



**SFERS**  
San Francisco Employees' Retirement System



## SFERS Ready to Retire Webinar The Retirement Application

Charter Sections 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 presentation 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.

SFERS is governed by the San Francisco Charter and Administrative Code, as well as the Internal Revenue Code, and various rules and regulations, all of which are complex and subject to change. In the event of any conflict between those governing authorities and the information provided in this presentation, the governing authorities have precedence.

# 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

## SFERS Retirement Roadmap From Enrollment Through Retirement



### Step 1: Welcome to SFERS!

- Look for an invitation from SFERS (email or mail) to enroll in the Plan as a New Member
- Log into mySFERS to complete enrollment
- Join the SFDCP
- Attend the SFERS New Member Webinar
- Evaluate Service Purchase Opportunities

Step 1

### Step 2: 5 to 15 Years After Enrollment

- Eligible to Elect Vesting Upon Termination of Employment
- Set a Target Retirement Date
- Re-evaluate Service Purchase Opportunities and Establish a Service Purchase Agreement (if not done)
- Review/Update Beneficiaries
- Attend Webinars: Path to Retirement; Ready to Retire-5 Years from Retirement
- Evaluate Investments in SFDCP Account
- Calculate a Benefit Estimate (mySFERS Benefit Calculators)

Step 2

### Step 3: 2 to 5 Years Before Retirement

- Attend Webinars: The SFDCP: Ready to Retire-1 Year from Retirement
- Adjust Investments in Your SFDCP Account
- Assess Your Target Retirement Date
- Reduce Expenses
- Calculate a Benefit Estimate (mySFERS Benefit Calculators)

Step 3

### Step 4: 6 Months Before Retirement

- Schedule a Retirement Counseling Appointment
- Attend Webinars: Ready to Retire-The Retirement Application; Ready to Retire-After Retirement
- Gather Important Documents (see Important Documents Form on the SFERS Website)
- Complete your retirement application with a Retirement Counselor
- Update your work email address and cell phone number to personal in the portal
- Notify Reciprocal Systems (if applicable)
- Meet with a SFDCP Representative
- Consult Your Financial Planning and/or Tax Advisor
- Contact the Health Service System

Step 4

### Step 5: Retirement

- Retire from the City and County of San Francisco...Congratulations!
- First Benefit Payment: 1-2 Months After Retirement

Step 5

# The Counseling Appointment

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## Gather the appropriate credentials:

- Valid photo ID
- Original certified marriage certificate or domestic partnership registration
- Original certified birth certificate, valid passport, or Real ID of spouse or registered domestic partner (or other beneficiary for retirement payment options)
- 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

**\*We do not accept ceremonial/souvenir certificates or photocopies**

# The Counseling Appointment cont'd

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## Conducting your appointment

- Counseling appointments are reserved for members who are completing an application to retire only.
- Appointments are conducted in person at the SFERS office
- A Retirement Analyst will walk you through completing the application packet

# Calculating Your Pension

## SFERS Pension Formula



### Service Retirement Benefit Calculation:

$$\begin{array}{r}
 \text{Credited Service} \\
 \times \\
 \text{Age Factor (see SPP)} \\
 \times \\
 \text{Average Monthly Final Pensionable Compensation} \\
 = \\
 \text{Monthly Service Retirement Benefit}
 \end{array}$$

# Calculating Your Estimate

## 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 benefit 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
- You may set up direct deposit for future benefit payments to a U.S. checking or savings account, or a foreign account via wire transfer (members are responsible for any fees associated with foreign wire transfers)

# Choose Your Retirement Date

## Factors to consider

- 1<sup>st</sup> day of retirement is the day following your last day of work (e.g., last day of work is 6/30, first day of retirement is 7/1)
- 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
    - A completed form must be submitted before your last day of employment for a lump sum vacation rollover to SFDCP
- COLAs – when payable, are effective July 1, for retirement dates 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 Retirement 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 Retirement 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 Retirement 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 Retirement 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 the beneficiary predeceases you, or your qualified survivor is no longer qualified (no longer married or registered domestic partner)

