

Cincinnati Retirement System Retirement 101: Group F

2024

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CINCINNATI RETIREMENT SYSTEM →Welcome to CRS!

- Our Mission: Help members retire successfully
- Established in 1931; pre-dates Social Security
 - Public employees in Ohio do not participate in Social Security
 - CRS members can be eligible for Social Security through a previous employer
- CRS covers only certain City of Cincinnati employees. Excludes:
 - Sworn Police and Fire (OP&F), Members of Ohio systems (OPERS), Elected Officials



CINCINNATI RETIREMENT SYSTEM →CRS Benefits

- Different types of retirement benefits:
 - Monthly Pension Benefit
 - Retiree Healthcare
 - Deferred Retirement Option Plan
 - Disability Retirement Benefits
 - Survivor Benefits
 - Deferred Compensation (457 Plan)
 - Eligibility for each type of benefit differs
 - It can be complicated call us with questions!



CINCINNATI RETIREMENT SYSTEM →CRS Operations

- What We Do:
 - Enroll New Members
 - Process 457 Plan Enrollments
 - Process Service Purchases
 - Process Return of Contributions
 - Process DROP Applications
 - Process Retirement Applications
 - Process Retiree Healthcare Open Enrollment
 and Medicare Transitions
 - Process Death Benefits
 - Member Education and Customer Service



CINCINNATI RETIREMENT SYSTEM →CRS Funding

- CRS Benefits are Funded by Contributions +
 Investment Earnings
 - City contributes at least 16.25% of payroll
 - You contribute 9%
- CRS Board of Trustees invest the contributions and earn an investment return
- Current CRS Assets = \$2.2 billion
- Annual CRS benefit payments = \$219.4 million
- Funded ratio (pension) = 71.6%
- Funded ratio (health) = 145.1%



CINCINNATI RETIREMENT SYSTEM →Member Direct

- An internet portal that allows CRS members independent access to personal retirement account information:
 - Create Benefit Estimates
 - Account summary
 - Monthly payment advices
 - 1099R
 - Nominated beneficiary
 - Download and complete forms
 - More to come
- <u>CRSMemberDirect.org</u>
- Sign up with your personal email address



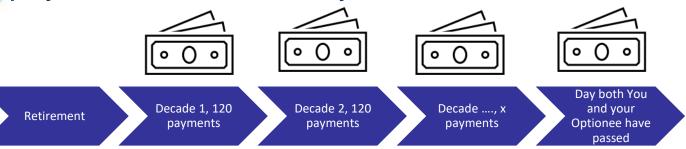
CINCINNATI RETIREMENT SYSTEM →CRS Benefits: Why?

Long-term Public Service

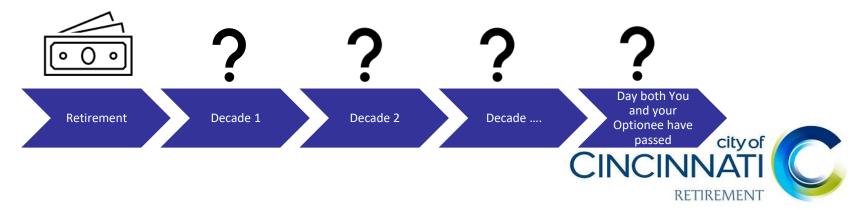
Retirement Security



- CRS provides a "Defined Benefit" pension
 - "Defined Benefit" means your pension is calculated by a formula that is "defined" by law guaranteed monthly payment for the rest of your life



 Different than "Defined Contribution" plan which provides a lump sum at retirement and no guarantees



- **Retirement Eligibility for Group F:**
 - Normal at Age 60 & minimum 5 yrs. Service
 - Normal at any age with a minimum of 30 yrs. Service
 - Early at age 55 with minimum 25 years service (actuarially reduced from Age 60 & Not eligible for retiree healthcare)
 - Deferred if you terminate employment PRIOR TO reaching retirement eligibility and leave your contributions with CRS, you can receive a pension at age 60 (Retiree Healthcare eligibility may be affected or delayed)



