

Retirement Planning Workshop

32BJ School Workers Pension Plan



What you will learn today

- How to apply for pension benefits when you are ready to retire
- Where your retirement money will come from
- How the 32BJ School Workers pension plan works
- What you need to know about Social Security and Medicare
- What are your retiree legal benefits
- How to withdraw funds from the Supplemental Retirement Savings Plan (SRSP)
- Where to find answers about retirement planning

How to apply for pension benefits



How to apply for pension benefits

Working with a Retirement Counselor:

- The Retirement Services Department has a staff of experienced Retirement Counselors to assist you through the retirement process.
- You will be assigned a specific Retirement Counselor who will be familiar with your case and will be available to assist you every step of the way.
- Your Counselor will meet with you in person and will also be available by phone.

How to apply for pension benefits

When you are ready to retire, your Retirement Counselor will help you through the process, he or she will:

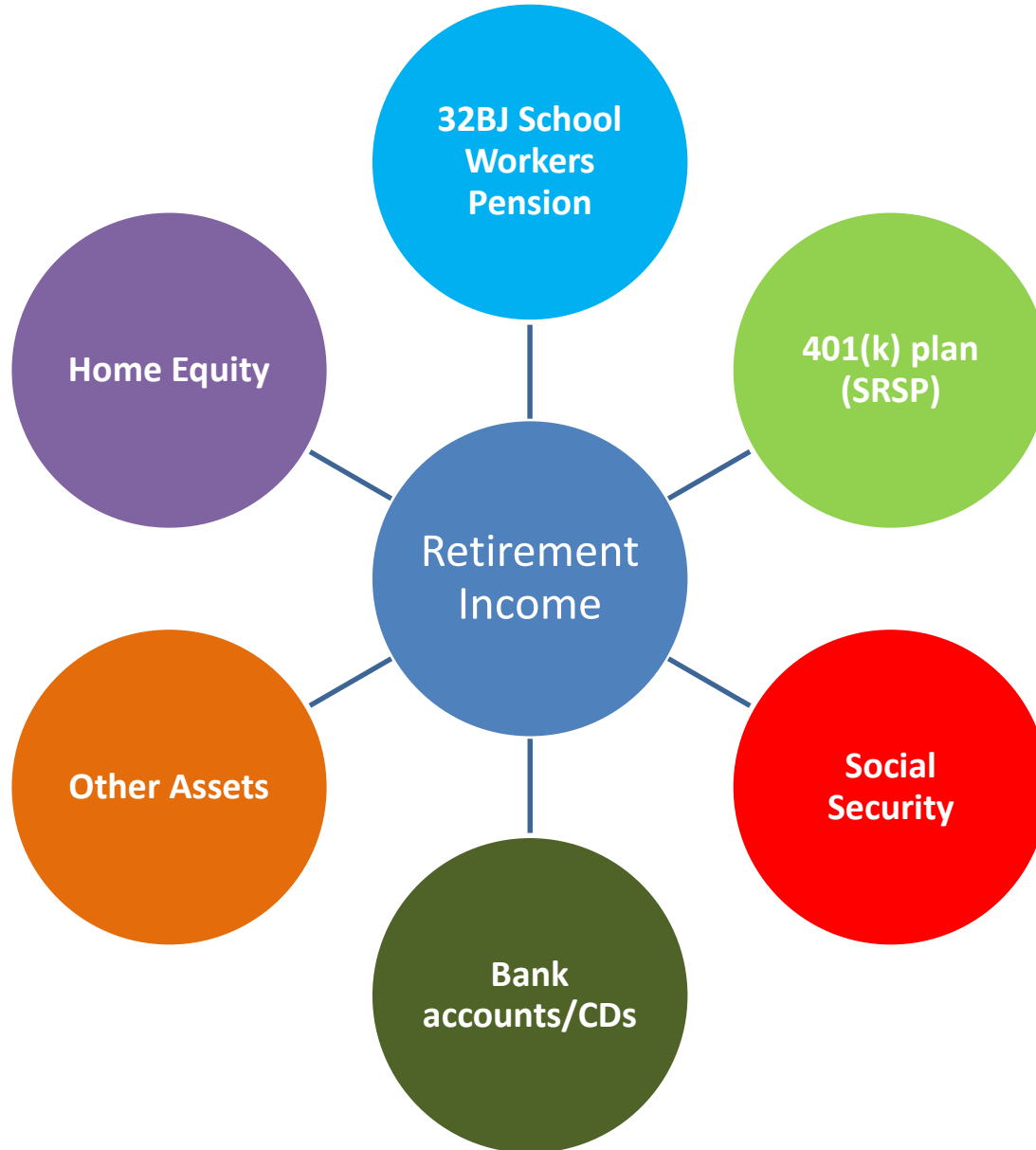
- Send you an estimate of the monthly amount of your 32BJ School Workers pension and a retirement application package in the mail.
- Call you to set up an appointment to review your pension estimate and help you complete the application.
- Work with you until the application process is complete.

