

## Frequently Asked Questions- Gogebic County Employees Retirement System Community Mental Health

### 1. What is the normal Retirement Age for Community Mental Health (CMH) employees?

Normal retirement age is 60 years old with 8 years of credited service, or the sum of years' service plus age equals 70, or 20 years of service at any age.

### 2. How is my retirement computed?

A multiplier of 2.5% times your Final Average Compensation is used. This sum is then multiplied by the number of years' service. The total is then divided by 12 to determine the monthly payment. The following example is provided based on an employee who is 60 years old with 20 years of service with an annual income of \$24,000:

- a)  $2.5\% \times \$24,000 = \$600.00$  b)  $\$600.00 \times 20 \text{ years} = \$12,000$  c)  $\$12,000 \div 12 \text{ months} = \underline{\$1,000}$  monthly pension payment

### 3. How is Final Average Compensation (FAC) determined?

FAC is determined based on the average of the highest 3 pay years of the last 10 years.

### 4. Do I contribute to the retirement system?

Effective 1/14/04 employees contribute 6.2% of their earnings. These deductions are credited in the retirement system employee's savings fund and at the end of each year the prior year's balance is credited with interest. The current interest rate is 3%.

### 5. What happens to my retirement money if I leave county employment prior to retirement age?

If you have 8 years of service credit and do not request a refund of your accumulated retirement contributions you will be placed on *Deferred Retirement* status until you reach retirement age. If you have less than 8 years of service you can receive a refund or rollover your contributions to an eligible plan. There are also unique reciprocal agreements in place with some other government units and provisions that address leaving and returning to county employment.

### 6. Can I provide for my dependents if I am retired and die?

There are several benefit election options to choose from when you retire. These options and the relative costs will be discussed at your retirement appointment.

### 7. What is the Deferred Retirement Option Plan (DROP)?

CMH employees may voluntarily participate in the DROP after attaining minimum requirements for regular service retirement. Employees may stay in the DROP for up to 5 years. While in the DROP an account is created and monies that would have been paid as retirement benefits (plus appropriate interest) are accumulated for payment/ rollover when the employee leaves county service. Employees participating in DROP do not contribute into the retirement system because their retirement benefit is actually computed/ established based on their status upon entering the DROP.

**There are many different and unique factors, scenarios, and situations that can affect your retirement. The above information is provided to give a brief overview. For more detailed information or if your annual statement is incorrect, please contact Stephanie Zaleski at the Gogebic County Retirement Office at (906) 663-4598.**