

# Don't be Puzzled by Retirement

**Pre-Retirement Seminar**

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

“

*If at first you don't succeed...so much for skydiving.*

”

—Henny Youngman

This classic one-liner by comedian Henny Youngman perfectly encapsulates how many of us approach major decisions in life. Too often, we do not spend the time and thought on those things that have a real impact on how we live our lives – like retirement. It's not that we are intentionally reckless in our attitude. It is usually a matter of not knowing the right questions to ask.

At OPERS, we have designed this Pre-Retirement Seminar to help take the guesswork out of the retirement decision-making process. We are not here to provide advice on how and when you should take your retirement from public service in Oklahoma. But, we are here to help answer your questions regarding a wide variety of issues that impact the decisions you will make as you enter this new and rewarding chapter in your life. *Don't be puzzled by retirement.*

Pre-Retirement Seminar topics include Eligibility, Options, Benefits, Insurance, Taxes, SoonerSave, Returning to Work, Social Security, and Death Benefits.

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**Oklahoma City, OK 73152-3007**  
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**[www.opers.ok.gov](http://www.opers.ok.gov)**



## Pre-Retirement Seminar

Presented by the

**Oklahoma Public Employees Retirement System**  
**PO Box 53007**  
**Oklahoma City, OK 73152-3007**

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This booklet is intended only as a summary of the main features of the Oklahoma Public Employees Retirement System and is prepared only for Pre-Retirement Seminar participants. The official text governing the operation of the Oklahoma Public Employees Retirement System is found at 74 O.S.2001 §901 et. seq., as amended, and Title 590 of the Oklahoma Administrative Code. The Oklahoma Public Employees Retirement System reserves the right to correct any errors contained herein to comply with federal or state statutes, rules, and regulations governing the Plan. Any information contained in this booklet referring to federal or state tax regulations is not intended to be tax advice. All readers of this material are encouraged to consult a professional tax advisor before receiving any distribution from the plans mentioned in this booklet.

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## About This Seminar

This seminar is designed to provide helpful information to members of the Oklahoma Public Employees Retirement System (OPERS) who are about to retire. Seminar participants have the opportunity to receive important information about the following topics:

**Eligibility for retirement benefits**  
**Benefit types**  
**Returning to work after retirement**  
**SoonerSave/Deferred Compensation**

**Insurance\***  
**Taxes**  
**Death benefits**  
**Medicare Gap**

\*All insurance information is provided courtesy of the Employees Group Insurance Division (EGID). Insurance information and/or personnel may not be available at all OPERS seminars, but EGID provides their own insurance seminars. For more information, please call EGID at 1-800-752-9475 or visit [www.ok.gov/sib](http://www.ok.gov/sib).

If your employer uses a health plan apart from EGID, see your insurance coordinator.

## About OPERS

### Defined Benefit Plan

The Oklahoma Public Employees Retirement System (OPERS) administers retirement plans for several different types of state and local government employees. In the OPERS defined benefit plan, members include state and local government employees, state and county elected officials, and state hazardous duty employees. OPERS provides a lifetime retirement benefit when you meet certain eligibility requirements.

Except for elected officials, membership is a mandatory condition of employment. You participate by contributing a certain percentage of your salary to OPERS each month. Likewise, your employer also contributes on your behalf. The benefit you will receive is determined by a formula consisting of your salary and years of credited service. The contributions paid by both you and your employer are invested by OPERS, under the direction of the Board of Trustees, to make the benefit promise a reality for all present and future members.

## Defined Contribution Plan

OPERS also administers a defined contribution retirement plan — known as **SoonerSave**. SoonerSave is comprised of two plans, the Deferred Compensation Plan and the Deferred Savings Incentive Plan. These plans allow participants to invest additional money to supplement the income they will receive from the Defined Benefit Plan during retirement. In a defined contribution plan, no specific benefit is promised to a plan participant. The participant is primarily responsible for making contributions and managing those assets to produce a source of income available at retirement. Only state employees are eligible to participate in SoonerSave. See page 19 for more information about SoonerSave.

## Financial Information

An OPERS Comprehensive Annual Financial Report (CAFR) is published each year and available to those who would like more detailed financial information about the retirement system. Visit our website at [www.opers.ok.gov/publications](http://www.opers.ok.gov/publications) to view the CAFR online.

## When You May Retire

The requirements most OPERS members must meet to be eligible for normal or early retirement are described below. Please note in all situations, termination of employment is required to receive any benefit. If you are an elected official or hazardous duty member, other requirements or provisions will apply (see page 4).

### Normal Retirement

#### ***At age 62 . . .***

You can begin receiving a monthly retirement benefit on the first day of the month coinciding with or following your 62<sup>nd</sup> birthday. However, if you began membership on or after January 1, 1983, you must have at least six full years of full-time equivalent employment\* with a participating employer.

#### ***With 80/90 points . . .***

If you initially became a member of OPERS before July 1, 1992, you can begin receiving a monthly retirement benefit on the first day of the month coinciding with the date on which your age plus years of service equal 80. If you became a member on or after July 1, 1992, you can begin receiving a monthly retirement benefit when your age plus years of service equal 90. In either case, you must have completed at least six full years of full-time equivalent employment\* to receive a retirement benefit.

<b>Normal Retirement</b>
Age <b>62</b> with 6 years of service or <b>80/90</b> points
<b>Early Retirement</b>
Ages <b>55</b> to <b>62</b> with <b>10</b> years of service

\*Full-time equivalent employment refers to a member's employment and participation with a participating employer of the Oklahoma Public Employees Retirement System. A member obtains full-time equivalent employment in two ways: working for a participating employer, and/or making certain types of purchases of OPERS service credit for past work with a participating employer.

Early Retirement Reduction Factors	
AGE	PERCENTAGE
61	93.33%
60	86.67%
59	80.00%
58	73.33%
57	66.67%
56	63.33%
55	60.00%

## Early Retirement

You can begin receiving a reduced monthly retirement benefit at age 55 or any subsequent month up to age 62, provided you have at least 10 years (9 years and 6 months) of participating service.

## Hazardous Duty Employees

Certain employees of the Department of Corrections and the Oklahoma Military Department have different eligibility requirements.

The requirements described (in right margin) apply to the following job classifications\*:

- Correctional Security Officer - I10A, I10B, I10C, I10D
- Correctional Security Manager - I11A, I11B
- Correctional Chief of Security - I12A, I12B, I12C
- Probation & Parole Officer - I40A, I40B, I40C, I40D
- Fugitive Apprehension Agent - I17A, I17B, I17C
- Oklahoma Military Dept. Firefighter

The Department of Corrections job classifications listed above may have changed. Contact DOC for the most current job classifications.

For more information regarding eligibility requirements for normal or early retirement, contact OPERS.

## Elected Officials

Elected officials employed on or after January 1, 1983, must have six or more years of full-time equivalent employment with a participating employer to be eligible to retire under any of the eligibility requirements for normal or early retirement.

**Note:** The benefit formula for hazardous duty employees and elected officials is different than for regular state and local government employees. For additional information about retirement and benefit calculation for hazardous duty employees and elected officials, consult their versions of the Member Handbook.

\*DOC employees with at least 5 years of service as a hazardous duty employee who change to another position in DOC after June 30, 2004, are required by law to continue participating as a hazardous duty member.

## Hazardous Duty Eligibility

### Normal Retirement

Age **62**

*or*

**20** years as a hazardous duty member\*

*or*

**80/90** points

### Early Retirement

Ages **55** to **62** with **10** years of service

(See Hazardous Duty Member Handbook for details)

## Elected Officials Eligibility

### Normal Retirement

Age **60** with **6** years of elected service

*or*

**80** points

### Early Retirement

Ages **55** to **60** with **10** years of service

(See Elected Officials Handbook for details)

# Calculating Your Retirement Benefit

Your gross annual retirement benefit is calculated by multiplying your:

- **Final Average Salary** – The average of your compensation during your highest three years out of the last 10 years of participating service prior to retirement (including highest three longevity payments).
- **Total Service Credit** – The years and full months you have participated in OPERS, including any purchased service, prior service, bonus years, and months of unused sick leave (six months maximum). Total service is rounded up or down to the nearest full year.
- **Computation Factor** - 2% is the computation factor for most members. It is different for elected officials and hazardous duty employees. Also, if a member has elected to participate in the 2.5% Step-Up Program, he/she will have applicable full years calculated at 2.5% instead of 2%. For more information about the 2.5% Step-Up, ask your Retirement Coordinator or OPERS for a brochure.