How to apply for pension benefits

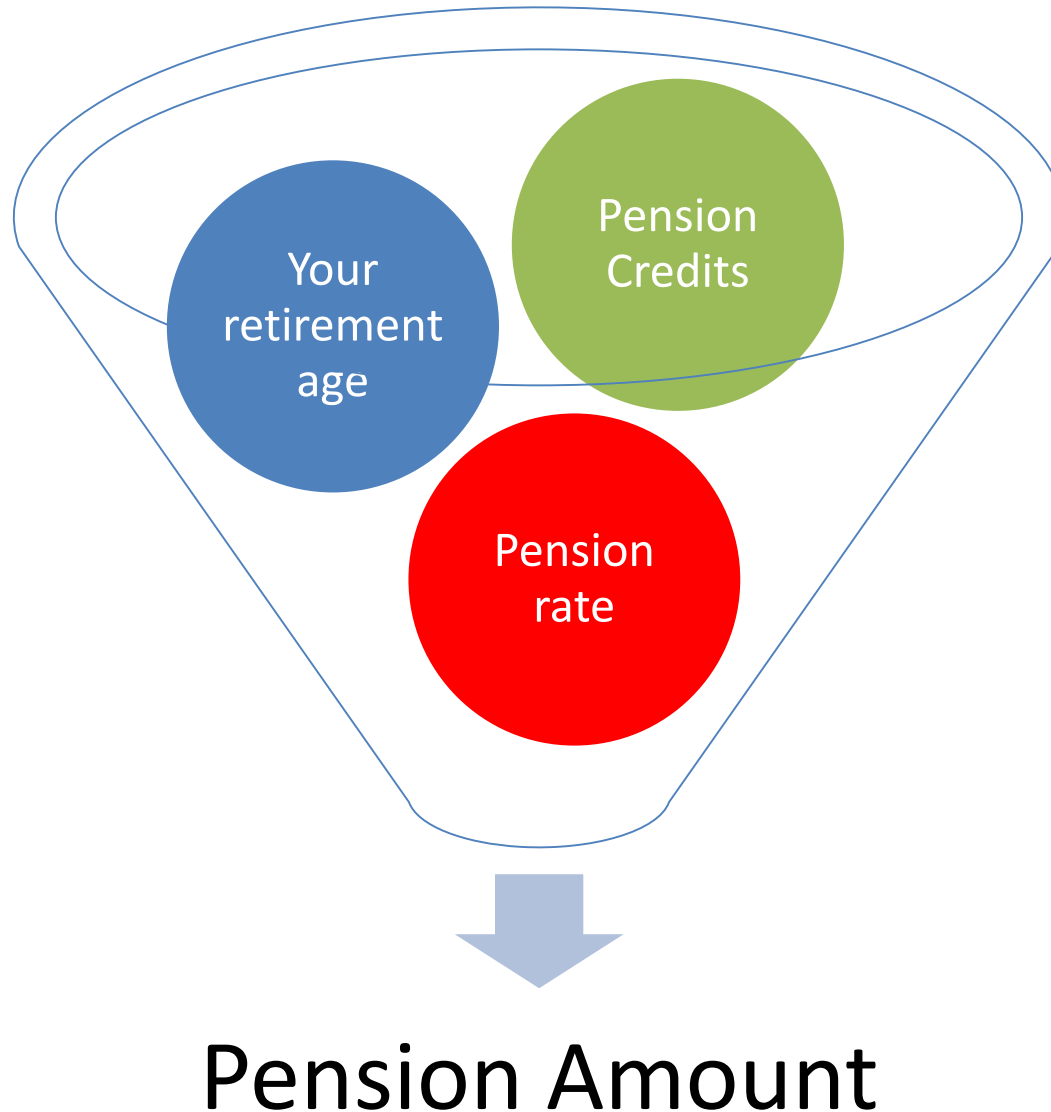
Your Retirement Counselor will provide information about:

- 32BJ School Workers Pension
- Your Supplemental Retirement Savings Plan (401(k)) account
- Your retiree benefits from the 32BJ Legal Fund
- Social Security
- Medicare

Where your retirement money will come from



Overview of the 32BJ School Workers Pension Plan



Overview of the 32BJ School Workers Pension Plan

More about your retirement benefit:

- You will receive a monthly benefit for as long as you live
- If you are married your spouse is eligible to receive a benefit for his or her lifetime if you die first

Basic Rules of the Participation

How and When do I Become a Participant of the Plan?

- After you have completed 1,000 hours (one year of service) during an eligibility period.
 - The first eligibility period is the first 12 consecutive months after you are hired in Covered Employment.
 - If you do not complete 1,000 hours, all subsequent eligibility periods will be the Plan Years following, beginning with the first Plan Year containing your 1st work anniversary.
- Your participation date is the January 1 or July 1 after you have met the one year service requirement.



Basic Rules of the 32BJ School Workers Pension Plan

What is Vesting?

- Vesting is the process by which you become entitled to a pension.
- You earn a year of Vesting Service if you work 1,000 or more hours during the plan year.
- You are 100 % vested once you complete 5 years of Vesting Service.

Basic Rules of the 32BJ School Workers Pension Plan

What are Pension Credits?

- Pension Credits are used to determine the amount of your Pension.
- The more Pension Credits you have, the more your monthly pension will be.
- The Plan limits the total number of Pension Credits you can earn. The limit that applies to you will depend on the year you terminate Covered Employment. The current limit is 25 Pension Credits.
- Pension Credits are based on the number of Hours of Service you complete in a Plan Year.
- You earn Pension Credits while you are working for an employer that is required to contribute to the Plan for you.

Calculating Pension Credits

Hours of Service You Complete in a Plan Year (July 1 – June 30)	Percentage of a Pension Credit You Earn
1,800 or more	100%
1,600 – 1,799	90%
1,400 – 1,599	80%
1,200 – 1,399	70%
1,000 – 1,199	60%
700 - 999	50%
400 - 699	25%
Less than 400	0%

Refer to page 20 of the SPD



Types of Pensions

Normal Retirement

Age 65 with five (5) years of Vesting Service

Pension amount depends on number of Pension Credits and the benefit rate in effect when your last partial Pension Credit was earned.

Types of Pensions

Unreduced Early Pension

Participation date must be before July 1, 2018. After reaching age 55, provided that you are working in Covered Employment on your 55th birthday, with at least five (5) Vesting Credits and five (5) Pension Credits.

Pension amount depends on number of Pension Credits and the benefit rate in effect when your last partial Pension Credit was earned. The amount is not reduced for early commencement of your pension (prior to 65).

Types of Pensions

Special Early

If you are not eligible for an Unreduced Early Pension, you can retire and begin receiving benefits after attaining age 62 and earning at least 25 Pension Credits. You must retire directly from Covered Employment with at least 1,000 hours of service in the 12 months immediately before your retirement.

Pension amount depends on number of Pension Credits and the benefit rate in effect when your last partial Pension Credit was earned

Types of Pensions

Reduced Early Pension

If you have at least five (5) Vesting Credits and five (5) Pension Credits you can retire and begin receiving benefits as early as age 55.

Pension amount depends on number of Pension Credits and the benefit rate in effect when your last partial Pension Credit was earned. Your monthly benefit will be reduced by $\frac{1}{2}\%$ for each month between the date you begin collecting and age 65.

Types of Pensions

Deferred Vested

If you terminate Covered Employment prior to your Normal Retirement Age (age 65) and have 5 years of Vesting Service, your full pension benefit is payable at age 65.

If you terminate Covered Employment before age 55 with 5 years of Vesting Service and 5 Pension Credits, you may begin receiving your monthly pension prior to age 65 at a reduced rate. Your monthly benefit will be reduced by ½% for each month between the date you begin collecting and age 65.

Types of Pensions

Disability

At least five (5) years of Vesting Service and five (5) Pension Credits, no minimum age requirement.

Permanent and Total Disability while working in covered employment as evidenced by Social Security Disability Notice of Award.

How to Calculate Your 32BJ School Workers Pension Benefit

Your monthly pension benefit is determined by multiplying the appropriate Pension Rate by the number of Pension Credits you earned during your career.

