



# STATE OF CONNECTICUT

## DEPARTMENT OF CORRECTION

24 WOLCOTT HILL ROAD  
WETHERSFIELD, CONNECTICUT 06109

## THINKING OF RETIRING?

We know this is a big decision and want to help you with the entire process. Following is some basic information for you in regards to retirement.

### What's the first step?

The first step in the process for retirement is to submit a letter of intent to your direct supervisor and chain of command (i.e. Director, Warden etc.) and give Human Resources a copy. Your letter of intent should include your name, employee number and date of intended retirement. You should give at least 3 months notice, if possible. The date of your effective retirement can only be the first of the month.

### RETIREMENT DIVISION COUNSELING APPOINTMENTS:

The State of Connecticut Office of The State Comptroller has coordinated Retirement Counseling and Benefit Workshops. You can go online [www.osc.state.ct.us](http://www.osc.state.ct.us) to get more information or contact their office directly: 860-702-3490. The Workshops are meant to be helpful and informative and provide you with insight into the retirement process. The Office of the State Comptrollers provides individualized counseling services as well as group sessions. They suggest counseling appointments be made a minimum of (12) months prior to your anticipated date of retirement. Generally, appointments are reserved for members who are planning to retire within the next year.

**PLEASE NOTE: As of Spring 2009, The Retirement Division has suspended individual sessions. Only Group sessions are available at this time.**

### FORMS YOUR AGENCY WILL PROVIDE:

Your facility Human Resources representative will have a package of retirement forms for you to complete. Once they are completed, the package of forms will be delivered to the Retirement Services Division for processing.

Forms include:

- CO-898- Application for Retirement Benefits – prepared by your HR person and submitted to payroll for your three high years to calculate your estimated average annual salary.
- Choice of Health Services Form- At the time of retirement, an employee can change health insurance plans, continue in the same plan or not enroll at all, depending on the employee's situation. Once retired, the same rules apply, changes will only be

allowed at open enrollment time every year unless a qualifying event has occurred such as getting married, having a child, or moving outside the geographic coverage area of your existing plan.

- Option Forms --A,B,C,D- Information on each option and forms will be provided to you. You can only select one option, and you can not change this option after retirement.
- CO-1047 Spousal Waiver Form- form required to verify your status upon retirement.
- Direct Deposit Form
- Tax Forms – Federal and State. Information below.

### **FORMS YOU WILL NEED TO PROVIDE:**

Birth Certificate: You will need to provide a copy of your birth certificate. If you can not find your birth certificate, you will need to obtain one from your origin of birth. If at this point you are still unable to locate a copy, please see your HR person for a birth certificate affidavit form to be completed.

Contingent Annuitant Birth Certificate: If you choose a survivor option which provides a lifetime benefit to a contingent annuitant, you will need to provide a copy of your contingent annuitant's birth certificate.

Marriage Certificate: If you are married, you will need to provide a copy of your marriage certificate.

Medicare Card: If you or any of your eligible dependents are currently on Medicare, you will need to provide copies of your Medicare membership cards.

### **PAYCHECKS:**

Your last paycheck with DOC is always a "real" check. It will not be direct deposit. It will be mailed to your address of record in CORE unless you request otherwise (pick up at the facility etc). If you have vacation or sick time remaining on the books when you retire, you will be paid out the value of your entire vacation balance and 25% of your sick leave up to a maximum of 60 days and any IL's you may have left on the books. You will also receive a final pro-rated longevity check representing the number of months you have worked into the next longevity cycle.

Your first retirement check will be mailed to you, to the address you have provided on your retirement application. You will receive your first retirement check at the end of the month in which you retire and at the end of each month thereafter. If you have applied for direct deposit, it will begin the following month.

### **LIFE INSURANCE:**

An employee who transitions directly from state service into retirement and participates in the state-sponsored basic group life insurance plan as an active employee will qualify for a paid-up policy in retirement. This benefit only applies to the basic group life insurance policy. It does not extend to other supplemental life insurance plans offered through the state.