## Unused Sick Leave

Hours of Unused Sick Leave	Months of OPERS Service Credit
0-159	0
160-319	1
320-479	2
480-639	3
640-799	4
800-959	5
960 (maximum)	6

Unused sick leave can be added to a member's service credit at retirement. OPERS cannot accept more than 960 hours of unused sick leave. If the addition causes the total credited service to equal or exceed a fractional year of six months, service is rounded up to the next higher year and the member gains one year of service credit.

Examples of how unused sick leave may affect your service credit are provided below.

**Note:** OPERS rounds up only total accumulated service credit.

### When it adds a year:

21 Years	0 Months	Service Credit
+	6 Months	Unused Sick Leave
<hr/>		
21 Years	6 Months	Total Service
<hr/>		
<b>22 Years</b>		<b>Total Service Credit</b>

### When it does not add a year:

21 Years	9 Months	Service Credit
+	6 Months	Unused Sick Leave
<hr/>		
22 Years	3 Months	Total Service
<hr/>		
<b>22 Years</b>		<b>Total Service Credit</b>

# Benefit Types

You may choose between one of four retirement benefit options described below. *No changes in the type of benefit or the joint annuitant may be made on or after the effective retirement date. However, if your joint annuitant under Options A or B dies before you do, you will begin receiving benefits under the Maximum Benefit option.*

## Maximum: Single-Life Annuity

If you are married, your spouse must consent to your choice of the Maximum Benefit. Under this option, you will receive the largest possible benefit based upon the benefit formula. The benefit is paid monthly for your lifetime and ceases the last day of the month in which you pass away. No further monthly benefits are paid. This is different for elected officials.

## Option A: One-Half Joint and Survivor Annuity

Under this option, you will receive a reduced retirement benefit for life (see reduction factor chart on page 7). After your death, **one-half** of the reduced retirement benefit will be paid to your surviving joint annuitant for his or her lifetime. Your joint annuitant must be a specific person (not a trust, charity, etc.).

### Married Members

You must retire under Option A if you are married at retirement, unless your spouse consents to you choosing a different option. Your spouse's consent is also required if you choose someone other than your spouse as your annuitant.

## Option B: 100% Joint and Survivor Annuity

If you are married, your spouse must consent to your choice of Option B. Under this option, you will receive a reduced retirement benefit for life (see reduction factor chart on page 7). After your death, **the same** reduced retirement benefit will be paid to your surviving joint annuitant for his or her lifetime. Your joint annuitant must be a specific person (not a trust, charity, etc.).

## Option C: Single Life Annuity with a 10 Year Certain Period

Under this option, you will receive a reduced retirement benefit for life. If you die within the first 10 years of benefit payments, payments will then be made to your beneficiary for the balance of the 10 year period. Your beneficiary does not have to be a specific person, and may be changed at any time.

## Reduction Factors for Retirement Option A

Expressed as a percentage of the Maximum Benefit

		Age Difference between Member and Joint Annuitant										
		← YOUNGER					→ OLDER					
		5 yrs	4 yrs	3 yrs	2 yrs	1 yr	0	1 yr	2 yrs	3yrs	4 yrs	5 yrs
Member's Age at Retirement	50	96.14%	96.26%	96.38%	96.50%	96.62%	96.74%	96.87%	96.99%	97.11%	97.23%	97.34%
	55	94.70%	94.87%	95.04%	95.21%	95.38%	95.55%	95.72%	95.89%	96.06%	96.23%	96.39%
	60	92.81%	93.04%	93.28%	93.52%	93.75%	93.99%	94.22%	94.46%	94.69%	94.92%	95.14%
	61	92.37%	92.62%	92.87%	93.12%	93.38%	93.63%	93.88%	94.13%	94.37%	94.62%	94.86%
	62	91.92%	92.18%	92.45%	92.72%	92.99%	93.26%	93.52%	93.79%	94.05%	94.31%	94.56%
	63	91.45%	91.73%	92.02%	92.30%	92.59%	92.88%	93.16%	93.44%	93.72%	93.99%	94.27%
	64	90.97%	91.27%	91.57%	91.88%	92.18%	92.49%	92.79%	93.09%	93.39%	93.68%	93.97%
	65	90.47%	90.79%	91.11%	91.44%	91.76%	92.09%	92.41%	92.73%	93.04%	93.35%	93.66%
	70	87.72%	88.16%	88.60%	89.04%	89.48%	89.92%	90.36%	90.80%	91.22%	91.65%	92.06%

## Reduction Factors for Retirement Option B

Expressed as a percentage of the Maximum Benefit

		Age Difference between Member and Joint Annuitant										
		← YOUNGER					→ OLDER					
		5 yrs	4 yrs	3 yrs	2 yrs	1 yr	0	1 yr	2 yrs	3yrs	4 yrs	5 yrs
Member's Age at Retirement	50	92.56%	92.78%	93.01%	93.24%	93.47%	93.69%	93.92%	94.15%	94.38%	94.60%	94.83%
	55	89.93%	90.24%	90.55%	90.86%	91.17%	91.48%	91.80%	92.11%	92.42%	92.73%	93.03%
	60	86.58%	86.99%	87.40%	87.82%	88.24%	88.66%	89.08%	89.50%	89.91%	90.32%	90.73%
	61	85.82%	86.26%	86.69%	87.13%	87.58%	88.02%	88.46%	88.91%	89.35%	89.78%	90.21%
	62	85.04%	85.50%	85.96%	86.43%	86.90%	87.37%	87.84%	88.30%	88.77%	89.23%	89.69%
	63	84.24%	84.73%	85.22%	85.71%	86.20%	86.70%	87.19%	87.69%	88.18%	88.67%	89.15%
	64	83.43%	83.94%	84.46%	84.98%	85.50%	86.02%	86.55%	87.07%	87.59%	88.11%	88.62%
	65	82.60%	83.14%	83.68%	84.23%	84.78%	85.33%	85.89%	86.44%	86.99%	87.54%	88.03%
	70	78.13%	78.83%	79.54%	80.25%	80.97%	81.69%	82.42%	83.14%	83.86%	84.58%	85.29%

The reduction factors for Option A and B are based on the age of the retiree and the joint annuitant. The reduction factors shown above represent the most common retiree and joint annuitant ages. For ages not listed, contact OPERS.

## Reduction Factors for Retirement Option C

Expressed as a percentage of the Maximum Benefit

AGE	55	56	57	58	59	60	61	62
FACTOR	.9894	.9878	.9860	.9838	.9814	.9786	.9455	.9720
AGE	63	64	65	66	67	68	69	70
FACTOR	.9681	.9639	.9592	.9540	.9484	.9421	.9349	.9268

The reduction factors for Option C are based on the age of the retiree only. For ages not listed, see the OPERS Member Handbook.

## What's the Difference?

### **Joint Annuitant:**

Person designated to receive a lifetime benefit under Option A or B after a member's death. The joint annuitant must be a specific person, and cannot be changed after retirement.

### **Beneficiary:**

Designated to receive:

- Accumulated contributions
- Death benefit
- Retirement benefit under Option C

The beneficiary is not required to be a specific person and can be changed at any time.

### **Specific Person:**

An individual human being. This term does not include a corporation, partnership, trust, charity, organization, or any other non-living entity.

**Note:** All reduction factor tables are based upon the analysis and experience of the Oklahoma Public Employees Retirement System and prepared by an actuary.