PENSION FORMULA

Your Pension Rate	X	Your Pension Credits	=	Your Monthly Pension Benefit
If you Retire(d) having earned your last partial Pension Credit...			Your Pension Rate is...	Your Pension Credits May not Exceed...
On or after July 1, 2019			\$49.00	25
Between January 1, 2003 and June 30, 2019			\$44.00	25
Between January 1, 2001 and December 2002			\$42.30	26
Between January 1, 1999 and December 31, 2000			\$40.74	27
Between January 1, 1994 and December 31, 1998			\$36.42	28
Between January 1, 1992 and June 30, 1994			\$35.17	29
In 1990 or 1991			\$34.00	30
In 1989			\$30.00	30
In 1988			\$26.00	25 ¹ /30 ²
In 1987			\$22.00	25
In 1986			\$18.00	25
Before 1986			\$14.00	25

¹January 1 - June 30, 1988

²July 1 - December 31, 1988

How to Calculate Your 32BJ School Workers Pension Benefit

If you have 30 or more Pension Credits, your monthly pension benefit at age 65 will be increased by an additional \$100!



How to Calculate Your School Workers Pension Benefit

Normal Pension:

If you have **20** Pension Credits and terminate Covered Employment on 12/31/2020 at age 65:

$$\begin{aligned} &\text{Monthly pension} \\ &\$49.00 \text{ (rate)} \times 20 \text{ Pension Credits} = \\ &\quad \$980.00 \end{aligned}$$

How to Calculate Your School Workers Pension Benefit

Normal Pension:

If you have **14** Pension Credits and terminate Covered Employment on 02/25/2017 at age 65:

$$\begin{aligned} &\text{Monthly pension} \\ &\$44.00 \text{ (rate)} \times 14 \text{ Pension Credits} = \\ &\quad \$616.00 \end{aligned}$$

How to Calculate Your 32BJ School Workers Pension Benefit

Unreduced Early Pension

Available to members with a Participation Date before 7/1/2018

If you have 5 Pension Credits, 5 years of Vesting Service, have reached age 55 on 6/4/2020 (while working in Covered Employment) and retire on 7/1/2020:

Monthly pension

$$\begin{aligned} \$49.00 \text{ (rate)} \times 5 \text{ Pension Credits} &= \\ \$245.00 \end{aligned}$$

How to Calculate Your School Workers Pension Benefit

Deferred Vested

If you have **10** Pension Credits and terminate Covered Employment on 02/25/2020 at age 45, your Benefit at **Age 65** would be as follows:

$$\begin{aligned} &\text{Monthly Pension} \\ &\$49.00 \text{ (rate)} \times 10 \text{ pension Credits} = \\ &\quad \$490.00 \end{aligned}$$

How to Calculate Your School Workers Pension Benefit

Reduced Early

If you have **10** Pension Credits and terminate Covered Employment on 02/25/2020 at age 45 your Benefit at **Age 55** would be as follows:

$$\$49.00 \text{ (rate)} \times 10 \text{ Pension Credits} = \$490.00$$



$$120 \text{ (months prior to age 65)} \times \frac{1}{2}\% = 60\% \text{ age reduction factor}$$



$$\$490.00 \text{ (benefit at age 65)} \times 60\% \text{ (reduction factor)} = \$294.00$$



Monthly Pension

$$\$490.00 \text{ (benefit at age 65)} - \$294.00 \text{ (age reduction factor)} = \$196.00$$

How to Calculate Your School Workers Pension Benefit

Disability

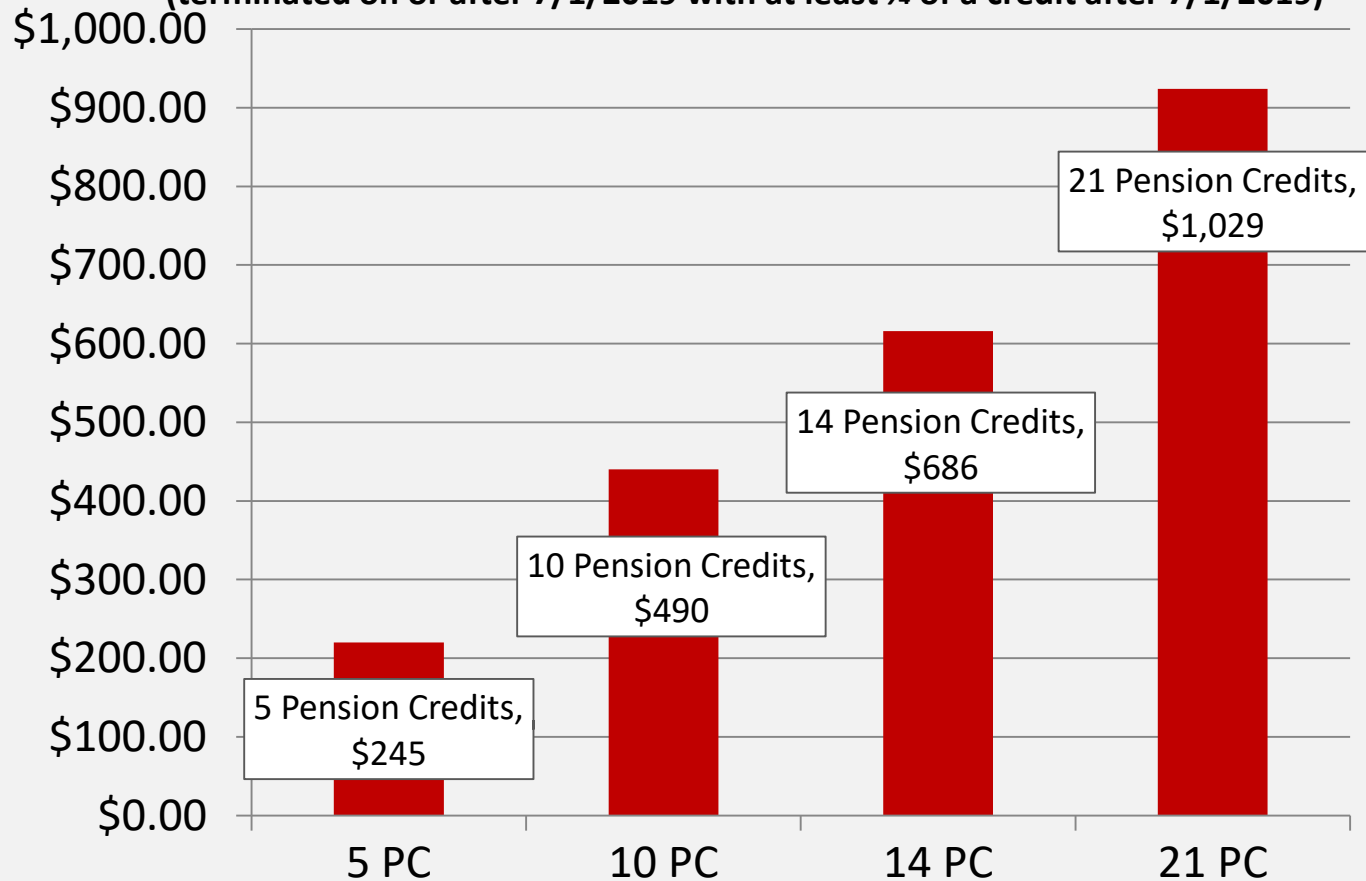
If you have at least five (5) Vesting Credits and five (5) Pension Credits and your Social Security Disability Date occurs while working in Covered Employment, you are eligible for a disability pension:

$$\begin{aligned} &\text{Monthly Pension} \\ &\$49.00 \text{ (rate)} \times 5 \text{ Pension Credits} = \\ &\quad \$245.00 \end{aligned}$$

Let's compare

Monthly Pensions based on examples

(terminated on or after 7/1/2019 with at least $\frac{1}{4}$ of a credit after 7/1/2019)



How Your Pension Will be Paid

If you are single:

Single Life Pension with 36 Month Certain & Life (3 years) Guaranteed

- ✓ Pays a benefit for your lifetime.
- ✓ If you die before receiving 36 monthly payments, your beneficiary will receive the same payment for the balance of the 36-month guarantee period.

