“When Can I Retire?”

The answer to this frequently asked question is complex, but you can find it by doing your research.

Timing your retirement is dependent upon many elements, the most common of which are 1) years of service with the Arizona State Retirement System, commonly called ASRS, 2) service time with TUSD, 3) status with Social Security with regard to the Social Security pension and Medicare benefits, and 4) your plans for working after retirement.

Section 1: Arizona State Retirement System (ASRS)

For ASRS information, call 520-239-3100 or go to www.azasrs.gov

The ASRS office in Tucson is located at 4400 E. Broadway, Suite 200. An appointment is required in order to meet with an ASRS representative, so call before you go there.

Only ASRS can provide you with all the facts about your service time with them or how many points you have; TUSD does not have that information.

In the attached ASRS Defined Benefit Plan, you will find the details of how the ASRS determines your monthly pension. The formula ASRS uses to calculate your retirement pension (years of service X graded multiplier X average monthly salary) makes it very important for you to know how you stand regarding each of those three elements.

For a thorough review of the ASRS aspects that will affect your retirement, explore the ASRS website. It is full of important and useful information!

ASRS and Early Retirement:

ASRS offers an early retirement option for those who qualify. To quote the ASRS member handbook: “If you are at least age 50 with 5 or more years of credited service, you may retire before you reach normal retirement. However, a reduction is applied to your benefit depending upon your age and your credited service and when you became a member. Your benefit stays at the reduced amount as long as you are receiving retirement benefits. The reduced amount is not increased except for permanent benefit increases as dictated by statute, or other supplements authorized by the state legislature.”

ASRS and Normal Retirement:

Although you may qualify to take early retirement through ASRS, if you delay until you are a normal retiree you will be able to receive the full benefit of your retirement pension. Therefore, you will want to know when you will reach the normal retirement stage.

For ASRS members hired on or before June 30, 2011, normal retirement can begin:
1) at age 65 with any ASRS service time.
2) at age 62 with 10 or more years of credited service.
3) at any combination of years of credited service and age totaling 80 points.

For ASRS members hired on or after July 1, 2011, normal retirement can begin:
1) at age 65 with any ASRS service.
2) at age 62 with 10 or more years of credited service.
3) at age 60 with 25 or more years of credited service
4) at age 55 with 30 or more years of credited service.
**ASRS Pension:**

ASRS will determine your monthly pension based upon their pension formula.

You may find a good estimate of your pension by setting up your personal ASRS account at [www.azasrs.gov](http://www.azasrs.gov). Follow the attached *How to Login & Access Your Personal ASRS Account* for instructions on how to do that.

Once you set up your account, you can identify an expected date for retirement, and the database will adjust the monthly pension to reflect that date. If you change the date you will see how that changes the monthly pension. Your personal account page also notes other information, such as the dates for normal retirement and for reaching the next graded multiplier.

Although ASRS will send you your first retirement check within ten days of your retirement date, keep in mind that your first few checks from ASRS will be estimated checks, approximately 90% of what the ASRS is sure you will qualify to receive. It takes ASRS a couple of months to complete an audit of your service time and average monthly salary in order to determine your true pension amount. Once they figure out what your real pension will be, they will retroactively pay you whatever they missed on the earlier checks.

**Average Monthly Salary:**

When you retire, ASRS will look at your salaries from your ASRS employers for the past ten years to determine your average monthly salary. The method used to calculate that average will depend upon your initial start date as an ASRS member. (See the attached *ASRS Defined Benefit Plan* for details of this complex topic.)

If you were an ASRS member before January 1, 1984, ASRS will look at the salary in two different ways. They will find the highest three consecutive years of salary and base an average on that. They will also find the highest five consecutive years and base another average on that. Whichever average is the higher is the one they will apply in determining your pension. Additionally, your termination pay (vacation pay, sick leave pay, severance pay, comp pay) will be figured into your five year average and could significantly raise that value. For that reason, it is important for you to let ASRS know about your termination pay during the retirement process; if you don’t tell them, they may not be aware of your termination pay.

