

Are you working for \$1 an hour?

Is that possible? Yes. It's true!

The 2.7 at 55 Formula

- ▶ Example for an employee who is 55 or older with 25 years of service:
 - ▶ $25 \text{ years} \times 2.7 = 67.5\%$ of “final average salary”
 - ▶ Final Average Salary includes certain additional pay items (e.g., bilingual pay, **vacation earned & cashable**, etc.)

(This does not include distributions from deferred compensation [457 plan] = depends on if/how much you've invested and how the funds performed.)

Your Contributions to Your Retirement Benefit

- ▶ “Employee Rate” = County employees pay an average of 10-13% of their pay into the pension system (depends on your age when you started in the system)
- ▶ “Reverse Pick Up” = County employees pay extra, over and above the Employee Rate, to help fund the “2.7 at 55” benefit
- ▶ For some employees, total employee pension contributions (reverse pick up and regular employee rate) **are as high as 20% of gross pay**

Example 1 **Office Supervisor D** **30 years of service; 60 years**

- ▶ Current Gross Pay - \$5,257 per month/\$30.33 per hour
 - ▶ Less approx. commute costs (average \$200 per month)
 - ▶ Less retirement contribution (average \$981)
 - ▶ **Approx Net Pre-Tax Wages- \$4,076 per mo/\$23.51 per hour)**
- ▶ Final Average Salary - \$5,360 per month
 - ▶ 2.7 x 30 years = 81% of FAS; $\$5,360 \times .81 =$
 - ▶ **Approx. Pre-Tax Pension - \$4,342 (\$25.05 per hour)**
 - ▶ **Does not count any Deferred Comp/457 income**
- ▶ **Result: NEGATIVE -\$1.54 per hour**

Example 2
Admin Manager I
28 years of service; 58 years old

- ▶ Current Monthly Pay - \$8,320/\$48 per hour
 - ▶ Less approx. commute costs (\$200 per month)
 - ▶ Less retirement contribution (average \$1,593)
 - ▶ **Approx. Net Pre-Tax Wages- \$6,527 (\$37.66 per hour)**

- ▶ Final Average Salary - \$8,400
 - ▶ $2.7 \times 28 \text{ years} = 75.6\%$; $\$8,400 \times .756 =$
 - ▶ **Approx. Pre-Tax Pension \$6,350 (36.64 per hour)**
 - ▶ **Does not count Deferred Comp income**

- ▶ **Net pay rate: \$1.02 per hour**

Example 3
Park Maintenance Worker II
25 years of service; 55 years old

- ▶ Currently Monthly Pay - \$4,359
 - ▶ Less approx. commute costs (\$200 per month)
 - ▶ Less retirement contribution (approx. \$752)
 - ▶ **Approx. Net Pre-Tax Wages = \$3,406 or \$19.65 per hour**

- ▶ Final Average Salary - \$4,446
 - ▶ $2.7 \times 25 = 67.5\%$; $\$4,446 \times .675 =$
 - ▶ **Approx. Pre-Tax Pension \$3,001 (17.31 per hour)**
 - ▶ **Does not count Deferred Comp. income**

- ▶ **Net pay rate: \$2.34 per hour**

Example 4**Office Specialist****29 years of service; 65 years old**

- ▶ Current Monthly Pay - \$4,264
 - ▶ Less approx. commute costs (\$200)
 - ▶ Less retirement contribution (approx. \$852)
 - ▶ **Approx. Pre-tax Wages - \$3,212 (\$18.53 per hour)**

- ▶ Final Average Salary - \$4349
 - ▶ $2.7 \times 29 = 78.3\%$; $4349 \times .783 =$
 - ▶ **Approx. Pre-Tax Monthly Pension - \$3,405 (\$19.64 per hour)**
 - ▶ **Does not count Deferred Comp income**

- ▶ **Net NEGATIVE -\$1.11 per hour**

Things to Think About....

- ▶ The decision on when to retire is a major life decision.
- ▶ Retaining affordable health insurance is often a concern.
- ▶ Some of us enjoy our jobs and worry about being bored or lonely.
- ▶ Many retirees work part-time or pursue a 2nd career post-retirement.
- ▶ Here are a few testimonials from retired County employees.

Testimonial

Fran V

I retired from the County in December of 2016 at 60 years old. I had over 30 years in public service, and decided it was time to enjoy the second part of my life – retirement!