## Retirement Notice and Application

Your completed *Retirement Notice & Application* must be received by OPERS at least 60 days prior to your effective retirement date. You can obtain a *Retirement Notice & Application* from the Retirement Coordinator in your organization. OPERS recommends you meet with your Retirement Coordinator at least 90 days prior to your retirement date. You can find a listing of each agency's main retirement coordinator at [www.opers.ok.gov/coordinator-listing](http://www.opers.ok.gov/coordinator-listing) or by calling OPERS at (800) 733-9008.

There are different versions of the *Retirement Notice and Application* for different types of members:

- State and Local Government Employees
- Hazardous Duty Employees
- Elected Officials
- Disability Retirement

The following is a step-by-step explanation of the form. An example of a form filled out by a state employee choosing the Maximum Benefit is provided for your reference on pages 11-12.

### **Which Form?**

Hazardous duty employees and elected officials have different versions of the *Retirement Notice and Application*. Please be sure to obtain and complete the correct form.

### **Part 1 – Retirement Date**

Each form requires the member to choose the month and year of their desired retirement date. Write your requested retirement month and year (for example, July 2015) in the boxes provided. (Note: All retirement dates are as of the first day of a month.)

**Part 2 – Member Information**

1. Print your complete name.
2. Provide your Social Security number.
3. Print your mailing address.
4. Provide your home telephone number.
5. Provide your daytime telephone number.
6. Provide your complete date of birth. If you have not previously furnished proof of birth date, it will be necessary to do so.
7. Indicate your current marital status (married, married but separated, never married, divorced, or widowed).

**Part 3 – Type of Retirement**

Indicate how you are eligible to receive retirement benefits. Your selection (Normal or Early) cannot be changed on or after your effective retirement date. However, under certain conditions you may change from Early to Disability retirement after your retirement date.

See pages 3-4 for eligibility requirements.

**Part 4 – Type of Benefit**

Please mark your choice of retirement benefit type and mark the same selection in Part 5. If choosing Option A, B or C, provide the information for the joint annuitant or beneficiary.

**Part 5 – Spouse Consent**

You can skip Part 5 if:

- You are not married at retirement; *or,*
- You are married at retirement and you are designating your spouse as your joint annuitant under Option A.

Complete Part 5 under all other circumstances.

Please indicate your selection of the type of retirement benefit in the box. Mark the same selection in Part 4.

Your spouse must sign and date Part 5.

**Part 6 – Insurance Authorization**

Sign and date Part 6 to allow OPERS to deduct the premium for insurance coverage retained with the Employees Group Insurance Division (EGID). **However, signing Part 6 does not enroll you for insurance coverage.** Contact EGID or your insurance company for more information regarding the retention of insurance.

<b>EGID</b>
3545 N.W. 58 <sup>th</sup> St., Ste. 110 Oklahoma City, OK 73112 Phone: (405) 717-8747 Toll-Free: 1-800-752-9475  <a href="http://www.ok.gov/sib">www.ok.gov/sib</a>

**Part 7 – Member Verification**

You must sign and date Part 7 indicating the application has been completed in accordance with your wishes.

**Part 8 – Retirement Coordinator Verification**

Your Retirement Coordinator must complete Part 8 and indicate your last date physically on the job, your last date on the regular payroll, and your estimated amount of unused sick leave. Do not send the form to OPERS without this signature.

You can find a listing of each agency’s main retirement coordinator by calling OPERS at (800) 733-9008 or by visiting us at [www.opers.ok.gov/coordinator-listing](http://www.opers.ok.gov/coordinator-listing).

<b>Important</b>
<p>OPERS requires you submit your <i>Retirement Notice and Application</i> (Form 117) at least 60 days prior to your retirement date. If you miss this deadline, you may submit a waiver request to the Executive Director of OPERS, who can grant a waiver “for good cause shown” as defined by the OPERS Board of Trustees. “Good Cause” is generally shown in cases of:</p> <ul style="list-style-type: none"> <li>• Unforeseen hardship;</li> <li>• Reduction-in-force/lay-off; or,</li> <li>• Error or delay on the part of the employer.</li> </ul>

<b>Deadlines for Retirement Notice and Application</b>		
<i>All retirement dates are as of the first day of the month</i>		
<b>Retirement Date:</b>	<b>Notice Deadlines:</b>	<b>Payment Date:</b>
January 1, 2015	November 3, 2014	February 27, 2015
February 1, 2015	December 3, 2014	March 31, 2015
March 1, 2015	December 31, 2014	April 30, 2015
April 1, 2015	February 2, 2015	May 29, 2015
May 1, 2015	March 2, 2015	June 30, 2015
June 1, 2015	April 2, 2015	July 31, 2015
July 1, 2015	May 4, 2015	August 31, 2015
August 1, 2015	June 2, 2015	September 30, 2015
September 1, 2015	July 6, 2015	October 30, 2015
October 1, 2015	August 3, 2015	November 30, 2015
November 1, 2015	September 2, 2015	December 31, 2015
December 1, 2015	October 2, 2015	January 29, 2016
<p>You may also view these dates at:  <a href="http://www.opers.ok.gov/dates-and-deadlines">www.opers.ok.gov/dates-and-deadlines</a></p>		



Please provide member's name and Social Security number below.

Member name (First, Middle, Last) Sue B. Smith	Social Security number 123-45-6789
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**Part 5 – Spouse Consent** (Select only one. Mark the same selection in Part 4.)

I am the spouse of the member identified in Part 2 of this form. I understand that I have the statutory right to survivor's benefits in the form of Option A. I consent to the selection of the type of benefit checked in the box at the right. I understand that this type of benefit cannot be changed on or after the member's effective retirement date. I understand that a person named as joint annuitant or beneficiary in Part 4 will be eligible to receive a monthly benefit in the event of my spouse's death. I further understand that if I am not named as joint annuitant or beneficiary in Part 4, I am waiving my right to receive a monthly survivor benefit. I am signing this agreement voluntarily.

<input checked="" type="checkbox"/>	Maximum
<input type="checkbox"/>	Option A
<input type="checkbox"/>	Option B
<input type="checkbox"/>	Option C

Spouse's name (First, Middle, Last) Mr. Ms. Mike E. Smith	Daytime phone 405-555-1313	Social Security number 987-65-4321
Mailing address 300 Clubhouse Drive	City Edmond	State OK
		Zip code+4 73000-1749
Signature of member's spouse <i>Mike E. Smith</i>	Date 4/17/2015	

**Part 6 – Insurance Authorization**

I authorize the Oklahoma Public Employees Retirement System to deduct from my retirement benefits the premium for the insurance I have retained with the Oklahoma State & Education Employees Group Insurance Board. (Signing does NOT enroll you – contact OSEEGIB to enroll.)

Member's signature <i>Sue B. Smith</i>	Date 4/17/2015
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**Part 7 – Signatures**

I certify that all information provided on this application is true and correct to the best of my knowledge. I understand that the type of retirement I selected in Part 3 and the type of benefit I selected in Part 4 cannot be changed on or after my effective retirement date.

Member's signature <i>Sue B. Smith</i>	Date 4/17/2015
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**Part 8 – Retirement Coordinator Verification**

If you previously completed and submitted an *Application for Vested Benefits* with OPERS, this section will not need to be completed.

I certify that the above member is an employee of a participating OPERS employer. I also certify that the information at right is true and correct to the best of my knowledge.  <i>Mark D. Williams</i> Retirement Coordinator Department of Health Agency	Date 4/17/2015	Member's last date physically on the job 6/30/2015
	Date 0340	Member's last date on payroll 6/30/2015
	Agency #	Estimated sick leave hours as of the last day on payroll 960 Hours
		Retirement Coordinator telephone number 405-555-5555

OPERS use only:

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# What Happens After I Submit My Notice?

