

Planning for Your ERFC Retirement

Within the Legacy Plan



THE EDUCATIONAL EMPLOYEES'
SUPPLEMENTARY RETIREMENT SYSTEM

of Fairfax County

It's a Matter of Income VS. Expenses

As you are preparing for retirement within the Legacy Plan, you should examine your financial goals, reduce your debt, and adjust your savings and other investments to meet your goals. If necessary, obtain the financial and legal advice you may need to plan your estate.

As an ERFC member, you have at least three sources of retirement income with which to plan your future. Upon reaching eligibility, you will receive benefits from the Virginia Retirement System (VRS) and Social Security, plus the supplemental benefit provided by ERFC. You also may be planning to supplement your retirement income through personal savings or contributions to IRAs and defined contribution plans, such as FCPS' 403(b) and 457(b) plan offerings. Only you can project what it will cost to fully enjoy the lifestyle you envision for your retirement.

The Legacy Plan

You are enrolled in the ERFC *Legacy Plan* because you were hired before July 1, 2001.

When you're eligible to retire

Your **full service retirement** benefit is available from ERFC at age 55 with 25 years of service or age 65 with 5 years of service.

A **reduced service retirement** benefit is available for those in ERFC who reach age 45 with 25 years or more of service or at age 55 with 5 or more years of service.

You may retire at any time during the year, but your effective retirement date is always the first day of the month in which you choose to retire.

Because ERFC was created to supplement your main retirement benefits from VRS and Social Security, any consideration of retirement should weigh the impact of these benefits, as well.

Estimating Your ERFC Benefit

Your ERFC benefit is based on your age, years of service, and final average compensation and is calculated in conjunction with your VRS retirement benefits and full Social Security retirement benefits.

Your unused sick leave hours will automatically be converted to additional retirement service credit in the calculation of your ERFC retirement estimate. Your unused sick

leave can be used to meet the 25-year eligibility requirement for full service retirement benefits if you are at least age 55 or age 65 with at least five years of service. If you are younger than age 55, unused sick leave cannot be used to make you eligible to retire; it can only be used to increase the amount of your reduced service benefit.

ERFC also provides an annual cost-of-living adjustment (COLA) to you each March 31 after the calendar year in which you retire. The first COLA paid after retirement equals 1.49 percent of the ERFC benefit payment. Thereafter, a minimum 3% COLA will be factored into the ERFC benefit annually on March 31.

Benefit Estimates

When you are within five years of retirement eligibility, ERFC will prepare up to three benefit estimates at your request. Audited estimates may only be requested every 12 months and can be requested through ERFC Direct; the secure online service that provides you direct and secure access to your ERFC benefit information. Access ERFC Direct at: <https://erfcdirect.fcps.edu/wmswebsite>.

Choosing Your Benefit Payment Type

Basic Benefit

The ERFC basic benefit has two separate parts. The Lifetime benefit is paid from the time you retire until



you die. An additional temporary benefit is paid only until the age you become eligible for full Social Security benefits. Under current law, this will occur between the ages of 65 and 67 years.

Choosing Your Benefit Payment Options

Level Lifetime Benefit

You may elect to receive a Level Lifetime Benefit that will provide a single constant benefit amount throughout your retirement, regardless of when you will become eligible for full Social Security benefits.

As a general rule, your ERFC retirement benefit will cease when you die. If you die after retirement, your survivor or your estate will receive a refund of your accumulated contributions and interest, minus any benefits already paid to you.

If you want to provide a continuing benefit to your survivor after your death, you may elect one of three survivor options that will provide a reduced benefit to you during your lifetime and a benefit for your survivor after your death.

Survivor Payment—Options A, B, and C.

ERFC survivor options include:

- **100 Percent Survivor Option—Option A**

With this option, you will receive a monthly benefit that is actuarially reduced from the benefit that you otherwise would receive, based on your age and the age of your nominated beneficiary.

Upon your death, the reduced monthly benefit will continue for your nominated beneficiary for the remainder of his or her lifetime.

Option A requires that the nominated beneficiary must be your spouse or former spouse.

- **50 Percent Survivor Option—Option B**

With this option, you will receive a monthly benefit that is actuarially reduced from the benefit that you otherwise would receive, based on your age and the age of your nominated beneficiary.

Upon your death, your nominated beneficiary will receive half of the reduced monthly benefit for the remainder of his or her lifetime.

Option B requires that the nominated beneficiary must be your spouse, former spouse, another person 40 years of age or older who has received more than one-half of his/her support from you for at least one year prior to your retirement, or a dependent child who is physically or mentally incompetent.

- **120 Payments Certain Option—Option C**

With this option, you will receive 96 percent of your monthly benefit. If you die within 120 months (10 years) after retirement, your nominated beneficiary will receive the remaining monthly payments until the end of the 120-month period. Benefits will cease to your nominated beneficiary at the end of the 120-month period. If you live beyond the 120-month period, you will continue to receive the benefit for life. When you die, benefit payments will stop.

- **Small Pension payout**

If your Basic Benefit pension is \$100 or less a month, you will receive a one-time payment that is the actuarial equivalent of the total benefit to which you are entitled. Otherwise, your ERFC retirement check will be directly deposited into your account on the last day of each month.

- **Single Sum Payment—Option D**

This option allows you to receive a partial lump sum payment at retirement, plus a reduced monthly retirement benefit. The lump sum can be as small as \$1,000 or as large as your total accumulated contributions, less interest and your purchased service credit amounts.

