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August 2024

# Preparing for Retirement

City of Springfield

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# Preparing for Retirement

When considering retirement, you may want to:

- Review the [Retirement Benefits Administrative Regulation](#).
- Consult with an advisor from [Cascade Behavioral Health](#). Transitioning from employment to retirement can bring unforeseen changes.
- Speak with a financial planner – available through PERS or a deferred compensation representative.
- Meet with Human Resources to discuss City retirement benefits.
- Discuss your retirement plans with your supervisor.
- Submit a written letter or email that states your intent to retire, including your intended last date of employment. A notice of two weeks or more is appreciated.
- Contact PacificSource Health regarding insurance coverage if you plan to move out of the area or travel.

## Retirement Eligibility

### 1. Who qualifies for City of Springfield Retirement?

Any City of Springfield employee who meets the following criteria:

- Must have worked for the City for the preceding two (2) years; and
- Employee's age plus years of service with the City of Springfield equals 70; or
- Employee is a member of the Public Employee Retirement System (PERS) and meets PERS retirement requirements for full or reduced benefits; or
- Employee is permanently disable in all occupations as identified through the City's Long Term Disability carrier or by an Independent Medical Examiner hired by the City, and with consideration of PERS definition for employees under equal-to-or-better plan.

### 2. Are the City's retirement requirements the same as PERS?

No, the City's retirement requirements differ from those of PERS. Only service with the City counts toward eligibility for "City of Springfield Retirement". An employee may be eligible to retire from the City but not be eligible to retire from PERS, and the opposite may be true.

Additionally:

- An employee cannot retire from PERS without first retiring or terminating from the City. The City must submit a Separation of Service form indicating your departure date before you retire from PERS.
- PERS allows you to go back to work for a PERS employer, provided you meet certain restrictions.

### 3. How do I access my PERS benefits at the time of retirement?

Information about PERS is available on the [PERS Web Site](#) or call 888-320-7377 to talk with a PERS Member Services Representative (M-F, 8:30 a.m. - 5 p.m.)

- Questions to ask PERS:
  - When am I eligible to retire under Oregon PERS?
  - Will a few months or days effect my benefit (e.g., first vs last day of the month)?
  - What are my benefit options?
  - How much can I expect to receive each month?
  - When will my benefits begin?
- Review the [PERS Pre-Retirement Guide:](#)
  - Request a retirement benefit estimate from PERS.
  - Attend a group retirement education presentation
  - Take advantage of financial planning workshops
  - Attend PERS Retirement Application Assistance Sessions (RAAS)

### 4. Can I retire from PERS and still work for the City?

Yes, you can retire from PERS and continue working for a PERS- participating employer. From January 1, 2020, through December 31, 2034, most retirees can work unlimited hours for a PERS- participating employer while still receiving their pension benefit. See the PERS website for [Work After Retirement](#).

## Post-Retirement Medical Benefits

### 1. Does the City offer post-retirement benefits?

The City offers eligible retirees and their dependents post-retirement benefits including health insurance with medical discount, dental insurance, and Wellness Center only access. Benefit plans components are subject to change or termination.

- Eligibility:  
Must meet City requirements and have at least 2 years of continuous service immediately preceding retirement. Must not be eligible to receive Medicare. Coverage ends at the end of the month following Medicare eligibility.
- Retiree Medical Premium Discount:  
Eligible retirees receive a \$115.05 monthly discount towards City Medical Insurance.
- Enrollment Options:

Retirees can enroll in City Health Insurance (includes Wellness Center access & Willamalane membership), City Dental Insurance, or Wellness Center Only plan. Enrollment forms must be completed within 60 days of retirement.

- Dependent Coverage:

Only dependents enrolled at least 24 months before retirement are eligible. Newborn children of retirees are eligible and will be enrolled per City plan requirements. New spouses and their eligible dependents can enroll within 31 days of the marriage with a completed declaration. Family members of Medicare-eligible retirees, who have been on their City insurance at least 24 months prior to the retirement, can stay on the retiree benefit plan until Medicare age, they age off the plan, or they voluntarily end coverage after which they can opt for COBRA coverage.

- Re-enrollment:

Voluntary termination of coverage by retirees or dependents prohibits re-enrollment.