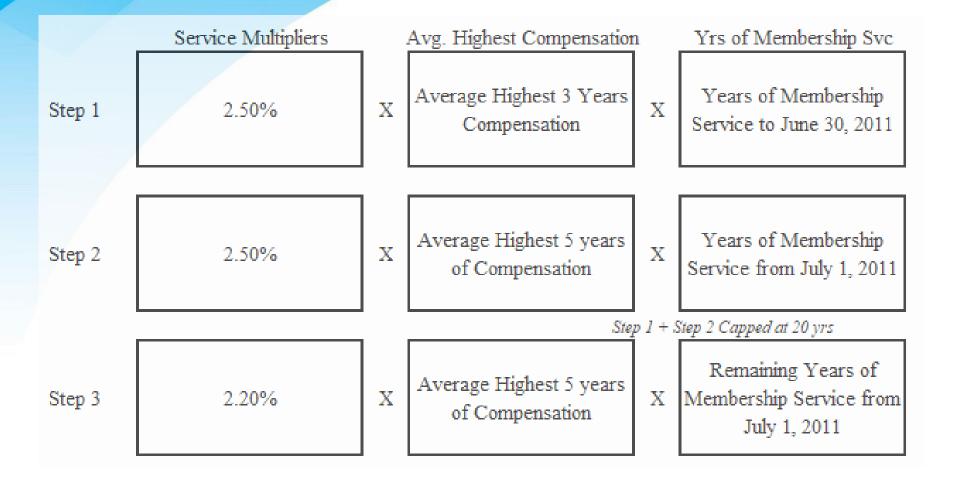
Pension Calculation Formula:



- Service Credit earned for every base hour paid (1 year of service = 2080 hours maximum)
 - Up to 20 years service or service on 7/1/11 = 2.5%
 - Afterwards = 2.2%
- Average Highest Compensation (AHC)
 - Group F: Highest 36 consecutive months of pensionable earnings & highest 60 consecutive months of pensionable earnings.



→ Monthly Pension Benefit: Group F





• Example (Group F):

- 28 yrs svc. (7/1/1995 6/30/2023)
- AHC 3 = \$85,000; AHC 5 = \$82,000

Svc Multipliers	Avg. Highest Compensation	Yrs of Membership Svc		
2.50%	\$85,000	16	=	\$34,000
2.50%	\$82,000	4	=	\$8,200
2.20%	\$82,000	8	=	\$14,432
	\$56,632			

- If final salary is \$86k, base benefit provides 66% salary replacement
- 3% simple interest COLA added at start of 4th year of retirement
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CINCINNATI RETIREMENT SYSTEM →Estimate Example

Payment Option	Form Factor	To Retiree If Both Alive	To Surviving Optionee	To Retiree If Optionee Dies First
Option 1 100%	0.8857600	\$4,970.60	\$4,970.60	\$4,970.60
Option 2 50%	0.9391610	\$5,270.26	\$2,635.14	\$5,270.26
Option 3 66 2/3%	0.9545370	\$5,356.55	\$3,571.21	\$3,571.21
Option 4 80%	0.9257870	\$5,195.22	\$4,156.17	\$4,156.17
Single Life	1.0000000	\$5,611.67	\$0.00	\$5,611.67

Form factors and pension amounts will vary from person to person.

This example is for illustrative purposes only.



- Who Can Be My Optionee? Your legally married spouse (unless waived)
- You select your Optionee and Option at retirement:
 - Option 1 (100%): Same reduced benefit for life of retiree and optionee
 - Option 2 (50%): Benefit reduced to 50% if retiree dies first
 - Option 3 (66 2/3%): Benefit reduced to 66 2/3% upon death of retiree or optionee
 - Option 4 (80%): Benefit reduced to 80% upon death of retiree or optionee
- All options are actuarially reduced from the base benefit



- What happens when I die?
 - No Optionee selection: Monthly Pension Benefit ends
 - Optionee selection: Monthly Pension Benefit continues until Optionee dies, unless Optionee has already passed



- Purchasing Service Credit
 - Members can add to the service credit they earn as a City employee by purchasing service credit
 - Prior Military service credit
 - Members can purchase up to three years of honorably discharged active-duty military service
 - Prior contributing service with another public employer with a defined benefit plan that you have refunded from (Out of State & Federal)
 - Other Ohio Retirement System service (OPERS, STRS, SERS, OP&F) that is non-concurrent.



Retirement Eligibility is different from Healthcare Eligibility

- Different criteria
- Being eligible to retire does NOT guarantee eligibility for retiree healthcare

CRS retiree healthcare coverage is different from Active City employee coverage

- Dependent eligibility
- Medicare Part B required
- Deductibles start over in retiree healthcare



- Model Healthcare Plan
 - Only available to retired members w/ membership date before 1/1/2010
 - At age 60, with 20 years of service
 - At any age, with 30 years of service
 - For members who hired after 1/9/97 and who leave City employment and defer, eligibility age is pushed to Medicare age or normal retirement age, whichever is later
 - Cost structure:

Deductible (Individual/Family) Out of Pocket Max (Individual/Family) Rx Co-Pay (generic/brand/non-formulary) Patient Co-Insurance (pre-65) Patient Co-Insurance (65+) \$500/\$1000 \$2000/\$4000 \$10/\$20/\$30 20% 4%

- Monthly Premium Share
 - Membership Date before 1/9/97: 10%
 - Membership Date on or after 1/9/97: Point Grid

Full Years of Creditable Service + Age at Termination = Total Points					
Total Points	Member Medical/Rx Premium Share	Member Dental and Vision Premium Costs			
85-100	10%	100%			
80-84	20%	100%			
70-79	40%	100%			
60-69	60%	100%			
Premium costs are determined annually and depend on the number of dependents covered.					

