

## **RETIREMENT OPTIONS:**

There are different retirement options available to choose from when you retire. Keep in mind that each payment option will pay you the member for as long as you live. You cannot change your retirement option once you have cashed your first retirement payment.

### **Normal Benefit**

This amount is payable to you for as long as you live. If you are married at the time of your death, your surviving spouse will continue to receive one-half of your normal retirement benefits for as long as your spouse lives. If you are single, there is no monthly income provision for your beneficiary under this option. However, if you should die while receiving benefits, your beneficiary will get a lump sum payment of the remaining amount in your member account, if any.

- **100% JOINT & SURVIVOR OPTION:** This amount is payable to you for as long as you live, but is actuarially reduced based upon your age and the age of your spouse. In the event of your death, your spouse will receive 100 percent (the same amount as you were receiving prior to death) of your monthly retirement benefit amount for the rest of his/her life. In the event your spouse predeceases you, or in the event of a divorce, your benefit will be adjusted back to the Single life option amount upon receipt of your spouse's Certificate of Death or a photocopy of the divorce decree. If this benefit option is selected, it will be necessary for you to submit a copy of your spouse's birth certificate and your marriage certificate with your retirement application.
- **TWENTY (20) YEAR TERM CERTAIN:** This amount is reduced based upon actuarial factors and is payable to you for as long as you live. If you die within the first twenty (20) years of your retirement, your beneficiary will continue to receive monthly payments of the same amount until the end of the twenty (20) year period. If you die after receiving benefits for twenty (20) years, there will be no payments made to your beneficiary. **(This option is not available to members age 79 and over.)**
- **TEN (10) YEAR TERM CERTAIN:** This amount is also reduced based upon actuarial factors and is payable to you for as long as you live. If you die within the first ten (10) years of your retirement, your beneficiary will continue to receive monthly payments of the same amount until the end of the ten (10) year period. If you die after receiving benefits for ten (10) years, there would be no payments made to your beneficiary.

You also may elect as to receive **one** of the following retirement benefit modifications:

Below are the limitations of who can elect the options and exclusion for benefit modifications:

1. Limits the option to members retiring on or after their Normal Retirement Date as set by statute,
2. Excludes disability and early retirees, beneficiaries of deceased members,
3. Requires that the option be a one-time, irrevocable election that is made at the time of the member's retirement,
4. Excludes the benefit in combination with a PLSO, Graduated, or DNRO benefit option, and
5. It is a one-time, irrevocable election that is made at the time of the member's retirement.

**GRADUATED BENEFIT OPTION:** The "graduated benefit" option allows you to select your benefit as either a one percent or two percent annual benefit increase. If you elect this option, your monthly annuity is actuarially reduced. The amount of the reduction will depend on your age at retirement. You will still be eligible to select a Joint and Survivor or Term Certain option as your ongoing retirement benefit.

**PARTIAL LUMP SUM OPTION (PLSO):** This option is only available to members who retire at or after full retirement age. This option allows you to take a partial lump sum distribution equal to 12 monthly payment of the Single Life option and is payable at the same time as your first monthly retirement benefit. You will still be eligible to select a Joint and Survivor or Term Certain option as your ongoing retirement benefit. The ongoing retirement benefit will be actuarially reduced in exchange for the partial lump sum payment.

The lump sum payment will be eligible to rollover to an IRA or another eligible retirement plan. If not rolled over, the lump sum is taxed as ordinary income and subject to automatic 20 percent federal withholding. If you are under age 59½, you may be subject to a 10% penalty tax for early withdrawal.

**DEFERRED NORMAL RETIREMENT OPTION (DNRO):** This option will only be available to members who retire after reaching normal retirement date. This option is an irrevocable election and made at initial application for retirement. The payment is in lieu of a lump sum equal to the amount of missed payments, without interest, retroactive to the member's normal retirement date. Members would still be permitted to choose one of the optional forms of payment for their annuity benefit (e.g. the reduced annuity would be paid as a joint and survivor or term certain option). The ongoing benefits will be actuarially increased to reflect the lump sum.