- If you have 25 years or more including Hazardous Duty hired on or after 7/01/11 of actual state service, you will receive a paid-up policy reduced to one-half of your basic coverage.
- If you are Hazardous Duty hired prior to 7/01/11 and have 20 years or more actual state service, you will receive a paid-up policy reduced to one-half of your basic coverage.
- If you have less than 25 years actual state service, you will receive a pro-rated paid-up policy based on your years of completed service.

You may contact The Office of the State Comptroller Group Life Insurance Unit at 860-702-3542 for more information.

**DEFERRED COMPENSATION – ING:** If you participate in the State's Deferred Compensation Plan, please direct your questions regarding your account to ING directly. ING account representatives are available by phone at 1-800-584-6001 or online: [www.CTdcp.com](http://www.CTdcp.com)

### **SERVICE TIME CALCULATION:**

Your facility Human Resources Specialist will calculate your service record in preparation for retirement. All periods of state service for which contributions are paid are creditable. This includes periods of qualifying workers compensation.

### **PART TIME SERVICE:**

Your part-time service will be treated as full time service when determining your eligibility to retire. I.E. Your part time periods of service will be pro-rated to full time.

### **PURCHASES of TIME:**

As a Tier I, II, IIA, III member you may receive retirement credit for certain qualifying leaves of absences. You can see your HR person to inquire if you have unpaid time to see if it is purchasable. Restrictions may apply.

Common types of purchases:

**Military:** If you have been deployed and received part-pay, your hazardous duty contributions were only made partially. Therefore to satisfy the 20-year hazardous duty requirement you will need to purchase the partial-pay time.

**Medical:** If you were out sick on a medical qualifying leave such as FMLA you may be entitled to purchase the unpaid time towards your retirement. There are certain rules that apply. Please see your HR person if you think you have a purchasable period of time.

Purchases that are not counted towards retirement are any periods for which an employee received an indemnity payment. I.e. permanency workers comp payment.

### **AVERAGE SALARY:**

Once you submit your letter of intent to retire, your facility HR person will request from payroll your earnings (“top three years”) by submitting your Application for Retirement (CO-898 form).

- Top three years: Any three periods of 12 month consecutive months of highest earnings.
- Not necessarily your actual last three years.
- Not necessarily consecutive or calendar years.

### **AUDIT:**

The Retirement Division conducts 2 audits. First, a preliminary audit is done when your retirement package is submitted. At this time, your entire retirement record is reviewed and your benefit entitlement is established. If forms are missing or completed incorrectly, you will be notified. The second audit is conducted to determine your exact retirement benefit. Please be aware this takes a considerable amount of time, therefore you will be paid at an estimated level until the audit is completed. When your exact retirement benefit has been computed and verified, your income will be adjusted for the difference between the estimated amount you were paid and your finalized benefit retroactive to your retirement date. You will receive an explanation of your exact benefit. If you are a member of a contributory plan, you will receive a statement of the total amount you contributed to the State Employees Retirement System (SERS).

### **LONGEVITY:**

If you were hired prior to July 1, 2011 and are eligible for longevity at the time of retirement which means you must have more than 10 years of state service, you will be paid a longevity amount. Anyone hire on or after July 1, 2011 will not receive longevity unless they had military service that meets the war service credit criteria.

If you are a manager, you will not receive a longevity payment.

If an employee retires on April 1<sup>st</sup> or October 1<sup>st</sup> (normal longevity payment schedule dates) they will receive the full amount due to them. If an employee retires on the first of a month other than 4/1 or 5/1, they will get a pro-rated longevity based on how many months they have completed in the six-month longevity period.

### **COLA**

Your pension is subject to an annual Cost of Living Adjustment (COLA). This cumulative raise will be paid each year either on January 1<sup>st</sup> or July 1<sup>st</sup> depending on your date of retirement. You must be retired at least 9 full months in order to qualify for your first raise. Your COLA will range from a minimum of 2.0% to a maximum of 7.5%.