**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 a beneficiary if the beneficiary is a non-qualified survivor**
  - 75% payable to your qualified survivor includes 50% payable from the pension Trust Fund
  - You may designate a qualified or non-qualified survivor as beneficiary
  - You **cannot** change the beneficiary after retirement, even if the beneficiary predeceases you, or your qualified survivor is no longer qualified (no longer married or registered domestic partner)

**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
Monthly Benefit:	Standard Lifetime Benefit	Permanent Reduction of Lifetime Benefit	Permanent Reduction of Lifetime Benefit	Permanent Reduction of Lifetime Benefit
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 Benefit to Qualified Survivor	50% Continuation of Monthly Benefit to Qualified Survivor	50% Continuation of Monthly Benefit to Qualified Survivor	50% Continuation of Monthly Benefit 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 benefit to Qualified Survivor (rather than 50%)	75% Continuation of monthly benefit to Qualified Survivor (rather than 50%) 50% Continuation of monthly benefit to designated beneficiary (non-spouse)
	<b>Continuation Benefit:</b> Paid to <b>eligible surviving spouse/domestic partner</b> 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

# Benefit Payment Options

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

	Unmodified	Option One	Option Two	Option Three
Monthly Benefit:	Standard Lifetime Benefit	Permanent Reduction of Lifetime Benefit	Permanent Reduction of Lifetime Benefit	Permanent Reduction of Lifetime Benefit
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 benefit to designated beneficiary	50% Continuation of monthly benefit to designated beneficiary
	<b>Continuation Benefit:</b> Paid to a <b>designated beneficiary</b> through beneficiary's date of death (can only name one person). If the designated beneficiary predeceases you, then no benefit is payable.			
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-Domestic 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

## Lump Sum Benefit

- A **Beneficiary** is a person(s), a special needs trust, a trust, or an estate designated to receive a lump sum benefit upon your death
- During your appointment, you will designate a beneficiary to receive the lump sum benefit
- Log in to mySFERS member portal to change your beneficiary any time after retirement.

# 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 is helpful if you know your current (working) withholding amount before 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
- Tax forms are available on the SFERS website
- You will receive a 1099-R Form (not a W2) each January showing benefits paid to you in the prior year (W2s are issued for active employment. Contact your Department Personnel Officer for a copy of your W2)
- Duplicate forms are available in mySFERS member portal

# COLAs

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## Cost of Living Adjustments (Active Members)

- 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)

- Retiree COLAs are not the same as active member COLAs
- A COLA is paid to help your retirement 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 your June 30 benefit 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
- Not enrolled? Enroll online at [sfdcp.org](https://www.sfdcp.org). Contact your departmental dedicated DCP counselor for more information, including the special catch-up limit

# HSS & Social Security

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- Contact Health Services System (HSS) at (628) 652-4700 or visit the HSS website at [www.sfhss.org](http://www.sfhss.org) to determine your eligibility and/or premiums for health benefits for you and eligible dependents in retirement
- Visit the Social Security Administration website at [www.ssa.gov](http://www.ssa.gov) **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

**\* If you are age 65 or older, allow a minimum of 3 months before your desired retirement date to inquire with SFERS about retiring, re-enrollment with HSS for retiree health benefits, and Medicare with SSA. The steps you will need to follow are time-sensitive.**

# Recap

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## The Retirement Application:

A Retirement Analyst will walk you through each section of your application, which includes:

- Receiving an estimate of your final benefit
- Choosing a retirement date
- Naming a beneficiary to receive a lump sum survivor benefit
- Selecting an option for your monthly benefit payment
- Electing tax withholding for your benefit

# Visit our Website at [mysfers.org](https://mysfers.org)!

## Log in to mySFERS secure member portal:

- Benefits estimate calculator
- Annual Statement
- Beneficiary Dashboard
- Account balance verification
- Online appointment scheduler

## Other useful resources:

- Webinar schedules and registration
- Summary Plan Provisions
- Announcements, News, and Updates
- Forms and frequently asked questions
- Annual reports on fund performance



# How to Reach Us

Email: [sfersconnect@sfgov.org](mailto:sfersconnect@sfgov.org)

Main Phone: 415-487-7000

Member portal log in assistance: (628) 652-5000