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Preparations for Retirement

City of Springfield



Contents

- [Getting ready to retire from the city](#)2
- [Qualifications for retirement from the city](#)2
- [City vs PERS retirement](#)2
- [City of Springfield Retirement Benefits](#)3
- [Retiree Medical Benefits](#).....3
- [FSA/HRA Funds](#).....3
- [HRA VEBA](#)4
- [Life Insurance Portability or Conversion](#).....4
- [Deferred Compensation](#)5
- [PERS](#)5
- [Working after PERS Retirement](#).....6
- [Medicare](#)6
- [Social Security](#)7
- [Working After Filing for Social Security](#)8
- [Healthcare Enhancement for Public Safety Officers \(HELPS\)](#)8
- [Keep your Mailing Address Current](#).....9
- [Certified Financial Planners](#).....9

Getting Ready to Retire

1. While making your decision to retire, you may want to consider:
 - a. Talking to an advisor from Cascade Behavioral Health. Going from being employed to being retired can bring changes that one does not always anticipate.
 - b. Talking to a financial planner – available through PERS or a deferred compensation representative.
 - c. If you will be moving out of the area or traveling, call PacificSource Health about Insurance coverage.
2. Talk with your supervisor about your upcoming plans.
3. Review the “Who Qualifies for Retirement from the City” section to determine your eligibility.
4. Talk with Human Resources to discuss your city retirement benefits.
5. Plan to give your department a written letter or email that states your intent to retire from the city. It will need to state as to what your intended last date of employment will be. (Two weeks’ notice or more is appreciated.)

Qualifications for Retirement from the City

Any City of Springfield employee who meets the following criteria:

- Must have worked for the City in 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.

City vs PERS retirement

City of Springfield requirements for retirement are different from PERS requirements. Only City of Springfield service counts toward service for “City of Springfield Retirement”.

City of Springfield Retirement and PERS: An employee may:

1. Be eligible to retire from the City and not be eligible to retire from PERS.
2. Be eligible to retire from PERS but not eligible to retire from the City.
3. Choose to terminate from the City and Choose to not retire from PERS.
4. An employee cannot retire from PERS if you do not retire or terminate from the city. The city must send a Separation of Service form which designates when you leave City employment before you may retire from PERS.
5. PERS allows you to go back to work for a PERS employer provided you meet certain restrictions.

City of Springfield Retirement Benefits

The City of Springfield offers eligible employees, retirees, and their dependents post-retirement benefit coverage, health insurance with medical stipend, dental insurance, Wellness Center access, Retiree may have a Free Fitness Pass to Willamalane, sick leave payout and VEBA plan options. Specific components of the Benefit Plans are subject to change or termination.

Medical Benefits

1. Eligible retirees may participate in the City's post-retirement medical, dental and/or Wellness Center Only benefit plans.
 - a. Must meet above requirements and have at least 2 years of continuous service at the City of Springfield immediately preceding retirement.
 - b. Must not be eligible to receive Medicare. Coverage ends at the end of the month following Medicare eligibility.
 - c. Retiree is eligible for \$115.05 per month credit toward the purchase of City Health Insurance only.
 - d. A retiree may enroll in City Health Insurance (which includes access to the Wellness Center) and/or, City Dental Insurance and/or Wellness Center Only plan.
 - e. Within 60 days of retirement the retiree must complete an enrollment form for any retirement insurance that they choose to sign up for.
 - f. Only dependents that are enrolled at least 24 months before retirement may be enrolled.
 - g. A retiree's newborn child is eligible and will be enrolled according to City plan requirements.
 - h. If an employee marries while enrolled as a retiree, the new spouse and his or her eligible dependent children may enroll provide application is made within 31 days of the marriage. A completed declaration will be required.
 - i. If an employee is Medicare eligible at the time they retire, their family members who have been on their insurance at least 24 months prior to the retirement are eligible to go onto the retiree benefit plan until Medicare age or dependent ages off, which at this time they would be offered COBRA Insurance coverage.
 - j. If the Retiree or enrolled dependents voluntarily terminate coverage under this plan, re-enrollment under this plan will not be permitted.

FSA/HRA Funds

The following is a summary of how the City of Springfield's Health Flexible Spending Account (FSA) and Dependent Care, and the Health Reimbursement Arrangement (HRA) plans operate following retirement.