My husband and I moved out of California to Arizona in 2017, and wow what a different life style! Housing costs and taxes are considerably lower so we bought a beautiful home with a pool (you need a pool in AZ, it's HOT!) I started working part-time about a year ago. What a wonderful feeling to know you are secure in collecting your pension and still able to add extra income!

Most mornings, I roll over in bed with a smile on my face and say "Aww it feels so good not having to get-up to go to work"!

Testimonial

Mike L

I retired awhile back when I was just 55. At first I thought I would look for a second career or earn extra income doing side jobs but I found a lot of other things to fill my time. My wife is still working so we don't really need the additional income. I spend time doing things that are better than working like playing golf, riding my bike, reading, going fishing, and there are always things on the "honey do" list to keep me busy.

Testimonial Lynn B

I retired several years ago when I was 57 years old with 33 years of service. Being single/divorced for many years, I had a strong bond with my job, was proud of my work and had made many work friends over the years. I was afraid I would miss the social aspect of working.

Retiring was the best life decision I ever made! My one regret is that I should have retired a couple years earlier. None of my retired friends regret retiring either.

I found a whole other life out there! No stress, no commute and I'm able to relax in a way that I never had while being career focused. And, my "work friends" are still my friends.

I am able to afford health insurance with the grant and the additional money I bring home (not paying into retirement, lunch and commute costs plus we get regular pension COLAs).

Benefits Calculator/Chart

<https://www.ocers.org/benefits-calculator>

		42.00%	44.94%	47.88%	50.82%	53.76%	56.70%
22		44.00%	47.08%	50.16%	53.24%	56.32%	59.40%
23		46.00%	49.22%	52.44%	55.66%	58.88%	62.10%
24		48.00%	51.36%	54.72%	58.08%	61.44%	64.80%
25		50.00%	53.50%	57.00%	60.50%	64.00%	67.50%
26		52.00%	55.64%	59.28%	62.92%	66.56%	70.20%
27		54.00%	57.78%	61.56%	65.34%	69.12%	72.90%
28		56.00%	59.92%	63.84%	67.76%	71.68%	75.60%
29		58.00%	62.06%	66.12%	70.18%	74.24%	78.30%
30	53.74%	56.77%	60.00%	64.20%	68.40%	72.60%	76.80%
31	55.53%	58.66%	62.00%	66.34%	70.68%	75.02%	79.36%
32	57.32%	60.55%	64.00%	68.48%	72.96%	77.44%	81.92%
33	59.12%	62.44%	66.00%	70.62%	75.24%	79.86%	84.48%
34	60.91%	64.33%	68.00%	72.76%	77.52%	82.28%	87.04%
35	62.70%	66.23%	70.00%	74.90%	79.80%	84.70%	89.60%
36	64.49%	68.12%	72.00%	77.04%	82.08%	87.12%	92.16%
37	66.28%	70.01%	74.00%	79.18%	84.36%	89.54%	94.72%
38	68.07%	71.90%	76.00%	81.32%	86.64%	91.96%	97.28%
							100.00%

Benefits Calculator - See Approximate Pension Demonstration

- ▶ <https://www.ocers.org/benefits-calculator>

Retiree Health Grant

- ▶ For 2020, the Grant is calculated at \$24.14 per month for each year of service to a maximum of 25 years. The amount of your monthly Grant will depend upon your age and years of service among other factors. (**\$603.50 per month** for a 60 year old with 25 or more years of service.)
- ▶ Grant may be used:
 - ▶ First, for payment of County health plan premiums
 - ▶ Second, for reimbursement of retiree and spouse Medicare Part B premiums (if not reimbursed elsewhere)
- ▶ The amount of the Grant received cannot exceed health plan and Medicare Part B premiums combined.
- ▶ Maximum annual grant adjustment capped at 3%.