If you became an ASRS member on or after January 1, 1984, but before July 1, 2011, then the ASRS will find the highest three consecutive years of salary and base the average upon those years. Termination pay is excluded from this average.

If you became an ASRS member on or after July, 1, 2011, then the ASRS will find the highest five consecutive years of salary and base the average upon those years. Termination pay is excluded from this average.

**IMPORTANT:** Usually, the longer you work, the higher your retirement pension will be – but not always. Because ASRS looks at the last ten years of your salary from an ASRS employer, it is crucial that employees who may have gotten higher pay a few years ago (perhaps due to overtime pay, 6/5 contract, multiple jobs, etc.) be very aware that those earlier years of pay will eventually drop out of the ten year span, which will significantly lower the monthly average. With that in mind, it becomes even more important for you to interact with ASRS to determine the best time for you to retire, as they have a record of your pay for all those years.
Section 2: TUSD

Timing your separation from TUSD involves a number of elements, too. Your total years of service with TUSD will determine whether or not you qualify for certain separation payments such as sick leave pay and severance pay. Your retirement date will affect whether or not you will be paid for a holiday adjacent to your retirement date, and it will establish the date that your insurance coverage will stop.

To separate from employment simply complete the “Notice of Intent to Separate” (attached) and give it to your supervisor or administrator. Your department or school office will complete the additional document (called an ePAR) needed and will send both forms to the district offices for processing.

TUSD Employee Agreements:

Each of the benefits eligible employment groups has its own separation guidelines and criteria for members to qualify for separation pay (sick leave pay, vacation pay, and severance stipends). Becoming familiar with the separation section of your agreement will help you plan the timing of your retirement. If you see that you may qualify for separation pay, the Payroll Department (520-225-6150) can give you an estimate of the value of that payout and may be able to give you an estimate of when it will be paid.

At www.tusd1.org/contents/employment/agreements.html you can find your employee agreement. The separation section of each agreement covers things like criteria you must meet to qualify for termination pay, formulas applied to that pay, limits, and other important details. Information about maximum vacation payouts is generally located in other sections of the agreements.

Because agreements are subject to change, it is important that you read and understand your agreement after each new one is posted.

TUSD Deadlines:

The TEA Consensus agreement, the ELI Meet and Confer agreements, and the Exempt Administrators agreement all stipulate deadlines by which you need to notify the district that you are retiring if you want to receive the payout for your unused sick leave pay. If you are not expecting to receive sick leave pay, those deadlines do not apply.

These are the current deadlines.

TEA Consensus:
- November 1 is the deadline for retiring at the end of the first semester.
- February 1 is the deadline for retiring at the end of the second semester.

ELI Administrators and Exempt Administrators:
- November 15 is the deadline for retiring at the end of the first semester.
- January 15 is the deadline for retiring at the end of the second semester.

Psychologists, Research Project Managers, and employees covered by other agreements do not have deadlines by which they must notify the district of the intent to separate. They may separate at any time and still receive termination pay if they otherwise qualify for it as defined by their agreements.

TUSD Separation Pay:

1) Sick leave pay – Each agreement granting sick leave pay upon termination is consistent in stipulating that employees must have worked for TUSD for ten or fifteen consecutive years in order to qualify for the sick leave payout; however, some agreements specify that the service
must have been full-time or be the full-time equivalent in total years. Check your agreement to see if you qualify.

At the end of each contract year, your unused personal leave is rolled over into your sick leave pay. As a result, if you were to retire at a point earlier than the end of your contract year, you would be paid for only the existing sick leave hours (according to the formula within your agreement and in accordance with any limits set in that agreement). However, if you were to work until the end of your contract, then the unused personal leave would be added to your sick leave pay. The sick leave payout would be for the total hours accrued, again up to the limits set by the agreement.

2) Vacation pay – Each employee agreement that includes year round (12 month) employees has set an upper limit of hours for which employees may be paid for unused vacation. Unlike sick leave pay, which is calculated using a formula detailed in the agreements, vacation hours are paid at your regular rate of pay.