Retirement Timeline	
<b>At least 60 days Before (A)</b>	Submit your <i>Retirement Notice and Application</i> to OPERS. Submitting your <i>Retirement Notice and Application</i> begins the retirement process.
<b>45 days before (B)</b>	<p>Approximately <b>45 days</b> before your retirement date, OPERS will send you a <i>Direct Deposit Authorization</i> form and a <i>Beneficiary Designation</i> form for the \$5,000 Death Benefit.</p> <p>You will also receive an Acknowledgment Letter requesting the documents required to complete your retirement. The following is a list of the primary documents OPERS may need to complete your application:</p> <ul style="list-style-type: none"> <li>• Birth Certificate* (you and your joint annuitant)</li> <li>• Marriage License</li> <li>• Divorce Decree</li> <li>• Spouse Death Certificate</li> </ul> <p>If you do not provide these documents by the specified due date, the payment of your retirement benefits will be delayed until the end of the following month. Legible copies of these documents are acceptable.</p> <p>NOTE: Documents will not be returned.</p> <p><i>*Other acceptable documents may be used to prove birth. Please contact OPERS for more information.</i></p>
<b>15 days before (C)</b>	<p>Approximately <b>15 days</b> before your retirement date, OPERS will send you a <i>Preliminary Benefit Statement</i>, which will provide the following information:</p> <ol style="list-style-type: none"> <li>1. An accounting of your service credit;</li> <li>2. An estimate of your gross monthly benefit; and,</li> <li>3. The date your first <b>two</b> benefit payments will be issued.</li> </ol> <p>You also will receive information about the Medicare Gap Benefit option, returning to work after retirement, a <i>Benefit Recipient's Withholding Preference Certificate</i> form to authorize federal and state income taxes to be withheld, and tax charts.</p>
<b>Retirement Date (D)</b>	OPERS will process your retirement benefit according to your wishes. If more information is needed, you will be notified.

<b>55 days after (E)</b>	<p>Approximately <b>55 days</b> after your chosen retirement date, OPERS will send you a final letter just before your first two months of benefit payments are issued stating the following:</p> <ol style="list-style-type: none"> <li>1. A final statement of your benefits (gross amount, withholding for insurance, federal and state income tax and net amount); and,</li> <li>2. A statement showing the total contributions (both after tax and pre-tax) you have paid into OPERS.</li> </ol>
<b>60 days after (F)</b>	OPERS will issue your first <b>two</b> retirement payments to you.

### Retirement Timeline Example

SUN	MON	TUE	WED	THU	FRI	SAT
<b>MAY 2015</b>					A <sup>1</sup>	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

SUN	MON	TUE	WED	THU	FRI	SAT
<b>JUNE 2015</b>						
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

SUN	MON	TUE	WED	THU	FRI	SAT
<b>JULY 2015</b>						
			D <sup>1</sup>	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

SUN	MON	TUE	WED	THU	FRI	SAT
<b>AUGUST 2015</b>						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

# Taxation of Retirement Benefits

Retirement benefits from OPERS are considered income for Oklahoma and federal income tax purposes. Under current tax provisions, \$10,000 of your OPERS retirement benefits may be excluded from your Oklahoma state income tax each year if you are an Oklahoma resident.

OPERS will send you a form called a *Benefit Recipient's Withholding Preference Certificate*, which is used to withhold state and federal taxes from each monthly benefit payment. You may change your tax withholding amounts at any time.

Get Tax Advice
<p>The tax information provided here is a general description of tax liability for OPERS retirees. Your tax liability may differ. OPERS encourages you to consult a competent tax advisor about your tax liability.</p>

## Form 1099-R

You will receive a Form 1099-R in January of each year. The information contained in the 1099-R should be used in completing your income tax return. OPERS will compute the taxable amount of each retirement benefit each year in accordance with the IRS regulations for the "Safe Harbor Method." The 1099-R will show:

1. Gross amount of your retirement benefits for the previous calendar year;
2. Amount of state and federal income tax withheld from your retirement benefits; and,
3. The federal taxable amount of your retirement benefits for the year.\*

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		1 Gross distribution \$ _____		OMB No. 1545-0119  <b>2014</b>  Form <b>1099-R</b>	<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>
PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code  PAYER'S federal identification number		2a Taxable amount \$ _____		2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>	
RECIPIENT'S name  Street address (including apt. no.)  City or town, state or province, country, and ZIP or foreign postal code		3 Capital gain (included in box 2a) \$ _____		4 Federal income tax withheld \$ _____	
RECIPIENT'S identification number		5 Employee contributions /Designated Roth contributions or insurance premiums \$ _____		6 Net unrealized appreciation in employer's securities \$ _____	
Account number (see instructions)		7 Distribution code(s)    IRA/SEP/SIMPLE <input type="checkbox"/>		8 Other \$ _____ %	
10 Amount allocable to IRR within 5 years \$ _____		9a Your percentage of total distribution % _____ %		9b Total employee contributions \$ _____	
11 1st year of desig. Roth contrib. \$ _____		12 State tax withheld \$ _____		13 State/Payer's state no. _____	
15 Local tax withheld \$ _____		16 Name of locality _____		14 State distribution \$ _____	
17 Local distribution \$ _____					

Form **1099-R**    www.irs.gov/form1099r    Department of the Treasury - Internal Revenue Service

\*After-tax employee contributions can reduce the federal taxable amount. Contact OPERS for more information.

# Returning to Work After Retirement

Some retirees with the Oklahoma Public Employees Retirement System (OPERS) choose to go back to work after retirement. If you return to work **with an employer who participates in OPERS**, you should be aware of certain rules and guidelines, including:

1. Effective July 1, 2008, state law prohibits you, as an OPERS retiree, from returning to work with the **same employer from which you retired** for a period of one year, unless you waive receipt of your OPERS retirement benefits (see page 17).

2. You may return to work with a **different OPERS participating employer** and continue to receive your OPERS benefits after your first full month of retirement.

3. Retiring members and participating OPERS employers may not enter into **pre-retirement employment arrangements** permitting the member to retire and subsequently be rehired on any basis by that same employer. Such an action is a direct violation of the Internal Revenue Service Code and does not constitute an actual retirement.

4. You will be required to complete the *Post-Retirement Employment* form, and you and your employer will commence paying **retirement contributions** on your earnings, regardless of the status of the employment or hours worked.

5. To draw full retirement benefits while working for a participating employer, your benefits are subject to the **earnings limits established by the Social Security Administration** for each calendar year (this applies only to persons who are younger than the Social Security full retirement age).

Social Security Full Eligibility*	
Birth Year	Full Eligibility Age
1941	65+8 months
1942	65+10 months
1943-54	66
1955	66+2 months
1956	66+4 months
1957	66+6 months
1958	66+8 months
1959	66+10 months
1960-later	67

*\*Information is from the Social Security Administration's web site at [www.ssa.gov](http://www.ssa.gov)*

6. A retiree continues to accrue service credit while working for a participating employer, which may increase his or her retirement benefits.

Independent contractors do not participate in OPERS, but before a participating employer hires an OPERS retiree as an independent contractor, they must submit a copy of the contract to OPERS for review. The determination of whether or not an employee is an independent contractor for the purpose of participation in OPERS will be made solely by the Oklahoma Public Employees Retirement System.

If you return to work with a participating OPERS employer, you must choose to either:

- A. Continue receiving benefits, subject to earnings limits; or,
- B. Waive the receipt of benefits while employed.

## Continuation of Retirement Benefits While Working for an OPERS Employer

You may continue to receive benefits while you are working. However, unless you are eligible for full Social Security retirement (see table above), your OPERS benefits will cease when your salary reaches

the allowed earnings limit during that calendar year. Once your salary reaches the allowed earnings limit, your OPERS benefits will not be paid for the rest of that calendar year. Your benefits will resume at the beginning of the next calendar year until your salary reaches the allowed earnings limit for that calendar year or your employment terminates.

