

Retirement Formula the mathematical equation by which the retirement benefit is calculated. It includes three multipliers:

- 1) the factor (either 2.5% or 3.0%)
- 2) The number of years of creditable service, and
- 3) The highest 36 successive months compensation (regardless of when in the member's service it occurred).

Service Retirement Allowance a lifetime monthly retirement benefit earned by attaining the required years of creditable service and the required age.

Age Penalty a penalty imposed due to a retiring member not meeting the minimum age requirement. It reduces the member's benefit by 3.0% of the gross benefit for each year the member is under the age of 55.

FREQUENTLY ASKED QUESTIONS

◆ **When should I contact a benefits counselor to get an estimate of my retirement benefits?** If you are approaching 25 years of service or you are nearing age 55 with 10 or more years of service, you should consider meeting with a counselor to begin planning your retirement. When you consider a possible trade of some or all of your sick and/or vacation leave, you may be closer to retirement than you think.

- ◆ **Are survivor benefits available?** A surviving spouse and/or surviving minor children or an unmarried dependant parent of a service retiree may receive a monthly benefit, provided that certain requirements are met. Other survivor benefits may be purchased and once purchased they cannot be changed. Payment of contributions to a beneficiary or beneficiaries may also be available.
- ◆ **How will my sick and vacation leave affect my retirement?** Accrued sick and/or vacation leave hours not traded for service credit can be paid per employer group limits.
- ◆ **Does my retirement benefit affect my Social Security benefit?** If your CPERS benefit exposes you to the provisions of the Government Pension Offset (GPO) or the Wind-fall Elimination Provision (WEP), the Social Security Administration may offset a portion of your Social Security benefit. Contact the Social Security Administration for details.
- ◆ **If I come back to work after retirement, can I add to my pension?** Yes, Under certain conditions and provided you did not participate in the DROP. Options will vary depending on the method of retirement originally chosen. Contact the Retirement Office for details.

Service Retirement

Hire Date
Prior To 9/1/15



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Retirement System
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Service Retirement

Hire Date Prior To 9/1/15

This brochure explains the two types of service retirement allowances offered by CPERS.

- ◆ **Service Retirement**
- ◆ **Service Retirement With Age Penalty**

As a CPERS member you are eligible for a lifetime service retirement benefit, upon obtaining at least 10 years of creditable service and meeting any applicable age requirement. You can estimate your monthly benefit by applying the **Retirement Formula** to your own individual data. You will need to know your total number of years of creditable service (rounded upward to the nearest quarter year) and your highest 36 successive month average salary. Your factor is determined by your length of creditable service. The **Retirement Formula** and examples of its application, using \$3000 as average compensation, are shown on the following pages.

THE RETIREMENT FORMULA

2.5% factor (<25 Years) OR 3.0% factor (>=25 years)

X

Years of Creditable Service
(total service less absences without pay)

X

Highest Successive 36 Months Avg. Compensation

= Your Monthly Retirement Benefit

SERVICE RETIREMENT

ELIGIBILITY:

- ◆ 25 years or more of creditable service regardless of age (3.0% factor); or
- ◆ 10 but less than 25 years of creditable service and age 55 (2.5% factor)

Examples:

- 1) Member, age 45, and has 25 years of service
(3.0% factor) X (25 years) X (\$3,000) = **\$2,250**
- 2) Member, age 55, and has 10 years of service
(2.5% factor) X (10 years) X (\$3,000) = **\$750**

SERVICE RETIREMENT WITH AN AGE PENALTY

ELIGIBILITY:

- ◆ 20 years of creditable service, under age 55 (2.5% factor)
- ◆ Age penalty is 3.0% for each year under age 55

Example:

Member, age 50, and has 20 years of service
(2.5% factor) X (20 years) X (\$3,000) = **\$1,500**
Age Penalty of 15% [(55-50) X 3%] = **\$225**

Adjusted Benefit = \$1500 - \$225 = \$1275

DEFINITIONS

Factor one of three multipliers in the Retirement Formula. The factor is 2.5% when creditable service is less than 25 years. When creditable service equals or exceeds 25 years, the factor is 3.0% for all years.

Creditable Service the service recognized by CPERS that applies toward retirement eligibility. This can include actual service worked (for which retirement contributions were paid), CPERS prior service, transferred service (from another Louisiana public employee retirement system), sick and/or vacation leave traded and military service.