



## WHAT YOU NEED TO KNOW ABOUT THE RETIREMENT PROCESS

The following is information about the retirement process explained in a step-by-step format. Please keep this sheet to reference as you proceed through the process.

### I. Schedule appointment to complete the Application for Service Retirement form

The first step in the retirement process is scheduling a meeting to complete the Application for Service Retirement form which provides us with the date your retirement will be effective. This meeting is a joint meeting in which Jean Michaud, Deputy Human Resources Director, will discuss retirement benefit information and Jessica Kirkendall, Human Resources Specialist, will discuss retiree health insurance information (if you are eligible) and should be scheduled no later than 30 days before your retirement date. To schedule this meeting, please contact either:

Jean Michaud, Deputy Human Resources Director      or      Jessica Kirkendall, Human Resources Specialist  
269-384-8101 or [jmmich@kalcounty.com](mailto:jmmich@kalcounty.com)      269-383-8953 or [jjkirk@kalcounty.com](mailto:jjkirk@kalcounty.com)

Be prepared to bring the following documentation to the meeting:

- **Driver's License as proof of identity**
- **Birth Certificate (if not previously provided to the Retirement System)**
- **Marriage License and Spouse's Birth Certificate (if currently married and if not previously provided to the Retirement System)**

**Active Employees** who are going straight from employment to retirement and are of retirement age:

Your retirement effective date must be the date following the last day you will be paid. For instance, if your last day worked is a Friday, then your retirement will be effective on Saturday.

**Deferred Members** are individuals who left County employment and were vested at the time of their departure or are active employees who are not of retirement age. Deferred members are not eligible for retiree health insurance:

Your application cannot be backdated. The retirement effective date must be the day you sign the form (if your employment has already ended) or a date in the future.

## II. Service Review & Reviewed Retirement Estimate

After submission of your completed Application for Service Retirement form, your personnel file will be reviewed to verify your date of retirement system membership, age on your retirement effective date and credited service through the date of the review. A reviewed retirement estimate will be provided to you prior to your retirement effective date. Please contact Jean Michaud prior to your retirement effective date, if you have any questions on this information.

## III. Submitting Information to our Actuary

The County employs an actuary, Gabriel, Roeder, Smith & Company, who calculates the final benefit due to retirees. We submit the information necessary for this calculation after the employee receives their final paycheck (if an active employee) or after the retirement effective date (if a deferred member). It generally takes the actuary two weeks to process this paperwork and provide us with the final benefit calculation. This could take more or less time depending on the workload of the actuary. When we have received this information, Jean Michaud will contact you to set up an appointment to complete the Election of Optional Pension Benefit form.

**Date of Final Paycheck (if an active employee):**

**or Retirement Effective Date (if deferred):**

**Final benefit information expected back sometime the week of:**

## IV. Election of Optional Pension Benefit Form

The Election of Optional Pension Benefit form is used to indicate what type of benefit you wish to receive and is completed once the final numbers come back from the actuary. If you are a married individual and elect to take either the "Single Sum" or "Straight Life" benefit, your spouse will need to accompany you to sign the spousal consent section of this form. Please note that individuals who are under retirement age may only elect to receive a single sum benefit provided they meet the hire date criteria for eligibility.

❖ **Monthly Benefit Options** – There are three monthly benefit options available to married retirees and one option available to single retirees.

- The first monthly benefit option is the **straight life or life annuity option**. This is a monthly benefit that will be paid to you as long as you are alive and is available to married or single retirees.
- The second monthly benefit option is **Option A: 100% Survivor**. This option is available to married retirees only. Retirees selecting Option A will receive a benefit as long as they are alive and when they pass away their spouse would receive the same amount for as long as they are alive.
- The third monthly benefit option is **Option B: 50% Survivor**. This option is available to married retirees only. Retirees selecting Option B will receive a benefit for as long as they are alive and when they pass away their spouse will receive half of this benefit for as long as they are alive.

State Street Bank in Boston, Massachusetts, issues the retirement checks on our behalf. We submit changes and new retiree set up information on or around the 12<sup>th</sup> of each month for payments issued on the 1<sup>st</sup> of the following month.

