Alaska Division of Retirement and Benefits

Defined Benefit, Defined Contribution Retirement Plan, SBS-AP Plan, Deferred Compensation Plan

Leaving State Employment

IMPORTANT! *Read this brochure and plan booklets carefully before making decisions that affect your benefits.*

When leaving State of Alaska employment, you must make several important decisions about your contributions to the retirement system, the Alaska Supplemental Annuity Plan and the Alaska Deferred Compensation Plan, and about your medical coverage and life insurance.

Although the information in this brochure covers the plans as they exist today, you should always contact your Human Resources office or the Division of Retirement and Benefits for complete and up-to-date information.

Public Employees' Retirement System (PERS) Defined Benefit Plan (Tier I, II or III)

If you are a member of the PERS Defined Contribution Retirement (DCR) Plan, skip to page 2.

When you leave state employment and are participating in the Public Employees' Retirement System (PERS), you may choose to retire (if eligible), leave your contributions in the PERS, or refund your contributions.

- If you are retiring, contact the Division's Member Education Center at (800) 821-2251 (between 8:30 a.m. and 3 p.m.) at least 90 days in advance of your planned retirement date to obtain the required forms and information. Make sure you are eligible to retire before you terminate employment.
- If you are vested (have at least five paid-up years of creditable PERS service), you may terminate and receive a retirement benefit when you reach retirement age. **You must leave your contributions in the system to receive a retirement benefit.**
- You may refund your PERS account after being terminated from employment for at least 60 days.

Warning: **Defined Benefit Members wishing to withdraw contributions from the system need to be aware that a refund of contributions forfeits all future benefits, including retiree health insurance coverage, unless they return to PERS work in future. If they return to PERS work in the future, they must choose whether to return to their original DB PERS tier within 30 days of rehire, and an indebtedness will be set up to repay refunded DB contributions, plus interest.**

Retirement Eligibility

To receive PERS monthly retirement benefits, you must meet certain age and service requirements.

If you first entered PERS employment:

- After June 30, 1986, you may retire at age 60 for normal or age 55 for early retirement.
- Before July 1, 1986, you may retire at age 55 for normal or age 50 for early retirement.

You may retire at any age with full benefits if you have at least:

- 30 paid-up years of PERS service; or
- 25 paid-up years of PERS service as a peace officer or fire fighter.

PERS members must also have at least:

- Five paid-up years of PERS service; or
- 80 days (60 days if you were first hired before May 30, 1987) during each of five legislative sessions; or
- Two paid-up years of PERS service if you are vested in the Teachers' Retirement System (TRS).

If you are not vested in either the PERS or the TRS, you may be able to combine your PERS and TRS service under the public service benefit provision in the PERS. You must have a minimum combined total of five years' service, with a minimum of two years in the PERS. Please contact the Division to find out if this provision applies to you and what the costs will be.

If you have taken **leave without pay** in excess of ten days in any calendar year, it will affect your date of retirement eligibility.

It does not pay to delay! Once you are eligible for a normal retirement benefit, you will not receive a higher PERS benefit if you have stopped working in a PERS position and delay receiving a retirement benefit until after your normal retirement age. See *Retirement Benefits, Death Benefits,* and *Insurance* in the *PERS Information Handbook* for details.

Retirement Medical Benefits

While you are receiving monthly retirement benefits, you may be eligible for system-paid AlaskaCare medical benefits. If you are not eligible for system-paid benefits, you may choose to purchase coverage.

The State of Alaska retirement systems provide extensive and valuable benefits for you and your family including hospitalization, medical, surgical, maternity care, and other services necessary for the diagnosis and treatment of an injury or disease.

Your health care coverage is good worldwide. These benefits may change from time to time. Contact the Division for the most current information and to determine your eligibility.

Decisions Regarding Your Contribution Account

If you are not eligible to retire from the PERS, you have choices to make regarding your contribution account. You can:

- **leave your contributions in the system and retain your benefit tier in anticipation of future work with the Alaska PERS; or**
- refund your contributions.