1. Flexible Spending Account (FSA)

Can be used for un-reimbursed eligible health expenses 90 days after separation. These eligible expenses are for those acquired prior to the employees last day of work. Documentation for expenses must be sent to PNC Benefit Plus. The Benefit Debit card will be terminated when the employee's benefits end as an active employee. Retirees will have to submit for reimbursement for eligible expenses. The FSA cannot be used to pay for any health premium. Dependent Care Account

Services can be incurred through the end of the Plan Year for eligible dependent care expenses. Remember that both spouses must be at work or otherwise eligible (i.e. schooling, looking for work) to make a dependent care claim. No additional contributions can be made after the retirement.
2. Other Health Premium Account

Services can be incurred through the end of the Plan Year for eligible Health Premium expenses. No additional contributions can be made after the retirement date.

3. Health Reimbursement Arrangement

- a. Can be used for the same expenses as the health FSA with the addition of individual health insurance premiums also being eligible. These premiums include COBRA or any retirement health plan premiums. Documentation for eligible health expenses must be sent to PNC Benefit Plus. The Benefit Debit card is shut off at the time the employee benefits term. The funds in the HRA are available until they are depleted by eligible claims. You may use the HRA/FSA reimbursement form or submit for reimbursement through PNC BenefitPlus member portal account.

4. Rollover of HRA Funds into HRA VEBA

- a. If your eligible voting group voted to have HRA funds rolled over into the HRA VEBA you will need to discontinue the use of your HRA account right away, so that all your outstanding purchases can clear your account prior to transferring your remaining earned balance to the HRA VEBA account, this transaction occurs within 90 days of retirement.

HRA VEBA

The HRA VEBA Plan is a funded health reimbursement arrangement (HRA) offered by HRA VEBA Trust. HRA VEBA Trust is a non-profit, tax-exempt health and welfare benefit trust. VEBA stands for voluntary employees’ beneficiary association. VEBA are a type of trust instrument used to hold plan assets for the purpose of providing retiree benefits. HRA VEBA Trust offers a health reimbursement arrangement commonly known as the HRA VEBA Plan. Many governmental employers in the Northwest are familiar with the Term “VEBA” and understand it to mean a benefit plan that reimburses medical care expenses and premiums. Under the Post-separation HRA Plan, employees must first retire from the City before becoming claims eligible. In addition, Post-separation HRA Plan participants who retire and become re-employed by the City will not be eligible to file claims to their HRA VEBA while re-employed. To be eligible for the HRA VEBA your “eligible retiree voting group” must vote to participate. The vote usually occurs each December, to be effective January 1 of the new benefit year. A portion or all of the eligible retirement payouts (Sick, Vacation, PTO, and/or HRA) may roll into HRA VEBA, depending on the outcome of the vote.

Life Insurance

Your city life insurance coverage ends on the last day of the month in which your employment terminates.

| Porting your life insurance | Converting your life insurance |
|--|---|
| A portability option applies to your life insurance coverage. When you terminate or retire, you have 31 days, from the date your group coverage ends to submit a completed application. | Lincoln allows you to convert your group life policy to an individual life policy. Call Lincoln within 31 days from your loss of coverage to request a premium quote for converting your coverage. |
| Call Lincoln Customer Care (877) 321-1015 | |
| Life Insurance Portability vs Life Insurance Conversion Life insurance portability allows you to continue your group coverage after you leave a job, while conversion lets you change your group | |

coverage to an individual policy. You lose Life Insurance coverage at the end of the month that you term employment.

Deferred Compensation

Contact your deferred compensation representative when you are thinking about retiring. Your representative can assist you with PERS forms as well as forms for taking any distributions that you will need in retirement.

PERS

[Tier One/Tier Two Pre-retirement Guide](#)

[Tier One/Tier Two Members](#)

You are considered a Tier One or Tier Two employee if you began working for a PERS employer between December 31, 1995, and August 28, 2003.

Retirement ages/years of service for Tier One/Tier Two members for full and reduced benefits

| Full Benefits | | |
|------------------------------------|--------------------------------|--------------------|
| Class | Age | PERS Service |
| All members | Any age | 30 years |
| General Service Tier One | 58 | No minimum |
| General Service Tier Two | 60 | No minimum |
| Police and Fire | 50-55 | 25 years |
| Police and Fire | 55 | No minimum |
| Reduced Benefits | | |
| Class | Age | PERS Service |
| General Service Tier One | 55-58 | Less than 30 years |
| General Service Tier Two | 55-60 | Less than 30 years |
| Telecommunications (911 operators) | Any age; no COLAs until age 55 | 25 years |
| Police and Fire | 50-55 | Less than 25 years |

[OPSRP Pre-retirement Guide](#)

[Oregon Public Service Retirement Plan \(OPSRP\) Member](#)

You are considered an OPSRP member if you started working for a PERS employer after August 28, 2003.