### **UNPAID LEAVE:**

Your facility HR person will calculate your unpaid leaves when you are preparing to retire. Please understand this takes a considerable amount of time to prepare, as your personnel file will need to be reviewed as well as reports ran from several payroll systems used over the past years. For random days listed as unpaid, these are calculated day for day. If there are partial days or hours listed as unpaid, they are added up to equal one day etc. For a leave of absence of five or more consecutive days, all calendar days in the leave are added up (including the off days).

### **VACATION TIME:**

The employees vacation balance at the time of retirement is added as state credit on page one of the retirement application. Also, on page two of the retirement application, under certain circumstances, a portion of the dollar payout may be used to increase the average salary. When this is done, the difference between the highest and lowest daily rate of the applicable consecutive years times the number of vacation days is added into the employee's total three high years.

### **ILs**

ILs (accrued holidays) will be paid out to an employee with their final paycheck. They are paid out to the employee regardless if their high years don't include their last year. In order for ILs to be added to their three high years on the retirement application, one of the three highest years must be their very last 12 months before retirement.

### **MEDICARE & MEDICAL COVERAGE:**

The type of state sponsored medical coverage available to you or any eligible dependent is based on Medicare eligibility. As a state retiree, once you become eligible for Medicare (which typically occurs at the age of 65 but may occur earlier under certain circumstances), your Medicare must serve as your primary health insurance coverage.

From that point forward, your state-sponsored medical insurance will supplement your Medicare coverage. Individuals enrolled in Medicare Part A (hospital insurance) and Part B (medical insurance), regardless of age, will be enrolled in their insurer's Medicare supplemental plan and under current law, you will receive from the state a 100% reimbursement of the normal Part B premium only if you submit your Part B card to Retirement. This reimbursement will occur from the date the Medicare part B card is received by Retirement.

If you or an eligible dependent are enrolled in Medicare Part A and Part B, you will need to submit a copy of the enrolled individual's Medicare card(s). The Retirement Division will require it.

If you or an eligible dependent are over age 65 but have not enrolled in Medicare Part B while covered under the active employee plan, you must contact the Social Security Administration immediately to arrange for delayed enrollment in Medicare Part B. Failure to do so will leave you or your dependent without medical coverage.

Medicare Part D is for prescriptions. Your state sponsored prescription coverage is a Medicare part D Plan. You will automatically be enrolled in our Medicare Part D, therefore you should not need to specifically enroll in Medicare Part D.

All carriers and plans offer national networks.

For additional information, please see the office of State Comptrollers website for Retiree Health Insurance information and you can view the booklet which outlines carriers, plans and costs: [www.osc.state.ct.us](http://www.osc.state.ct.us)

### **DEDUCTIONS ON A RETIREMENT CHECK:**

Taxes:

Your pension is taxable income. All retirees are subject to federal taxes. Whether you pay state tax may depend on the state you live in as a retiree. For more information regarding any obligation to pay Connecticut state taxes please contact the Department of Revenue Services: [www.ct.gov/drs](http://www.ct.gov/drs)

Federal tax will be withheld from your monthly checks in accordance with your election on the W4P form. Failure to submit this form will result in federal income tax being withheld at the rate applicable to a married taxpayer with three dependents.

CT Tax: Withholding of CT income tax on pensions is only available to Connecticut residents. According to the Department of Revenue Services, you will not be taxed as a Connecticut resident unless you have a home in this state and spend more than 183 days in CT during the year. If you are not a Connecticut resident, your SERS benefit will not be subject to CT income tax. If you do not submit a completed CT W-4P to the Retirement Division, no state income tax will be withheld from your check.

If you have specific questions on how to complete the tax forms, we advise you to contact your tax advisor or the IRS for federal income tax questions and the State Department of Revenue Services for state income tax questions.

If you are retiring as a Tier I, Plan B: You must notify the Retirement Division immediately upon receipt of a Social Security Disability Award and forward a copy to the Division.