Leaving Your Contributions in PERS

If you are not retiring, you may choose to leave your contributions in your PERS account when you leave state employment. To maintain rights to PERS benefits, inactive (terminated) PERS members must apply for a refund or benefit before July 1 following their 75th birthday or within 50 years of the last active date of PERS membership. It is very important to notify the Division about changes to your address and the address of your beneficiary.

PERS Refunds

You may refund your PERS contribution account at any time after being terminated from employment for at least 60 days. A refund from your PERS Defined Benefit account can be paid as a lump sum payment to the participant or as a direct transfer/ rollover to a qualified plan. The refund can be made in combination of the two forms of distribution, but the distribution amount must equal 100%. To request a refund, you must complete a *Refund Election form (gen008)*.

Your employee contribution account includes:

1) your mandatory contributions;
2) any indebtedness principal and interest payments; and
3) interest earned.

A refund of contributions does not include the employer contributions that have been made or the investment income earned.

If you are married, a notarized consent from your spouse on the *Refund Election form (gen008)* is required if you are vested and want to receive a refund of your contributions. *(Some exceptions may apply).*

Warning: **Defined Benefit Members wishing to withdraw contributions from the system need to be aware that a refund of contributions forfeits all future benefits, including retiree health insurance coverage, unless they return to PERS work in future. If they return to PERS work in the future, they must choose whether to return to their original DB PERS tier within 30 days of rehire, and an indebtedness will be set up to repay refunded DB contributions, plus interest.**

If you are vested and die before retiring, your spouse may receive a monthly survivor benefit if you have not refunded your contributions.

Leaving State Employment Because of Disability

If you are terminating your employment because of disability, your application for PERS disability benefits must be either received by the Division or postmarked within 90 days after termination of employment. For an application packet or for more information, contact the Division.

Caution: **If you refund your contribution account instead of applying for a disability benefit, you are no longer eligible for that benefit or any future PERS retirement benefit or associated system-paid AlaskaCare medical insurance benefits.**

If you have been participating in short-term disability insurance and/or long-term disability insurance, you may apply for benefits within one year from your date of disability. For a disability insurance application, contact the Division.

Returning to PERS Employment

If you return to PERS employment in a PERS-covered position with a PERS employer, and have taken a refund, you must choose whether to return to your original DB PERS tier within 30 days of rehire, and an indebtedness will be set up to repay refunded DB contributions, plus interest.

If you are retiring from state employment, you may return to work in any non-PERS participating position without limitations, as long as you have satisfied IRS Bona Fide Termination rules. Please see the brochure *Terminating Employment to Retire (gen069)* for more information.

You may also work in a temporary, nonpermanent position or on a personal services contract without affecting your retirement benefits, as long as you have satisfied IRS Bona Fide Termination rules. Please see the brochure *Terminating Employment to Retire (gen069)* for more information.

If you return to work in a permanent PERS position after retirement, under the Standard Option your retirement benefit will be suspended until you terminate employment. PERS contributions will be deducted and you will accrue PERS service.

Caution: There are some restrictions for those who retired under a RIP.

For more information, read the *PERS Information Handbook*, the PERS brochure *Working After Retirement*, or contact the Division.

Repaying Refunds or Indebtedness

Under certain circumstances, you may repay a claimed service indebtedness or reinstatement indebtedness (prior refunded service) through pre-tax transfers from your Alaska Supplemental Annuity or Deferred Compensation Plan. You may also transfer a pre-tax payment from other qualifying plans. This option is available upon termination or while you are still in service. It is not available if you are retired. Contact the Division's Member Education Center for specific information.

Defined Contribution Plans – DCR, SBS, and DCP

There is no need to refund these accounts if you do not currently need the funds. You have the option to **possibly grow your balances in the Defined Contribution plans** by leaving your money in these accounts and directing your investments.