2015 Earnings Limits
You will NOT reach your SSA Full Retirement Age in 2015: <b>\$15,720</b>
Up to the point you reach your SSA Full Retirement Age in 2015: <b>\$41,880</b>
Once you reach your SSA Full Retirement Age: <b>No limit</b>
These limits apply for the calendar year 2015 only. The full retirement age will increase each year (see table on page 16)
By state law, the earnings limits for retirees who have returned to work with an OPERS participating employer are linked to the amounts allowable as wages or earnings by the Social Security Administration in any calendar year. The information above is based upon the amounts established by the Social Security Administration for 2015.

Each month you work for a participating OPERS employer and contribute to OPERS, you earn service credit. Every additional year (2,076 hours) of full-time equivalent service earned will increase your benefits. The increase will occur in January of each year if you have earned an additional year as of the end of the previous fiscal year (June 30th). Benefit increases are based upon the compensation earned during the 2,076 hours. The compensation is inserted in the benefit formula with one year of service.

<b>Example</b>	\$24,912
If you earn \$12 an hour for 2,076 hours for a total of \$24,912, your monthly benefit would increase:	.02
	<b>X 1 (year)</b>
	\$498.24
	<b>÷ 12 months</b>
	<b>= \$41.52</b>

**\*Waiver of Retirement Benefits While Working for an OPERS Employer**

You may also stop receiving your OPERS retirement benefits completely while employed with a participating OPERS employer. In such a case, no earnings limits apply and you may retire for a second time, but only after earning the equivalent of 36 consecutive months of full-time service credit. All of your service credit (before and after retirement) will be recomputed based upon the law governing this System at the time of your **second**

retirement. When you retire the second time, you may also re-select a retirement option.

**Note:** The retirement provisions for elected officials do not apply to former elected officials who return to work as regular state or local government members.

If you waive your benefits, but your post retirement employment ends before you earn 36 consecutive months of service credit, you will not receive the waived benefit payments. However, you may apply for your payments to resume and you will receive a benefit increase based on an additional year of service for each 2,076 hours of service credit earned (as with those who do not waive their benefits). You may cancel your waiver of benefits at any time by giving OPERS written notice, but your receipt of benefits will be subject to the annual earnings limit if your employment continues.

**\*IMPORTANT:** If you elected the Medicare Gap Benefit Option upon your initial retirement and return to work for an OPERS participating employer, you may not waive benefits and retire a second time.

# Medicare Gap Benefit Option

The Medicare Gap Benefit Option is an irrevocable election you may make at retirement to **temporarily** increase the amount of your monthly retirement benefit from OPERS if you are under the age of 65. This increase is intended to help pay health insurance premiums until you become eligible for Medicare. However, there will be a permanent decrease in your monthly benefit amount to repay this pre-Medicare increase. ***In some cases, the permanent decrease in the benefit amount will be greater than the temporary initial increase.*** In essence, you are taking a loan against future benefits to fund this temporary increase and you will pay it back in the form of a permanent decrease in benefits upon reaching Medicare eligibility.

During the retirement process each eligible member will receive a customized letter informing them of the Medicare Gap Benefit Option. The letter will list what the inflated amount will be for the year that you are retiring, what your inflated benefit will be before age 65 and what your lifetime decreased benefit will be after age 65. If you wish to elect the Medicare Gap Benefit Option, you will sign this letter and return it to OPERS.

For more information, view the Medicare Gap Benefit Option brochure on the OPERS website at [www.opers.ok.gov/medicare-gap-benefits-option](http://www.opers.ok.gov/medicare-gap-benefits-option).

## Excess Accumulated Contributions

Occasionally, at the death of a retiree, the amount of contributions paid into OPERS is more than the total benefits received in retirement. In such a case, OPERS will provide your designated beneficiary or estate with the excess contributions. A form entitled *Application for Payment of Accumulated Contributions in Excess of Retirement Benefits Paid* will be sent to your beneficiary. This application will show the balance remaining between the total amount of contributions you paid to OPERS and the total amount of retirement benefits you received prior to your death. The signature of your beneficiary must be notarized on the application.

Excess accumulated contributions will not be paid to your beneficiary if he or she is also the joint annuitant (under Option A or B). Joint annuitants will receive a lifetime monthly benefit instead.

## Death Benefit

OPERS will pay \$5,000 to your named beneficiaries or to your estate if there is no living beneficiary. This death benefit will be paid in addition to:

1. Any excess employee contributions provided to your beneficiary;
2. Option A, B, or C payments to your joint annuitant; or
3. Insurance.

OPERS will supply the *Beneficiary's Application for \$5,000 Death Benefit* form to be used in claiming the \$5,000 benefit when OPERS is notified of your death. You must be receiving a retirement benefit during the month of your death for your beneficiary to be eligible to receive the \$5,000 benefit.

The death benefit is subject to taxation. There are a number of distribution options available to the named beneficiary and vary somewhat between spouse and non-spouse beneficiaries. Your beneficiaries will receive more detailed rules before any distribution is paid.

As with all tax matters, OPERS encourages you and your beneficiaries to seek advice from a competent tax advisor regarding your particular tax liability.

<b>Beneficiary Information</b>
<p>Please remember to keep your beneficiary designation current. Particularly if you get married, divorced, or suffer a death in your family. To update your beneficiary, call OPERS and request a <i>Designation of Beneficiary Form for Retired Member Death Benefits</i>. You may also download the form from the OPERS website at <a href="http://www.opers.ok.gov/forms">www.opers.ok.gov/forms</a>.</p> <p>For each beneficiary, you will need:</p> <ul style="list-style-type: none"><li>• Name</li><li>• Address</li><li>• Date of birth</li><li>• Telephone number</li><li>• Social Security number</li></ul>

## SoonerSave

For state employees, another source of retirement income may come from your SoonerSave plan. Participants have two accounts, one for their contributions (Deferred Compensation plan) and one for the State's contribution (Deferred Savings Incentive plan). Retiring SoonerSave participants may withdraw funds from either plan. To receive distribution of these funds, you will need to contact the SoonerSave office and request a distribution packet. The distribution form must be submitted at least 30 days prior to your retirement date, but no distributions will occur until at least 60 days after your retirement date. This packet contains two sets of forms (one for each plan).

You may withdraw funds from these plans in a variety of arrangements, including:

1. Delay distribution until future date (money remains invested)
2. Installment payment (monthly, quarterly, annually, etc.)
3. Lump-sum payment
4. Rollover (limitations and conditions exist)

<b>SoonerSave</b>
<p>Local (405) 858-6737 Toll-Free (800) 733-9008 Keytalk (877) 538-3457 <a href="http://www.soonersave.com">www.soonersave.com</a></p>

Distributions from your SoonerSave accounts are considered income for state and federal taxes.\*

\* You may be subject to an additional 10% tax penalty if money is distributed to you from your 401(a) account before the age of 59 ½. See IRS form 5329 or IRS Publication 575 for more details.

You do not have to withdraw funds from your SoonerSave accounts at retirement if you are younger than age 70 ½. You can choose to leave your money in the SoonerSave plans, where it will remain invested under your direction. When you are ready to request a distribution, the SoonerSave forms must be received before the requested month of distribution. If you have additional questions about your SoonerSave accounts, please contact a SoonerSave representative.

## SoonerSave Distribution Options

Below is a brief description of the different distribution options available for distribution payments:

- **Deferral of Distribution and Selection of Payment Option**  
A participant may elect to defer distribution until a future date, up to the calendar year in which he/she attains age 70½. If payment is deferred until a future date, the participant does not need to complete any forms.
- **Lump Sum Payment**  
A participant can receive one payment for the total amount. This amount will be taxed entirely in the year received.
- **Periodic Payments—Selected Payment Amount**  
Monthly, quarterly, semi-annual, or annual payments are available. A participant can specify the amount of the payment, and payments will continue until the account is depleted.
- **Periodic Payments—Selected Payout Period**  
A participant can have payments calculated to last a selected period of time such as 5, 10, 15, 20 years, etc. The amount of the payment will be calculated every year using the previous year's balance and the number of years left in the payout period.
- **Partial Lump Sum Payment Plus Periodic Payments**  
A participant may elect to take a large payment at the start of or any time during distributions and have the balance distributed over a selected time period (i.e., a \$10,000 partial lump sum and the balance paid out over a five-year period).
- **Rollover to IRA/Qualified Plan**  
A participant may elect to roll over his/her accounts to another qualified retirement plan or IRA.

