

APERSpective

ACTIVE MEMBERS

Autumn 2018

RETURNING TO THE WORKFORCE



According to recent studies by the Rand Corporation, older workers are the fastest growing segment of the American workforce, and more than half of those already retired say they would return to work under the right conditions. So what about APERS members; can you return to an APERS-covered job?

Thanks to ACT 552 of 2017 all APERS members can return to work for an APERS-covered employer after they have completely terminated their employment and observed a waiting period of 180 days (one year for elected officials). You'll never be an active member again, but you can re-enter the workforce. If APERS retirees follow the national trend, as many as 26% of our current retired population will "unretire" at some point.

Some people are more likely to unretire than others. For example, those who first retire between ages 50 and 54 are more likely to go back to work than those who retired later. Also men are more likely to return to work than women, and college graduates unretire more often than those without college degrees.

One of the groups least likely to leave retirement are members of defined-benefit pension plans like APERS because pensions ensure permanent, dependable income. However, financial hardship is rarely the main reason retirees return to work.

According to the Rand reports, most retirees return to work because they want to, and a huge 82% majority report that they had always planned to work again after retiring. Most of those who didn't expect to return to work came back because they found retirement less satisfying than they expected, not because they couldn't make ends meet.

Indeed, income is not always the first priority for returning workers. Some have retired from a high-stress career in order to take a lower-paying job they simply like doing more. Many unretire after finding they miss the support and fellowship of coworkers. Harvard economist and healthcare expert Nicole Maestas proposes that some workers just "burn out" after years in a particular job and need a recovery period before going back to work.

So if you do decide to return to work after retiring, you'll be following a national trend that is as good for the American economy as it is for older workers in general.

UNRETIREMENT What do you think?

APERS wants to know how you feel about returning to work after retirement. Is this something you think you would do? Take our short, anonymous, online survey and give us your ideas and opinions. We'll share some results in our next issue.

WWW.APERS.ORG/SURVEY

WORKING FOR HIGHER BENEFITS

Even though “unretirement” is perhaps the hottest trend in the American workforce, those who retire under a defined benefit pension plan like APERS are among the least likely to return to work. That’s because APERS retirees enjoy a **permanent, dependable** monthly income. To make the most of this advantage, you should understand how to earn the highest retirement benefit possible by waiting to take “normal” retirement.

To qualify for any APERS benefit now or in future, you must first become vested by earning 5 years service. After vesting, you can become eligible for normal retirement in 3 ways:

1. Earn 28 years service,
2. Reach age 65, or
3. Reach age 55 with 35 years credited service as a local elected official.

This qualifies you for “unreduced” benefits – the full amount produced by the APERS benefit formula that calculates your monthly benefit payment based on your earnings and years of service.

APERS applies the same formula to calculate benefits for all retiring members, but the product of that formula may be “reduced” when you choose certain options. For example, APERS permits vested members to take “early retirement” if they meet any of these conditions:

1. Earn 25 years of service,
2. Reach age 55, or
3. Be within 10 years of normal retirement.

If you take early retirement, your benefit will be calculated using the standard formula, but the result will be reduced by a percentage based on how far away you are from meeting the age or service requirement for normal, unreduced retirement.

Your benefits can also be reduced because of the option you choose. The APERS benefit formula calculates the amount you are due if you retire with the basic “straight life” option, which pays benefits only to you until your death. APERS offers two other types of options – the A and B series – that can continue payments to surviving beneficiaries. However, these beneficiary options come with a reduced benefit.



There are also a couple of ways to increase your retirement benefits. For one, as your pay increases so will your potential retirement benefits, but this factor may be difficult for you to control. The most obvious way to earn higher benefits is to postpone retirement.

Since length of service is one of the factors in the standard benefit formula, the longer you work the greater your benefit. As a bonus, each year you continue working beyond 28 years service also increases the 3rd factor in the formula, a fixed number set by the legislature called the multiplier. Either way, the longer you wait to retire, the larger your monthly payment will be.

