

A Comparison of the

Closed Plan and Year 2000 Plan

Which Plan is Right For You?

At retirement, members of the Closed Plan may choose to stay in the Closed Plan or retire in the Year 2000 Plan. For some, this decision is not easy to make. This brochure provides a side-by-side comparison of the primary benefit provisions of each plan. Members of the Year 2000 Plan cannot elect the Closed Plan at retirement.

Income needs in retirement can be very different from person to person. Will more income be needed early in retirement or later in retirement? A thorough understanding of the differences between the plans, combined with information related to your personal circumstances is critical to the personal decision regarding which plan is right for you.

Important things to consider before choosing a plan may include, but is not limited to, the following:

- Benefit formula (different multipliers)
- Temporary benefit (When will you reach age 62?)
- Survivor benefits (Are you married?)
- COLAs (Are you eligible for the 4% COLA in the Closed Plan?)

Benefit Formula

- The multiplier in the Closed Plan is 1.6%.
- The multiplier in the Year 2000 Plan is 1.7%.

Temporary Benefit

- The temporary benefit is only available in the Year 2000 Plan and may be received in addition to the base benefit by those retiring prior to age 62 under the Rule of 80 and uniformed members under mandatory retirement at age 60.
- At age 62, the temporary benefit and any cost-of-living adjustments (COLAs) earned on that amount end.
- Survivors and beneficiaries are **not** eligible for the temporary benefit.

Survivor Benefits

- The Closed Plan provides a “free” survivor benefit for your spouse - the *unreduced* joint & 50% survivor option. Free means that your monthly retirement benefit will not be reduced to pay for the future survivor benefit.
- There are no unreduced survivor benefits under the Year 2000 Plan; therefore, joint and survivor payment options cost more.

Cost-of-Living Adjustments (COLAs)

- Regardless of which plan you elect, you are eligible to receive an annual COLA for your lifetime.
- The maximum COLA rate for each plan is 5%.
- Year 2000 Plan members and Closed Plan members hired after August 28, 1997 will receive a COLA that can vary from zero to five percent each year.
- Members hired before August 28, 1997, and choose to retire under the Closed Plan, will receive a guaranteed minimum four percent annual COLA until the total increases equal 65% of your initial benefit. Subsequent COLAs will vary from zero to five percent.

What is the same?

Lifetime monthly base benefit
BackDROP payment option
\$5,000 death benefit



Benefit Provision	Closed Plan 9/1/1955 - 6/30/2000	Year 2000 Plan 7/1/2000 - 12/31/2010
Base Benefit Formula Payable for your lifetime Minimum=\$15 per full year of service	Credited Service x .016 x Final Average Pay (In the past, formula increases have been passed along to retirees.)	Credited Service x .017 x Final Average Pay (As written, future formula increases, if any, will <u>not</u> be passed along to retirees.)
Temporary Benefit Formula <i>(payable until age 62)</i>	Not available	Service x .008 x Final Average Pay
Uniformed Patrol Special Benefit <i>(if hired before January 1, 1995)</i>	\$90 per month until age 65 Stops for any months gainfully employed	Not available
Benefit Payment Options Determines if a benefit will be paid to anyone after your death	Life Income Annuity <u>Unreduced</u> Joint & 50% Survivor Joint & 100% Survivor Life Income w/60 Guaranteed Payments Life Income w/120 Guaranteed Payments	Life Income Annuity Joint & 50% Survivor Joint & 100% Survivor Life Income w/120 Guaranteed Payments Life Income w/180 Guaranteed Payments
Cost-of-Living Adjustment (COLA) <ul style="list-style-type: none"> • Payable each year for your lifetime • Based on rate of change for the Consumer Price Index for Urban Consumers (CPI-U) • Maximum annual COLA rate is 5% • Applies to eligible survivor and beneficiary payments 	<u>Effective October each year</u> Members employed before 8/28/97: <ul style="list-style-type: none"> • Minimum annual rate is 4% until total increases equal 65% of initial benefit, then based on 80% of the change in the CPI-U Members employed on or after 8/28/97: <ul style="list-style-type: none"> • Based on 80% of the change in the CPI-U 	<u>Effective on anniversary of retirement date or BackDROP date, if applicable</u> <ul style="list-style-type: none"> • Based on 80% of the change in the CPI-U
Normal Retirement Eligibility <i>Eligibility based on minimum age and service requirements</i>	<ul style="list-style-type: none"> • Age 65 with 5 years of service • Age 60 with 15 years of service • Rule of 80—minimum age 48 with age and service equaling 80 or more 	<ul style="list-style-type: none"> • Age 62 with 5 years of service • Rule of 80—minimum age 48 with age and service equaling 80 or more (active only)
Uniformed Patrol Normal Retirement Eligibility	<ul style="list-style-type: none"> • Age 55 with minimum 5 years of service • Rule of 80—minimum age 48 with age and service equaling 80 or more • Mandatory retirement at age 60 (active only) 	<ul style="list-style-type: none"> • Rule of 80—minimum age 48 with age and service equaling 80 or more (active only) • Mandatory retirement at age 60 with 5 years of service (active only) • Age 62 (vested-former member)
Early Retirement Eligibility <i>(reduced benefit)</i>	<ul style="list-style-type: none"> • Age 55 with 10 years of service (Reduced .006 for each month younger than normal retirement) 	<ul style="list-style-type: none"> • Age 57 with 5 years of service (Reduced .005 for each month younger than normal retirement)
Unused Sick Leave Credit Earn 1 month of service for every 168 hours of unused sick leave	Must be eligible for early or normal retirement when leaving state employment	Must be vested when you leave state employment
\$5,000 Death Benefit <ul style="list-style-type: none"> • No cost to you • Terminated-vested members and long-term disability recipients do not qualify 	Available to: <ul style="list-style-type: none"> • Active members and long-term disability recipients retiring after 9/28/85 • Work-related or normal disability recipients who began receiving benefits after 9/28/85 	Available to: <ul style="list-style-type: none"> • Active members and long-term disability recipients retiring after 9/28/85 • Work-related benefit recipients who began receiving benefits on or after 9/28/85

