The Public Employees Retirement System (PERS) was established on July 1, 1961 for the purpose of providing retirement benefits for employees of the State and political subdivisions. During the 2015 Legislative session, legislation passed creating a second tier of retirement benefits for those hired for the first time and first become a member of PERS on or after July 1, 2015 (Tier II). PERS has approximately 36,122 active members and approximately 25,679 retirees receiving annuity benefits. PERS is funded by employee and employer contributions. An active member hired for the first time who first become a member on or after July 1, 2015 will contribute 6.0% of his or her gross monthly salary to PERS Tier II. Until June 30, 2016, the employer will contribute 13.5% of the member’s gross monthly salary for a total combined contribution equal to 19.5%. Effective July 1, 2016, the employer will contribute 12% of the member’s gross monthly salary for a total combined contribution equal 18%. All employee contributions currently remitted are tax deferred. Contributions for members are established by statute. The employer contributions are annually reviewed to assure that they result in actuarially sound funding for the plan.

A PERS Tier II member who has not separated from employment with a participating PERS agency may:

- Retire with full benefits at age 62 if he or she has 10 or more years of contributing service.
- Retire between the age of 60 and 62 with reduced benefits if he or she has 10 or more years of contributing service.
- Retire between the age of 57 and 62 with reduced benefits if he or she has 10 or more years of contributing service.
- Retire between the age of 55 and 62 with reduced benefits if he or she has 15 or more years of contributing service.

A PERS Tier II member who has separated from employment with a participating PERS agency prior to retirement and has not withdrawn his or her contributions may:

- Retire at age 64 with full benefits if he or she has 10 or more years of contributory service, excluding military service.

**Retirement Benefit Formula**

- Regular retirement benefits are paid in equal monthly installments in an amount equal to 2% multiplied by the member’s years of credited service multiplied by the member’s Final Average Salary (FAS).
- Annual Straight Life Retirement Benefit
  
  \[ \text{Annual Straight Life Retirement Benefit} = \text{FAS} \times 0.02 \times \text{years of service} \]

**Annuity Options**

**Straight Life:** A lifetime annuity payable monthly to the retiree determined under the full benefit formula without adjustment. There are no beneficiary benefits payable under this option.

**Option A - 100% Joint and Survivor:** A reduced annuity payable monthly to the retiree for his or her lifetime. Upon the death of the retiree, the named beneficiary will receive the same amount for his or her lifetime.

**Option B - 50% Joint and Survivor:** A reduced annuity payable monthly to the retiree for his or her lifetime. Upon the death of the retiree, the named beneficiary will receive one-half of the monthly payment for his or her lifetime.

- The named beneficiary in both Option A and Option B must have an insurable interest in the life of the retiree such as a spouse, child, parent, or other dependent. Under all options, any unpaid employee contributions, plus 4% interest, remaining at the retiree’s or beneficiary’s death, will be paid to the named beneficiary or the estate.

Once benefits are received under the annuity option selected by the retiree, the option selected is final and no changes are allowed unless permitted pursuant to WV Code §5-10-24.

**Benefit Payments**

The first benefit payment to the retiree or beneficiary will be mailed directly to the beneficiary’s home address. Following the first payment, barring any unforeseen circumstances, benefit payments are credited by direct deposit to retiree accounts on the 25th of each month, except in the month of December when retiree accounts are credited on the 18th. If the 25th (or December 18th) falls on a weekend or holiday, direct deposits are processed on the prior business day.

Social Security income, private sector income, or private sector retirement benefits do not affect PERS regular retirement benefits. (Some stipulations apply to disability retirees.)

Disability retirees are required to submit medical recertifications and copies of his or her annual statement of earnings for specified periods of time following receipt of disability benefits.

**Changing a Beneficiary Prior to Retirement**

If a member wishes to change a beneficiary(ies), he or she must complete a new beneficiary form and return it to the Board. The member should keep a copy of this form for his or her records. If a member’s family situation changes (birth, death, marriage, divorce, etc.), his or her beneficiary designation should be reevaluated.

**Death Prior to Retirement - Beneficiary options**

PERS members may select beneficiary options based only upon the specific category that describes his or her particular circumstance at the time a beneficiary form is completed (i.e., date of hire, years of service and marital status).