How Your Pension Will be Paid

Other options if you are single:

- ✓ 10 Year Certain & Life (10 Years Guaranteed) – If you die before receiving 120 monthly payments, your beneficiary will receive the same payment for the balance of the 120 month guarantee period.

How Your Pension Will be Paid

If you are married: 50% Joint & Survivor Pension

- ✓ Pays a benefit for your lifetime.
- ✓ If you die before your spouse, your spouse will receive 50% of the pension amount you were receiving prior to your death.
- ✓ Your pension benefit is reduced because the Plan will pay two pensions over two lifetimes.

Other options if you are married:

- ✓ 100% Joint & Survivor Pension – If you die before your spouse, your spouse will receive 100% of the pension amount you were receiving prior to your death for his or her lifetime.
- ✓ 50% and 100% Joint & Survivor Pop-Up Pension – If you die before your spouse, your spouse will receive 50% or 100% of the pension amount you were receiving prior to your death for his or her lifetime. If your spouse predeceases you, your monthly pension will “pop up” and will no longer be reduced by the factor based on the age difference between you and your spouse. Your spouse’s consent is required elect this option.

Other options if you are married: (continued)

- ✓ 36 Month Certain & Life (3 Years Guaranteed) – If you die before receiving 36 monthly payments, your beneficiary will receive the same payment for the balance of the 36-month guarantee period. Your spouse's consent is required to waive his/her right to survivor benefits.
- ✓ 10 Year Certain & Life (10 Years Guaranteed) – If you die before receiving 120 monthly payments, your beneficiary will receive the same payment for the balance of the 120 month guarantee period. Your spouse's consent is required to waive his/her right to survivor benefits.

Examples of How the 32BJ School Workers Pension is Paid

Example of 50% Joint & Survivor Pension

If you are married and retire at age 65 on a Regular Pension of \$1,225.00 and your spouse is also 65 years old:

- Under the 50% J&S Pension, you would receive \$1,151.50 per month for your lifetime.
- Your Regular Pension is reduced because the Plan will pay two pensions over two lifetimes.
- When you die, your spouse would receive 50% of your benefit, or \$575.75 per month for as long as he/she lives.
- After he/she dies, all pension payments stop.
- If your spouse predeceases you, the pension amount you are receiving stays the same.

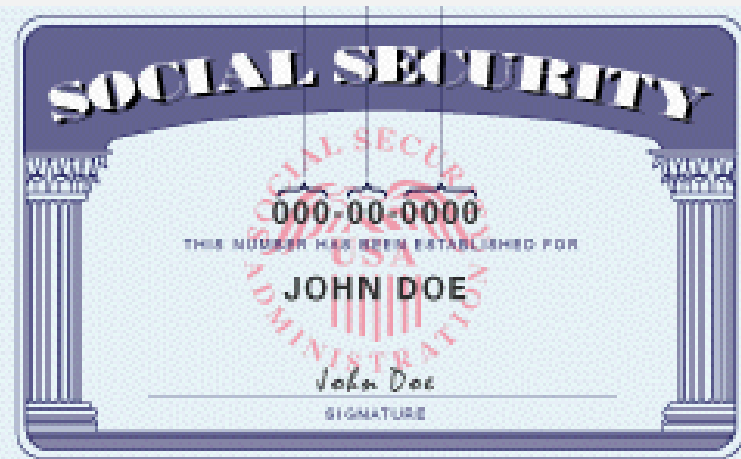
Examples of How the School Workers Pension is Paid

Example of 36 Month Certain & Life Pension

- Single and retire at age 65 on a Regular Pension of \$880.
- If you die after receiving 16 monthly payments, the remaining 20 payments will be made to your beneficiary.
- If you live long enough to receive the 36 guaranteed monthly payments, you will continue to receive monthly payments for your lifetime.
- No benefits will be payable to your beneficiary after you die.

Social Security Benefits

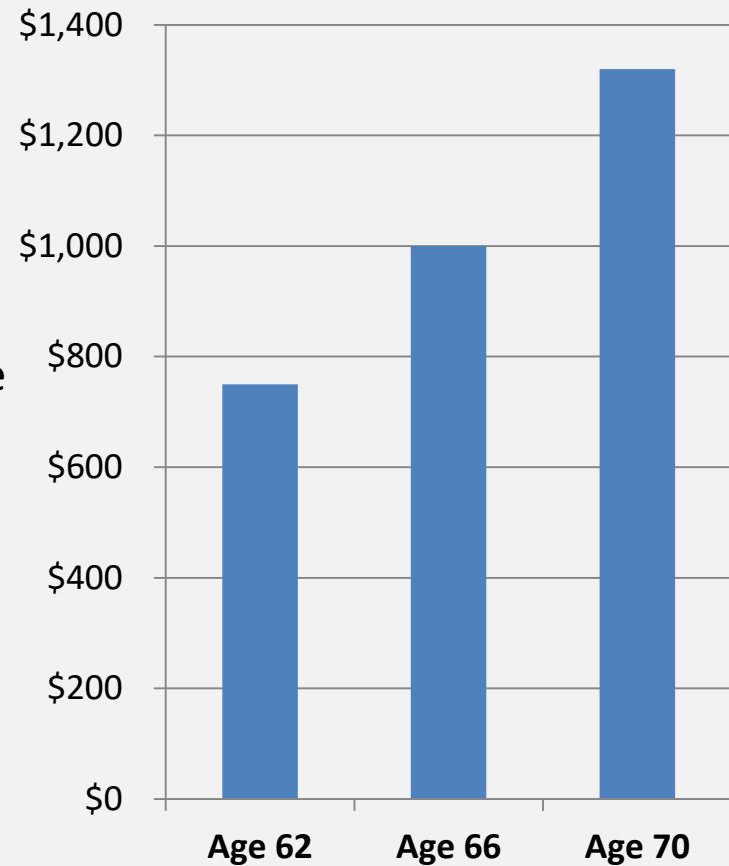
- Social Security will provide you a monthly payment for life.
- Social Security will not fully replace your income from work.
- Your 32BJ Pension, your SRSP account and your personal savings will supplement Social Security.
- Unlike pension, your Social Security is adjusted for inflation.
- The average monthly Social Security retirement benefit for January 2021 is \$1,543.