All distributions paid out in less than 10 years will have a mandatory withholding of 20% for federal taxes and an applicable state withholding. A W-4P form may be completed for distributions of 10 years or more.

**For distributions to begin in any given month, forms must be received in the SoonerSave office by the last day of the preceding month. If the form is received on or after the first day of the month, the participant will not be eligible for a distribution until the following month.**

**Oklahoma State Employees  
Deferred Compensation Plan  
(employee contribution)**

**Oklahoma State Employees  
Deferred Savings Incentive Plan  
(State contribution)**

	<b>457</b>	<b>401(a)</b>
When am I eligible to withdraw from my accounts?	You may withdraw when you: <ul style="list-style-type: none"> <li>• retire (regular, early, or disability)</li> <li>• terminate employment with the State</li> <li>• die (benefit is paid to the beneficiary)</li> </ul>	Same as 457
Is there a waiting period before I can withdraw funds?	Funds are available no sooner than sixty days after the qualifying event and the month following receipt of the forms.	Same as 457
What are my distribution options?  (You are not required to take a distribution until age 70-1/2)	<ul style="list-style-type: none"> <li>• Delay Distribution until future date</li> <li>• Full Distribution</li> <li>• Partial Distribution</li> <li>• Periodic Payment (monthly, annual, quarterly, etc.)</li> <li>• Roll over to another qualified plan (401a, 401K, 403b or IRA)</li> </ul>	Same as 457
What are my rollover options?	You may only roll over to another qualified plan or IRA.	Same as 457
How is my distribution taxed?	There will be a 20% Federal and applicable state withholding.	There will be a 20% Federal and 5% state withholding.
Is there a tax penalty for early withdrawal?	No.	Yes. 10% tax penalty may apply. See 401(a) Special Tax Notice.
What forms do I need to complete to begin distributions from my account?	Please complete the white form: <ul style="list-style-type: none"> <li>• SoonerSave 457 Distribution/Direct Rollover Request Form (required)</li> <li>• Beneficiary Change (optional)</li> </ul>	Please complete the yellow form: <ul style="list-style-type: none"> <li>• SoonerSave 401(a) Distribution/Direct Rollover Request Form (required)</li> <li>• Beneficiary Change (optional)</li> </ul>
If I do not wish to begin a distribution at this time, do I still need to complete the forms?	No. You are not required to begin distribution until the calendar year you are 70½ years of age.	Same as 457
Once I have selected a distribution date, may I change it?	Yes. Once your distribution has started you may change the method and amount.	Same as 457
Will my money still be invested after I terminate employment?	Yes. Your investments will remain invested until you have depleted the account. You may redirect your investments at any time.	Same as 457

(Additional distribution information on previous page)

# Social Security Administration

The following information is provided by the Social Security Administration in Publication No. 05-10035 (last revised April 2013). You can find the original publication at <http://www.ssa.gov/pubs/EN-05-10035.pdf>.

## CONTACTING SOCIAL SECURITY

### Visit our website

Our website, [www.socialsecurity.gov](http://www.socialsecurity.gov), is a valuable resource for information about all of Social Security's programs. At our website, you also can:

- Apply for retirement, disability, and Medicare benefits;
- Review your Social Security Statement;
- Get the address of your local Social Security office;
- Request a replacement Medicare card; and
- Find copies of our publications.

### Call our toll-free number

In addition to using our website, you can call us toll-free at **1-800-772-1213**. We treat all calls confidentially. We can answer specific questions from 7 a.m. to 7 p.m., Monday through Friday. Generally, you'll have a shorter wait time if you call during the week after Tuesday. We can provide information by automated phone service 24 hours a day. If you are deaf or hard of hearing, you may call our TTY number, **1-800-325-0778**.

We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some telephone calls.

## WHAT'S INSIDE

- Social Security and your retirement plans.
- Your retirement benefits.
- Family benefits.
- What you need to know when you are eligible for retirement benefits.
- A word about Medicare.

## SOCIAL SECURITY AND YOUR RETIREMENT PLANS

Social Security is part of the retirement plan of almost every American worker. If you are among the 96 percent of workers who are covered under Social Security, you should know how the system works and what you should receive from Social Security when you retire. The following information explains how you qualify for Social Security benefits, how your earnings and age can affect your benefits, what you should think about in deciding when to retire and why you should not rely only on Social Security for your retirement income.

The following pages provide basic information on Social Security retirement benefits and are not intended to answer all questions. For specific information about your situation, you should talk with a Social Security representative.

## **YOUR RETIREMENT BENEFITS**

How do you qualify for retirement benefits? When you work and pay Social Security taxes, you earn “credits” toward Social Security benefits.

The number of credits you need to get retirement benefits depends on when you were born. If you were born in 1929 or later, you need 40 credits (10 years of work).

If you stop working before you have enough credits to qualify for benefits, the credits will remain on your Social Security record. If you return to work later on, you can add more credits so that you qualify. We cannot pay any retirement benefits until you have the required number of credits.

### **How much will your retirement benefit be?**

Your benefit payment is based on how much you earned during your working career. Higher lifetime earnings result in higher benefits. If there were some years when you did not work or had low earnings, your benefit amount may be lower than if you had worked steadily.

Your benefit payment also is affected by the age at which you decide to retire. If you retire at age 62 (the earliest possible retirement age for Social Security), your benefit will be lower than if you wait until later to retire.

**NOTE:** *If you are a worker age 18 or older who is not receiving Social Security benefits, you can get your personal Social Security Statement online. The Statement is a valuable tool to help you plan a secure financial future. It provides you with a record of your earnings and gives estimates of what your Social Security benefits would be at different retirement ages. It also gives an estimate of the disability benefits you could receive if you become severely disabled before retirement, as well as estimates of the survivors benefits Social Security would provide your spouse and eligible family members when you die. To create an account online to review your Statement, visit our website at [www.socialsecurity.gov/myaccount](http://www.socialsecurity.gov/myaccount).*

### **You can get retirement benefit estimates**

You can use the online Retirement Estimator to get immediate and personalized retirement benefit estimates to help you plan for your retirement. The online Retirement Estimator is a convenient, secure and quick financial planning tool, because it eliminates the need to manually key in years of earnings information. The estimator also will let you create “what if” scenarios. You can, for example, change your “stop work” dates or expected future earnings to create and compare different retirement options.

For more information, ask for *Online Retirement Estimator* (Publication No. 05-10510) or *How To Use The Online Retirement Estimator* (Publication No. 05-10511) or visit our website at [www.socialsecurity.gov/estimator](http://www.socialsecurity.gov/estimator).

## Full retirement age

If you were born in 1944 or earlier, you are already eligible for your full Social Security benefit. If you were born from 1943 to 1960, the age at which full retirement benefits are payable increases gradually to age 67. The following chart lists the full retirement age by year of birth.

<b>Age to receive full Social Security benefits</b>	
<b>Year of birth</b>	<b>Full retirement age</b>
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67
<b>NOTE:</b> People who were born on January 1 of any year should refer to the previous year.	

**NOTE:** If you decide to delay your retirement, **be sure to sign up for Medicare at age 65.** In some circumstances, medical insurance costs more if you delay applying for it.

## Early retirement

You can get Social Security retirement benefits as early as age 62. However, you will receive a reduced benefit if you retire before your full retirement age. For example, if you retire at age 62, your benefit would be about 25 percent lower than what it would be if you waited until you reach full retirement age.

Some people stop working before age 62. But if they do, the years with no earnings will probably mean a lower Social Security benefit when they retire.