3) Severance pay – Some employee groups offer severance pay to those covered by their agreements. The severance pay requires that employees must have worked for TUSD for a certain number of years as of June 30, 2010. Each of the agreements offering the severance pay specifies the minimum years of service and provides the severance pay formula.

BEWARE: Some agreements specify that the separation pay go into a tax sheltered account if you meet the age and monetary criteria. See your agreement!

**TUSD Insurance Coverage Termination:**

Usually, if you have worked a part of the month prior to retiring then your TUSD insurance will stop at the end of the month in which you retire. However, sometimes the Governing Board will extend subsidized coverage through the end of August for those separating May-August. Ask about this if you are thinking of retiring in spring or summer.

For example, for people who work through the last day of school first semester, the insurance ends December 31. If someone were to separate on, say, June 5, then the insurance would end June 30 unless the coverage has been extended through August 31.

Consequently, one of the most stressful aspects of retiring revolves around finding or continuing insurance coverage. What health, dental, and life insurance options are available to you, and how much will they cost? How does that new liability impact you once it is subtracted from the retirement pension?

Note that the life insurance provided you through TUSD will end at the same time as the other insurance. However, it can, in most instances, be continued without a medical exam and will be offered to the separating employee by the life insurance company. At that point, the company will quote the cost and level of insurance.

**Insurance Options to Keep in Mind:**

Individual insurance policies are available directly from insurance companies. Those companies or independent insurance agents would be able to provide costs and coverage information. Furthermore, extensive insurance information is available at [www.healthcare.gov/health-insurance-marketplace](http://www.healthcare.gov/health-insurance-marketplace)

Some people shift into Medicare coverage, while others may have access to insurance coverage from previous employers (Railroad, Military, etc.). Upon retiring, some of those programs may be combined with additional health insurance coverage, such as a Medicare supplement, and/or with dental coverage through ASRS or the COBRA program.

Updated 11/02/16
The three most common choices for those retiring from TUSD are 1) continuing insurance coverage through the COBRA program, 2) selecting the ASRS insurance, or 3) combining COBRA coverage with ASRS insurance. If you have at least five years of ASRS service, any of these three choices may qualify you to receive an insurance supplement from the ASRS as shown in the attached ASRS Health Insurance Premium Benefit Program. Under that program, ASRS would help you pay for insurance by providing an insurance stipend, which is in addition to your monthly retirement pension.

The ASRS website will give you the latest rates and benefit profiles for the ASRS insurance.

**Continuing Your Insurance Through the COBRA Program:**

The COBRA program is explained briefly at [www.dol.gov/ebsa/faqs/faq-consumer-cobra.html](http://www.dol.gov/ebsa/faqs/faq-consumer-cobra.html)

Continuing your insurance through the COBRA program is simple, but it confuses many people. Because of the details involved, COBRA is explained in another section. Just keep it in mind for now. A table of current COBRA rates is attached.

**Section 3: Social Security**

Contact the Social Security Administration for information about your Social Security pension and your Medicare coverage. A good place to start is [www.ssa.gov](http://www.ssa.gov)

**Social Security Pension:**

At that website, you may set up your personal Social Security account, get an estimate of your Social Security pension, update information about yourself and your beneficiaries, and find out the best time for you to begin receiving your Social Security pension.

If you want to meet face to face with someone in the Social Security office, call 1-800-772-1213 to set up an appointment. You could just drop into one of the offices, but you will get better service by making an appointment because the Social Security specialist will be able to devote more attention to you rather than having to hurry you out of the office in order to attend to the other hundred people in the waiting room. Having an appointment will also save you time.

If you are divorced, or if your spouse is deceased, ask the Social Security specialist if your spouse’s pension is available to you. Under some circumstances people have a choice between their own social security pension and their spouse’s.

Like the ASRS early retirement, you may begin receiving your Social Security pension early at a rate that is less than the full pension. If you begin receiving your pension early and continue to work, be careful to adhere to the Social Security caps on income.