Retirement ages/years of service for OPSRP members for full and reduced benefits.

| |
|---------------|
| Full Benefits |
|---------------|

| Class | Age | PERS Service |
|--|--|------------------|
| General Service | 65 | 5 years |
| General Service | 58 | 30 years or more |
| Police Officer or Firefighter | 55 | 5 years |
| Police Officer or Firefighter | 53 | 25 years or more |
| Early Retirement Age with Reduced Benefits | | |
| Class | Age | PERS Service |
| General Service | 55 | 5 years |
| Telecommunicator (911 Operator) | Any Age (No COLA until you reach age 55) | 25 years |
| Police Officer or Firefighter | 50 | 5 years |

Working After PERS Retirement

Work after Retirement Limitations were Temporarily Removed for Most Retirees

From January 1, 2020, through December 31, 2034, most retirees may work for a PERS-participating employer for an unlimited number of hours while continuing to receive their pension benefit. (*Whether you are hired by a PERS-participating employer as a PERS retiree or not.*) The city is required to pay the PERS Employer Contribution Rate on any City rehired retiree’s wages (the “PERS rate,” which includes applicable Pension and Post-Retirement Healthcare rates, but not any IAP contributions) as if they were an active member.

Medicare

Medicare is our country’s health insurance program for people age 65 or older. Certain people younger than age 65 can qualify for Medicare too, including those with disabilities and those who have permanent kidney failure.

The program helps with the cost of health care, but it does not cover all medical expenses or the cost of most long-term care. You have choices for how you get Medicare coverage. If you choose to have Original Medicare (Part A and Part B) coverage, you can buy a Medicare Supplement Insurance (Medigap) policy from a private insurance company.

1. Health Insurance Coverage under Medicare
 - a. While you are employed by the City of Springfield and eligible to be on the City’s Health Insurance plan, PacificSource will continue to be your primary insurance, and Medicare would be considered your supplemental insurance.
 - b. If you’re eligible at age 65, your initial enrollment period begins three months before your 65th birthday, includes the month you turn 65, and ends three months after that birthday.
 - c. If you choose not to enroll in Medicare Part B and then decide to do so later, your coverage could be delayed, and you may have to pay a higher monthly premium for

as long as you have Part B. Your monthly premium will go up 10 percent for each 12-month period you were eligible for Part B, but did not sign up for it, unless you qualify for a *Special Enrollment Period*.

2. Special Enrollment Period

If you have medical insurance coverage under a group health plan based on your or your spouse's current employment, you may not need to apply for Medicare Part B at age 65. You may qualify for "Special Enrollment Period."

- a. Any month you remain covered under the group health plan and you, or your spouse's employment continues.
- b. The 8-month period that begins with the month after your group health plan coverage or the employment it is based on ends, whichever comes first.

3. Filing for Medicare

If you are within three months of turning age 65 or older and not ready to start your monthly Social Security benefits yet, you can use the Medicare on-line retirement application to sign up just for Medicare and wait to apply for your retirement or spouses benefits later. (It takes about 10 minutes.)

Social Security

Planning is the key to creating your best retirement. You will need to plan and save for years to achieve your retirement goals.

1. Social Security Should be Just one Part of your Retirement Plan

On average, retirement beneficiaries receive 40% of their pre-retirement income from Social Security. As you make your retirement plan, knowing the approximate amount you will receive in Social Security benefits can help you determine how much other retirement income you'll need to reach your goals.

2. Are you Eligible?

When you work and pay Social Security taxes, you earn "credits" toward Social Security benefits. The number of credits you need to get retirement benefits depends on when you were born. If you were born in 1929 or later, you need 40 credits (usually, this is 10 years of work).

3. Verify Your Earnings

The amount of the Social Security benefits you or your family receives depends on the amount of earnings shown on your record. Regularly checking your Social Security earnings history can help ensure there are no surprises when it's time for you to start receiving benefits. You can find your earnings history with a personal *my Social Security* account, create one at www.ssa.gov/myaccount or you can use our online Retirement Estimator at www.ssa.gov/benefits/retirement/estimator.