**NOTE:** Sometimes health problems force people to retire early. If you cannot work because of health problems, you should consider applying for Social Security disability benefits. The amount of the disability benefit is the same as a full, unreduced retirement benefit. If you are receiving Social Security disability benefits when you reach full retirement age, those benefits will be converted to retirement benefits. For more information, ask for Disability Benefits (Publication No. 05-10029).

## Delayed retirement

You may choose to keep working even beyond your full retirement age. If you do, you can increase your future Social Security benefits in two ways.

Each additional year you work adds another year of earnings to your Social Security record. Higher lifetime earnings may mean higher benefits when you retire.

Also, your benefit will increase automatically by a certain percentage from the time you reach your full retirement age until you start receiving your benefits or until you reach age 70. The percentage varies depending on your year of birth. For example, if you were born in 1943 or later, we will add 8 percent per year to your benefit for each year that you delay signing up for Social Security beyond your full retirement age.

## Deciding when to retire

Choosing when to retire is an important but personal decision. Regardless of the age you choose to retire, it is a good idea to contact Social Security in advance to learn the available options and make an informed decision. In some cases, your choice of a retirement month could mean higher benefit payments for you and your family.

In deciding when to retire, it is important to remember that financial experts say you will need 70-80 percent of your preretirement income to have a comfortable retirement. Since Social Security replaces only about 40 percent of preretirement income for the average worker, it is important to have pensions, savings and investments.

You should apply for benefits about three months before the date you want your benefits to start. If you are not quite ready to retire, but are thinking about doing so in the near future, you may want to visit Social Security's website to use our convenient and informative retirement planner at [www.socialsecurity.gov/retire](http://www.socialsecurity.gov/retire).

## Retirement benefits for widows and widowers

Widows and widowers can begin receiving Social Security benefits at age 60, or at age 50 if they are disabled. And they can take a reduced benefit on one record and later switch to a full benefit on the other record. For example, a woman could take a reduced widow's benefit at 60 or 62 and then switch to her full (100 percent) retirement benefit when she reaches full retirement age. The rules vary depending on the situation, so you should talk to a Social Security representative about the options available to you.

## FAMILY BENEFITS

### Benefits for family members

If you are getting Social Security retirement benefits, some members of your family also can receive benefits, including:

- Spouses who are age 62 or older;
- Spouses who are younger than 62, if they are taking care of a child entitled on your record who is younger than age 16 or disabled;
- Former spouses, if they are age 62 or older;
- Children up to age 18, or up to 19 if they are full-time students who have not yet graduated from high school; and
- Disabled children, even if they are age 18 or older.

If you become the parent of a child (including an adopted child) after you begin receiving benefits, let us know about the child so we can decide if the child is eligible for benefits.

**NOTE:** *Children's benefits are available only to unmarried children. However, in certain situations, benefits are payable to a disabled child who marries someone who also has been disabled since childhood.*

### Spouse's benefits

A spouse who has not worked or who has low earnings can be entitled to as much as one-half of the retired worker's full benefit. If you are eligible for both your own retirement benefits and for benefits as

a spouse, we always pay your own benefits first. If your benefits as a spouse are higher than your retirement benefits, you will get a combination of benefits equaling the higher spouse benefit.

If you have reached your full retirement age, and are eligible for a spouse's or ex-spouse's benefit and your own retirement benefit, you may choose to receive only spouse's benefits and continue accruing delayed retirement credits on your own Social Security record. You then may file for benefits later and receive a higher monthly benefit based on the effect of delayed retirement credits.

If you are receiving a pension based on work where you did not pay Social Security taxes, your spouse's benefit may be reduced.

If spouses want to get Social Security retirement benefits before they reach full retirement age, the amount of the benefit is reduced. The amount of reduction depends on when the person reaches full retirement age.

For example:

- If full retirement age is 65, a spouse can get 37.5 percent of the worker's unreduced benefit at age 62;
- If full retirement age is 66, a spouse can get 35 percent of the worker's unreduced benefit at age 62;
- If full retirement age is 67, a spouse can get 32.5 percent of the worker's unreduced benefit at age 62.

The amount of the benefit increases at later ages up to the maximum of 50 percent at full retirement age. If full retirement age is other than those shown here the amount of the benefit will fall between 32.5 percent and 37.5 percent at age 62.

However, if your spouse is taking care of a child who is under age 16 or disabled and gets Social Security benefits on your record, your spouse gets full benefits, regardless of age.

*Here is an example:*

Mary Ann qualifies for a retirement benefit of \$250 and a spouse's benefit of \$400. At her full retirement age, she will receive her own \$250 retirement benefit, and we will add \$150 from her spouse's benefit, for a total of \$400. If she takes her retirement benefit before her full retirement age, both amounts will be reduced.

**NOTE:** *Your current spouse cannot receive spouse's benefits until you file for retirement benefits. However, if you are full retirement age, you can apply for retirement benefits and then request to have payments suspended. That way, your spouse can receive a spouse's benefit and you can earn delayed retirement credits until age 70. Only one spouse can apply for "spouse's only" benefits.*

### **Maximum family benefits**

If you have children eligible for Social Security, each will receive up to one-half of your full benefit. But there is a limit to the amount of money that can be paid to you and your family—usually 150-180 percent of your own benefit payment. If the total benefits due to your spouse and children are more than this limit, their benefits will be reduced. Your benefit will not be affected.

## Benefits for a divorced spouse

Your divorced spouse can get benefits on your Social Security record if the marriage lasted at least 10 years. Your divorced spouse must be 62 or older and unmarried.

The amount of benefits he or she gets has no effect on the amount of benefits you or your current spouse can get.

Also, if you and your ex-spouse have been divorced for at least two years and you and your ex-spouse are at least 62, he or she can get benefits even if you are not retired.

## WHAT YOU NEED TO KNOW WHEN YOU ARE ELIGIBLE FOR RETIREMENT BENEFITS

### How do you sign up for Social Security?

You can apply for retirement benefits online at [www.socialsecurity.gov](http://www.socialsecurity.gov) or you can call our toll-free number, **1-800-772-1213**. Or you can make an appointment to visit any Social Security office to apply in person.

Depending on your circumstances, you will need some or all of the documents listed below. But do not delay applying for benefits because you do not have all the information. If you do not have a document you need, we can help you get it.

Information needed:

- Your Social Security number;
- Your birth certificate;
- Your W-2 forms or self-employment tax return for last year;
- Your military discharge papers if you had military service;
- Your spouse's birth certificate and Social Security number if he or she is applying for benefits;
- Children's birth certificates and Social Security numbers, if you are applying for children's benefits;
- Proof of U.S. citizenship or lawful alien status if you (or a spouse or child applying for benefits) were not born in the United States; and
- The name of your financial institution, the routing number and your account number, so your benefits can be deposited directly into your account. If you do not have an account at a financial institution or prefer receiving your benefits on a prepaid debit card you can receive a Direct Express® card. For more information, visit [www.GoDirect.org](http://www.GoDirect.org).

You will need to submit original documents or copies certified by the issuing office. You can mail or bring them to Social Security. We will make photocopies and return your documents.

### Right to appeal

If you disagree with a decision made on your claim, you can appeal it. For an explanation of the steps you can take, ask for *The Appeals Process* (Publication No. 05-10041).

You can handle your own appeal with free help from Social Security or you can choose to have a representative help you. We can give you information about organizations that can help you find a representative. For more information about selecting a representative, ask for *Your Right To Representation* (Publication No. 05-10075).

## **If you work and get benefits at the same time**

You can continue to work and still receive retirement benefits. Your earnings in (or after) the month you reach your full retirement age will not reduce your Social Security benefits. However, your benefits will be reduced if your earnings exceed certain limits for the months before you reach your full retirement age.

*Here is how it works:*

If you are younger than full retirement age, \$1 in benefits will be deducted for each \$2 in earnings you have above the annual limit.