Many deductions you pay as an active employee will end in retirement:

- You will no longer pay Social Security or Medicare taxes
- Your retirement contributions will end
- Union dues are no longer mandatory in retirement

There are a select few “optional” deductions which can be taken directly from your retirement check to include:

- Connecticut State Employees Credit Union Deposits
- Long Term Care premiums
- US Saving Bonds

### **IRS SECTION 415- MAXIMUM BENEFIT LIMITATIONS:**

As a qualified retirement plan, SERS is required to impose certain limitations required by Internal Revenue Code (“IRC”) Section 415. IRC Section 415 places certain limitations on retirement benefits that may be paid to retirees.

Please see Comptrollers Memorandum 2011-01 and 2011-03 for detailed information. You can also call The Retirement Division to speak to a retirement counselor at 860-702-3490.

### **STATE STATUTE 5-142(a) DISABILITY COMPENSATION:**

Upon time of retirement you can not receive Disability/ 100 % workers compensation payments and a retirement pension at the same time.

If you retire, then have a recurrence for a 100% claim, you need to contact the Office of the State Comptrollers Retirement Division to notify them. They will then determine if your pension needs to stop while you receive disability/workers compensation payments.

### **HEALTH ENHANCEMENT PROGRAM “HEP”:**

As part of enrollment in the Health Enhancement Program (HEP), all enrolled members and their covered spouses and dependents- collectively called “participants” are committed to getting age appropriate screenings. Additionally, participants diagnosed with one of the listed chronic conditions will comply with requirements for program compliance.

Your HEP enrollment status as an active employee will directly transition with you into retirement unless you wish to make a change.

Please remember, if you are enrolled in HEP and non-compliant, it will result in an additional \$100 monthly premium for your medical coverage and you will be subject to an in-network deductible of \$350.00 per month per member, up to \$1400 per family.

Resources for HEP information:

[www.osc.ct.gov](http://www.osc.ct.gov)

[www.cthep.com](http://www.cthep.com)

Email HEP questions, comments, concerns: [HEPQuestions@connect2yourhealth.com](mailto:HEPQuestions@connect2yourhealth.com)

Contact the Office of State Comptroller Healthcare Analysis Unit: 860-702-3560

HEP Call Center at Care Management Solutions: 877-687-1448

## **DEFERRAL OF VACATION AND SICK LEAVE PAYOUTS FROM FINAL PAYCHECKS TO DEFINED CONTRIBUTION PLANS:**

The State of Connecticut offers two voluntary defined contribution plans: the 457 Deferred Compensation Plan--open to most active employees--and the 403(b) Plan--offered to those employed by eligible educational institutions and hospital facilities. (Detailed eligibility guidelines for each Plan, can be viewed on the Defined Contribution Plan web site – [www.CTDCP.com](http://www.CTDCP.com) .)

Employees who are retiring or leaving State service are eligible to contribute post-employment payouts for unused vacation or sick leave into these plans.

Payments due for unused sick or vacation leave are considered ‘wages’ and typically are paid by the next regular pay day after a State employee separates from service. Vacation and sick leave payouts can amount to thousands of dollars, and federal and state income taxes on these amounts can be substantial. For this reason, many employees find it advantageous to defer some or all of their vacation or sick leave payouts into the 457 or 403(b) plans. By doing so, employees can reduce taxes on the final payout and build up additional retirement savings.

The process for contributing these final payouts to the 403(b) or 457 Plan requires some advance planning. IRS regulations require that written deferral agreements be submitted the month before the final payment is made. This means, for example, that if the vacation/sick leave payout is due in August, the signed paperwork must be in place by July.

Employees who are eligible to participate in either the 457 or the 403(b) Plan can defer final payments of vacation and/or sick leave up to the maximum allowable limit. Even if an employee has not previously participated in the plan, deferral of these amounts will be permitted if the necessary enrollment forms are submitted on time.