4. Retirement Age

a. Full Retirement Age

Full retirement age is the age when you can start receiving your full retirement benefit amount. The full retirement age is 66 if you were born from 1943 to 1954. The full retirement age increases gradually if you were born from 1955 to 1960, until it

reaches 67. For anyone born 1960 or later, full retirement benefits are payable at age 67. You can find your full retirement age by birth year in the [full retirement age chart](#).

b. Early Retirement Age

You can get Social Security retirement benefits as early as age 62. However, Social Security will reduce your benefit if you start receiving benefits before your full retirement age. Visit the Social Security website to learn [how claiming retirement benefits early](#) will affect your benefit amount.

c. Delayed Retirement Age

When you [delay benefits](#) beyond your full retirement age, the amount of your retirement benefit will continue to increase up until age 70. There is no incentive to delay claiming after age 70.

Can I file for social Security and Continue to work for the city?

Everyone's retirement is unique. Beyond deciding when to begin receiving retirement benefits, other factors that can affect your benefits include whether you continue to work.

1. Continuing to Work

You can [choose to keep working beyond your full retirement](#) age. If you do, you can increase your future Social Security benefits. Each extra year you work adds another year of earnings to your Social Security record. Higher lifetime earnings can mean higher benefits when you choose to receive benefits.

Healthcare Enhancement for Local Public Safety Officers (HELPS)

Under the Healthcare Enhancement for Local Public Safety Officers, retirees can receive a tax-free distribution of up to \$3,000 from their participating deferred compensation plan to help pay for health insurance or long-term care insurance premiums.

Under the benefit, the IRS will allow retirees to exclude from income distributions made from eligible retirement plans up to \$3,000 annually to pay the cost for accident or health insurance or long-term care insurance.

The funds can cover the retiree, spouse, or dependents. The distribution must be made directly from the retirement plan to the insurance provider. Eligible retirement plans include a qualified trust, a section 403 (a) plan, a section 403(b) annuity, or a section 457(b) plan.

1. Tax Instructions

The IRS requires retirees to report total distributions on Form 1040 or Form 1040-SR, line 5a. The taxable amount should be reported on Form 1040 or 1040-SR, line 5b. Also, retirees should write "PSO" (for public safety officer) next to the appropriate line where the taxable amount is reported.

Learn More: [National Conference on Public Employees Retirement Systems](#) (HELPS website)

Keep your Mailing Address Current

It is important to keep the correct address on file if your address changes after you retire. This helps ensure that you continue to receive important information from the City of Springfield and our benefit vendors. If you have an address change, you must notify all applicable vendors listed below.

| | |
|---|-----------------------------------|
| Health Insurance – PacificSource Health – Group Number G0020720 | Customer Service – (866) 999-5583 |
| PNC BenefitsPlus – FSA/HRA | Customer Service – (844) 356-9993 |
| MODA Delta-Dental – Group Number 10001700 | Customer Service – (800) 852-5195 |
| Springfield Wellness Center | Main Office – (541) 242-2816 |
| Lincoln Financial – Life, AD&D, Disability | Customer Service – (888) 408-7300 |
| Nationwide Deferred Compensation – Plan 0063588001 | Phillip Carbajal – (360) 953-4841 |
| Oregon Savings Growth Plan – Plan 350001 | Wes Handley – (541) 539-5508 |
| Oregon PERS | Member Service – (888) 320-7377 |
| City of Springfield – Retiree Benefits | DeeDee Judd – (541) 726-3788 |

Certified Financial Planner

You may want to consult a Certified Financial Planner to discuss retirement plan distributions, investment options and how to establish a budget for retirement spending.

Deciding to get help can be an important step in your retirement planning. How do you choose a financial planner who will best serve your needs and your goals? Professional money managers often recommend that you do the following to find a financial planner who is right for you:

Remember: if it sounds too good to be true, it probably is. Avoid advisors who guarantee they can beat the market. Advisors should carefully describe both the benefits and risks of an investment. ([Recommendations from PERS website.](#))

Where can you find both information and financial professionals? Try the following organizations:

For financial advisors:

- [Financial Planning Association](#)
- [National Association of Personal Financial Advisors](#)

For accountants and tax preparers:

- [American Institute of Certified Public Accountants](#)
- [Accreditation Council for Accountancy and Taxation](#)
- [National Association of Enrolled Agents](#)