

Leaving State Employment

When leaving State of Alaska employment you must make several important decisions about your contributions to the retirement system, the Alaska Supplemental Annuity Plan, Alaska Deferred Compensation Plan, and your medical coverage and life insurance.



IMPORTANT!

Read this brochure and the plan booklets carefully before making decisions that affect your benefits.

Although the information in this brochure covers the plans as they exist today, you should always contact your Human Resources Office or the Division of Retirement and Benefits for complete and up-to-date information.

The information in this brochure is not intended to replace the Alaska Statutes, the Alaska Administrative Code or Federal law. Language contained in the Alaska Statutes, the Alaska Administrative Code and the plan documents govern the plans.

www.state.ak.us/drb

The Alaska Department of Administration complies with Title II of the 1990 Americans with Disabilities Act. This publication is available in alternative communication formats upon request. To make necessary arrangements, contact the Division of Retirement and Benefits, ADA Coordinator, at (907) 465-4460 or the TDD for the hearing impaired at (907) 465-2805.

Contents

Public Employees’ Retirement System	4
Retirement Medical Benefits	5
Decisions Regarding Your Contribution Account	6
Leaving State Employment because of Disability	8
Returning to PERS Employment	8
Repaying Refunds or Indebtedness	9
Alaska Supplemental Annuity Plan	10
Alaska Deferred Compensation Plan ...	11
Medical Coverage	13
Life Insurance	13
Beneficiary Designations	13
Forms Reminder	14
Address Changes	16
Writing the Division	16
Calling the Division	17
Visiting the Division	17
Retirement & Benefits Online	18
E-mail Contacts	18
Checklist Reminder	19

Public Employees' Retirement System

When you leave state employment and you are participating in the Public Employees' Retirement System (PERS), you may choose to retire (if eligible), leave your contributions in the PERS, or refund your contributions.

- ◆ If you are **retiring**, contact Pre-Retirement Services at (907) 465-5700 at least 90 days in advance of your planned retirement date to obtain the required forms and information. Make sure you are eligible to retire **before** you terminate employment.
- ◆ If you are vested (have at least 5 paid-up years of creditable PERS service), you may terminate and receive a retirement benefit when you reach retirement age. You must **leave your contributions** in the system to receive a retirement benefit.
- ◆ You may **refund** your PERS account after being terminated from employment for 60 days (or anytime after that).

Retirement Eligibility:

To receive PERS monthly retirement benefits, you must meet certain age and service requirements. If you first entered PERS employment:

- ◆ After June 30, 1986, you may retire at age 60 for normal or age 55 for early retirement.
- ◆ Before July 1, 1986, you may retire at age 55 for normal or age 50 for early retirement.

PERS members must also have at least:

- ◆ Five paid-up years of PERS service; or
- ◆ 80 days (60 days if you were first hired before May 30, 1987) during each of five legislative sessions; or

- ◆ Two paid-up years of PERS service if you are vested in the Teachers' Retirement System (TRS).

You may retire at any age with full benefits if you have at least:

- ◆ 30 paid-up years of PERS service; or
- ◆ 20 paid-up years of PERS service as a peace officer or fire fighter.

If you have taken **leave without pay** in excess of 10 days in any calendar year, it will affect your date of retirement eligibility.

It does not pay to delay! Once you are eligible for a normal retirement benefit, you will **not** receive a higher PERS benefit if you have stopped working in a PERS position and delay receiving a retirement benefit until after your normal retirement age. See *Retirement Benefits, Death Benefits, and Insurance* in the *PERS Information Handbook* for details.

Retirement Medical Benefits

While you are receiving monthly retirement benefits, you may be eligible for system-paid medical benefits. If you are not eligible for system-paid benefits, you may choose to purchase coverage.

The State of Alaska retirement systems provide extensive and valuable benefits for you and your family including hospitalization, medical, surgical, maternity care, and other services necessary for the diagnosis and treatment of an injury or disease.

