

# TERS FREQUENTLY ASKED QUESTIONS

## May I come into the Retirement office and talk to someone regarding the TERS plan?

Yes, by appointment only. Our office hours are from 8 AM to 5 PM, Monday through Friday except observed holidays. Retirement Specialists are also available to answer your questions by phone at (253) 502-8200 or email [TERSretirement@tacoma.gov](mailto:TERSretirement@tacoma.gov).

## When am I eligible to retire?

You are eligible to retire with a full benefit if any of the following apply:

- You are 60 years of age regardless of years of service
- You have 30 years of service (any age)
- Your years of service plus your age equal 80 (e.g., 25 years and age 55)

There are options to retire earlier, but your benefit will be reduced to reflect the fact that you will be receiving it over a longer period of time. You may retire with a reduced benefit with either:

- 10 years of service and are age 55 or older
- 20 years of service and are age 40 or older

## I'm eligible to retire soon. What should I be thinking about or prepare for?

Planning for your retirement can never be done too early. In fact, the earlier you prepare the easier the transition will be when you set that significant date. We encourage you to utilize the [Retirement Planning Checklist](#) as a tool. We have listed items to consider throughout your career or if you plan to retire within five years or less. Retiring should be a happy event and not a stressful one. We hope that this checklist will help make things a little easier as you prepare for the next phase of your life.

## How can I figure out what my monthly retirement pension will be?

You can use the online [Benefits Calculator](#) to estimate your benefit with the different Benefit Options. The online calculator will estimate your retirement benefit under a variety of different scenarios (for example, different retirement dates), using your actual account data. If you expect to retire within six months, be sure to contact the Retirement Department to request a written estimate of your benefit.

[Benefit Calculator login and navigation instructions.](#)

## How far in advance do I need to notify TERS that I intend to retire?

When you are ready to begin the process, contact the Retirement Department at least 60 days prior to your intended retirement date to schedule a one-on-one conference with one of our TERS Retirement Specialists.

## Am I eligible to purchase service credit and, if so, what does it cost?

Members with five or more years of service may purchase up to five years of creditable service at the time of retirement to reach a total of up to thirty years. Service purchase may allow you to meet retirement eligibility requirements and increase your monthly payment.

The online [Benefits Calculator](#) will indicate whether you are eligible to purchase service credit, as well as estimate the cost. If you are within six months of retirement, you may request an estimate for service purchase.

## **What do I need to bring to my Retirement Counseling Appointment?**

As part of the application process, we require that you bring the following items to your conference:

- Copy of your Birth Certificate, or a valid Passport, or a state issued Enhanced Driver's License. If you choose a spousal/survivor benefit option, a copy of either one of the items listed above will also be required.
- Copy of your Marriage Certificate or Washington State Registered Domestic Partnership Certificate if applicable.
- Copy of your Driver's License and for your spouse/domestic partner, if applicable.
- A blank voided check for direct deposit.

## **Once I retire, when is the first pension check received?**

Pensions are paid on a monthly basis. Your first check will be paid on the last working day of the month in which you are retiring.

## **Are my benefits taxable? How much tax is taken out?**

Most, if not all, of your benefit will be subject to federal income tax. The only exception will be any portion that was taxed before it was contributed. When you retire, the Retirement Department will let you know what, if any, portion of your monthly pension benefit should be withheld for taxes.

At retirement you must submit a [W-4P Form](#) to indicate how much of your benefit should be withheld for taxes. If you do not submit a form, IRS rules require TERS to withhold as if you are single and with no adjustments. You can adjust your withholding amount at any time during retirement by completing a new form. See IRS [Withholding Tax Table](#) (Publication 15-T).

For each year you are in receipt of a retirement benefit, you will be provided with a 1099-R Form to use in preparing your tax return. These forms are usually mailed at the end of January for the previous year. It is your responsibility to declare the proper amount of taxable income on your income tax return.

## **What are my options if I separate from employment?**

If you have at least five years of service as a full time employee, you may either:

- Leave your contributions in the retirement system and defer retirement to a future date or until eligible to retire
- Withdraw your contributions plus interest, plus an additional amount equal to 50% of contributions (plus interest) made prior to February 2, 2009, and an amount equal to 50% of contributions (plus interest) up to 6.44% made after February 1, 2009

If you have fewer than five years of service and are under age 60, you must withdraw your money, unless you have dual membership with another eligible retirement system. You will receive an amount equal to your contributions plus interest. Withdrawals are eligible for rollover.