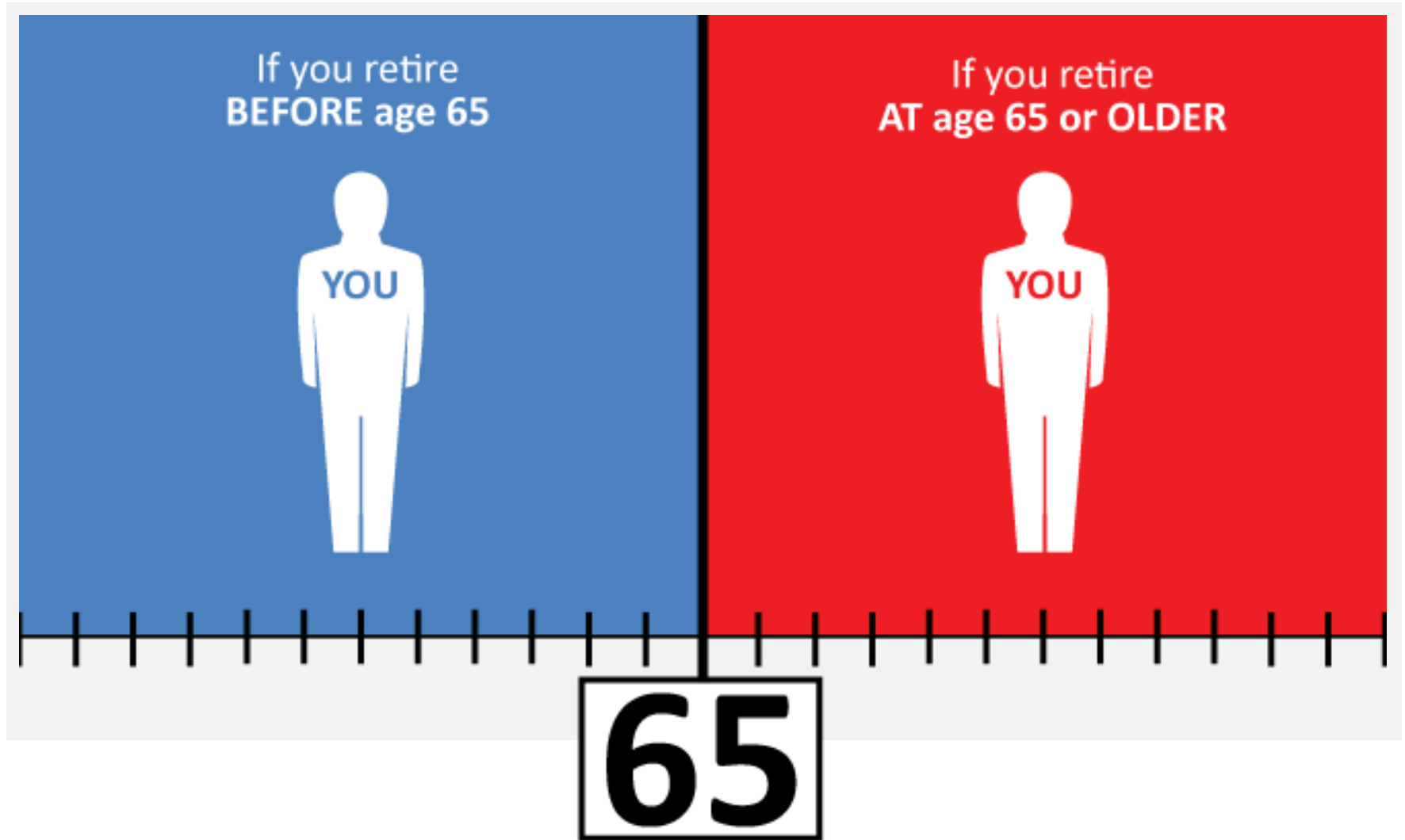
Social Security Benefits

- You can collect Social Security as early as 62.
- If you delay retirement, your benefit will increase each year you postpone retirement until you reach age 70. After 70, your benefit will no longer increase.

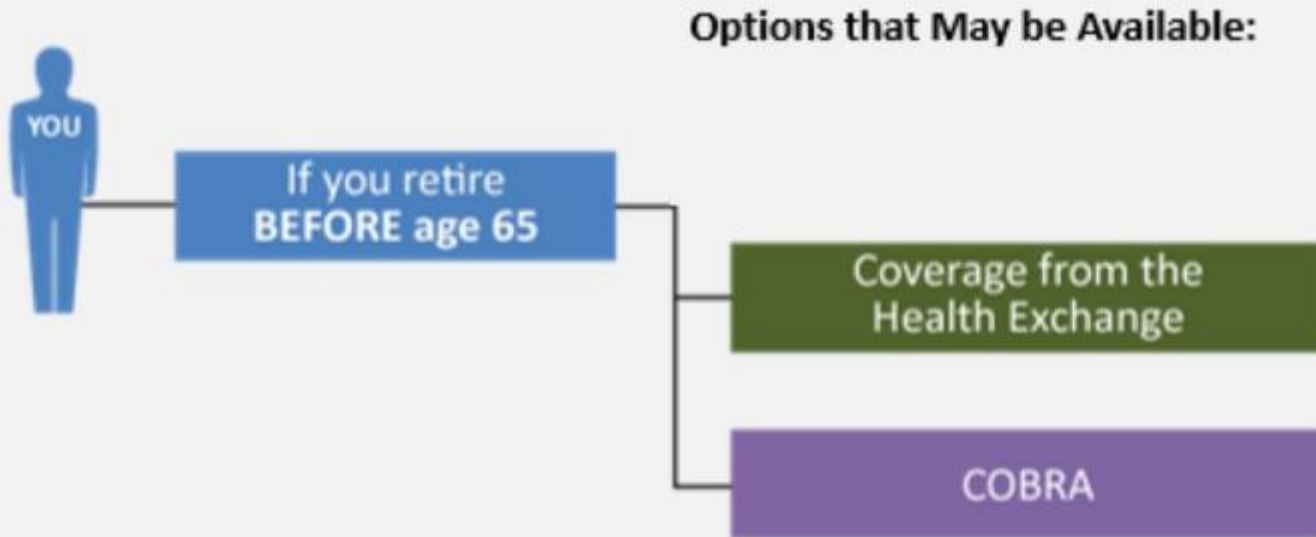
Example: If your full benefit is \$1,000 at age 66, at age 62 you would receive \$750, at age 70, \$1,320.