## FSA, HRA, & Deferred Compensation

### 1. What will happen to my FSA/HRA funds at retirement?

After retirement, FSA and HRA plans operate a little differently:

- Flexible Spending Account (FSA):

- Can be used for eligible health expenses. Cannot be used for health premiums (including COBRA or retirement health plan premiums).
- Funds are available until depleted by eligible claims or through the end of the Plan Year (December 31)
- The Benefit Debit card is terminated when active employment ends.
- Retirees must submit supporting documentation for reimbursement by using the HRA/FSA reimbursement form or by using the PacificSource Administrators member portal.
- The normal run-out period applies for submitting reimbursement requests.
- If you have an HRA, FSA funds are used first.
- Any remaining contributions are deducted from the final check.

- Dependent Care Account:

- Services can be incurred for eligible dependent care expenses through the end of the Plan Year.
- Both spouses must be at work or otherwise eligible (i.e. schooling, looking for work) to make a claim.
- No additional contributions can be made after the retirement.

- Supplemental Premium Account (SPA):
  - Allows to you save pre-tax dollars to pay for supplemental insurance premiums (excluding employer-sponsored health insurance). Examples include FireMed or personal dental or vision policies.
  - No additional contributions after retirement.
- Health Reimbursement Arrangement (HRA):
  - Can be used for eligible health expenses and individual health insurance premiums (including COBRA or retirement health plan premiums).
  - Funds are available until depleted by eligible claims or rolled over into the HRA VEBA, if eligible.
  - The Benefit Debit card is terminated when active employment ends.
  - Retirees must submit supporting documentation for reimbursement by using the HRA/FSA reimbursement form or by using the PacificSource Administrators member portal.
- Rollover of HRA Funds into HRA VEBA:
  - If your voting group elected to have HRA funds rolled over into the HRA VEBA, discontinue using the HRA account immediately. This is to ensure all outstanding purchases have cleared your account before the city transfers the remaining balance to the HRA VEBA.
  - The rollover transaction occurs within 90 days of retirement.

## 2. What is HRA VEBA?

The [HRA VEBA Plan](#) is a funded health reimbursement arrangement (HRA) offered by HRA VEBA Trust, a non-profit, tax-exempt health and welfare benefit trust. Voluntary Employees' Beneficiary Association (VEBA) is a type of trust used to hold plan assets for providing retiree benefits. Many governmental employers in the Northwest understand VEBA to mean a benefit plan that reimburses medical care expenses and premiums.

VEBAs offer "triple" tax savings: (1) no taxes on contributions; (2) no taxes on investment earnings (if any); and (3) no taxes on claim reimbursements (withdrawals).

Under the post-separation HRA VEBA Plan:

- Employees must first retire from the City before becoming eligible to file claims.
- Retirees who become re-employed by the City will not be eligible to file claims to their HRA VEBA while re-employed.
- Eligibility for the HRA VEBA requires a vote by your "eligible retiree group" typically held each December, effective January 1 of the new benefit year.
- Depending on the outcome of the vote, a portion or all the eligible retirement payouts (Sick, Vacation, PTO, and/or HRA rollover) may roll into HRA VEBA.

### 3. What happens to my Deferred Compensation at the time of retirement?

When considering retirement contact your deferred compensation representative. They can help you with PERS forms and any distributions that you will need in retirement.

## Social Security and Medicare

### 1. How do I plan for Social Security benefits?

Effective planning is crucial for achieving your retirement goal. Here is how Social Security fits into your overall retirement strategy:

- Social Security as part of your retirement plan:  
Social Security replaces about 40% of your pre-retirement income. Knowing your estimated Social Security benefits can help you determine how much additional retirement income you need to reach your goals.
- Eligibility:  
You earn "credits" toward Social Security benefits by working and paying Social Security taxes. To qualify for retirement benefits you need 40 credits (usually, 10 years of work) if you were born in 1929 or later.
- Verify your earnings:  
The benefits you or your family receives depends on your earnings record. Regularly check your Social Security earnings history to avoid surprises. Access your earnings history through my Social Security account at [www.ssa.gov/myaccount](http://www.ssa.gov/myaccount) or use the online Retirement Estimator at [www.ssa.gov/benefits/retirement/estimator](http://www.ssa.gov/benefits/retirement/estimator).
- Retirement Age:
  - Full Retirement Age:  
You can receive your full benefit at full retirement age is 66 for those born between 1943 to 1954. For those born from 1955 to 1960, the age increases gradually to 67. For those born in 1960 or later, the full retirement age is 67. Refer to full retirement age chart for details.
  - Early Retirement Age:  
Benefits can start at age 62 but they reduce if you start before full retirement age. Visit the Social Security website to see how early retirement will affect your benefits.
  - Delayed Retirement Age:  
Delaying benefit past your full retirement age increases your benefit amount up to age 70. There is no additional benefit for delaying beyond age 70.