**Category 1: Less than 10 years of credited service regardless of original date of hire or marital status**

- A member who falls under this category may elect to name a beneficiary(ies) to receive a lump sum payment of his or her employee contributions plus 4% interest.

**Category 2: Hired for the first time or on or before June 9, 2006, 10 or more years of credited service, and is married at the time of death**

- Upon the death of a member who falls under this category, a 100% Joint and Survivor annuity will be paid to the deceased member’s surviving spouse, calculated as if the member had retired the day preceding the date of his or her death, unless the “Spouse’s Waiver of Survivorship Annuity” section on the member’s annuity form is completed. If the “Spouse’s Waiver of Survivorship Annuity” section is completed, the member may elect to name an alternative beneficiary, who has an “insurable interest” in the life of the member, to receive the 100% Joint and Survivor Annuity. Should the surviving spouse or alternative beneficiary, if applicable, pre-decease the member, the member may also elect one of the following options:

  - (A) The member may name another beneficiary, who has an “insurable interest” in the life of the member, to receive the 100% Joint and Survivor annuity.
  - (B) The member may name a beneficiary to receive a lump sum payment of his or her employee contributions, plus 4% interest.

**Category 3: Hired for the first time or on or before June 9, 2006, 10 or more years of credited service and is NOT MARRIED AT THE TIME OF DEATH**

- A member who falls under this category may elect one of the following options:

  - (A) The member may elect to name a beneficiary(ies) to receive a lump sum payment of his or her employee contributions plus 4% interest.
The member may elect to have a 100% Joint and Survivor annuity, calculated as if the member had retired the day preceding the date of his or her death, paid to a named beneficiary who has an “insurable interest” in the life of the member.

The member may elect not to name a beneficiary and have his or her pre-retirement death benefit paid as a monthly annuity, calculated as though the member had retired as of the date of his or her death and elected a Straight Life annuity, to a minor child or children until the minor child or children attains age 21 or sooner marries or becomes emancipated. In no event shall any child or children receive more than $250.00 per month under this option.

Employment After Retirement

If a retiree becomes regularly employed by a participating PERS employer, payment of his or her annuity shall be suspended during his or her re-employment, and he or she shall again become a contributing member of PERS. A retiree may accept temporary employment from a participating employer so long as he or she does not receive compensation in excess of $20,000 during any calendar year.

It is the retiree’s responsibility to contact the Board to report re-employment and to determine future retirement options.

Disability retirees may not earn more than the Social Security substantial gainful activity amount.

Termination of Employment

If a member terminates employment prior to the time he or she qualifies for retirement benefits and has accrued at least ten (10) years of contributing service, contributions may be left on deposit until he or she qualifies for retirement benefits, or the member may choose to withdraw his or her employee contributions (plus 4% interest if he or she has two or more years of contributing service) from the system, all future retirement and disability benefits are forfeited.

Reinstatement of Previously Withdrawn Service

Certain members who have been re-employed by a participating public employer may purchase previously withdrawn PERS service, provided that he or she redeposes the withdrawn funds plus interest from the date of the withdrawal. Members must be re-employed for one year and the first reinstatement payment must be made in the first and second year of re-employment. If the first reinstatement payment is not made before the end of the member’s first year of re-employment, the member is not eligible to restate previous withdrawn service. The full reinstatement amount must be repaid (in a lump sum or payments) before the end of the fifth year of the member’s return to employment. Members should contact the Board at the end of his or her first year of return to employment to obtain the cost to restate withdrawn PERS service.

Questions

Should you have any questions regarding PERS, Tier II, please feel free to contact us in writing, by phone, or e-mail, Monday through Friday, 8:00 a.m. to 5:00 p.m. For additional information, you may also want to visit our website.

Note

Information contained in this brochure illustrates the CPRB’s understanding of the current provisions of the PERS. These provisions are contained in the current plan statutes, and are subject to modification by the West Virginia Legislature each year. This brochure is for general guidance purposes only. In the event there is a discrepancy between information contained in this brochure and the WV State Code and Rules, the language in the Code and Rules shall prevail.

Executive Director
Jeffrey E. Fleck
February 2017

Tier II
Public Employees Retirement System (PERS)
For those hired for the first time and first become a member on or after
July 1, 2015

Administered by:
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Jeffrey E. Fleck
Executive Director
February 2017