

# Layoff Separation and Your Pension and Health Benefits



## Pension and Health Benefits Layoff Hotline

Listen for the hotline prompt.

- (800) 821-2251 outside of Juneau
- (907) 465-4460 in Juneau

## Layoff Rights Information

- Division of Personnel and Labor Relations Employee Call Center: (907) 465-3009

## Layoff Separation Resource Page

- [alaska.gov/drb/resources/layoff-information/layoff-resources](http://alaska.gov/drb/resources/layoff-information/layoff-resources)

This information has been prepared to provide guidance and information to employees experiencing a layoff separation in relation to their State of Alaska pension, life and health benefits.

## AlaskaCare Members

- AVTEC
- Confidential
- Correctional Officers
- Marine Engineers
- TEAME (Mt. Edgecumbe Teachers)
- Supervisory
- Unlicensed Vessel Personnel/Inland Boatmen's Union (IBU)
- Employees not covered by collective bargaining (Exempt)

When you are separated for layoff, a notice of coverage termination is sent to our vendor, PayFlex. PayFlex will then send a notice of COBRA rights and an application for continuation of coverage by mail to you. If you wish to continue your health coverage for you and your eligible dependents, you must elect continuation of coverage on the form provided by PayFlex and you must do so within 60 days of when the initial notice is issued to you. Payment for coverage, as described in the notice, must be made when due. Premium amounts will be listed in the initial notice, and can also be found on our Layoff Resource Center page at [alaska.gov/drb/resources/layoff-information/layoff-resources](http://alaska.gov/drb/resources/layoff-information/layoff-resources).

You may elect the same level of coverage as your active plan, or you may elect a lower level of coverage. For example, if you are covered under the medical plan and have elected the standard plan, you may elect COBRA continuation coverage under either the standard plan or the economy plan. Additionally, you may elect COBRA continuation coverage under the medical plan only; or under the medical plan and under the dental plan and/or the vision plan. You have a right to continue coverage for up to 36 months. If you elect COBRA, you do not need to sign up for health care under the Affordable Care Act. However, being eligible for COBRA does not limit your eligibility for coverage for a tax credit through the Marketplace. For information on Alaska Health Care Exchange, please visit [HealthCare.gov](http://HealthCare.gov).

## Alaska Deferred Compensation Plan Participants Request for Maximum from DCP Final Pay Form

- [alaska.gov/drb/pdf/dcp/requestForMaxFromDcpFinalPayForm.pdf](http://alaska.gov/drb/pdf/dcp/requestForMaxFromDcpFinalPayForm.pdf)

Employees leaving state service can request to have a final deferred compensation contribution taken on their final payroll check. Your final check will include payment of any unused personal/annual leave in addition to your final pay.

Some employees prefer to reduce their tax liability by deferring income from their final check into their deferred compensation account.

If you want to request this deferral, please complete the memorandum (link above), and return it to the Division of Retirement and Benefits via fax or as a PDF file email attachment as noted on the form (originals are not required).

**CAUTION: The signed memo must be received by the Division of Retirement and Benefits (DRB) in the month prior to your last day of employment!** For example, if your last day of employment is anytime in the month of April, the memo for doing this must be received by DRB no later than March 31. This deadline is required by the plan document in order to comply with IRC regulations.

For additional information regarding a final deferral, please call the Pension and Health Benefits Layoff Hotline.

## Alaska Supplemental Benefits-Annuity Plan (SBS-AP) Participants

A layoff separation is considered a termination of employment by the SBS-AP and allows participants to withdraw their accounts once you have been separated from employment for 60 days. You are not required to remove your funds simply because you have separated. You may leave your contributions in the plan and continue your retirement savings in order to meet your goals for the future. Experts say most people will live on retirement benefits longer than they worked to earn them.

If you are planning on reinvesting your money, please be sure to compare the fees for the services you will receive. The SBS-AP management and administrative fees are very low compared to the private sector.

If you must withdraw your SBS-AP funds, you will need to consider the following:

- You may elect to maintain your account, rollover your contributions to another qualified plan or elect one of the other monthly payment options. (See "withdrawal options" at [alaska.gov/drb/sbs\\_ap/info/distribution.html](http://alaska.gov/drb/sbs_ap/info/distribution.html))
- SBS-AP funds are taxable income as you receive them. You may want to choose a method of payment that spreads your account balance across tax years.
- You must wait 60 days from your separation date before you can access your funds. If you reemploy with an SBS-AP employer before the 60 day period is up you will not be able to access your funds.

## Public Employees' Retirement System (PERS)

- PERS Tier I employees first entered PERS before July 1, 1986
- PERS Tier II employees first entered PERS on or after July 1, 1986 through June 30, 1996
- PERS Tier III employees first entered PERS on or after July 1, 1996 through June 30, 2006
- PERS Tier IV employees first entered PERS on or after July 1, 2006

## PERS Defined Benefit Plan (Tiers I, II and III) Members

PERS Defined Benefit members may be eligible for retirement at the time of a layoff separation. For PERS Tier I, early retirement is at age 50; normal retirement at age 55. For PERS Tiers II and III, early retirement is at age 55;

normal retirement at age 60. Members may retire at any age with 20 years of service if they are in the peace officer/firefighter occupation; with 30 years of service for all others for all tiers. Members thinking about retirement should check with their human resources office to determine the effect of retirement on layoff rights. Layoff rights are not within the scope of the Division of Retirement and Benefits. To obtain a projection of benefits for retirement, please call the Pension and Health Benefits Layoff Hotline.