For more information, download the [Withdrawal or Transfer of Contributions, or Deferred Retirement](#).

## **Why is my membership date different from my hire date?**

Depending on your date of employment and initial hire status, you need to meet certain criteria to become a member of TERS. If your membership date differs from your hire date it was because you were either hired:

- In a job classification that was not eligible for TERS membership as described in the Tacoma Municipal Code, Section 1.30.300 - Exclusion from Membership, but later became eligible due to an employment status change.
- Before January 1, 2000 employees were required to complete three months of continuous service.

## **What is my contribution rate and how much does the City contribute?**

You are required to contribute 9.66% of your gross wages and the City or employer contributes an amount equal to 11.34% of your wages. Your contributions are automatically deducted from your pay.

## **If I have a financial emergency, am I able to borrow against our retirement fund?**

No, there is not a provision for borrowing.

## **What does TERS require from me if I am going to be divorced?**

Consult your attorney. In the event of a divorce, an ex-spouse or legal domestic partner may be entitled to a portion of your retirement benefit. If your retirement benefit is part of the settlement to your spouse, a Qualified Domestic Relations Order (QDRO) must be received by our office. If your retirement benefit is not part of the settlement, you may want to update your beneficiary form to remove your ex-spouse or legal domestic partner.

## **What is a QDRO?**

Qualified Domestic Relations Order or QDRO is a legal order subsequent to a divorce or legal separation that determines what portion, either whole or part, of the member's retirement contributions or pension benefit shall be provided to the divorced spouse or legal domestic partner.

[QDRO Process Explanation](#)

[QDRO Process Rules](#)

[Sample Form of QDRO- Benefits IN Pay Status](#)

[Sample Form of QDRO- Benefits NOT in Pay Status](#)

## **How do I make address, health benefits, and tax changes to my retirement account?**

If you are an active member, you must make any changes to your address or medical benefits directly with Human Resources.

If you are retired, you may find the appropriate forms to change your address, health benefits and taxes on the [Forms](#) page.

## What is portability and how does it affect my retirement benefits in TERS?

If you have ever worked for the State of Washington, other municipalities or agencies in Washington State, or the cities of Seattle or Spokane, you might be able to claim portability.

Claiming portability allows you to combine certain pension benefits between the Tacoma Employees' Retirement System (TERS) and the other portable pension systems. Portability does not mean that your contributions in the other pension system are transferred to TERS. With portability, you are only entitled to a pension from each respective system based on the number of years that you worked in each system; however, salary information is shared between the two pension systems, allowing your highest salary for the calculation of the benefit. In addition, the years you have worked in each system are combined to determine vesting rights, retirement eligibility, and the factor that will be multiplied by your years of service in each system.

If you participated in a "first class" city retirement system such as City of Seattle or City of Spokane, you may want to contact their office or visit their website, should you be interested in buying back previously withdrawn contributions to regain service credit or review their retirement eligibility criteria. Both have their own retirement criteria and provide their own pensions separately from those plans under Washington State Department of Retirement Systems (DRS) and Tacoma Employees' Retirement System (TERS). See links below.

[Department of Retirement Services](#)

[Seattle City Employees' Retirement System](#)

[Spokane Employees' Retirement System](#)

## Can I get a year-to-date balance of my retirement account and service credit?

There are a few ways for you to get an estimate of your balance and service credit. Early each calendar year, you should receive a hard copy annual statement in the mail. The online [Benefits Calculator](#) has your contribution and credited years balance updated as of the last quarter end.

Current City of Tacoma employees can view and print their year-to-date retirement contributions and interest by clicking on the [Employee Self Service](#) (ESS) via the City's Intranet. The balance is based on contributions made as of the last pay period. Follow these steps:

1. Login to **Employee Self Service ESS**
2. Select **Benefits**
3. Under **Benefits Enrollment Overview** select **Benefits Participation Overview**.
4. Within the **Benefits Participation Overview** screen click the **Printer** icon located between the Personalize (person with tool) icon and the Help (?) icon near the top right hand corner.
5. A separate window will open to a PDF document titled **Benefits Confirmation**. This document will show all your benefits that you are currently enrolled in.
6. Scroll down to **City Retirement**. You can print all pages or select a specific page by using the print options through the tool bar.