### 2. Can I file for Social Security and continue to work for the city?

Retirement is unique for everyone and continuing to work can impact your Social Security benefits. You can keep working beyond your full retirement age. Doing so can increase your future Social Security benefits, as each additional year of work adds to your earnings record. Higher lifetime earnings can lead to higher benefits when you start receiving them.

### 3. How do I access Medicare information?

Medicare is the U.S. health insurance program for individuals 65 and older. It also covers younger individuals with disabilities or permanent kidney failure. While Medicare helps with health care costs, it does not cover all medical expenses or most long-term care. If you opt for Original Medicare (Part A and Part B) coverage, you can buy a Medicare Supplement Insurance (Medigap) policy from a private insurer.

- Health Insurance Coverage under Medicare:  
While employed by the City and covered by the City's Health Insurance plan, PacificSource will be your primary insurance, and Medicare would act as a secondary coverage.

For those turning 65, the initial enrollment period starts three months before your 65th birthday, includes the birthday month and ends three months after.

If you delay enrolling in Medicare Part A and decide to join later, your coverage could be delayed, and you may face a higher monthly premium. The premium increases 10 percent for each 12-month period you were eligible but did not enroll, unless you qualify for a Special Enrollment Period.

- Special Enrollment Period:  
If you have a group health insurance through current employment (yours or your spouse's), you may not need to enroll in Medicare Part B at age 65.

You may qualify for "Special Enrollment Period" if:

- You have a group health plan coverage based on employment of yourself or spouse.
- Coverage continues while you or your spouse remain employed.
- An 8-month period starts after your group health plan coverage ends or the employment it is based on ends, whichever comes first.

- Filing for Medicare:  
If you are within three months of turning age 65 or older and not ready to start Social Security benefits, you can use the Medicare online retirement application to [Enroll in Medicare](#) only. You can apply for Social Security or spousal benefits later. The process takes about 10 minutes.

## HELPS program

The Healthcare Enhancement for Local Public Safety Officers (HELPS) program allows retirees to receive up to \$3,000 annually, tax free, from their deferred compensation plan to cover insurance premiums or long-term care insurance premiums.

Eligible retirement plans include a qualified trust, a section 403 (a) plan, a section 403(b) annuity, or a section 457(b) plans. The distribution must be made directly from the retirement plan to the



insurance provider and can be used for the retiree, spouse, or dependents. The check comes directly to Human Resources.

Tax Instructions:

- Report total distributions on Form 1040 or Form 1040-SR, line 5a.
- Reported the taxable amount on Form 1040 or 1040-SR, line 5b.
- Write "PSO" (for public safety officer) next to taxable amount.

For more information, visit the [National Conference on Public Employees Retirement Systems](#) (HELPS website).

## Quick Links & Resources

- **Healthcare Enhancement for Local Public Safety (HELPS)**
  - Website: [www.ncpers.org/helps](http://www.ncpers.org/helps)
  - Phone: (202) 601-2445
  - Email: [info@ncpers.org](mailto:info@ncpers.org)
- **HRA VEBA**
  - Website: [www.hravega.org](http://www.hravega.org)
  - Phone: (888) 659-8828
- **Medicare**
  - Website: [www.medicare.gov](http://www.medicare.gov)
  - Phone: (800) 633-4227 (800-MEDICARE)
- **Nationwide Retirement Plans (Deferred Compensation)**
  - Website - [www.nrsforu.com](http://www.nrsforu.com)
  - Phone: (877) 677-3678 (M-F, 8a-11p ET; Saturday 9a-6p ET)
- **Oregon Savings Growth Plan (Deferred Compensation)**
  - Website: [osgp.voya.com](http://osgp.voya.com)
  - Phone: 800-365-8494 (M-F, 7a-5p PT)
- **PacificSource**
  - Website: [pacificsource.com](http://pacificsource.com)
  - Phone: (888) 977-9299
- **PacificSource Administrators (FSA/HRA)**
  - Website: [psa.consumer.pacificsource.com](http://psa.consumer.pacificsource.com)
  - Customer Service: (800) 422-7038 or (541) 485-7488
  - Participants: (888) 659-8828
- **PERS**
  - Website: [www.oregon.gov/PERS](http://www.oregon.gov/PERS)
  - Phone: (888) 320-7377 (M-F, 8:30a-5p PT)
- **Social Security**
  - Website: [www.ssa.gov](http://www.ssa.gov)
  - Phone (800) 772-1213