PREDICT BENEFITS WITH MSS

Once you've logged into the Member's Self Service portal (located at the top of the APERS webpage), you can choose the **Estimate Benefits** option to begin exploring your retirement possibilities. This allows you to play “what if” to your heart’s content. It will also show you the precise dates you become available for early and normal retirement. In fact, the system will allow you to estimate benefits based on the following target dates:

- The date you are first eligible for early retirement
- The date you are first eligible for normal retirement
- The date you become a certain age
- The date you attain a certain amount of service credit
- A particular date you specify

The system will assume you will be earning service at the normal rate until you reach the target retirement date. For other details like your Final Average Compensation (FAC) and marital status, you can use the current values for your account or you can enter your own.

NEW ITEMS ON YOUR STATEMENT

If you are an active member of APERS, you should have received an **Annual Member Statement** sometime in September. These statements give you a snapshot of your current member status and contain data that will eventually be used to calculate your retirement benefits, including the service you have accrued and your 3 highest earning years to date. It's important that you review this information and notify us of any discrepancies. This year's statements contain some new features you will want to examine carefully as well.

One of the new sections of your statement is **Estimated Retirement Eligibility**. This section will indicate if you have met the minimum requirements to be eligible for a benefit and are "vested" in the system. It will show the earliest date at which you will be eligible for normal retirement. It will also indicate whether you will qualify on this date because of your age (age 65) or your length of service (28 years). Remember that your length of service is one of the factors used in determining the amount of your benefit while your age is not.

Estimated Retirement Eligibility

Below is your current vesting status and an estimate of your normal retirement date.

Current Vesting Status	Estimated Normal Retirement Date	Normal Retirement Date Basis
Vested	09/01/2027	Service

Another new section in this year's statement is **Estimated Retirement Benefit**. It contains a table that will allow you to see what your benefit might be if you retired with different lengths of service and different amounts of compensation. The figures are not customized for your account, and do not take into

account any reductions for different benefit options, early retirement, taxes, etc. But the table will give you a general idea of what your base monthly retirement would be. For more benefit estimate options see our article on page 2 "Predict Benefits With MSS".

Estimated Retirement Benefit

Below are estimated monthly annuity amounts based on years of service, plan (C=contributory, N=non-contributory) and final average compensation. Find your estimated benefit at the intersection of your Service and Plan on the left and the Final Average Compensation at the top. For example, if you have 15 years of service under the contributory plan and a final average compensation of \$35,000, your gross monthly benefit would be \$875.

Service	Plan	Final Average Compensation (FAC)						
		25,000	30,000	35,000	40,000	45,000	50,000	55,000
5	C	208	250	292	333	375	417	458
	N	179	215	251	287	323	358	394
10	C	417	500	583	667	750	833	917
	N	358	430	502	573	645	717	788
15	C	625	750	875	1,000	1,125	1,250	1,375
	N	538	645	753	860	968	1,075	1,183
20	C	833	1,000	1,167	1,333	1,500	1,667	1,833
	N	717	860	1,002	1,145	1,287	1,430	1,573



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Retirement Filing Dates

Retirement and DROP Filing Dates

Retirement Date	Earliest Filing Date	Latest Filing Date
December 1, 2018	September 4, 2018	November 1, 2018
January 1, 2019	October 3, 2018	December 3, 2018
February 1, 2019	November 5, 2018	January 2, 2019
March 1, 2019	December 3, 2018	January 30, 2019
April 1, 2019	January 2, 2019	March 4, 2019
May 1, 2019	January 31, 2019	April 1, 2019
June 1, 2019	March 4, 2019	May 2, 2019
July 1, 2019	April 2, 2019	June 3, 2019
August 1, 2019	May 3, 2019	August 2, 2019
September 1, 2019	June 3, 2019	September 3, 2019
October 1, 2019	July 3, 2019	October 2, 2019
November 1, 2019	August 5, 2019	November 1, 2019
December 1, 2019	September 3, 2019	December 2, 2019

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