Health Benefits After Retirement



Health Benefits if you Retire before 65



Health under 65:

Insurance Marketplace (Obamacare)

- New York: <https://nystateofhealth.ny.gov/>



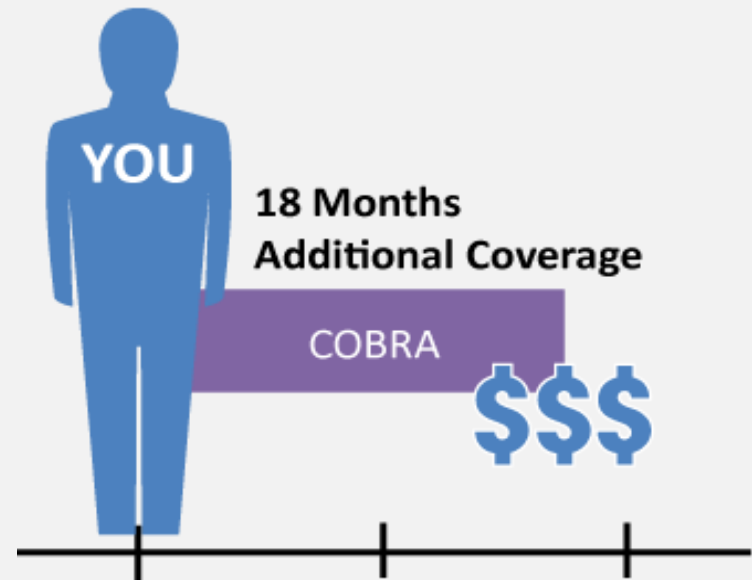
- New Jersey and all other states:
<https://www.healthcare.gov/>



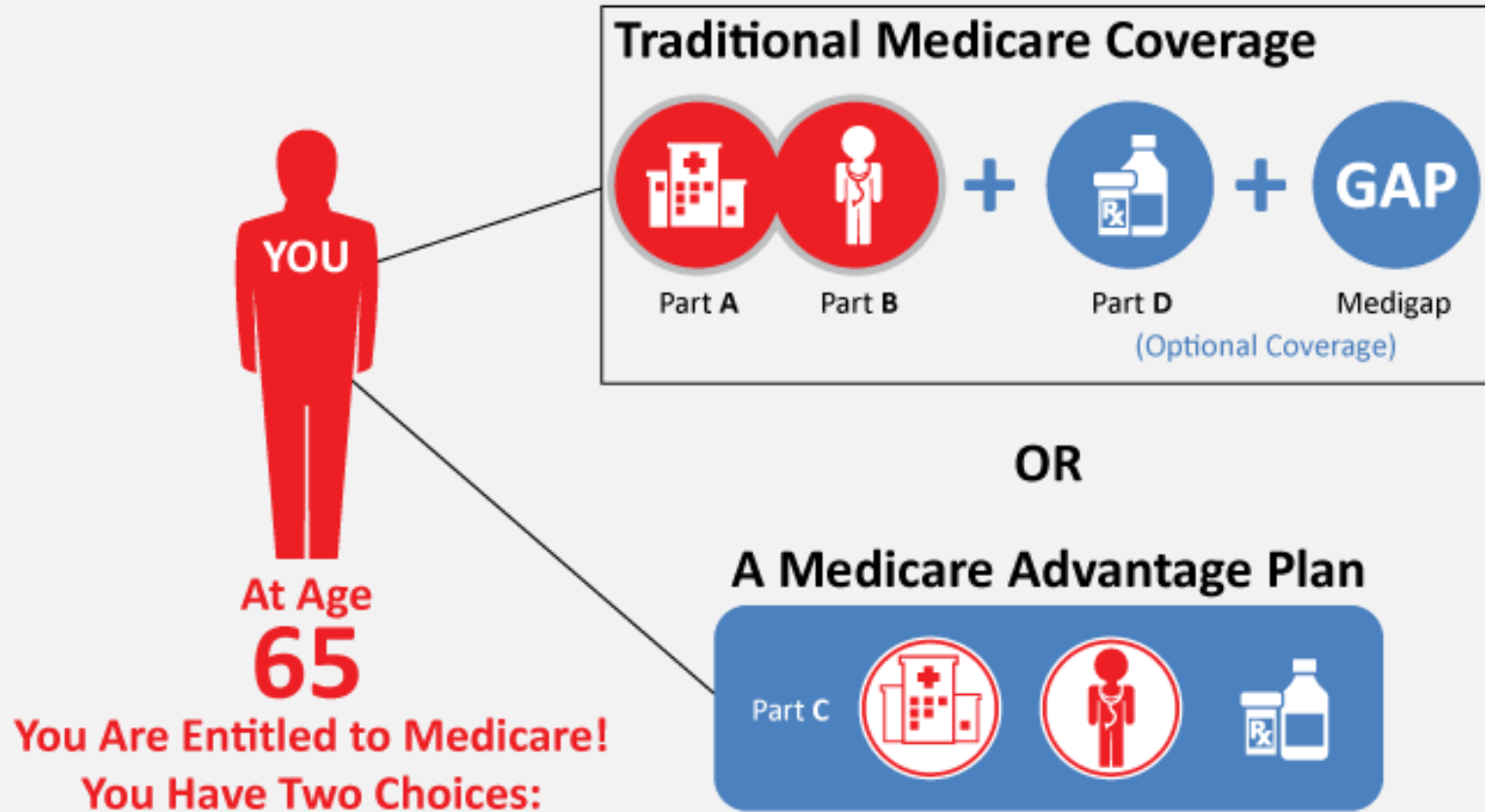
Health under 65:

COBRA Coverage from the 32BJ Health Fund

- 18 months of additional coverage for you and your eligible dependents
- Two options to choose – Core or Core Plus
- Expensive Coverage – for 2021, family Core Plus coverage is \$2,077.73 per month
- Self-pay the full premium



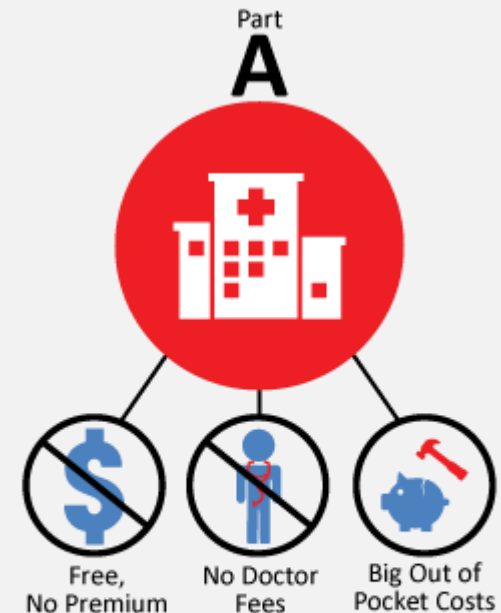
Retiree Health at 65 or older



Original Medicare

Part A

- Covers the cost of care in a facility – like a hospital, skilled nursing facilities or hospice.
- **Part A is free– no premium.***
- However, there are **significant out of pocket costs**
- It does not cover doctor fees – you must enroll in Part B
- Part A has a deductible and coinsurance during your hospital or facility stay