Why leave the money in these plans? Empower Retirement is available to assist you in your **continued tax deferral** of your retirement savings and allocation of funds in the Defined Contribution Plans. You will be an "inactive member" (no longer contributing to the plan), but **actively investing. As a governmental retirement plan**, we offer the added value of **low fees** for management and administration of your account.

PERS Defined Contribution Retirement Plan (DCR)

You are not required to complete a withdrawal form unless you are planning to refund your account. After you terminate, you may defer payment of your account for any length of time until April 1 of the year after you turn 73; however, payments must begin no later than April 1 of the year after you turn 73. The balance of your account will continue to change in value depending on market conditions.

You are first eligible to receive payment of your PERS Defined Contribution Retirement (DCR) Plan account when you have been terminated for at least 60 days, provided that you are not rehired by a participating employer before 60 days have passed, and you have satisfied IRS bona fide termination rules. Please see the brochure *Terminating Employment to Retire (gen069)* for more information.

If you have completed a withdrawal form to receive payment(s) from your account, Empower Retirement will verify you are eligible to receive payment(s) and set up the payment(s) after 60 days have passed. Partial account payments will be allowed (up to two per year) after the 60-day termination requirement has been met.

A partial or full distribution may be requested. It is important to understand the tax consequences of your decision and the impact it may have during your retirement years. For assistance, contact Empower Retirement. **Also, please keep in mind that if you rollover or refund PERS DCR funds (even if it's only a partial withdrawal), you may forfeit unvested employer matching contributions. If you return to PERS DCR service in future after taking a distribution from the DCR plan, you will start over on the vesting schedule for employer matching contributions.**

Important information about payments and taxes is included as part of the instructions on the withdrawal form, which is available on the Empower Retirement website. If you have questions, contact Empower Retirement at (800) 232-0859.

Alaska Supplemental Annuity Plan

You are not required to complete a withdrawal form unless you are planning to receive payment from your account. After you terminate, you may defer payment of your account for any length of time until April 1 of the year after you turn 73; however, payments must begin no later than April 1 of the year after you turn 73. The balance of your annuity account will continue to change in value depending on market conditions.

You are first eligible to receive payment of your Alaska Supplemental Annuity Plan (SBS-AP) account

when you have been terminated for at least 60 days, provided you are not rehired by a participating employer before 60 days have passed, and you have satisfied IRS bona fide termination rules. Please see the brochure *Terminating Employment to Retire (gen069)* for more information.

If you have completed a withdrawal form to receive payment of your account, Empower Retirement will verify you are eligible to receive payment and set up the payment(s) after 60 days have passed. Partial account payments will be allowed after the 60-day termination requirement has been met. Reemployment with another SBS-AP employer ends SBS-AP payment eligibility.

Important information about payments and taxes is included as part of the instructions on the withdrawal forms, which are available on the Empower Retirement website. If you have questions, contact Empower Retirement at (800) 232-0859.

Alaska Deferred Compensation Plan

If you have participated in the Alaska Deferred Compensation Plan (DCP), your normal monthly contribution will not be withheld from your termination paycheck unless you request it.

You may request up to the maximum allowable amount to be withheld and placed into your DCP from your final payment of accrued leave (terminal leave). The amount of terminal leave allowed to be deferred will depend on your particular situation and IRS contribution limits. Terminal leave deferral must be requested no later than the month prior to leaving state employment.

If you do not want to receive payment of your DCP account, you may defer payment until April 1 of the calendar year following the year you attain age 73.

You are eligible to receive payment of your DCP account after you terminate. You are not required to complete a DCP withdrawal form unless you wish to receive payment.

Important information about payments and taxes is included as part of the instructions on the withdrawal forms which are available on the Empower Retirement website. If you have questions, contact Empower Retirement at (800) 232-0859.

Other Considerations: Taxes and Your Benefits

Refunds are subject to state and federal taxes or penalties. Please see the *PERS Information Handbook* (Defined Benefit) or the withdrawal forms available on the Division website for additional information on taxes. Division employees do not give tax advice. You are encouraged to contact a tax expert for advice about how a contribution refund will affect you.