The highlighted **Employee Self Service** is a hyperlink that can only be accessed on the City's Intranet or remote access through VPN.

## **I am applying for a loan. How can I get formal documentation of my TERS balance or payments?**

Active employees and members who have deferred their retirement should contact the [TERS](#) office and request a year-to-date Statement of Account. This is similar to the annual statement that you get in the mail but will include your contributions up to the last pay day prior to your date of request. It also provides a brief description of the plan.

If you are an employee of Tacoma Pierce County Health Department (TPCHD), Pierce Transit, or South Sound 911 (SS911), and require a year-to-date statement, please contact the [TERS](#) office.

Retirees needing proof of retirement income should contact the [TERS](#) office and request a "Pension Confirmation Letter", which will confirm your gross monthly payment amount.

## **Is it mandatory that I become a member of TERS?**

Yes, generally speaking, all employees immediately become members of TERS as of their hire date. However, if you are a temporary employee that is hired to work less than six months, you are excluded from membership. Other exclusions from membership can be found in the Tacoma Municipal Code, Section 1.30.300.

Employee contributions will be deducted from your gross compensation pay as scheduled by the Finance Department.

## **How can I get disability retirement?**

If you become disabled, you may be eligible for a disability pension, provided you meet all of the following eligibility criteria:

- You have at least five years of City service. The five year eligibility requirement is not applicable if your disability is the result of an on-the-job injury.
- You must be permanently and totally incapacitated either physically or mentally.
- You shall be examined or evaluated by an independent medical examiner (IME) appointed by the Board of Administration. Examination or evaluation must meet the satisfaction of the TERS Disability Committee before a disability retirement can be approved.

## **Applying for Disability Retirement**

Any eligible member may apply for a disability retirement provided that one of the following applies:

- You are in active City service.
- You are within three months after the discontinuance of City service if incapacity has been continuous from discontinuance of City service.
- You are within one year of discontinuance of City service and if you applied for benefits under the City's Basic Long-Term Disability Insurance Plan within 180 days of discontinuance of City service for a condition that was present while in City service and are receiving Long-Term disability payments.

If you wish to apply for a disability retirement, the first step is to complete the [Retirement Estimate Request Form](#). Once you have received the estimate and you wish to continue the process for disability retirement, you will need to complete a [Disability Retirement Application Part 1](#) and [Disability Retirement Application Part 2](#). Please see the [Disability Retirement](#) page for more information.

### **Are there medical and dental benefits available once I retire?**

Medical coverage is only available for retirees until age 65, at which time you become eligible for Medicare benefits and your dependents may become eligible for continued benefits under COBRA. There is no age restriction on continuing dental coverage.

Within 31 days of retirement, retirees have a one-time option to elect medical and dental coverage for themselves and their dependents. The cost is equivalent to the City's group rates and is published on this website under the header "Medical and Dental".

If you do not elect coverage within 31 days of retirement, you and your eligible dependents will no longer be eligible for coverage on a City of Tacoma medical and/or dental plan. The requirement to elect coverage in order to remain eligible is plan specific, you must elect medical coverage to remain eligible for medical coverage and you must elect dental coverage to remain eligible for dental coverage.

If you elect to purchase insurance at the City's group rate, the cost will be deducted from your monthly retirement benefit payment on an after-tax basis.

### **What happens to my pre-2000 overtime contribution once I retire?**

Members who had contributions deducted for overtime pay prior to January 1, 2000, and are planning to retire, will be eligible for an amount equal to 1.5 times the member's overtime contributions plus interest. The member can choose to use the money to:

- Request a lump sum refund, which will be subject to federal income tax.
- Transfer the amount to another tax-deferred account, such as a traditional IRA or deferred compensation account, i.e. MissionSquare.
- Purchase additional service credit, if applicable.
- Purchase an additional annuity from TERS, which will not be considered for any cost-of-living increases.

### **I updated my beneficiary information with HR, why doesn't it show in TERS?**

You may elect different beneficiaries for life insurance, deferred comp, and retirement. You must complete the [TERS Beneficiary Designation Form](#) in order to have it changed.