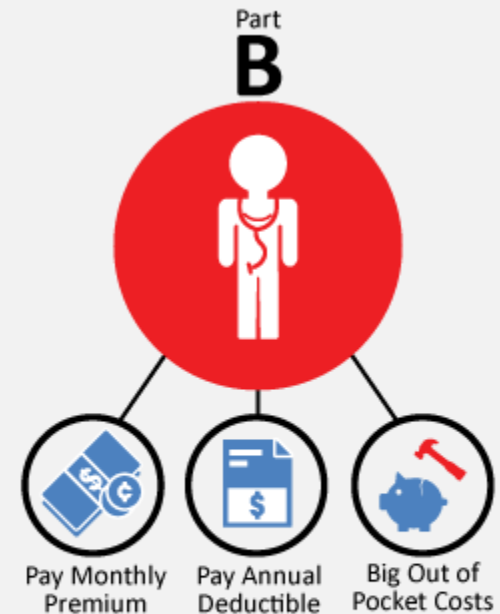


*If you or your spouse has worked for at least 10 years.

Original Medicare

Part B

- Covers **doctor services** in and out of the hospital and other services like surgery charges, physical therapy, anesthesia, etc.
- **You must pay a premium:**
 - currently costs an individual \$170.00 per month, if first enrolling in 2022.
 - There may be a penalty if you do not enroll when first eligible.
- Part B has an annual deductible in 2022 of \$233 and also covers 80% of a Medicare participating provider's charges. You are responsible for the remaining 20%.
- **Your out of pocket cost for Part A and Part B can be very high!**

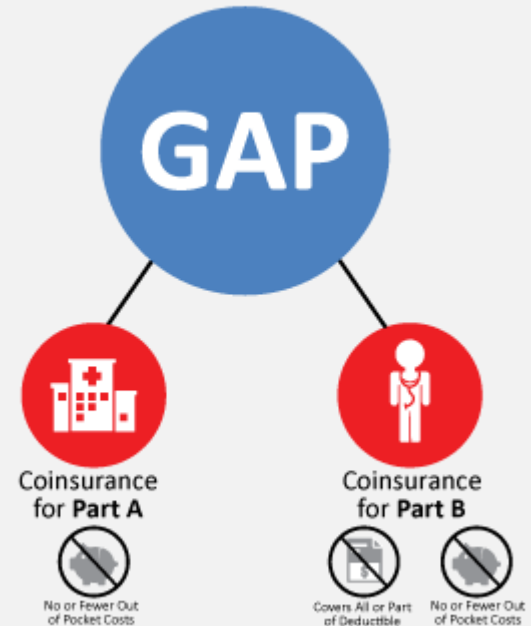


Original Medicare

Medigap or Medicare Supplement Plan

- Only available with Original Medicare
- Pays for part of deductibles and coinsurance for Part A and Part B.
- Offered by private insurance companies like Empire BlueCross BlueShield, Aetna, United HealthCare, Mutual of Omaha, etc.
- Multiple levels of coverage available that the individual can purchase.
- Cost of the plan varies based on the extent of the coverage selected by the individual.

Medigap or Medicare Supplement Plan (optional)



Original Medicare

Part D

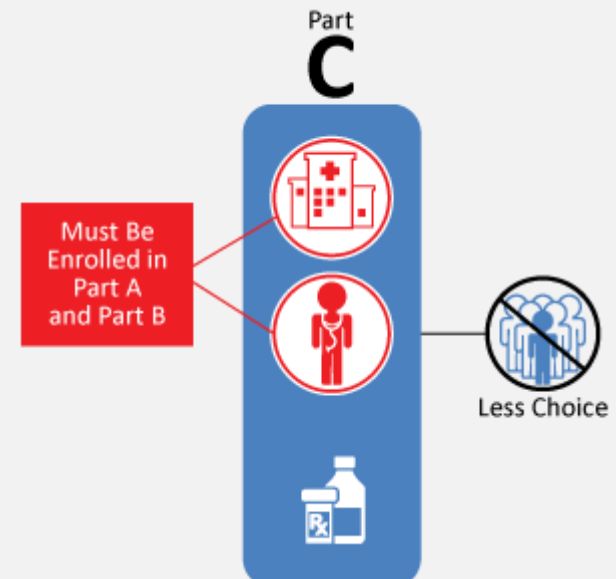
- Helps cover prescription drug costs.
- Run by Medicare-approved private insurance companies.
- Parts A and B have no drug coverage
- The 5 most popular Part D drug plans in NY can range in premiums from \$33.20- \$94.80 per month depending how rich a plan you select. You will also pay copays for your medications.
- There may be a penalty if you do not enroll when first eligible.



Medicare: Another Option

Part C – Medicare Advantage Plans

- **Less Choice of Doctors – PPO or HMO but Less Out of Pocket Cost**
- You must be enrolled in Medicare Parts A and B to enroll in a Part C plan
- Medicare Part C plans include coverage for hospital and physician care. Some plans also include prescription drug coverage
- The premium cost for a Part C plan will depend on the plan you select
- Many Part C plans in the NY area



