is paid from the SFERS Pension Plan Trust Fund (50%) to a **qualified survivor**; or
- To provide for a monthly benefit to any one person **if there is no qualified survivor**; or
- To provide an additional lump sum payment to your designated beneficiary(ies)
- You cannot choose or change an option after retirement

# Benefit Payment Options

## Unmodified Option

- 50% monthly continuation payable from the SFERS Pension Plan Trust Fund to your qualified survivor

**AND**

- Lump sum death benefit, maximum \$3,000
  - You may change your beneficiary(ies) after retirement

# Benefit Payment Options

## Option One

- 50% monthly continuation payable from the SFERS Pension Plan Trust Fund to your qualified survivor

### And

- Lump sum death benefit, maximum \$3,000
  - You may change your beneficiary(ies) after retirement

### Plus

- Remaining contributions on date of your death, if any, payable in lump sum to your designated beneficiary(ies)
  - You may designate a beneficiary(ies) for this lump sum benefit and you may change your designated beneficiary after retirement

# Benefit Payment Options

## Option Two

- 100% monthly continuation payable to your designated beneficiary
  - Includes 50% payable from the SFERS Pension Plan Trust Fund to your qualified survivor if qualified survivor is your beneficiary
  - You may designate a qualified or non-qualified survivor as beneficiary
  - You **cannot** change the beneficiary after retirement even if beneficiary predeceases you

### AND

- Lump sum death benefit, maximum \$3,000
  - You may change designated beneficiary(ies) after retirement

# Benefit Payment Options

## Option Three

- 75% monthly continuation payable to your designated beneficiary if the beneficiary is your qualified survivor; or **50% continuation payable to beneficiary if the beneficiary is a non-qualified survivor**
  - 75% payable to qualified survivor includes 50% payable from the SFERS Pension Plan Trust Fund
  - You may designate a qualified or non-qualified survivor as beneficiary
  - You **cannot** change the beneficiary after retirement even if beneficiary predeceases you

**AND**

- Lump sum death benefit, maximum \$3,000
  - You may change designated beneficiary(ies) after retirement

# Benefit Payment Options

## Retirement Options for eligible QUALIFIED SURVIVOR (Retirement Options cannot be changed after retirement)

	Unmodified	Option One	Option Two	Option Three
Pension Benefit:	Standard Lifetime pension	Permanent Reduction of Lifetime pension	Permanent Reduction of Lifetime pension	Permanent Reduction of Lifetime pension
Lump Sum Benefit: (regardless of Option selection)	\$100 per each full year of service/ \$3000 Max to Designated Beneficiary(ies)	\$100 per each full year of service/ \$3000 Max to Designated Beneficiary(ies)	\$100 per each full year of service/ \$3000 Max to Designated Beneficiary(ies)	\$100 per each full year of service/ \$3000 Max to Designated Beneficiary(ies)
Continuation Benefit: (regardless of Option selection)	50% Continuation of Monthly Pension to Qualified Survivor	50% Continuation of Monthly Pension to Qualified Survivor	50% Continuation of Monthly Pension to Qualified Survivor	50% Continuation of Monthly Pension to Qualified Survivor
Enhanced Benefit:	None	Remaining balance of retirement account, if any. <b>(can name one or more person(s))</b>	100% Continuation of monthly pension to Qualified Survivor (rather than 50%)	75% Continuation of monthly pension to Qualified Survivor (rather than 50%) 50% Continuation of monthly pension to designated beneficiary (non-spouse)
Change Beneficiary(ies) after Retirement?	Yes: For Lump Sum	Yes: For Option Yes: For Lump Sum	No: For Option Yes: For Lump Sum	No: For Option Yes: For Lump Sum

Continuation Benefit: Paid to eligible surviving spouse/domestic partner until death or remarriage/new marriage or new domestic partnership, or to unmarried child under 18 until earlier of age 18, or marriage/domestic partnership.



# Benefit Payment Options

## Retirement Options for DESIGNATED BENEFICIARY(IES) (Retirement Options cannot be changed after retirement)

	Unmodified	Option One	Option Two	Option Three
Pension Benefit:	Standard Lifetime pension	Permanent Reduction of Lifetime pension	Permanent Reduction of Lifetime pension	Permanent Reduction of Lifetime pension
Lump Sum Benefit: (regardless of Option selection)	\$100 per each full year of service/ \$3000 Max to Designated Beneficiary(ies)	\$100 per each full year of service/ \$3000 Max to Designated Beneficiary(ies)	\$100 per each full year of service/ \$3000 Max to Designated Beneficiary(ies)	\$100 per each full year of service/ \$3000 Max to Designated Beneficiary(ies)
Continuation Benefit: (regardless of Option selection)	None	None	None	None
Enhanced Benefit: (can only name one person)	None	Remaining balance of retirement account, if any. <b>(can name one or more person(s))</b>	100% Continuation of monthly pension to designated beneficiary	50% Continuation of monthly pension to designated beneficiary
	Continuation Benefit: Paid to eligible surviving spouse/domestic partner until death or remarriage/new marriage or new domestic partnership, or to unmarried child under 18 until earlier of age 18, or marriage/domestic partnership.			
Change Beneficiary(ies) after Retirement?	Yes: For Lump Sum	Yes: For Option Yes: For Lump Sum	No: For Option Yes: For Lump Sum	No: For Option Yes: For Lump Sum