Your health care coverage is good worldwide. These benefits may change from time to time. Contact the Division of Retirement and Benefits for the most current information and to determine your eligibility.

Decisions Regarding Your Contribution Account

If you are not eligible to retire from the PERS, you have choices to make regarding your contribution account. You can:

- ◆ leave your contributions in the system and retain your benefit tier in anticipation of future work with the Alaska PERS;
- ◆ refund your contributions; or
- ◆ elect to convert your defined benefit account to the PERS Tier IV Defined Contribution Retirement Plan if you are not vested.

Leaving Your Contributions in PERS

If you are not retiring, you may choose to leave your contributions in your PERS account when you leave state employment. To maintain rights to PERS benefits, inactive (terminated) PERS members must apply for a refund or benefit before July 1 following their 75th birthday or within 50 years of the last active date of PERS membership. It is very important to notify the division about changes to your address and the address of your beneficiary.

PERS Refunds

You may refund your PERS contribution account at any time after being terminated from employment for at least 60 days. To request a refund, you must complete a *Refund Election* form (GEN008).

Your employee contribution account includes: 1) your mandatory contributions; 2) any indebtedness principal and interest payments; and 3) interest earned.

If you refund your PERS account, you will **not** be eligible for a retirement benefit unless you return to PERS or TRS employment **prior to July 1, 2010**, and reinstate your refunded service or accumulate enough additional paid-up service to retire.

If you are married, a notarized consent from your spouse on the *Refund Election* form (GEN008) is required if you are vested and want to receive a refund of your contributions. (Some exceptions may apply).

Refunds are subject to state and federal taxes or penalties. This does **not** apply to the untaxed PERS refund amount **transferred directly**, through a plan-to-plan transfer into a qualified plan.

If you are vested and die before retiring, your spouse may receive a monthly survivor benefit if you haven't refunded your contributions.

Please see the *PERS Information Handbook* for more details. Division employees do not give tax advice. You are encouraged to contact a tax expert for advice about how a contribution refund will affect you.

Conversion Option (available to nonvested members only)

Nonvested state employees have the option to convert from their current PERS defined benefit plan (Tier I, II or III) to the PERS defined contribution plan (Tier IV). Eligible members should consult the available PERS Choice Kit, as well as the defined contribution plan information available on the division's website.

This election must be made before your vesting date in addition to the earlier of June 30, 2007, or your final day of state service. In addition, IRS regulations require that if you plan to leave state service during December 2006, the election form must be either received or postmarked by November 30, 2006. If you are married, your spouse must agree to the conversion election. Other limitations may apply.

Contact the division's Pre-Retirement Services Unit for more information.

Leaving State Employment because of Disability

If you are terminating your employment because of disability, your application for disability benefits must be either received by the division or post-marked within 90 days after termination of employment. For an application packet or for more information, contact the Disability/Appeals Unit.

Caution: If you refund your contribution account instead of applying for a disability benefit, you are no longer eligible for that benefit or any future PERS retirement benefit or associated system-paid medical insurance benefits.

Returning to PERS Employment

If you return to PERS employment in a PERS-covered position with a PERS employer, and have taken a refund, you may reinstate your refunded service by paying back the full amount plus interest.

If you return to employment with a PERS employer after June 30, 2010, and have taken a refund, prior service cannot be reestablished and your former tier benefit status will be forfeited.

If you are retiring from state employment you may return to work in any non-PERS participating position without limitations.

You may also work in a temporary, nonpermanent PERS position or on a personal services contract without affecting your retirement benefits.

If you return to work in a permanent PERS-covered position after normal retirement—not early retirement and/or a Retirement Incentive Program (RIP)—

you have two options available regarding your monthly benefit payments: the Standard Option and the Waiver Option.

When you return to work in a permanent position after an early retirement, you can only choose the Standard Option. Under the Standard Option your retirement benefit will be suspended until you terminate employment. PERS contributions will be deducted and you will accrue PERS service.

