

Am I eligible?

Hello, and welcome to the OPERS On-Line Pre-Retirement Seminar.

This particular section of the Seminar deals with retirement eligibility. I'll explain how you reach eligibility for normal retirement and early retirement and also how we calculate benefits using our basic OPERS retirement formula. This information is for our regular state and local government employees.

Probably the most frequent question we receive at OPERS is when I can retire. First, I will explain how you retire under normal or full retirement and then I will explain early retirement. In order to be eligible for normal retirement, you must reach one of these milestones.

First, if you are age 62 and you have 6 years of full-time, equivalent employment (or FTE) with a participating employer, you can retire. Though the OPERS standard vesting period is 7 years and 6 months, if you are age 62 with 6 years of FTE and work all the way up to your retirement date, you can retire at that point. However, if you have only 6 years and you stop working before age 62, you cannot retire when you reach that age. It's important to understand the distinction. You can visit the page on our website that explains vesting for more information.

Next, if you initially became a member of OPERS before July 1, 1992, you can retire under full or normal retirement when you have 80 points. 80 points means your age, plus your years of service, equal 80 or more. If you are age 50 with 30 years of service, you have 80 points. Also, if you are age 53, with 27 years of service, you have 80 points.

Next, if you initially became a member on or after July 1, 1992, you can retire under 90 points. This means that your age and service have to equal 90 or more. So, in order to reach normal or full retirement eligibility, you have to either be age 62 with 6 years of full-time-equivalent employment, or have 80 points if you joined before July 1, 1992. It's 90 points if you joined after July 1, 1992.

Now, let's talk about early retirement. If you are not eligible for full or normal retirement, maybe you can still retire under early retirement provisions. To retire early you have to be at least age 55 and you have to have at least 10 years of participating service. If you retire early, you will receive reduced benefits. The closer you are to age 62 the less of a reduction you are going to take in early retirement. For example, if you retire at age 59 with 10 years of service, you are going to draw 80% of what you would have drawn had you been age 62. Remember, if you are age 55 with 25 years of service, that is 80 points, so there would be no reduction. Early retirement is specifically for people who don't meet the normal retirement provisions.

Let's move on to the OPERS benefit formula. Once you become eligible to retire, OPERS will calculate your benefits based on a standard formula. This formula consists of several factors.

First, we are going to arrive at your final average salary. This number is an average of your top 3 salaries out of the last 10 years. For those of you who are State employees, this will include your top 3 longevity payments.

Next, we calculate your service credit. This number is always a whole number even if you have partial years of service, OPERS rounds service credit. So if you have a certain number of years of service, plus 6 months or more, we will round up to the next year. If you have a certain number of years with 5 months or less, we round down. So, for example, if you have 20 years and 6 months of service, we will use 21 in our service credit portion of the formula.

Next, we multiply this by 2%. If you are using your calculator, make sure you push .02 when trying to calculate this. Take your final average salary, times your service credit, times 2%. This will give your lifetime maximum annual benefit. In order to find out your monthly benefit, simply divide by 12. Remember this formula will give you your gross monthly benefit.

Let's look at an example. Let's say your final average salary retirement is \$40,000. Let's also say that you have 23 years of service. If we take \$40,000, times 23 years of service, multiply that times 2%, it will give us an annual benefit of \$18,400. When we divide by 12, the gross monthly benefit is \$1,533.33.

Thank you for watching this portion of our Pre-Retirement seminar. We encourage you to see the other seminar videos as well as you prepare for retirement with OPERS.