

Newport News Employees' Retirement Fund (NNERF)

(General Members)



Agenda

- Retirement eligibility and calculation
- What to do if you are thinking about retirement
- What happens after retirement
- How to contact the Retirement Division



What is NNERF and who is eligible?

- NNERF is a defined benefit plan for the City of Newport News
- Regular full-time employees hired before March 1, 2010 are members of NNERF



When can I retire?

- 30 years credited service
- 5 years service and age 60
- Reduced retirement with 25 years service (prior to age 60)
- Penalty of ½% per month for each month away from 60 or 30 years service
- On or after March 1, 2010, only actual service will be used in calculating credited service for determining early retirement eligibility. However, all credited service obtained or earned prior to March 1, 2010, will be included in such calculation



How much will I get?

- AFC (Average Final Compensation)
Highest 36 consecutive months of pay
- Multiplier
 - 2.00% before 3/1/2010
 - 1.85% 3/1/2010 thru 12/31/2012
 - 1.65% after 1/1/2013
- Length of Service



Average Final Compensation

- The highest 36 consecutive months of pay, including up to \$3,000 in annual overtime
- Includes special pays such as holiday pay, acting pay, etc.
- Does NOT include allowances, merit bonuses, degree pay, reimbursements



Paid Medical Leave (PML) at Retirement

- Retiree receives additional service credit at retirement for the unused PML
- 160 hours of PML equals one additional month of credited service
- “PML credited service” does NOT count toward service to qualify for retirement



Sample Retirement Calculation

Determine highest consecutive 36 months of pay and calculate Average Final Compensation (AFC):

<u>Period</u>	<u>Salary</u>
January 1, 2015 to December 31, 2015	\$48,000
January 1, 2016 to December 31, 2016	\$50,000
January 1, 2017 to December 31, 2017	\$52,000
Total (Highest 36 Consecutive Months)	\$150,000
	\div 3 years
Average Final Compensation (AFC)	\$50,000

Determine years of credited service for each period and calculate annual benefit:

<u>Period</u>	<u>AFC</u>	<u>x Number of Years of Credited Service</u>	<u>x Multiplier</u>	<u>= Annual Benefit</u>
Prior to March 1, 2010	\$50,000	23 years	2%	\$23,000.00
From March 1, 2010 to December 31, 2012	\$50,000	2 years, 10 months (2 + 10/12 = 2.833 years)	1.85%	\$2,620.53
After January 1, 2013	\$50,000	5 years	1.65%	\$4,125.00
			Total Annual Benefit	\$29,745.53
			Monthly Benefit	\$2,478.79



Thinking about retiring

- The closer you are to retiring, the more accurate your pension estimate will be. The Retirement Division offers 2 ways to obtain an estimate of your pension:
 1. Use the NNERF Pension Estimator available on-line. Click here to access: [NNERF Pension Estimator - My Estimates](#)
 2. Email your request for a NNERF Pension Estimate to the Finance Department – Retirement Division (retirement@nnva.gov). Be sure to include a retirement date. An estimate will be generated for you within 7 - 10 business days.
- Once you have selected a retirement date, contact the Retirement Division to schedule a retirement appointment. Appointments are held the month prior to your retirement date.



Paid Personal Leave (PPL) at Retirement—Options

- Take all or a portion in cash—paid the pay period following the last active check
- Contribute all or a portion to ICMA 457 account or Health Savings Account (HSA) subject to the annual limitation
- Purchase additional service credit at an actuarially determined rate



ICMA 457 at Retirement

- Withdrawals from 457 can be made at any time with no penalty, but taxes will be withheld on the withdrawn amount
- Funds can be transferred to another comparable retirement plan with no tax implications
- Funds can be left in account until a later date (Age 70 ½ required minimum distribution)