 Premiums drop substantially once member is eligible for Medicare (65)



- Pre-65 Model Healthcare Plan
 - Very similar to CoC Active Healthcare Plan
- 65 + Model Medicare Advantage Plan
 - Members enroll in Medicare Part A (Hospital Insurance) and Medicare Part B (Medical Insurance)
 - Members pay monthly Medicare Part B premium to Social Security
 - Medicare Advantage covers medical and prescription costs
- Dental and Vision coverage available separately



CINCINNATI RETIREMENT SYSTEM →Deferred Retirement Option Plan

• DROP

- Defer retirement for up to 5 years
- Continue to work as City employee
- Monthly pension benefit accrues in account
- 75% of employee's CRS contribution saved
- DROP account earns interest
- DROP account paid out as lump sum at retirement
- Eligibility:
 - 30 years service & CSA Current Employee Class
 Member
 - Active employee on 7/1/2011
 - 5 years svc on 7/1/2011



CINCINNATI RETIREMENT SYSTEM →Death in Service Benefits

- Employee with 20 yrs svc: spouse eligible for Option 1 monthly pension benefit on date employee would have been eligible
 - Legally married Spouse must be designated as sole primary beneficiary
- Please keep your beneficiaries current!



CINCINNATI RETIREMENT SYSTEM →Leaving City Employment

- Options if you leave City employment prior to becoming eligible for retirement benefits:
 - Leave your contributions in CRS & Defer Ideal option for members who have earned the number of service years required for benefit eligibility (vested) but haven't reached the required age.
 - Refund your contributions
 Ideal option for members who have not earned
 the number of service years for benefit eligibility
 and do not intend to return to the City



CINCINNATI RETIREMENT SYSTEM →Retirement Process

- At least 5 yrs before planned retirement date
 - Get a CRS benefit estimate
 - Make an estimated retirement budget
 - Make a Budget...
 - Ask questions about your eligibility for CRS benefits
- Retirement application process
 - Notify your department's HR Liaison
 - Complete an application at least 9 weeks before your planned retirement date
 - Attend a CRS Retirement Processing Session



CINCINNATI RETIREMENT SYSTEM →Social Security

- You may be eligible for Social Security from working for a different employer; City of Cincinnati is not a Social Security employer
- If you are eligible for Social Security benefits, they may be reduced under the *Windfall Elimination Provision*
- Social Security survivor benefits from an eligible spouse may be eliminated also under the Government Pension Offset provision
 - Check out <u>www.SSA.gov</u> and set up an account to see where you stand.



→Durable Power of Attorney

- A Durable Power of Attorney is a legal document that authorizes someone else you choose to act in your place even if you become incapacitated
 - Durable POA for finances is valid for CRS purposes
 - Durable POA for healthcare <u>is not</u> valid for CRS purposes
 - You can designate a family member or someone else you trust
 - The person you name becomes your "agent"
- The Durable Financial POA allows your designated "agent" to handle a variety of transactions on your behalf



CINCINNATI RETIREMENT SYSTEM →Deferred Compensation (457 Plan)

- Allows members to save additional amounts pre-tax for retirement
- Used to supplement Monthly Pension Benefit
- Get a CRS Benefit Estimate
 - Ask yourself if your Monthly Pension Benefit will be enough
 - Consider increasing contribution to 457 Plan
- City provides a match to most employees
 - AFSCME: \$300; CODE & Non-Rep: \$750. Match is only paid on Pre Tax Deferrals.
- 457 Plans: Ohio457, MissionSquare



CINCINNATI RETIREMENT SYSTEM →Resources

- CRS: <u>www.cincinnati-oh.gov/retirement/</u>
- Ohio457: <u>www.ohio457.org/resources</u>
- MissionSquare: <u>www.missionsq.org</u>
- Social Security: <u>www.ssa.gov</u>
- Medicare: <u>www.medicare.gov</u>
- MemberDirect: <u>www.crsmemberdirect.org</u>
 - MemberDirect is a CRS portal that allows you to see your retirement account information. Set up an account with a personal email address today!



CINCINNATI RETIREMENT SYSTEM →Questions or Feedback?

- Please visit the CRS Website: <u>https://cincinnati-oh.gov/retirement/</u>
- Email: <u>retirement@cincinnati-oh.gov</u>
- Office:

City Hall, Room 328 801 Plum Street Cincinnati, OH 45202 (513) 352-3227



Please keep CRS updated on your contact infol