With the Waiver Option you will continue to receive your retirement benefit payments. You will not pay any PERS contributions and you will not accrue PERS service. Your retiree health insurance is suspended during employment under the waiver. The Waiver Option became effective July 1, 2005. Waivers terminate on June 30, 2009. If you remain employed after that date your retirement benefit will be suspended, you will make PERS contributions and earn additional PERS service.

Caution: There are some restrictions for those who retired under a RIP.

For more information, read your *Information Handbook*, the PERS brochure, *Working After PERS Retirement*, or contact the division.

Repaying Refunds or Indebtedness

Under certain circumstances you may repay a claimed service indebtedness or a refund from the PERS through pretax transfers from your Alaska Supplemental Annuity or Deferred Compensation Plan. You may also transfer a pretax payment from other qualifying plans. This option is available upon termination or while you are still in-service. **It is not available if you are retired.** Contact the division's Defined Benefits Accounting section for specific information. You may also repay an indebtedness with **after-tax** payments to the PERS.

WARNING:

If you refund, you forfeit all your retirement benefits, including future pension and medical coverage. You will not be eligible for PERS benefits unless you return to PERS employment and reinstate the refunded service or accumulate enough paid-up service to be vested again. You may only reinstate refunded service if you reemploy on or before June 30, 2010.

Alaska Supplemental Annuity Plan

You are *first eligible* to receive payment of your Alaska Supplemental Annuity Plan (SBS-AP), account when you have been terminated for at least 60 days, provided you are not rehired by the same employer before the 60 days have passed.

If you have completed a *Benefit Payment Election* form (02-210) to receive payment of your account, the SBS-AP will verify you are eligible to receive payment and set up the final payment instructions **after** the 60 days have passed. Actual payment of your account, if all required forms are complete, **will take up to 30 days after the 60-day eligibility period**. Partial account payments will be allowed up to two times per calendar year, after the 60 day termination requirement has been met. Payments must be a minimum of \$1,000 or the amount of the balance, whichever is less. Reemployment with the same SBS-AP employer ends SBS-AP payment eligibility.

You are not required to complete an SBS-AP election form unless you are planning to refund your account. However, to defer payment beyond age 65 you must complete a *Benefit Payment Election* form (02-210) that includes a payment deferral date. After you terminate, you may defer payment of your account for any length of time until April 1 of the year after you turn 70½; however, payments **must**

begin no later than April 1 of the year after you turn 70½. The balance of your annuity account will continue to change in value depending on market conditions.

The SBS-AP is required to withhold 20% for federal income tax on:

- (1) lump-sum payments paid directly to participants and
- (2) monthly payments for the five-year certain annuity option.

The 20% withholding **does not** apply to SBS-AP lump-sum payments **transferred plan-to-plan**, into other qualified plans. **You cannot transfer SBS-Annuity Plan money to a ROTH IRA.**

The federal government may also impose a tax penalty of 10% of distribution amounts, in addition to regular taxes due, when SBS-AP accounts are withdrawn before age 59½ under the lump sum and five, ten, or 15-year certain payment options.

There may be exceptions allowed by the federal government. Contact the Internal Revenue Service or a tax expert for details before paying the penalty.

Important information about payments and taxes is included as part of the instructions to the *Benefit Payment Election* form (02-210). This form is available on the Division website. If you have questions, contact the Supplemental Annuity Plan at (907) 465-1600.

Alaska Deferred Compensation Plan

If you have participated in the Alaska Deferred Compensation Plan (DCP), your normal monthly contribution will not be withheld from your termination paycheck unless you request it. At termination you may request up to the maximum allowable amount to be withheld and placed into your DCP from your terminal leave amount. The amount of

terminal leave allowed to be deferred will depend on your particular situation. Terminal leave deferral **must** be set up in the **month before actual termination takes place**.

You are eligible to receive payment of your Deferred Compensation Plan (DCP) account after you terminate. You are not required to complete a DCP benefit payment election form unless you wish to receive payment.

If you do not want to receive payment of your DCP account, you **may** defer payment to April 1 of the calendar year following the year you attain age 70½.