**IMPORTANT:** Your ASRS retirement pension does not impact your Social Security pension. Some other retirement programs, such as Railroad Retirement, may conflict with Social Security pensions. If you do qualify for some other retirement pension program besides Social Security and ASRS, be sure to discuss that with the Social Security specialist.

**Medicare:**

The Medicare program is administered by the Social Security Administration. It is primarily designed as a health insurance program for people 65 years of age or older, but it can also cover people younger than 65 under certain circumstances. To find out more go to [www.socialsecurity.gov/pgm/medicare.htm](http://www.socialsecurity.gov/pgm/medicare.htm)
Timing your retirement with Medicare in mind could end up saving you money on health insurance premiums, since the cost of Medicare and Medicare supplements is usually significantly less than the cost of regular insurance.

Scheduling your coverage to adjust for your age and/or other insurance termination is very important. Some aspects of Medicare may require 60-90 days to process, so start early.

You also have a wide range of choices of Medicare supplement programs. Some of those have no monthly premiums, but most of them do. The “no premium” supplements may have higher deductibles and co-pays than others.

ASRS offers a Medicare supplement program, which requires that you pay a monthly premium. If you have five years or more of ASRS service time, the cost of the supplement is reduced by the insurance stipend (health insurance premium benefit) available to you as a retiree taking your insurance through ASRS.

The Pima Council on Aging (PCOA), located at 8467 E. Broadway, is an excellent resource for information about Medicare and about a number of Medicare supplement programs. The PCOA holds a free “New to Medicare” workshop once a month, usually on the first Wednesday of the month in the late afternoon. They also provide one-on-one counseling about Medicare. To make a reservation for the workshop, to set up an appointment to talk with them, or just to ask some questions about Medicare, call 520-790-7262.

(The PCOA also offers senior citizens and their caregivers a wide variety of other types of assistance including case management, family caregiver support, and personal budgeting counseling. They have also teamed up with other community agencies in order to help with things like legal assistance, home repair and adaptation, and shopping assistance. See the attached flyer for a more complete list and other phone numbers. Better yet, go to their website at www.pcoa.org)

IMPORTANT: Allowing your insurance to lapse prior to picking up Medicare coverage may cause you to have to pay a penalty when you do take Medicare. Be sure to contact Social Security for details.

Section 4: Working After Retirement

After a few weeks or months of relaxation, many retirees return to work either part time or full time. Before you go back to work, it is important to understand any restrictions upon how many hours per week you are allowed to work (ASRS restriction) and/or upon how much money you are allowed to make (Social Security restriction) without negatively impacting your retirement pension.

BEWARE: Do not retire with the expectation of returning to work unless you fully understand any restrictions regarding going back to work. Failure to comply with the restrictions could cause a suspension of your retirement or a reduction in your pension.

Social Security:

If you begin your Social Security pension early, there may be restrictions upon how much money you are allowed to make before it reduces your pension. Call Social Security at 1-800-772-1213 to find out about your status. Fortunately, your ASRS pension does not count as Social Security income.

ASRS:

As an ASRS retiree, the number of hours per week you may work will be restricted for a certain length of time if you are returning to work for an ASRS employer. If you are returning to work for an employer that does not participate in ASRS (the FBI, Target, Barnum & Bailey Circus, etc.), then there are no ASRS
restrictions. The details are explained in the attached ASRS guidelines entitled Working After Retirement: A Guide for Members and Employers. Also attached you’ll find a simplified explanation of the rule.

If you are returning to work for an ASRS employer (TUSD, the U of A, Pima County Public Library, or other employers listed on the ASRS website), then you are restricted if your retirement meets any of these three descriptions: 1) you are a normal retiree who separated from work less than a year ago, 2) you are an early retiree who has not yet reached normal retirement, or 3) you retired without terminating employment.

Violating the ASRS restrictions (commonly called the 20/20 rule) may cancel your retirement, cause a loss of insurance if the insurance is through ASRS, and require repayment of the insurance stipend (health insurance premium benefit).

The “working after retirement” restrictions are the most confusing aspect of ASRS retirement. Contact ASRS (520-239-3100) to get clarification.