Delaware Public Employees' Retirement System
NEWSLETTER
Retiree Edition July 2012

LEGISLATIVE UPDATE...

POST RETIREMENT BENEFIT INCREASES

Senate Bill 279 passed the second session of the 146th General Assembly, which concluded on June 30, 2012. It provides for enhancements for retirees whose effective date of retirement was prior to July 1, 2011. (Note that the effective date of retirement means the date the pension benefit is effective not the last working day. For example, if the last working day is June 15, 2011, the pension benefit in the State Employees' Pension Plan is effective July 1, 2011).

As of July 1, 2012, there will be a Post Retirement Increase of 1% for retired State Employees, retired Judges, retired New State Police Plan and retired County and Municipal Police/Firefighters Plan members (not the Closed State Police plan) whose effective date of retirement was on or before June 30, 2011. This increase will be reflected in the monthly pension benefit payments beginning July 31, 2012.

The Closed State Police Plan Post Retirement Increase is 3.56% and will be included in the July 31, 2012 benefit payment.

Your retirement plan is a defined benefit pension plan, which means retirement benefits are calculated based on your service time, salary, and other factors. During your employment, there were employee and employer contributions made into the pension fund. These contributions plus investment earnings will fund the pension benefit that you will receive over your lifetime.

However, any post retirement increases that you receive or any health care benefits that you participate in are funded as part of the State's budget process each year. Below are the contributions that the State has made on the behalf of the retirees over the past five years.

FISCAL YEAR	POST RETIREMENT BENEFIT INCREASES	HEALTH INSURANCE PAYMENTS
2013 (EST)	$26,584,000	$142,536,000
2012	$ 8,370,000	$141,237,000
2011	$13,825,000	$138,184,000
2010	$23,380,000	$123,467,000
2009	$37,692,000	$117,612,000
2008	$43,492,000	$114,297,000

New Online Survey

Continuing to provide the best possible experience, the Office of Pensions has implemented an Online Survey. If you have received services from our office recently, we request that you complete the survey with a candid response.

The survey is anonymous and confidential allowing for feedback in an effort to plan, enhance and improve services provided by our office. To complete the survey, visit
www.delawarepensions.com/officesurvey.

The Pension Office will be closed on the following dates:

Labor Day	Monday, September 3, 2012
Election Day	Tuesday, November 6, 2012
Veteran's Day	Monday, November 12, 2012
Thanksgiving Day	Thursday, November 22, 2012
Day after Thanksgiving	Friday, November 23, 2012
Christmas Day	Tuesday, December 25, 2012

Recognition!

Delaware Public Employees' Retirement System(DPERS) has received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the FY11 Comprehensive Annual Financial Report (CAFR). This is the sixteenth year that DPERS has received this Certificate.

State of Delaware Office of Management and Budget

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Re-employment after Retirement Updates

The legislature has enacted Senate Bill 260 effective 7/1/12 which creates an earnings limit for retirees from the State Employees' Pension Plan (Plan) who are currently working in casual/seasonal or substitute positions for an employer participating in the Plan. The employment must meet the casual/seasonal or substitute position exception rule for retirees returning to work (see below). The annual earnings limit in one of these positions is now $19,240 regardless of the retiree's age.

Employers who participate in the Plan include State of Delaware agencies, Delaware Solid Waste Authority, Delaware State Housing Authority, school districts, charter schools, and higher education (Delaware Technical & Community College, Delaware State University, and some positions at University of Delaware).

If an individual does exceed the allowable earned income, the individual's state pension benefit will be reduced over a 12 month period calculated as $1 deduction for every $2 earned over $19,240. The deduction will begin in July of the year following the calendar year for which the earnings are reported. The Office of Pensions will begin monitoring the earnings limit January through December 2013. If a retiree earns more that the limit, reduction of pension benefit will begin in July 2014.

In addition, Senate Bill 260 created an obligation for retirees who contract with an employer participating in the Plan (or who represent any private enterprise that has a contract with an employer participating in the plan) to complete Form SS-8 "Determination of Worker Status" with the Internal Revenue Service. The application and findings from the Internal Revenue Service must be reported to the Delaware Board of Pension Trustees for a determination of the individual meeting the definition of employee within the Plan.

Under Delaware law, a retiree is not allowed to receive a pay check from employment with a participating employer while also receiving a pension check. There are several consequences to the violation of these rules including the retiree owing back all pension benefits that were received while employed by a participating employer.
There are a few exceptions as outlined below.

Regardless of age, a state retiree (except state police) who returns to work as an employee with a participating employer after an applicable six month bona fide separation (see below) must be in one of the following types of positions:

- Casual/Seasonal – An employee who works less than 30.0 hours per week or, if 30 hours or more per week, not for a period to exceed 12 months.

- Substitute – An employee in a school who is compensated on a daily basis.

The employer may not modify an existing pension covered position to one of the above position types to accommodate the retiree and create a transaction to circumvent the return to work provisions.

Senate Bill 260 also created the following requirements within Delaware law for retirees under age 65 to return to work with a participating employer. These guidelines mirror the Internal Revenue Service rules.

If the retiree is under age 65, any employment with a participating employer as an official appointed by the Governor, or as a casual/seasonal or substitute described above, or as a contractor, working for a contractor or working for a temporary agency, requires the individual to have a six month separation of service from their effective date of retirement.

In addition to the above, a retiree, regardless of age must not have had a pre-arranged agreement to return to work with a participating employer.

In summary, if the under age 65 retiree wishes to receive a monthly pension benefit and return to work with a participating employer, the retiree must meet a six month separation from service requirement, only be employed in a casual/seasonal or substitute position that meets the above exceptions, and may earn $19,240 annually before pension benefit payments are reduced. The under age 65 retiree may also be a contractor or work for a contractor or temporary agency doing business with a participating employer after the six month bona fide separation and have unlimited earnings provided he/she meets the IRS requirements for an Independent Contractor.

If the age 65 or older retiree wishes to receive a monthly pension benefit and return to work with a participating employer, the retiree may only be employed in a casual/seasonal or substitute position that meets the above exceptions and may earn $19,240 annually before pension benefit payments are reduced. The age 65 or older retiree may also be a contractor or work for a contractor or temporary agency doing business with a participating employer and have unlimited earnings provided he/she meets the IRS requirements for an Independent Contractor.

To obtain Form SS-8, click on this link: http://www.irs.gov/pub/irs-pdf/fss8.pdf

To review the Internal Revenue Service's determination of whether a person is an independent contractor or an employee, clink on this link: http://www.irs.gov/businesses/small/article/0,,id=99921,00.html/

New Guidelines for Health Insurance for the Spouse of a Survivor

Pursuant to Senate Bill 157 which was signed by the Governor on May 15, 2012, any spouse receiving a survivor's pension benefit from the State Employees' Pension Plan, the State Police Pension Plan(s), or the Judiciary Pension Plan may not include a new spouse in the State's pension health insurance plan effective June 1, 2012. If the survivor was married to a new spouse prior to June 1, 2012, the spouse may be included in the health insurance plan.

PENSION BENEFITS ARE PAYABLE ON THE LAST WORKING DAY OF EACH MONTH, WITH THE EXCEPTION OF DECEMBER. THE SCHEDULE FOR THE BALANCE OF 2012 IS AS FOLLOWS:

Friday, August 31, 2012
Friday, September 28, 2012
Wednesday, October 31, 2012
Friday, November 30, 2012
Monday, December 24, 2012