To receive the payment option of your choice, you **must** complete a DCP *Benefit Payment Election* form (DCP001).

The DCP is required to withhold 20% for federal income tax on:

- (1) lump-sum payments paid directly to participants,
- (2) monthly payments for the five-year certain annuity option, and
- (3) periodic payments with a term of less than ten years.

The 20% withholding **does not** apply to DCP lump-sum payments **transferred directly**, through a plan-to-plan transfer, into a qualified plan. **You cannot transfer DCP money to a ROTH IRA.**

When your termination date is verified, important information about payments and taxes will be mailed to you along with a DCP *Benefit Payment Election* form (DCP001). You may also find the form and instructions on the division's website. If you have questions, contact the Deferred Compensation Plan at (907) 465-4433.

Medical Coverage

Medical coverage and participation in the Health Flexible Spending Account (HFSA) ends on the last day of the month in which you terminate (or are last in pay status, whichever is earlier). You may submit claims for services incurred prior to coverage termination.

Information about continuing health coverage, the plans and premiums are available from your human resources office, or online at www.state.ak.us/drb.

If you are covered by the AlaskaCare plan at the time of your termination, you may **purchase** health and HFSA coverage after you terminate employment. You are eligible to continue the same or less coverage you had at the time of termination.

If you are covered by a Union Trust Health Plan at the time of your termination, contact your union health trust for information regarding health care coverage.

Life Insurance

Life insurance ends on the last day of the month in which you terminate (or are last in pay status, whichever is earlier). If you wish to continue your life insurance coverage after retirement, you must apply for it on your application for retirement benefits before you are appointed a retirement benefit.

You may convert your Optional, Select or SBS Life Insurance coverage to a private policy with the life insurance carrier. Coverage will be a whole life policy and the premiums will be substantially different from the rate you are currently paying.

To convert to a private policy, you **must** complete a conversion form and pay the required premiums. Your conversion form must be received by the life insurance carrier within 31 days of the date your life insurance terminates.

Contact the Insurance Benefits Section at (907) 465-8600 for the required forms and premiums.

Beneficiary Designations

Please review your beneficiary designations periodically and make any necessary changes. Many people forget to update their designations when they marry, divorce, their spouse dies, or a beneficiary's address changes. Contact the Division of Retirement and Benefits if you need to change your designations for the:

- ◆ Public Employees' Retirement System (PERS)
- ◆ Alaska Supplemental Annuity Plan (SBS-AP)
- ◆ Alaska Deferred Compensation Plan (DCP)

A separate designation form is required for each benefit.

Beneficiary designations on file at the time of death determine the payout, *not your will.*

Forms are available on the division's website or from your Human Resources Office. ***It is important to keep your beneficiary designations and beneficiary addresses up to date.***

Forms Reminder

You may be required to complete (or provide) the following forms when you leave state employment:

Refund Election form (GEN008)

To receive a refund of your PERS contributions, you ***must*** complete and submit this form to the division. It will take about 70 days to issue the refund check. You must be terminated for at least 60 days and it takes an additional 10 days to complete the refund process.

SBS Benefit Payment Election form (02-210)

To receive payment of your SBS-AP account, you **must** complete and return this form to the division. You may elect to receive payment of your annuity account now or defer payment until a later date.

DCP Benefit Payment Election form (DCP001)

To receive payment of your DCP account, you **must** complete and return this form to the division. You may elect to receive payment of your account now or defer payment until a later date.

Health Continuation Enrollment

If you are covered by the state health plan and wish to purchase continued health and HFSA coverage, your enrollment form must be received by the claim administrator within 60 days of your termination.

Life Conversion Application

To convert your Optional, Select or SBS Life Insurance coverage to a private policy, your form must be received by the life insurance carrier within 31 days of the date your life insurance terminates.

Evidence of Birth Date form (02-823)

You must provide proof of your birth date if you are selecting a single-life or joint and survivor annuity under the SBS-AP or DCP. Proof of your spouse's birth date (form 02-823a) is also required if you select a joint and survivor annuity.

