

PUBLIC EMPLOYEES RETIREMENT SYSTEM

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 other political subdivisions. PERS has approximately 35,491 active members and approximately 20,912 retirees receiving annuity benefits. PERS is funded by employee and employer contributions. An active member contributes 4.5% of his or her gross monthly salary to the plan. Until June 30, 2009 the employer will contribute an additional 10.5% of the member's gross monthly salary for a total combined contribution equal to 15%. Effective July 1, 2009, the employer will contribute an additional 11% of the member's gross monthly salary for a total combined contribution equal to 15.5%. All employee contributions are tax deferred. Contributions for members and employers, as a percentage of payroll, are established by statute and are subject to legislative limitations. The expected contributions are reviewed to assure that they result in actuarially sound funding for the plan.

"Board" when used in the following sections of this brochure refers to the West Virginia Consolidated Public Retirement Board.

RETIREMENT BENEFITS

In order to qualify for retirement benefits, a member of PERS must meet eligibility requirements.

REGULAR RETIREMENT:

A member who is currently working for a participating PERS agency may:

- ▶ **Retire** with full benefits at age 55 if age plus contributing service equals 80 or more.
- ▶ **Retire** with full benefits at age 60 if he or she has 5 or more years of contributing service.
- ▶ **Retire** with reduced benefits at age 55 if he or she has 10 or more years of credited service.

DEFERRED RETIREMENT:

A member who is NOT currently working for a participating PERS agency and has not withdrawn his or her contributions may:

- ▶ **Retire** at age 62 with full benefits if he or she has 5 or more years of credited service, at least 3 of which must be contributing service, and was hired prior to July 1, 2002.
- ▶ **Retire** at age 62 with full benefits if he or she has 5 or more years of contributory service and was hired on or after July 1, 2002.
- ▶ **Retire** with full benefits at age 55 if age plus contributing service equals 80 or more.
- ▶ **Retire** with reduced benefits at age 55 if he or she has between 20 and 25 years of service.

- ▶ **Retire** with reduced benefits if less than 55 years of age and he or she has 30 or more years of credited service.

Retirement benefits are not automatic. You must make application to the Board in order to commence retirement benefits. Distributions must start by April 1 of the year following the later of: (A) The date you reach age 70½, or (B) The date upon which you terminate employment.

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). Final Average Salary means the average annual salary from the highest 36 consecutive months within the last 10 years of employment. Lump sum payments, with the exception of annual increment pay, are not eligible to have contributions withheld and are not used to increase retirement benefits.

$$2\% \times \text{Years of Service} \times \text{FAS} = \text{Annual Retirement Benefit (Straight Life Benefit)}$$

ANNUITY OPTIONS

STRAIGHT LIFE: A lifetime annuity payable monthly to the retiree determined under the full benefit formula without adjustment. There are no death benefits 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 survivor 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 survivor will receive one-half of the monthly payment for his or her lifetime.

The named survivor 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 the above options, any unpaid employee contributions, plus 4% interest, remaining at the retiree's or survivor's death, will be refunded to the named beneficiary or to the estate, if a beneficiary does not exist.

The very first benefit payment due to a retiree or beneficiary will be mailed directly to the recipient's home address. Following the first payment, benefit payments are credited by direct deposit to recipient accounts on the 25th of each month,

except the month of December, when recipient 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 full business day.

Retirees will receive full benefits from PERS regardless of Social Security income or other private sector income or retirement benefits.

RETIREMENT BENEFIT ESTIMATE

Approximately 6 months prior to retirement eligibility, members should contact the Board to request an estimate of potential benefits under all three retirement annuity options. An estimate is essential to ensure that the member can make an informed decision regarding his or her retirement options.

USE OF UNUSED SICK AND ANNUAL LEAVE AT RETIREMENT

Additional Service Credit Alternative: This alternative is available to PERS members who have accrued annual and/or sick leave days at the time of retirement. PERS members may elect to acquire additional credited service to be applied on the basis of 1 month of service credit granted for each 10 days of unused accrued annual and/or sick leave.