Under Option D, there is no provision for ongoing payments to a survivor after your death. If you select Option D, your reduced monthly retirement benefit, in combination with the lump sum payment, is designed to be actuarially equivalent to your Basic Benefit. You may receive your lump sum distribution directly, or you may have all or part of the distribution rolled over into an Individual Retirement Account (IRA), a Tax Deferred Annuity

(TDA), or to an eligible tax-deferred retirement plan that accepts the funds. If you receive your distribution directly, the payment will be subject to federal and state taxation, and federal withholding. If you receive the payment directly before age 55, you will also have to pay an additional 10 percent federal tax.

ERFC Leveling Retirement Benefit

ERFC benefits are designed to supplement retirement benefits so that retirees receive a relatively level flow of benefits throughout retirement from three sources—ERFC, VRS, and Social Security. The ERFC leveled benefit structure was developed to complement the VRS 50/10 and 50/30 plan options. These VRS options make it possible for you to retire from VRS as early as age



Retirement Planning Milestones

50 with as few as 10 years of service (with a reduced benefit) or age 50 with 30 years or more of service (with full benefits).

If you meet the ERFC reduced service eligibility criteria and want to retire under the VRS 50/10 or 50/30 options, you may elect the following ERFC options:

- To receive the normal ERFC benefit under which the combined retirement benefits from ERFC and VRS are highest before age 55, drop at age 55, and then drop again when you become eligible for Social Security, or
- To receive an optional ERFC leveling benefit under which the combined benefits remain at the same level until you become eligible for full Social Security benefits.

Within 5 Years of Your Projected Retirement Date

1. *Estimate Your Benefits.*

When you are within five years of your intended retirement date, gauge how well your savings and accumulated benefits align with your projected plans. Access this conveniently on ERFC Direct at <https://erfcdirect.fcps.edu/wmswebsite>. Request an audited estimate if you have not received one in the last 12 months.



2. *Attend a Pre-Retirement Seminar or Webinar.*

ERFC hosts a number of Pre-Retirement Information Sessions:

- Pre-Retirement Seminar—for all FCPS employees annually during the school semester break in January. Check the ERFC website for date and location. Pre-Registration is required.
- Retirement Readiness Workshop in March. Employees meeting the criteria will be notified via email with date and location.
- ERFC Webinars—available online and through the ERFC website.
- ERFC is on Facebook with workshop information and updates on the latest retirement trends.

Within 2 Years of Your Projected Retirement Date

1. Attend a Pre-Retirement Workshop.

Throughout each school year, ERFC hosts pre-retirement workshops, designed specifically for members who are within two years of retirement. Watch for schedules and locations in all ERFC Publications or on the ERFC website. Workshop schedules are also available on our Facebook page under ERFC.

2. Meet with an ERFC Counselor and/or with a Financial Advisor/Tax Specialist.

ERFC retirement counselors are available year-round for personal benefit consultations. For an appointment, call 703-426-3900 after you have received your audited estimate. ERFC retirement counselors can assist you with aspects of both your ERFC and VRS benefit plans, but for any issues regarding your personal savings or investments, including 403(b) or 457 Plans, you are advised to seek separate professional advice from a financial planner or tax specialist.

Within 12-18 Months Prior to Retirement

1. Decide on a Retirement Date.

You may retire on the first day of any month during the calendar year.

2. Gather your personal documents.

When you do officially apply for retirement, you will be asked to

provide ERFC a variety of personal documents, including:

- A documented proof of birth (*certified copy of your birth certificate preferred*);
- Your Military DD-214 discharge certificate (*if applicable*);
- Your Nominated Beneficiary's birth certificate and Social Security card (*applicable only if you choose a survivor benefit payment option*);
- A certified copy of your marriage certificate (*applicable only if you choose a survivor benefit payment option, and your Nominated Beneficiary is your spouse or former spouse*).

Within 4-9 Months of Retirement

1. Make it official—submit the HR-2 Form.

The *Notification of Resignation/Retirement* form is available at all schools and work locations and online. Submit your completed HR-2 form directly to ERFC to officially begin your retirement process. Upon receipt, ERFC will forward a copy of your completed HR-2 to the FCPS Department of Human Resources.

2. Complete the ERFC/VRS Forms.

Upon receiving your completed HR-2 form, ERFC will send a retirement benefit packet to you at your home address. You should complete the benefit application forms provided, and return them to ERFC at least 90 days prior to the effective date of your retirement.

3. *Meet with an ERFC Retirement Counselor.*

Before your retirement, it is a good idea to meet with an ERFC retirement counselor. You are encouraged to bring your spouse or a friend with you to the meeting. The retirement counselor can answer your individual questions, and will check to ensure that all of your paperwork is completed properly. ERFC counselors are also prepared to answer general questions about benefits, (such as dental and medical benefits and life insurance).

4. *Review Your Available FCPS Insurance Benefits.*

The FCPS Office of Benefit Services provides materials detailing important information about medical and dental insurance, the health insurance subsidy, sick leave, annual leave, and other benefit issues, which are also discussed during the ERFC pre-retirement workshops. You can review this information online at the FCPS benefits website, www.fcps.edu/hr/benefits, or contact the benefits office directly at 571-423-3200.



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Secure Online Access for ERFC Members and Retirees

Accessing your individual retirement account information is simple, secure and convenient.

- View monthly payroll history
- Review your personal data
- Access ERFC forms
- Change banking information

...and more

To Get Started:

Go online to <https://erfcdirect.fcps.edu/wmswebsite> and follow instructions. (you'll also find a link to ERFC Direct on the website at: www.fcps.edu/erfc)

- Go to First-Time User?

Register Now!

- Select a username and password that is unique from your other FCPS online accounts.

For more detailed information regarding retirement options please visit the *ERFC Legacy Handbook* at www.fcps.edu/erfc and click on "publications"

Start Planning The Future Now