### Example of Cost for Benefit Payment Options

- Member's Salary at Retirement: \$85,000.00
- Member's Retirement Account Balance: \$172,000
- Member's Credited Service: 20 Years

	QUALIFIED SURVIVOR (Spouse/Domestic Partner) Scenario: Member is 65 years of age; spouse is age 62				DESIGNATED BENEFICIARY (Non-spouse/Non-Dom Partner) Scenario: Member is 65 years of age; child is age 34 (if no Qualified Survivor)			
	*Unmodified	*Option One	*Option Two	*Option Three	*Unmodified	*Option One	*Option Two	*Option Three
Member's Monthly Benefit Amount:	\$3,258.33	\$3,202.24	\$3,049.80	\$3,154.06	\$3,258.33	\$3,202.24	\$2,532.05	\$2,849.74
Permanent Reduction Cost:	None	\$56.09	\$208.53	\$104.27	None	\$56.09	\$726.28	\$408.59
Plan Provided Continuation Benefit to Qualified Survivor:	50%	50%	50%	50%	None	None	None	None
Lump Sum Benefit: (regardless of option selected):	\$100 per each full year of service/\$3,000 Max to Designated Beneficiary(ies)				\$100 per each full year of service/\$3,000 Max to Designated Beneficiary(ies)			
**Benefit Enhancement to Survivor:	None	Remaining Acct. Balance	100% (one person only)	75% (one person only)	None	Remaining Acct. Balance	100% (one person only)	50% (one person only)
Survivor's Benefit Amount:	\$1,629.17	Remaining Acct. Balance (if any) + 50% plan provided continuation benefit	\$3,049.80	\$2,365.55	Lump Sum	Remaining Acct. Balance (if any)	\$2,532.05	\$1,424.87
Change Beneficiary(ies) after Retirement?	Yes: For Lump Sum	Yes: For Option Yes: For Lump Sum	No: For Option Yes: For Lump Sum	No: For Option Yes: For Lump Sum	Yes: For Lump Sum	Yes: For Option Yes: For Lump Sum	No: For Option Yes: For Lump Sum	No: For Option Yes: For Lump Sum

\*Retirement Options cannot be changed after retirement

\*\*The permanent reduction cost to the member's benefit pays for the benefit enhancement to the survivor

Payment options are voluntary. This example is for illustrative purposes only and not indicative of any specific benefit payment option. The actual option calculation is based on the member's age and the age of the qualified survivor or designated beneficiary as of the member's effective retirement date.

# Designate a Beneficiary

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## Lump Sum Benefit

- A **Beneficiary** is a person(s), a trust, or an estate designated to receive a lump sum benefit upon your death
- Download, complete and submit a SFERS Designation of Beneficiary Form to update your beneficiary.

# Taxes

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## Federal and State Withholding

- Your retirement benefit is subject to federal and state income taxes
- SFERS does not withhold taxes for states other than California. If you move out of California, submit a new tax withholding form to SFERS to stop the California deduction
- It's helpful if you know your current (working) withholding prior to completing your retirement application.
- You can change withholding at any time by the 10<sup>th</sup> of the month to be effective the current month.
- You will receive a 1099-R Form each January showing benefits paid to you in the prior year

# COLAs

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## Cost of Living Adjustments (Active Members)

- Retiree COLAs are not the same as active member COLAs
- Active member COLAs are increases in pay negotiated between labor unions and the City
- The amount of your COLA and when you receive it is based on your job classification
- Details about your COLA are included the MOU (Memorandum of Understanding) covering your job classification

# COLAs

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## Cost of Living Adjustments (Retired Members)

- A COLA is paid to help your pension income keep pace with inflation
- Two types of COLAs: Basic and Supplemental
- The Basic COLA may be payable each July 1
  - Your first day of retirement must be on or before July 1
- The Basic COLA may be 0%,  $\pm 1\%$  or  $\pm 2\%$  of prior June 30 pension amount
- A Supplemental COLA may also be payable
  - Paid in increments of 0.5% to a maximum 1.5%

# SFDCP

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## Unused vacation time

- Rollover to SFDCP
- Within 457 annual limits

# HSS & Social Security

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- Contact Health Services System at (628) 652-4700 to determine your eligibility for health benefits in retirement
- Visit the Social Security Administration website **at least three months** prior to your desired retirement date to calculate an estimate of your social security benefits and to learn about the process to apply for Medicare

# Recap

## The Retirement Application:

- A Retirement Analyst will walk you through each section of your application
- You will receive an estimate of your final benefit
- You will choose a retirement date
- You will name a beneficiary to receive a lump sum survivor benefit
- You will select an option for your monthly benefit payment
- You will elect tax withholding for your benefit

# 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

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**Email:** [sfersconnect@sfgov.org](mailto:sfersconnect@sfgov.org)  
[sfershelp@sfgov.org](mailto:sfershelp@sfgov.org) (member portal assistance)

**Main Phone:** 415-487-7000