Purchase PEIA Insurance Coverage Alternative: This alternative is available to PERS members who participate in a Public Employees Insurance Agency (PEIA) insurance plan at the time of retirement. PERS members may elect to use unused accrued annual and/or sick to purchase health insurance under PEIA based on the following rules:

- ◆ If the member was enrolled in a PEIA insurance plan **before July 1, 1988**, and coverage has been continuous since that time, the retiree may purchase 1 month of single health coverage for every 2 days of annual or sick leave, or 1 month of family health coverage for every 3 days of annual or sick leave.
- ◆ If the member was enrolled in a PEIA insurance plan **between July 1, 1988 and June 30, 2001**, the retiree may purchase ½ month of single health coverage for every 2 days of unused annual or sick leave, or ½ month of family health coverage for every 3 days of unused annual or sick leave.
- ◆ Members enrolled in a PEIA insurance plan **on or after July 1, 2001** are not eligible to use accrued annual or sick leave towards the purchase of health insurance.

Unused leave CANNOT be divided and used for both service credit and PEIA coverage. Members who retire from a city, county, or any other non-direct employers of the State should contact their employer or PEIA regarding eligibility for PEIA insurance coverage. If the member plans to separate from employment prior to eligibility for a retirement annuity (deferred retirement), the member should refer to his or her employer's leave policy to determine if unused leave is cancelled at the time of separation from employment.

DISABILITY RETIREMENT

WORK RELATED DISABILITY - An active member of PERS may qualify for a work related total and permanent disability retirement with no minimum years of service required. He or she must be receiving (or have received) Workers' Compensation benefits on account of such disability.

NON-WORK RELATED DISABILITY - A member must have 10 or more years of credited service and incapacitation must have occurred within 12 months of the member's last date of employment in order to qualify for a non-work related total and permanent disability retirement.

Disability benefits shall not be less than 50% of a member's Final Average Salary. At age 65 the benefits are calculated on actual years of service, and may be reduced, but the straight life benefit or equivalent may not be less than 20% of the Final Average Salary.

Disability recipients are required to submit a medical recertification as well a copy 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 WV Consolidated Public Retirement Board (CPRB). The member should keep a copy of this form for his or her records. If a member's family situation changes (birth, death, divorce, etc.), his or her beneficiary designation should be reevaluated.

DEATH PRIOR TO RETIREMENT - BENEFICIARY OPTIONS

Beneficiary options are selected based upon specific categories. 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 BEFORE OR ON JUNE 9, 2006, HAS 10 OR MORE YEARS OF CREDITED SERVICE, AND IS 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 a 100% Joint and Survivor annuity paid to his or her surviving spouse, calculated as if the member had retired the day preceding the date of his or

her death. The member may also 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 if the surviving spouse pre-deceases the member OR the member may elect to name a beneficiary to receive a lump sum payment of his or her employee contributions plus 4% interest if the surviving spouse pre-deceases the member.

(B) If the “Spouse’s Waiver of Survivorship Annuity” section is completed, the member may elect to have the 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 OR the member may elect to 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 BEFORE OR ON JUNE 9, 2006, HAS 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.

(B) 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.

(C) 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.*

CATEGORY 4: HIRED FOR THE FIRST TIME AFTER JUNE 9, 2006, HAS 10 OR MORE YEARS OF CREDITED SERVICE AND IS 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 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 his or her surviving spouse. The member may also elect to name a beneficiary to receive a refund of his or her employee contributions plus 4% interest in the event the surviving spouse pre-deceases the member.

(B) If the “Spouse’s Waiver of Survivorship Annuity” section is completed, the member may elect to have the 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 child who is financially dependent upon the member by virtue of a permanent mental or physical disability, OR the member may elect to name a beneficiary to receive a lump sum payment of his or her employee contributions plus 4% interest.