Retiree Health Grant Adjustments

- ▶ If you retire before you are 60 years old, the grant is **reduced** by 7.5% for each year **under the age of 60**
- ▶ If you retire at age 61 or older, the grant is **increased** by 7.5% for each year **over the age of 60** (caps at age 70, i.e., no additional increase to the grant).
- ▶ **At age 65, the grant is reduced by 50% when retiree is Medicare A and B eligible** (if not eligible for Part A at no cost & eligible for Medicare Part B only, there is no grant reduction)

Retiree Health Rates - Medicare

2020 Retiree Health Plan Rate Table

RETIREE ENROLLMENT STATUS	RETIREES ENROLLED IN MEDICARE								
	PPO PLANS		HEALTH MAINTENANCE PLANS (HMO)		MEDICARE ADVANTAGE PLANS				
	Wellwise Retiree Plan	Sharewell Retiree Plan	Blue Cross Traditional HMO Plan	Blue Cross Select HMO Plan	Kaiser Sr Advantage Plan	Scan HMO Plan	Blue Cross Sr Secure HMO Plan	Blue Cross Preferred Custom PPO Plan	Blue Cross Preferred Standard PPO Plan
RETIREE ONLY									
Retiree Only - Part B Only	\$1,033.83	\$702.25	\$1,965.88	\$1,085.20	\$619.46	NA	NA	NA	NA
Retiree Only - Part A & B	\$682.56	\$471.08	NA	NA	\$284.16	\$286.86	\$360.75	\$584.95	\$390.20
RETIREE W/1 DEPENDENT									
Two W/ Medicare Part B Only	\$1,860.89	\$1,095.51	\$3,931.73	\$2,170.44	\$1,238.92	NA	NA	NA	NA
Two W/ Medicare Part A & B	\$1,255.91	\$689.66	NA	NA	\$568.32	\$573.72	\$721.50	\$1,169.90	\$780.40
NOTE: - Eligible Retirees and/or enrolled dependent age 65 or older must enroll in Medicare Part B. Eligible Retiree entitled to Medicare Part A without a premium must enroll in Medicare Part A. Evidence of Medicare coverage is required. For eligible retirees, the Retiree Medical Grant for 2020 is \$24.14 per month for each year of County Service to a maximum of 25 years. Grant is subject to change based upon retirement date and grant eligibility.									

Retiree Health Rates – Not Enrolled in Medicare

2020 Retiree Health Plan Rate Table

RETIRES NOT ENROLLED IN MEDICARE					
RETIREE ENROLLMENT STATUS	PPO PLANS		HEALTH MAINTENANCE PLANS (HMO)		
	Wellwise Retiree Plan	Sharewell Retiree Plan	Kaiser Health Plan	Blue Cross Traditional HMO Plan	Blue Cross Select HMO Plan
Retiree Only	\$1,446.89	\$845.13	\$1,217.22	\$2,241.30	\$1,237.22
Retiree W/ 1 Dependent	\$2,676.70	\$1,478.96	\$2,434.44	\$4,482.65	\$2,474.49
Retiree W/ 2 or More Dependents	\$3,327.83	\$1,943.78	\$3,529.81	\$6,499.80	\$3,588.03

NOTE: Eligible Retirees and/or enrolled dependent age 65 or older must enroll in Medicare Part B. Eligible Retiree entitled to Medicare Part A without a premium must enroll in Medicare Part A. Evidence of Medicare coverage is required. For eligible retirees, the Retiree Medical Grant for 2020 is \$24.14 per month for each year of County Service to a maximum of 25 years. Grant is subject to change based upon retirement date and grant eligibility.

New Retiree Benefits Orientation

- Learn about:
 - The enrollment process, and maintaining your and/or your spouse’s Medicare
 - Retiree Health Grant eligibility
 - The different health plan options available to retirees

For now: <https://www.ocgov.com/gov/hr/eb/prh>

Contacts

- ▶ County of Orange Benefits Center
 - ▶ Benefits Service Center 1-833-476-2347, 8:00 am - 6:00 pm
PT Mon - Fri
 - ▶ My OC Benefits™ at mybenefits.ocgov.com
- ▶ Empower Retirement Services (Deferred Compensation/457 Plan)
 - ▶ 866-457-2254
 - ▶ www.countyoforangedcplan.com
- ▶ Orange County Employee Retirement Services (OCERS)
 - ▶ Apply for retirement online by logging into your “MyOCERS” portal here: www.ocers.org – need a PIN if you’ve never logged in before
 - ▶ Telephone: (714) 558-6200

DISCLAIMER

- ▶ These slides contain **estimates** that are designed to illustrate **averages** and **approximate** dollar amounts.
- ▶ **Your unique circumstances** such as age, years of service, optional 457 plan participation, Medicare eligibility, and numerous other factors must be considered.
- ▶ Exact information regarding your pension and other post retirement benefits and income can be obtained through individual consultation with an **OCERS** representative, **Empower Retirement** (deferred comp/457), **County Employee Benefits**, and/or a certified financial planner.