**Estimated date of first retirement check:**

**which will cover the benefit for the month of:**

**Estimate date of retro retirement check (if applicable):**

**which will cover the benefit for the month of:**

The monthly benefit is paid on the first of the month and covers the prior month's benefit. For instance, an April 1<sup>st</sup> payment covers the March benefit.

We do offer direct deposit and this can be accomplished by providing, in writing, the name of the bank you wish to have your money sent to, your account number, the routing number or ABA number of the bank and whether you want the deposit to go into a savings or checking account. Direct deposits are processed on the first of the month unless the first is a weekend or a holiday in which case the deposit will occur on the next business date.

There are no taxes automatically withheld from the monthly payment. We can withhold either a set amount, but the amount must be submitted in writing, or Retirees can complete a W-4P. The best way to determine what/how to withhold is by contacting a tax advisor.

You may change either your direct deposit or tax withholding information at any time by submitting the change in writing. The forms to change your tax withholding or direct deposit can be found under the Retiree Forms section of the Retirement Information & Forms portion of the County website at <http://www.kalcounty.com/rif/>. These changes should be directed to Jean Michaud, Human Resources, 201 West Kalamazoo Avenue, Room 201, Kalamazoo, MI 49007.

Some employees have contributions in the retirement system. This applies mostly to employees who started with the County before the late 70's and those who have purchased prior service or military service credit. These contributions were made after taxes and must be refunded as a tax-free portion of your monthly benefit payment. The actuary has provided us with a chart that determines over how many monthly payments the tax-free portion will be spread. You will see this noted as "EE Contributions" on your check stub. Please note that some District Court employees as well as individuals who have purchased prior service credit using pre-tax dollars will not be eligible for the taxfree portion of their benefit payment, as these monies have not yet been taxed.

- ❖ **Single Sum Option** – this is a one-time only lump sum payment and is available to married or single retirees. *This option has been eliminated for Kalamazoo County employees hired after September 30, 2009 and Community Mental Health employees hired after February 5, 2013.* It generally takes approximately two weeks after the “Election of Optional Pension Benefit” form is signed for a single sum payment to be processed.

**Estimated Date of Single Sum Check:**

Retirees have the option of rolling these funds into an IRS qualified plan, taking them as taxable income or a combination of both. If you decide to select the single sum option, you will complete the Single Sum Distribution Election form to provide us with direction on how you would like to receive the single sum payment. This form will need to be completed at the same time as the Election of Optional Pension Benefit form.

- **Tax-Free Rollover to a Qualified Plan**

The single sum benefit may be rolled over tax free to a qualified retirement plan. To accomplish this, we need the following information for the Single Sum Distribution Election form: name of the financial institution the check will be issued to, an account number to reference so that they know the money is intended for you and an address of where the check is to be sent. Tax-free rollovers are issued via a physical check and are not wired or overnighted.

- **Taxable Distribution to Retiree**

If you desire, the check can be made payable to you but will be considered taxable income. We will take a mandatory 20% Federal tax deduction before you receive the check. The mandatory 20% may not cover all the taxes owed, so we strongly advise contacting a tax advisor for further information before pursuing this option. You may request that we withhold an additional percentage to cover any additional taxes that you feel you may owe. The taxable distribution to a retiree can be direct deposited. Retirees simply need to provide, in writing, the name of the bank you wish to have your money sent to, your account number, the routing or ABA number of the bank and whether you want the deposit to go into a checking or savings account.

- **Combination of Taxable Distribution to Retiree and Tax-Free Rollover to a Qualified Plan**

Retiree’s may elect to take a portion of their single sum benefit as taxable earnings and rollover the remaining amount. In order to do this you will need to indicate the amount that you want to be made payable to you and the amount to be rolled over on the Single Sum Distribution Election form.

Some employees have contributions in the retirement system. This applies mostly to employees who started with the County before the late 70’s and those who have purchased prior service or military service credit. These contributions were made after taxes and must be refunded directly to the employee tax-free. Only the actual contributions, not the interest, will be refunded as a separate payment out of the calculated single sum benefit. Please note that some District Court employees as well as individuals who have purchased prior service using pre-tax dollars will not be eligible for the tax-free refund.