

Retirement Planning Checklist

Presented By

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NHRS Terms



- ◆ Vesting

- 10 years of creditable service
- Working in an NHRS-covered position at or beyond normal service retirement age, regardless of years of creditable service

Earned right to a future benefit

- ◆ Retirement

- Not the same as “termination” or the last day of employment
- Must meet filing deadlines

NHRS Terms

◆ In Service

- Actively contributing to NHRS and earning creditable service
- FMLA
- Workers' Compensation

◆ Accumulated Contributions

- Member contributions plus credited interest
- Not employer contributions

NHSR Terms

- Earnable Compensation
 - **Compensation used to calculate your Average Final Compensation (AFC)**
 - **Definition of ‘Earnable Compensation’ is different for members vested prior to Jan. 1, 2012, and other members**



Defined Benefit Plan

- Benefits are not based on contributions or investment returns
- Benefits are based on a specific formula:
 - Service (Creditable Service)
 - Salary(Average Final Compensation)



Three Tiers of Pensioners

- Those vested **prior to Jan 1, 2012**, may draw at age 60. AFC = highest 3 years' salaries.
- Those vested **after Jan 1, 2012**, may draw at age 60. AFC= highest 5 years' salaries.
- Those **hired after July 1, 2011**
May draw at age 65. AFC = highest 5 years' salaries.



Service Retirement Benefit Formula Ex:

- Age 60-64 (no minimum service), vested prior to Jan 1, 2012:

AFC ÷ 60, multiplied by
creditable service = annual pension

$\$30,000 \div 60 = \$500 \times 30 \text{ years}$

\$15,000

Early Retirement

At least 10 years of creditable service
Ages 50-59

OR “Rule of 70”:

At least 20 years of creditable service
Age + Service = 70



Early Retirement

Permanently reduced pension based on number of years and months before age 60 that retirement pension commences.

<u>Years of Service</u>	<u>Penalty per year early</u>
35+ years.....	1.5%
30-34 years	3%
25-29 years	4%
20-24 years	5%
< 20 years.....	6.66%



Early Retirement Example

Group 1 member with 25 years of creditable service retires at age 55

- ◆ **60–55 = 5 years of early retirement**
- ◆ **25 yrs of service = 4% reduction for each year**
- ◆ **5 yrs x 4% = 20% permanent reduction**

Vested Deferred Retirement

10 + years of creditable service:

- ◆ Terminate NHRS-covered employment
- ◆ Do not withdraw accumulated contributions
- ◆ Pension may commence at age 60, or earlier as an early reduced pension

Review and understand NHSRS Retirement payment options.

Choosing a payment option is an important decision and is irrevocable once you sign up for benefits.

- | | |
|------------|-------------------------------|
| Option 1: | Maximum Benefit |
| Option 2: | 100% Survivorship |
| Option 3: | 50% Survivorship |
| Option 4A: | 100% Survivorship with pop up |
| Option 4B: | 50% Survivorship with pop up |

Turning 65

Group 1 members experience a reduction in their pension amount at age 65, based on the benefit formula, regardless of their effective date of retirement.



Healthcare Considerations

- Covered by employer plan while working.
- Upon retirement, if under 65, remain on the employer plan (*typically subject to the full premium*).
- At age 65 (or SS disabled) eligible for Medicare.
- Medicare is a Government sponsored, national health plan.

Medicare Terms

Medicare comprised of Parts A, B, C, D

Part A: Hospital costs

Part B: Physician costs

Part C: Medicare Advantage plans

Part D: Prescription drugs

Medicare does not cover everything, so a supplement or “Medi-gap” plan is often purchased. Available through your district

2014 Medicare Costs

	Part A	Part B	Medi-gap Supplement
Monthly Premium	\$0.00	\$104.90	Approx. \$400 - \$600 (with Rx)

Retirement Planning

1. Contact NHRS early so you understand your options (e.g., early retirement penalties, purchasing service credit with 403(b) funds, normal retirement, etc.).
2. Review your annual statement carefully.
3. Determine amounts due from Social Security (for self & spouse). A Personal Employee Benefit Statement (PEBS) is sent annually.
4. How will part-time work effect Teachers' Retirement and Social Security?

Supplemental Retirement Savings Plans 403(b), 457(b), 401(k), IRA, ROTH

- Social Security and NHRS will not be enough for you to maintain your pre-retirement life style.
- 403(b), 457(b), 401(k) Elective deferral limits for 2014 = Lesser of \$17,500 or 100% of earned income.
- Additional “catch-up” limits for individuals age 50 or older = \$5,500
- Traditional and ROTH IRA’s contribution limits for 2014 = Lesser of \$5,500 or 100% of earned income.
Over age 50 = \$6,500

Review insurances:

- Review options for Health, Dental, Life.
- Consider buying Long Term Care Insurance.



Long Term Care Planning

- Self Insure
- LTC Insurance
- Hybrid Planning



Retirement Income Planning – find an expert

1. You will probably need between 70% to 100% of pre-retirement income to maintain your current life style.
2. Consider pensions, Social Security, 403(b)'s, IRA's, 401(k)'s, part-time work, income-producing real estate, or sale of and reinvestment of assets.
3. Remember to consider impact of part time work on Social Security and Teachers' Retirement benefits.
4. Don't forget about inflation!

USE YOUR RESOURCES !

- New Hampshire-NEA
- NEA Member Benefits
(www.neamb.com)
- New Hampshire State Teachers'
Retirement System (www.nhrs.org)
- Social Security
- Financial Advisor(s)

NEA-NH Endorsed Financial Partners

Jeffrey Parsons

Parsons Financial Associates
24 South State Street
Concord, NH 03301
603-224-9906
Jeff.parsons@investfinancial.com

Anne Murray

Invest Financial
4 Merrill Industrial Drive, Suite 222
Hampton, NH 03842
603-929-3636
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LOCAL RESTAURANTS

Your Location

TOP 5 MEMBER FAVORITES NEAR BRAINTREE

1. Granite Grill at 703	Italian	\$25 for \$4	372 bought
2. Sher-A-Punjab	Indian	\$25 for \$4	212 bought
3. The Clam Box	American	\$15 for \$2.40	73 bought
4. Ecco! Trattoria & Bar	Italian	\$15 for \$2.40	68 bought
5. Crossroads Cafe & Deli	American	\$10 for \$1.60	22 bought

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