### **A. Participation Form Required.**

The first step in the process is completing a **Participation Agreement Form** for the 457 Plan and/or a **Salary Reduction Agreement Form** for the 403(b) Plan). These forms (and instructions) are available on the Defined Contribution Plans’ official website, [www.CTDCP.com](http://www.CTDCP.com). The form should designate the amount to be contributed and the date of the final paycheck. The form must be received by ING, the plans’ third party administrator, before the beginning of the month in which the final paycheck will be paid and in sufficient time to allow for payroll processing.

### **B. Determining Maximum Deferral Amount.**

For both the 457 and the 403(b) Plans, the maximum contribution limit for 2014 is \$17,500 (plus an additional \$5,500 for those aged 50 and over). An employee who is eligible for both plans can contribute the maximum amount to each. In order to properly calculate the deferral amount, an employee may require the assistance of agency Payroll officers to obtain an estimate of the gross vacation/sick leave payout, the date when it will be paid, and the amount of his or her year-to-date contributions to the plan. To calculate the final deferral amount, the employee will need



to factor in any contributions that will have been made by the time the final pay-check is issued.

If the employee is over 50 (and has not previously used the age 50 “catch-up” provision in the 457 plan), he or she will also need to enter a “Normal Retirement Age” if total deferrals for the plan year will exceed \$17,500.

**C. Due Date for Submitting Form to ING.**

The completed form(s) must be signed before the date of separation or retirement and returned to ING in sufficient time to allow for payroll processing. The form must be in ING’s possession **before** the Cut-Off Date.

All completed forms should be mailed to:

ING  
P.O. Box 990069  
Hartford, CT 06199-0069

**Please see your Human Resources Specialist if you are interested in deferral.**

**Reference: Retirement Division Comptrollers Memorandum 2014-02**

**RE-EMPLOYMENT:**

Once you retire from state service, provided you do not leave under a state disability retirement, the state has no limitations on your outside employment. So long as you do not return to a state payroll, you can work as much as you want and earn as much as you want without impairing your Connecticut state pension.

In certain special circumstances. You may return to active state employment while retaining your full state pension. If you are able to secure a state position in the future, you may return to state service so long as you return to a temporary position and you work no more than the equivalent of 120 working days per calendar year.

You may also return to state service with no restrictions by rescinding your initial retirement. (This assumes that you have independently secured a state position). If you return to state service in a permanent position, your hazardous duty retirement benefits must cease, and you will return to the retirement tier you were originally a member of and build credit towards a future retirement above and beyond what you had accrued prior to your initial retirement.

**OTHER RESOURCES:**

- Summary Plan Descriptions/Tier Booklets are available in the Human Resources office or online at [www.osc.state.ct.us](http://www.osc.state.ct.us)

- Benefit Calculator- An online calculator is available on the Comptrollers website [www.osc.state.ct.us](http://www.osc.state.ct.us) All you need to do is enter in your information, and it will give you an estimated monthly pension for each Option: A,B,C and D.
- Retiree Health Insurance Planner – Also available in the HR office at the facility or online [www.osc.state.ct.us](http://www.osc.state.ct.us)
- Social Security Administration- The Social Security Administration provides Personal Earnings and Benefit Estimate Statements annually and also upon request. You may request a statement by phone: 1-800-772-1213 or online: [www.ssa.gov](http://www.ssa.gov)
- Internal Revenue Service Retirement Information: [www.irs.gov](http://www.irs.gov)
- CT Dept of Revenue Service: [www.ct.gov/drs](http://www.ct.gov/drs)
- ING Deferred Compensation: if you participate in the State's Deferred Compensation Plan, please direct your questions regarding your account to ING directly. ING account representatives are available by phone at 1-800-584-6001 or online: [www.CTdcp.com](http://www.CTdcp.com)
- Office of The State Comptroller Phone Numbers:
  - Purchasing: 860-702-3511
  - Retirement Payroll : 860-702-3528
  - Retirement Health Insurance: 860-702-3533
  - Retirement Disability: 860-702-3497

As always, if you have questions, you can contact your HR facility representative.