



## Luzerne County Employees' Retirement System Form 10: Explanation of Retirement Options

When you become eligible to retire, you may choose one of the following 5 options:

- (a) **No Option** - Under this option, you will receive a full monthly pension for as long as you live, with the guarantee that if the total pension you receive to the date of your death is less than what your member's accumulated deductions were at the time of your retirement, the balance will be payable to your designated beneficiary(ies). Under this option, you may name as many beneficiaries as you want and you may change the beneficiaries as often as you want.
- (b) **Option One** - Under this option, you will receive a lesser monthly amount than the full "No Option" pension for as long as you live, with the added guarantee that if the total pension you receive to the date of your death is less than the Present Value of your pension (i.e., member and county money) at the time of your retirement, the balance will be payable to your designated beneficiary(ies). Under this option, you may name as many beneficiaries as you want and you may change the beneficiaries as often as you want.
- (c) **Option Two** - This is a one hundred percent (100%) joint-life pension, which is based upon your age and the age of your designated beneficiary and is payable as long as either lives. If your beneficiary survives you, the same monthly pension (**amount determined at retirement**) will continue to your beneficiary for the balance of his/her life. If your designated beneficiary predeceases you, you will continue to receive a monthly pension until your death, at which time all monthly payments stop. If the total pension you and your designated beneficiary receives is less than what your member's accumulated deductions were at the time of your retirement, the balance will be paid in a lump-sum to your contingent beneficiary(ies). Please reference Cost-of-Living Payments Section below.
- (d) **Option Three** - This is a fifty percent (50%) joint-life pension, which is based upon your age and the age of your designated beneficiary and is payable as long as either lives. If your beneficiary survives you, one-half of your monthly pension (**amount determined at retirement**) will be paid to your beneficiary for the balance of his/her life. Thus, Option Three gives you a larger pension than does Option Two but gives your surviving beneficiary a lesser monthly amount. If your designated beneficiary predeceases you, you will continue to receive a monthly pension until your death, at which time all monthly payments stop. If the total pension you and your designated beneficiary receives is less than what your member's accumulated deductions were at the time of your retirement, the balance will be paid in a lump-sum to your contingent beneficiary(ies).
- (e) **Option Four** - Under this option, you may choose to withdraw/rollover the accumulated deductions credited to your individual member account. The accumulated deductions consist of your member contributions and/or "pickup contribution" plus all interest that has been credited to your account to the date of retirement. In addition to the amount you withdraw, you will also be entitled to receive a monthly pension as provided by the county dictated by the options below:
- Option4a - **NO** provisions for beneficiary(ies).
- Option4b - Beneficiary(ies) will receive the present value of the county annuity less member payments received.



## Form 10: Explanation of Retirement Options (continued)

### (e) **Option Four** (cont.)

**Option 4c** - This is a one hundred percent (100%) joint-life pension, which is based upon your age and the age of your designated beneficiary and is payable as long as either lives. If your beneficiary survives you, the same monthly pension (**amount determined at retirement**) will continue to your beneficiary for the balance of his/her life. If your designated beneficiary predeceases you, you will continue to receive a monthly pension until your death, at which time all monthly payments stop. See Cost of Living Payments.

**Option 4d** - This is a fifty percent (50%) joint-life pension, which is based upon your age and the age of your designated beneficiary and is payable as long as either lives. If your beneficiary survives you, one-half of your monthly pension (**amount determined at retirement**) will be paid to your beneficiary for the balance of his/her life. Thus, Option Three gives you a larger pension than does Option Two but gives your surviving beneficiary a lesser monthly amount. If your designated beneficiary predeceases you, you will continue to receive a monthly pension until your death, at which time all monthly payments stop. See Cost of Living Payments.

If you are not age 55 and do not rollover the taxable portion of the amount withdrawn to an IRA or other "qualified" plan, the IRC imposes a ten percent (10%) penalty tax on the taxable portion.

### **Monthly Payment of Pension**

All retirement pensions are payable at the end of each month. A pension begins with the first day of retirement. Thus, if your retirement is other than the first day of the month, the pension for the first partial month will be a pro rata of the full monthly pension.

### **Designation of Beneficiary**

You may designate one or more persons as the beneficiary(ies), to whom the refund of your accumulated deductions or death benefit will be paid upon your death. It is important that the person or persons designated have an insurable interest in your life. The "estate" may also be named as beneficiary. The secretary of the fund will explain the beneficiary regulations.

It is important that your beneficiary designation be reviewed periodically especially if there is a change in marital status or a death of a previously designated beneficiary.

Note: Joint & Survivor Options (2, 3, 4c, 4d) can only select one (1) primary beneficiary for the retirement calculation. Contingent beneficiary(ies) apply only for Options 2 and 3 when the member and primary beneficiary payments were less than the accumulated deductions. Please see each individual Option for further clarification.

### **Cost-of-Living Increases for Pensioners**

The cost-of-living must be reviewed at least once every three (3) years by the retirement board which determines whether an increase can be given.

Any cost-of-living increase granted will be the product of the full life pension before any modification and a percentage as determined by the cost-of-living index and the calendar year in which retirement became effective.

Cost-of-living increases may only be paid to retired members of the county. Upon the death of the member, all cost of living payments shall cease. They may not continue to a surviving beneficiary.