Divorce or Dissolution of Marriage

If you were married while working in any PERS-covered position and have subsequently divorced, you will need to submit court-certified copies of your decree or property settlement if you are electing a refund of contributions.

Address Changes

Prior to leaving State service, contact your Human Resources Office to change your address in the state payroll system.

After you terminate, if you have money in PERS, Deferred Compensation Plan (DCP), or Supplemental Annuity Plan (SBS-AP), you must notify **each** plan to change your address. You may change your address by sending written, signed requests with your Retirement Identification number (RIN) or your Social Security number to the division's Juneau office.

Always keep your address current so you will receive important information regarding your benefits.

Writing the Division

Print your full name, address, and telephone number on your letter. Be sure to include your Retirement Identification number (RIN) or your Social Security number and sign and date any request for information or action.

**Department of Administration
Division of Retirement and Benefits**

P.O. Box 110203
Juneau, AK 99811-0203

Calling the Division

When calling the Division, please tell the receptionist why you are calling and have your Retirement Identification Number (RIN) or your Social Security number ready. You will be transferred to the appropriate section.

In Juneau (907) 465-4460 FAX (907) 465-3086
Outside Juneau: Toll-free 1-800-821-2251

TDD for the hearing impaired (907) 465-2805

	Phone	FAX
Pre-retirement Services	(907) 465-5700	(907) 465-3086
Retirement Processing	(907) 465-1477	(907) 465-3086
Pension Adjustments	(907) 465-1400	(907) 465-3086
Insurance Benefits	(907) 465-8600	(907) 465-4668
Deferred Compensation	(907) 465-4433	(907) 465- 2341
Retiree Payroll	(907) 465-1447	(907) 465-3363
SBS Annuity	(907) 465-1600	(907) 465-2341
Refund Services	(907) 465-1444	(907) 465-3291
Indebtedness	(907) 465-1444	(907) 465-3291

Visiting the Division

If you are planning to visit the Division, please call ahead for an appointment. This saves valuable time and allows us to review your records and prepare for your visit.

The office is open Monday through Friday between 8 am and 5 pm, with limited staff working in Juneau during the noon hour and from 4:30 to 5 pm.

Main Office Location

6th Floor of the State Office Building
333 Willoughby Avenue, Juneau

Anchorage Field Office (**By Appointment Only**)
550 West 7th, Ste 1690, Anchorage

Retirement & Benefits Online

Our website, www.state.ak.us/drbs contains information about your retirement benefits, medical coverage, insurance benefits, Alaska Supplemental Annuity Plan, Alaska Deferred Compensation Plan, retiree check mailing dates, email contacts, forms, and much more.

E-mail Contacts

Accounting Section

accountingsection@admin.state.ak.us

Benefits Attachment Unit

qdro@admin.state.ak.us

Death Benefit Unit

survivorbenefits@admin.state.ak.us

Deferred Compensation Plan

dcp@admin.state.ak.us

Dependent Care Reimbursement Account

dcra@admin.state.ak.us

Disability/Appeals Unit

disability@admin.state.ak.us

Insurance Benefits Section

benefits@admin.state.ak.us

Pension Adjustments Unit

pensionadjustments@admin.state.ak.us

Pre-Retirement Services Unit

preretirementservices@admin.state.ak.us

Retiree Payroll Section

retireepayroll@admin.state.ak.us

Retirement Processing Unit

retirementprocessing@admin.state.ak.us

Supplemental Annuity Plan

sbs@admin.state.ak.us

Checklist Reminder

Be sure to check the status of your:

- PERS Contributions
- Alaska Deferred Compensation Plan
- Alaska Supplemental Annuity Plan
- Indebtedness
- Life Insurance
- Medical Insurance
- Beneficiaries
- Address Changes
- Required Forms
- Option to convert to Defined Contribution Retirement Plan (nonvested members only)