Health Insurance

- Working age retirees (pre-65) are eligible to participate in any of the three Retiree medical plans
 - PPO, HMO, Lumenos
- All retirees switch to the Humana Medicare Advantage plan at age 65 (required to have Medicare Parts A and B)
- Retirees CANNOT increase coverage after retirement, but are allowed to lower coverage or switch plans
- If you do not elect insurance at retirement, or decide to drop insurance coverage during retirement, you will not be able to rejoin the plan



Health Insurance

- The amount of the City contribution to the medical insurance premiums for retirees was capped by City Council in 2005, and the cap increases each year by the same COLA applied to retiree annuity payments
- Only employees with 25 years service or more qualify for the FULL AMOUNT of City contribution





Health Insurance - Pre-65

2019 Pre-65 Retiree Health Premiums*

Lumenos Health Savings 2700	Monthly Premium	City Pays	Retiree Pays
Single	\$739.51	\$418.35	\$321.16
Single + 1 Child	\$1,203.14	\$679.06	\$524.08
Single + Spouse	\$1,687.76	\$951.89	\$735.87
Family	\$2,021.32	\$1,148.94	\$872.38
HealthKeepers POS 1500	Monthly Premium	City Pays	Retiree Pays
Single	\$976.11	\$418.35	\$557.76
Single + 1 Child	\$1,588.08	\$679.06	\$909.02
Single + Spouse	\$2,227.73	\$951.89	\$1,275.84
Family	\$2,668.01	\$1,148.94	\$1,519.07
KeyCare PPO 750	Monthly Premium	City Pays	Retiree Pays
Single	\$1,059.54	\$418.35	\$641.19
Single + 1 Child	\$1,723.83	\$679.06	\$1,044.77
Single + Spouse	\$2,418.15	\$951.89	\$1,466.26
Family	\$2,896.08	\$1,148.94	\$1,747.14

*The retiree premiums published are for qualified NNERF retirees who receive 100% of the City's contribution.

More information on plans and rates can be found at: www.nnva.gov/retirement.



Health Insurance - Post-65

Post-65 Retiree Humana Medicare Advantage Plans	Monthly Premium	City Pays	Retiree Pays
PPO	\$ 335.73	\$ 259.76	\$ 75.97
HMO	\$ 286.12	\$ 240.05	\$ 46.07

*The retiree premiums published are for qualified NNERF retirees who receive 100% of the City's contribution.

More information on plans and rates can be found at: www.nnva.gov/retirement.

Dental and Vision Insurance

- You can continue the dental insurance in effect at the time of retirement. Coverage is provided by Delta Dental.
- Vision is also available through Vision Service Plan (VSP)
- Current rates are available on the retirement website



Life Insurance & Death Benefit

- Life insurance--- 1/2 of salary at retirement, decreasing 20% per year, to no less than \$10,000 (lifetime benefit)
- Optional Life insurance--- ends at retirement
- Whole Life insurance--- continues, pay Boston Mutual directly
- Death benefit of \$3,300 paid to spouse or beneficiary
- Life insurance and death benefit are provided at no cost to the retiree



Spousal Annuity

- Upon the death of a retiree, the spouse is eligible to receive an annuity equal to one-half the deceased retiree's annuity, until death or remarriage
- Spouses are eligible to continue any health and dental insurances in effect at the time of death



After Retirement

- The first pension deposit will occur the last business day of the retirement month
- Retirees are paid once a month on the last business day of the month
- If you retire under NNERF, you can be rehired by City of NN under VRS, but the NNERF payments will be suspended until you leave full-time employment again. Please note that the City's contribution to the retiree's insurance will be lost.
- If an employee retires under NNERF, they can be re-hired as a full-time employee on the state system in another municipality
- Update your mailing address if you move
- Keep beneficiaries updated



What happens if I leave before retirement eligibility?

- Vested retirement eligible based on age
 - 60 years old for general employees
- Must apply for retirement benefits
- Retirement will be effective the first day of the month following receipt of a completed application
- You will not be eligible for health, dental or life insurance benefits
- Death benefit is effective once you begin receiving annuity payments



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