In the year you reach your full retirement age, your benefits will be reduced \$1 for every \$3 you earn over an annual limit until the month you reach full retirement age. Once you reach full retirement age, you can keep working, and your Social Security benefit will not be reduced no matter how much you earn.

If, during the year, your earnings are higher or lower than you estimated, let us know as soon as possible so we can adjust your benefits.

If you want more information on how earnings affect your retirement benefit, ask for *How Work Affects Your Benefits* (Publication No. 05-10069), which has current annual and monthly earnings limits.

## **A special monthly rule**

A special rule applies to your earnings for one year, usually your first year of retirement. Under this rule, you can receive a full Social Security check for any month you earn under a certain limit, regardless of your yearly earnings.

If you want more information on how earnings affect your retirement benefit, ask for *How Work Affects Your Benefits* (Publication No. 05-10069), which has current annual and monthly earnings limits.

## **Your benefits may be taxable**

About one-third of people who get Social Security have to pay income taxes on their benefits.

- If you file a federal tax return as an “individual,” and your combined income\* is between \$25,000 and \$34,000, you may have to pay taxes on up to 50 percent of your Social Security benefits. If your combined income\* is more than \$34,000, up to 85 percent of your Social Security benefits is subject to income tax.
- If you file a joint return, you may have to pay taxes on 50 percent of your benefits if you and your spouse have a combined income\* that is between \$32,000 and \$44,000. If your combined income\* is more than \$44,000, up to 85 percent of your Social Security benefits is subject to income tax.
- If you are married and file a separate return, you probably will pay taxes on your benefits.

At the end of each year, we will mail you a *Social Security Benefit Statement* (Form SSA-1099) showing the amount of benefits you received. You can use this statement when you complete your federal income tax return to find out if you have to pay taxes on your benefits.

*\* On the 1040 tax return, your “combined income” is the sum of your adjusted gross income plus nontaxable interest plus one-half of your Social Security benefits.*

Although you are not required to have federal taxes withheld, you may find it easier than paying quarterly estimated tax payments.

For more information, call the Internal Revenue Service's toll-free telephone number, **1-800-829-3676**, to ask for Publication 554, *Tax Guide for Seniors*, and Publication 915, *Social Security And Equivalent Railroad Retirement Benefits*.

### **Pensions from work not covered by Social Security**

If you get a pension from work where you paid Social Security taxes, that pension will not affect your Social Security benefits. However, if you get a pension from work that was not covered by Social Security—for example, the federal civil service, some state or local government employment or work in a foreign country—your Social Security benefit may be reduced.

For more information, ask for *Government Pension Offset* (Publication No. 05-10007), for government workers who may be eligible for Social Security benefits on the earnings record of a spouse; and *Windfall Elimination Provision* (Publication No. 05-10045), for people who worked in another country or government workers who also are eligible for their own Social Security benefits.

### **Leaving the United States**

If you are a U.S. citizen, you can travel to or live in most foreign countries without affecting your Social Security benefits. There are, however, a few countries where we cannot send Social Security payments. These countries are Azerbaijan, Belarus, Cuba, Georgia, Kazakhstan, Kyrgyzstan, Moldova, North Korea, Tajikistan, Turkmenistan, Ukraine, Uzbekistan and Vietnam. However, exceptions can be made for certain eligible beneficiaries in countries other than Cuba and North Korea. For more information about these exceptions, please contact your local Social Security office.

If you work outside the United States, different rules apply in determining if you can get benefits.

For more information, ask for *Your Payments While You Are Outside The United States* (Publication No. 05-10137).

## **A WORD ABOUT MEDICARE**

Medicare is a health insurance plan for people who are age 65 or older. People who are disabled or have permanent kidney failure can get Medicare at any age.

### **Medicare has four parts**

- Hospital insurance (Part A) helps pay for inpatient hospital care and certain follow-up services.
- Medical insurance (Part B) helps pay for doctors' services, outpatient hospital care and other medical services.
- Medicare Advantage plans (Part C) are available in many areas. People with Medicare Parts A and B can choose to receive all of their health care services through a provider organization under Part C.
- Prescription drug coverage (Part D) helps pay for medications doctors prescribe for treatment.

If you are already getting Social Security benefits when you turn 65, your Medicare hospital insurance (Part A) starts automatically. If you live in one of the 50 states, Washington, D.C., the Northern Mariana Islands, Guam, American Samoa or the Virgin Islands, you will be enrolled in medical insurance (Part B) automatically. Residents of Puerto Rico or foreign countries will not receive Part B automatically. They must elect this benefit.

If you are not already getting Social Security, you should contact us about three months before your 65th birthday to sign up for Medicare. You should sign up for Medicare even if you do not plan to retire at age 65. For more information, ask for *Medicare* (Publication No. 05-10043).

### **Help with Medicare expenses for people with low income**

If you have a low income and few resources, your state may pay your Medicare premiums and, in some cases, other “out-of-pocket” medical expenses, such as deductibles and coinsurance.

Only your state can decide whether you qualify for help from the Medicare Savings Programs. To find out, contact your state or local medical assistance (Medicaid) agency, social services or welfare office.

### **“Extra Help” with Medicare prescription costs**

If you have limited income (tied to the federal poverty level) and limited resources, you may qualify for Extra Help to pay for your prescription drugs under Medicare Part D. Social Security’s role in this program is to:

- Help you understand how you may qualify;
- Help you complete the Extra Help application; and
- Process your application.

If you apply for Extra Help, we also will start an application for the Medicare Savings Programs, unless you tell us not to. To see if you qualify or to apply, call Social Security’s toll-free number or visit our website at [www.socialsecurity.gov/extrahelp](http://www.socialsecurity.gov/extrahelp).

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### **Social Security Administration**

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<http://www.ssa.gov/pubs/EN-05-10035.pdf>



# Important Points to Review

1. The Retirement Coordinator in your agency will need to complete Part 8 of your *Retirement Notice & Application* before it is sent to OPERS.

You can find a listing of each agency's main retirement coordinator at [www.opers.ok.gov/coordinator-listing](http://www.opers.ok.gov/coordinator-listing) or by calling OPERS at (800) 733-9008.

2. Your completed *Retirement Notice & Application* (original copy) must be received by OPERS at least 60 calendar days before your effective retirement date.

You can find retirement deadline schedule on the OPERS website at [www.opers.ok.gov/dates-and-deadlines](http://www.opers.ok.gov/dates-and-deadlines).

3. Retirement dates are always the first day of the month.

4. After you submit your *Retirement Notice & Application*, OPERS will send you information about your retirement benefits, including:

- An accounting of your service credit;
- An estimate of your gross monthly benefit;
- The date your first two benefit payments will be issued;
- The legal requirements regarding returning to work after retirement; and,
- Tax withholding charts and a *Benefit Recipient's Withholding Preference Certificate* form to authorize federal and state income taxes to be withheld.

5. Your first two retirement benefit payments will be issued on the last working day of the **second** month of retirement. **No benefit payment will be issued to you during the first month of retirement.**

6. Your benefit payment will be electronically deposited to your bank account. You must complete a *Direct Deposit Authorization* form and submit it to OPERS.

7. You should seek the advice of a competent tax advisor about your federal and state tax liability.

As our members draw close to their retirement date, we often are asked, "What can I do now to make the retirement process easier then?" After you submit your *Retirement Notice & Application*, OPERS will request necessary documents not already in your file.

Examples include copies of:

- Birth Certificate(s)\*  
(you and your joint annuitant)
- Marriage License
- Divorce Decree
- Spouse Death Certificate

NOTE: Documents will not be returned.

Submitting copies of these documents early can save time and eliminate stress once you have started the process of retiring. Some members submit their *Retirement Notice & Application* and then find themselves tracking down documents from various state or county offices while the clock is ticking. If the documents are already in your file, OPERS will not have to ask for them – this means less stress for you as you make the transition into retirement. It's one task you can do ahead of time. You'll be glad you did!

\*Other acceptable documents may be used to prove birth. Please contact OPERS for more information.