Medicare: FAQ

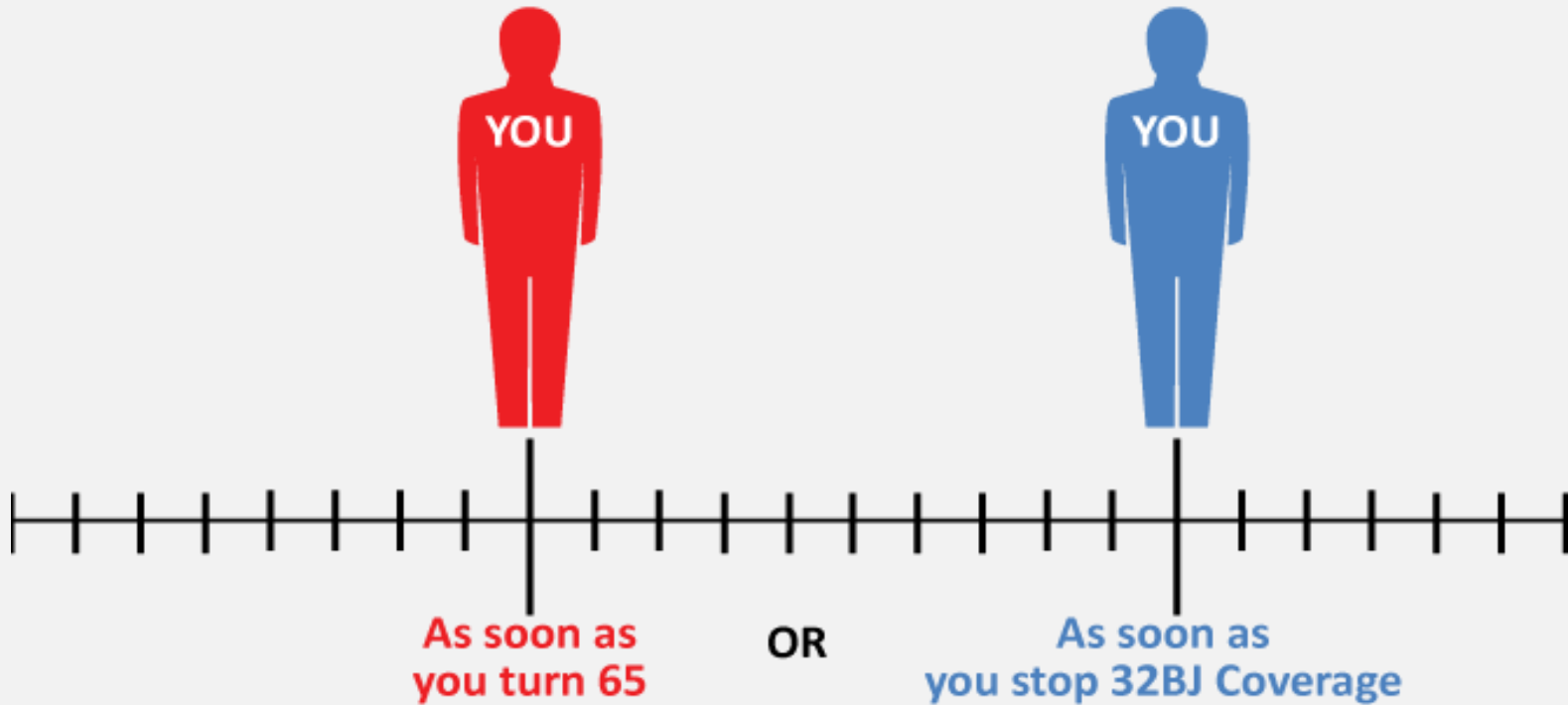
“I am 75 years old and still working. Will I get penalized because I did not register for Medicare when I turned 65?”

No, you will not get penalized as long as you are actively working full-time.

Once you know your retirement date and the date your coverage will end, sign up for Medicare to avoid being penalized or having a lapse in coverage.

Medicare: Don't Delay

Enroll in Part A and Part B:



If you delay enrolling: you face higher Part B and Part D premiums for the rest of your life and you may have to wait for a later enrollment period. This means you may not have coverage for another year.

More Information about Medicare

Visit the following websites for information regarding your Medicare Entitlement:

<https://www.medicare.gov/forms-help-and-resources/index.html>

<http://www.medicarerights.org>

<https://www.shiptacenter.org/>

Or call 1-800-MEDICARE (1-800-633-4227)



Supplemental Retirement Savings Plan

Basic features of the Supplemental Retirement Savings Plan (SRSP):

- ✓ The SRSP is a profit sharing plan with a 401(k) feature that allows you to save for retirement on a tax-deferred basis.
- ✓ Your employer makes contributions to the SRSP depending on your collective bargaining agreement.
- ✓ When taking withdrawals from a tax-deferred plan before age 59½, you may have to pay ordinary income tax plus a 10% federal penalty tax. The 10% penalty may not apply in some situations, including taking withdrawals after separation from service on or after age 55.
- ✓ You should consult your tax advisor to ensure that you understand your potential tax liability.

Supplemental Retirement Savings Plan

You may withdraw your funds when:

- ✓ You are eligible to retire (no longer work in covered employment)
- ✓ You become disabled (restrictions apply)
- ✓ You terminate employment before you are eligible to retire (there is a 180 day wait period to receive your funds)

Supplemental Retirement Savings Plan

You may elect to receive your funds the following ways:

- ✓ Lump sum – a one-time payment of your entire account balance
- ✓ Installments – equal monthly payments for 1 to 10 years
- ✓ Combined lump sum and installments

You may roll over your distribution to a financial institution.

If the value of your account is \$5,000 or less when you elect to take your distribution, the only distribution option available to you is a lump sum payment.

Legal Fund Benefits for Retirees

- ✓ Covered legal services and advice are available for eligible retirees receiving a pension
- ✓ There is NO COST for covered legal services provided by lawyers and other staff
- ✓ The Legal Fund can also assist retirees with payment of case costs in covered matters

Legal Fund Benefits for Retirees

Examples of Legal Matters Covered For Retirees

- ✓ Immigration
- ✓ Wills (simple, every three years)
- ✓ Real Estate (primary home)
- ✓ Debt matters (settlement assistance)
- ✓ Bankruptcy (Chapter 7)
- ✓ Matrimonial (uncontested)
- ✓ Family court (once every five years)
- ✓ Administrative matters and related advice

Retirement Planning Reminders

Send your “proof documents” the Fund office...

It's never too early to submit your birth certificate, your spouse's birth certificate and marriage certificate (if applicable) to the Fund office. Your annual pension estimates, as well as your pension benefits at retirement, are based on the information in these documents. Other proof documents may be acceptable in lieu of these documents. Please contact the Fund office if you need assistance.

When you move...

Remember to notify the Fund office when you move to assure that you receive all your important retirement plan information on time, each year.

When you experience a major life event...

Remember to notify the Fund office if you get married, divorced, or if your spouse passes away. This may affect the amount of your pension benefit when you retire.

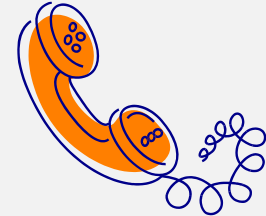
Alive and Well

****** Please also note, as pensioners, you will receive an annual solicitation called **Alive and Well**. The Pension Fund will mail out documents to be completed by you in front of a notary on a yearly basis. If you do not complete the document or the document is returned because it's undeliverable your pension payments will be suspended.

For More Information...

Please visit our **Welcome Center**:

- ✓ Monday-Friday: 8:30 a.m.- 6:00 p.m.



Call Member Services:

- ✓ 800-551-3225 Monday-Friday, 8:30 a.m. - 5:00 p.m.

Visit www.32bjfunds.org.

Contact John Hancock for SRSP assistance:

- ✓ 833-388-6466
- ✓ www.myjhportal.com/32BJ.