Twenty percent (20%) will be withheld for federal income tax on:

1) Lump sum payments paid directly to participants, and
2) Monthly payment for the five-year certain annuity option

The 20% withholding **does not** apply to lump sum payments **transferred plan-to-plan** into other qualified plans. (Deferred Compensation funds transferred into another plan take on the rules for that new plan.)

The federal government may also impose a tax penalty of 10% of distribution amounts, in addition to regular taxes due, when plan accounts are withdrawn before age 59-1/2 under the lump sum payments and five, ten, or fifteen-year certain annuity options. (This 10% does not apply to the Deferred Compensation Plan.)

There may be exceptions allowed by the federal government. Contact the Internal Revenue Service or a tax expert for details before paying the penalty.

Medical Coverage

Medical coverage and participation in the Health Flexible Spending Account (HFSA) ends on the last day of the month in which you terminate (or are last in pay status, whichever is earlier). You may submit claims for services incurred prior to coverage termination.

Information about continuing health coverage, the plans, and premiums are available from your Human Resources office, or online at *drb.alaska.gov*.

If you are covered by the AlaskaCare Employee Health Care plan at the time of your termination, you may **purchase** health and HFSA coverage after you terminate employment. You are eligible to continue the same or less coverage you had at the time of termination.

If you are covered by a Union Trust Health plan at the time of your termination, contact your union health trust for information regarding health care coverage.

Life Insurance

Life insurance ends on the last day of the month in which you terminate (or are last in pay status, whichever is earlier). If you wish to continue your Select life insurance coverage after retirement, you must apply for it on your application for retirement benefits before you are appointed to a retirement benefit.

You may convert your Select or Supplemental Life Insurance coverage to a private policy with the life insurance carrier. Coverage will be a whole life policy and the premiums will be substantially different from the rate you are currently paying. To continue your life coverage benefits, you will receive a notice after your group life benefits end which includes coverage amounts and eligibility dates. To speak with a MetLife representative who can answer your questions about Portability, call (888) 252-3607.

Beneficiary Designations

Please review your beneficiary designations periodically and make any necessary changes. Many people forget to update their designations when they marry, divorce, their spouse dies, or a beneficiary's address changes.

Contact the **Division** if you need to change your designations for the:

- Public Employees' Retirement System (PERS) Tier I/II/III Defined Benefit Plan

Contact **Empower Retirement** for the:

- Alaska Supplemental Annuity Plan (SBS-AP)
- Alaska Deferred Compensation Plan (DCP)
- PERS DCR Plan

A separate designation form is required for each plan.

Beneficiary designations on file at the time of death determine the payout, *not your will*. It is important to keep your beneficiary designations and beneficiary addresses up to date.

Address Changes

Prior to leaving state service, contact your Human Resources office to change your address in the state payroll system.

After you terminate, if you have money in the PERS, DCP, and/or SBS-AP, you must notify each plan to change your address. For the PERS, you must notify the Division of Retirement and Benefits. For the DCP and SBS-AP you must notify Empower Retirement and the Division.

You may change your address by sending written, signed requests with your Retirement Identification Number (RIN) or the last four digits of your Social Security number to the Division's Juneau office for the PERS and to Empower Retirement for the DCP and SBS-AP.

Always keep your address current so you will receive important information regarding your benefits.

Forms Reminder

You may be required to complete (or provide) the following forms when you leave state employment:

Health Continuation Enrollment

If you are covered by the state health plan and wish to purchase continued health and HFSA coverage, your completed enrollment form must be received by the

claims administrator within 60 days of your termination. The enrollment form is provided by the claims administrator after they are notified of your termination. If you are eligible for retiree health, this does not apply.

Evidence of Birth Date

You must provide a copy of your birth certificate or driver's license if you are selecting a single-life or joint and survivor annuity under the DCR, SBS-AP, or DCP. A copy of your spouse's birth certificate or driver's license is also required if you select a joint and survivor annuity.

