

## **Public Employees Retirement System (PERS)**

The Public Employees Retirement System (PERS) was established on July 1, 1961 for the purpose of providing retirement benefits for employees of the State and other political subdivisions. PERS has approximately 36,254 active members and approximately 22,793 retirees receiving annuity benefits. PERS is funded by employee and employer contributions. An active member contributes 4.5% of his or her gross monthly salary to the plan. Until June 30, 2012, the employer will contribute an additional 14.5% of the member's gross monthly salary for a total combined contribution equal to 19%. Effective July 1, 2012, the employer will contribute an additional 14.0% of the member's gross monthly salary for a total combined contribution equal to 18.5%. All employee contributions currently remitted are tax deferred. Contributions for members, as a percentage of payroll, are established by statute, and are subject to legislative limitations. The expected contributions are annually reviewed to assure that they result in actuarially sound funding for the plan.

"Board", when used in the following sections refers to the West Virginia Consolidated Public Retirement Board.

### **Retirement Benefits:**

In order to qualify for retirement benefits, a member of PERS must meet eligibility requirements.

#### ***Regular Retirement:***

A member who is actively employed with a participating PERS agency may:

- Retire with full benefits at age 55 if age plus contributing service equals 80 or more. (Known as the Rule of 80).
- Retire with full benefits at age 60 if he or she has 5 or more years of contributing service.
- Retire with reduced benefits at age 55 if he or she has 10 or more years of credited service.
- Retire with reduced benefits if less than 55 years of age and he or she has 30 or more years of service.

#### ***Deferred Retirement:***

A member who is not actively employed with a participating PERS agency and has not withdrawn his or her contributions may:

- Retire at age 62 with full benefits if he or she has 5 or more years of credited service, at least 3 of which must be contributing service, and was hired prior to July 1, 2002.
- Retire at age 62 with full benefits if he or she has 5 or more years of contributory service and was hired on or after July 1, 2002.
- Retire with full benefits at age 55 if age plus contributing service equals 80 or more. (Known as the Rule of 80).
- Retire with reduced benefits at age 55 if he or she has between 20 and 25 years of service.
- Retire with reduced benefits if less than 55 years of age and he or she has 30 or more years of credited service.

*Special Note Regarding Effective Date of Retirement: Effective date of retirement is dependent upon termination of employment, meeting retirement criteria and the Board's receipt of the retirement application. If the member is less than age 60 upon termination of employment, and all retirement criteria are met, the effective date of retirement will be the first day of the month following receipt of the retirement application.*

**Retirement benefits are not automatic. Prospective retirees must make application to the Board in order to commence retirement benefits. Distributions must start by April 1 of the year following the later of: (A) The date a member reaches age 70½, or (B) The date upon which a member terminates employment.**

Regular retirement benefits are paid in equal monthly installments in an amount equal to 2% multiplied by the member's years of credited service multiplied by the member's Final Average Salary (FAS).

*Final Average Salary* means the average annual salary from the highest 36 consecutive months within the last 15 years of employment. Any lump sum payment that is not guaranteed to be paid annually is not considered compensation and is, therefore, not used in FAS. Annual increment pay received by State employees is considered compensation and is, therefore, used in FAS.

***2% x Years of Service x FAS = Annual Straight Life Retirement Benefit***

#### **Annuity Options:**

***Straight Life:*** A lifetime annuity payable monthly to the retiree determined under the full benefit formula without adjustment. There are no beneficiary benefits payable under this option.

***Option A*** - 100% Joint and Survivor: A reduced annuity payable monthly to the retiree for his or her lifetime. Upon the death of the retiree, the named beneficiary will receive the same amount for his or her lifetime.

***Option B*** - 50% Joint and Survivor: A reduced annuity payable monthly to the retiree for his or her lifetime. Upon the death of the retiree, the named beneficiary will receive one-half of the monthly payment for his or her lifetime.

The named beneficiary in both Option A and Option B must have an insurable interest in the life of the retiree such as a spouse, child, parent, or other dependent. Under all options any unpaid employee contributions, plus 4% interest, remaining at the retiree's or beneficiary's death, will be paid to the named secondary beneficiary, if available, or the estate, if no secondary beneficiary. Secondary beneficiaries are not eligible to receive a monthly annuity.

#### **Benefit Payments:**

The very first benefit payment due a retiree or beneficiary will be mailed directly to the recipient's home address. Following the first payment, benefit payments are credited by direct deposit to recipient accounts on the 25th of each month, except the month of December, when recipient accounts are credited on the 18th. If the 25th (or December 18th) falls on a weekend or holiday, direct deposits are processed on the prior full business day.

Social Security income, private sector income, or private sector retirement benefits do not affect PERS regular retirement benefits. (Some stipulations apply to disability retirees.)

**Retirement Benefit Estimate:**

Approximately 6 months prior to retirement eligibility, members should contact the Board to request an estimate of potential benefits for all three retirement annuity options. An estimate is required prior to receiving a retirement packet.

**Use of Unused Sick and Annual Leave at Retirement:**

PERS members who have accrued, unused annual and/or sick leave days may, if eligible, elect to acquire additional credited service to be applied on the basis of 1 month of service credit granted for each 10 days of unused, accrued annual and/or sick leave. Such days will constitute additional service in the computation of retirement benefits. The additional credited service shall not be used in meeting initial eligibility for retirement criteria.

In the alternative to increasing retirement benefits, members who participate in the Public Employee Insurance Agency (PEIA) may be eligible to apply accrued, unused annual and/or sick leave days at retirement toward the purchase of retiree health insurance under PEIA. Members should contact PEIA to determine eligibility for this option prior to retirement.

**Unused leave CANNOT be divided and used for both service credit and PEIA coverage. Members who retire from a city, county, or any other non-direct employer of the State should contact their employer or PEIA regarding eligibility for PEIA insurance coverage. If the member plans to separate from employment prior to eligibility for a retirement annuity (deferred retirement), unused leave is not eligible to be deferred and used for service or PEIA at a later date.**

**Disability Retirement:**

***Work Related Disability*** - An active member of PERS may qualify for a work related total and permanent disability retirement with no minimum years of service required. He or she must be receiving (or have received) Workers' Compensation benefits on account of such disability.

***Non-Work Related Disability*** - A member must have 10 or more years of credited service and incapacitation must have occurred during the time the member was employed by a participating public employer in order to qualify for a non-work related total and permanent disability retirement.

Disability benefits shall not be less than 50% of a member's Final Average Salary. At age 65 the benefits are calculated on actual years of service, and may be reduced, but the straight life benefit or equivalent may not be less than 20% of the Final Average Salary.

Disability recipients are required to submit a medical recertification as well a copy of his or her annual statement of earnings for specified periods of time following receipt of disability benefits.