Defined Benefit members wishing to withdraw contributions from the system need to be aware that a refund of contributions forfeits all benefits, including retiree health insurance coverage. Once benefits are forfeited, a member returning to employment with a PERS employer will participate in the PERS Tier IV Defined Contribution Plan.

For more information regarding retirement eligibility or withdrawal, please visit the Layoff Resource Center page at [alaska.gov/drb/resources/layoff information/layoff-resources](http://alaska.gov/drb/resources/layoff%20information/layoff-resources).

### **PERS Defined Contribution Plan (Tier IV) Members**

A layoff separation is considered a termination of employment by the pension plan and allows a participant to withdraw their account once you have been separated from employment for 60 days. You are not required to remove your funds simply because you have separated. You may leave your contributions in the plan and continue your retirement savings in order to meet your goals for the future. Experts say most people will live on retirement benefits longer than they worked to earn them. Your contributions can be rolled into a tax-qualified plan with another employer or with a private sector provider to help you maintain your retirement savings.

If you are planning on reinvesting your money, please be sure to compare the fees for the services you will receive. The PERS Tier IV management and administrative fees are very low compared to the private sector.

If you must withdraw your PERS Tier IV funds, you will need to consider the following:

- You may take up to two withdrawals from your account in a year for your short-term needs and leave the balance in the plan. This will allow continued investment of the remainder of your account.
- You may elect to remove all your contributions, rollover your contributions to another qualified plan or elect one of the other monthly payment options. (See “disbursement” at [alaska.gov/drb/dcrp/faqs/dcrFaqs.html#disbursement](http://alaska.gov/drb/dcrp/faqs/dcrFaqs.html#disbursement).)
- PERS Tier IV funds are taxable income as you receive them. You may want to choose a method of payment that spreads your account balance across tax years.
- You must wait 60 days from your separation date before you can access your funds. If you reemploy with a PERS Tier IV employer before the 60 day period is up, you will not be able to access your funds.

### **Teachers’ Retirement System (TRS)**

- TRS Tier I employees first entered TRS before July 1, 1990
- TRS Tier II employees first entered TRS on or after July 1, 1990 through June 30, 2006
- TRS Tier III employees first entered TRS on or after July 1, 2006

### **TRS Defined Benefit Plan (Tiers I and II) Members**

TRS Defined Benefit members may be eligible for retirement at the time of a layoff separation. For TRS Tier I, early retirement is at age 50; normal retirement at age 55. For TRS Tier II, early retirement is at age 55; normal retirement at age 60. Members may retire at any age with 20 years of service. Members thinking about retirement should check with their human resources office to determine the effect of retirement on layoff rights. Layoff rights are not within the scope of the Division of Retirement and Benefits. To obtain a projection of benefits for retirement, please call the Pension and Health Benefits Layoff Hotline. To make an appointment with a retirement counselor, please call the Pension and Health Benefits Layoff Hotline.

Defined Benefit members wishing to withdraw contributions from the system need to be aware that a refund of contributions forfeits all benefits, including retiree health insurance coverage. Once benefits are forfeited, a member returning to employment with a TRS employer will participate in the TRS Tier III Defined Contribution Plan.

For more information regarding retirement eligibility or withdrawal, please visit the Layoff Resource Center page at [alaska.gov/drb/resources/layoff information/layoff-resources](http://alaska.gov/drb/resources/layoff%20information/layoff-resources).

### **TRS Defined Contribution Plan (Tier III) Members**

A layoff separation is considered a termination of employment by the pension plan and allows a participant to withdraw their account once you have been separated from employment for 60 days. You are not required to remove your funds simply because you have separated. You may leave your contributions in the plan and continue your retirement savings in order to meet your goals for the future. Experts say most people will live on retirement benefits longer than they worked to earn them. Your contributions can be rolled into a tax-qualified plan with another employer or with a private sector provider to help you maintain your retirement savings.

If you are planning on reinvesting your money, please be sure to compare the fees for the services you will receive. The TRS Tier III management and administrative fees are very low compared to the private sector.

If you must withdraw your TRS Tier III funds, you will need to consider the following:

- You may take up to two withdrawals from your account in a year for your short-term needs and leave the balance in the plan. This will allow continued investment of the remainder of your account.
- You may elect to remove all your contributions, rollover your contributions to another qualified plan or elect one of the other monthly payment options. (See “disbursement” at [alaska.gov/drb/dcrp/faqs/dcrFaqs.html#disbursement](http://alaska.gov/drb/dcrp/faqs/dcrFaqs.html#disbursement).)
- TRS Tier III funds are taxable income as you receive them. You may want to choose a method of payment that spreads your account balance across tax years.
- You must wait 60 days from your separation date before you can access your funds. If you reemploy with a TRS employer before the 60 day period is up, you will not be able to access your funds.

## **Alaska Division of Retirement and Benefits**

6th Floor, State Office Building | 333 Willoughby Ave. | P.O. Box 110203 | Juneau, AK 99811-0203

### **Member Services Contact Center**

Hours: Monday – Thursday 8:30 a.m. - 4 p.m. | Friday 8:30 a.m. - 3 p.m.

Toll-Free: (800) 821-2251 | In Juneau: (907) 465-4460 | Fax: (907) 465-3086 | TDD: (907) 465-2805

[Alaska.gov/drb](http://Alaska.gov/drb) | [doa.drb.mscc@alaska.gov](mailto:doa.drb.mscc@alaska.gov)

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