Divorce or Dissolution of Marriage

If you were married while working in any PERS, SBS, or DCP covered position and have subsequently divorced, you will need to submit court-certified copies of your divorce paperwork.

Death of a Spouse

If you were married and your spouse has died, please provide the Division with a copy of the death certificate.

Refund Election (gen008) Tier I/II/III (DB)

If you wish to receive a refund of your PERS contributions, you **must** complete and submit this form to the Division. It will take about 70 days to issue the refund check. You must be terminated for at least 60 days and it takes an additional 10 days to complete the refund process.

PERS Defined Contribution Retirement Plan (DCR), SBS-AP, and DCP Withdrawal Requests

To receive payment from your PERS DCR, SBS-AP, and/or DCP, contact Empower Retirement to get the correct form for the distribution option you are choosing: *akdrb.com* or (800) 232-0859.

Writing the Division

Print your full name, address, and telephone number on your letter. Be sure to include your Retirement Identification Number (RIN) or the last four digits of your Social Security number and sign and date any request for information or action.

Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, AK 99811-0203

Calling the Division

When calling the Division, please tell the receptionist why you are calling and have your Retirement Identification Number (RIN) or the last four digits of your Social Security number ready. You will be transferred to the appropriate section.

Our Member Education Center phone hours of operation are Monday - Thursday 8:30 a.m. to 4 p.m., and Friday 8:30 a.m. - 3 p.m. Alaska time.

Toll-free: (800) 821-2251
In Juneau: (907) 465-4460
Fax: (907) 465-3086
TDD: (907) 465-2805

Visiting the Division

If you are planning to visit the Division, please call ahead for an appointment. This saves valuable time and allows us to review your records and prepare for your visit.

The Juneau office is open Monday through Friday between 8 a.m. and 5 p.m., with limited staff working in Juneau during the noon hour and from 4:30 to 5 p.m.

Main office
6th floor, State office Building 333 Willoughby Avenue, Juneau

Anchorage Field office *(by appointment only)*
550 West 7th Ave., Ste 1200, Anchorage

Retirement and Benefits Online

Our website, *drb.alaska.gov*, contains information about your retirement benefits, medical coverage, insurance benefits, Alaska Supplemental Annuity Plan, Alaska Deferred Compensation Plan, retiree check mailing dates, email contacts, forms, and much more.

Email Contacts

Member Education Center
doa.drb.mscc@alaska.gov

Financial Education and Advice Services
advisedassetsgroup@retirementpartner.com

Empower Retirement Anchorage office
anchorage_empower_office@empower-retirement.com

Health Insurance Information
AlaskaCare.gov

Checklist Reminder

Be sure to check the status of your:

- ❑ PERS Contributions
- ❑ Alaska Deferred Compensation Plan
- ❑ Alaska Supplemental Annuity Plan
- ❑ Indebtedness
- ❑ Life Insurance
- ❑ Medical Insurance
- ❑ Beneficiaries
- ❑ Address Changes
- ❑ Required Forms

The Alaska Department of Administration complies with Title II of the 1990 Americans with Disabilities Act. This publication is available in alternative communication formats upon request. To make necessary arrangements, contact the Division of Retirement and Benefits, ADA Coordinator, at (907) 465-4460 or the TDD for the hearing impaired at (907) 465-2805.

Alaska Division of Retirement and Benefits
6th Floor, State Office Building | 333 Willoughby Ave. | P.O. Box 110203 | Juneau, AK 99811-0203

Member Education Center
Hours: Monday-Thursday 8:30 a.m. to 4 p.m. | Friday 8:30 a.m. to 3 p.m.
Toll-Free: (800) 821-2251 | In Juneau: (907) 465-4460 | Fax: (907) 465-4668 | TDD: (907) 465-2805
doa.drb.mscc@alaska.gov

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The information in this brochure is not intended to replace the Alaska Statutes, the Alaska Administrative Code, or the plan documents. Language contained in Alaska Statutes, the Alaska Administrative Code, and the plan documents governs the plans.