**Evidence of disability must be provided and the disabled child must be named sole beneficiary.*

CATEGORY 5: HIRED FOR THE FIRST TIME AFTER JUNE 9, 2006, HAS 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.

(B) 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 child who is financially dependent upon the member by virtue of a permanent mental or physical disability.

**Evidence of disability must be provided and the disabled child must be named sole beneficiary.*

(C) 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.*

EMPLOYMENT AFTER RETIREMENT

If a retiree becomes permanently employed by a participating employer, payment of his or her annuity shall be suspended during his or her reemployment, and he or she shall again become a contributing member of the retirement system. If the reemployment is for a period of one year or longer, a new retirement benefit shall be calculated based on the additional employment.

A retiree may accept temporary employment from a participating employer so long as he or she does not receive compensation in excess of \$15,000 during any one calendar year.

TERMINATION OF EMPLOYMENT

If a member terminates employment prior to the time he or she qualifies for retirement benefits and has accrued at least five years of contributing service, contributions may be left on deposit until he or she qualifies for retirement benefits. The member may also choose to withdraw his or her employee contributions (plus 4% interest with two or more years of contributing service) from the plan after termination of his or her employment. Employer contributions are not eligible to be withdrawn. Once the member withdraws contributions from the system, he or she forfeits all future retirement and disability benefits.

REINSTATEMENT OF PREVIOUSLY WITHDRAWN SERVICE

Any member who has been re-employed for one full year by a participating PERS employer may purchase previously withdrawn PERS service, provided that he or she redeposit the withdrawn funds plus interest. Members must be re-employed for 1 year and the first reinstatement payment must be made between the first and second year of re-employment. If the first reinstatement payment is not made before the end of the member’s second year of re-employment, the member will not be eligible to reinstate previously 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 CPRB at the end of his or her first year of return to employment to obtain the cost to reinstate withdrawn PERS service.

MILITARY SERVICE

Military service may be credited to PERS members in accordance with the stipulations of WV Code 5-10-15. Members who have a break in employment as a result of being called to active military service may be eligible to purchase additional military service credit as provided by federal law.

OUT OF STATE SERVICE

A member of PERS may purchase up to five years of service credit for public employment performed in another State. However, the member cannot be vested in the other State’s retirement system or receiving an annuity from such plan. Purchased out-of-state service may not be used to establish eligibility for a retirement benefit in PERS.

APPOINTMENTS

Most retirement related matters can be handled from the convenience of your home via mail and telephone. However, members who wish to visit the CPRB to discuss retirement related matters with a CPRB staff member are ***required*** to make an appointment.

QUESTIONS

Should you have any questions regarding the PERS, please feel free to contact us in writing, by phone, or e-mail at the CPRB, Monday through Friday, 8:00 a.m. to 5:00 p.m. For additional information, you may also want to visit our website and check out the list of PERS *Frequently Asked Questions*.

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.

THE WEST VIRGINIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Administered by:
The West Virginia

Consolidated Public Retirement Board (CPRB)

4101 MacCorkle Avenue, SE
Charleston, West Virginia 25304
Telephone: (304) 558-3570 or
(800) 654-4406 (nationwide)
Fax: (304) 558-1394 or
(304) 558-5455

E-mail: CPRB@wvretirement.com
Website: www.wvretirement.com

Board Members

David L. Wyant, **Chairman**
Governor Joe Manchin III
Auditor Glen B. Gainer III, Vice Chairman
Treasurer John D. Perdue
Cabinet Secretary Robert W. Ferguson Jr.
E. Gene Davis
Drema B. Evans
David Fletcher
James J. Gianato
Charles C. Lanham
Joe Lynch
D. Todd Murray
Captain Stephen C. Tucker
Janet F. Wilson

Executive Director
Anne Werum Lambright

March 2009