

2023 PRE-RETIREMENT SEMINAR PRESENTATION

Cook County

Department of Risk Management

Employee Benefits Division

In partnership with Cook County Annuity and Pension Fund and

Nationwide Retirement Solutions





Introductions- Michelle Taylor, Risk Management



The three primary sources of retirement income – Vanessa Gonzalez- Retirement Specialist; Nationwide Retirement Solutions



Planning for Retirement – Brent Lewandowski- Executive Director; Gary LeDonne – Director, Benefits Administration; Cook County Pension Fund



Bridging the gap in your retirement income – Vanessa Gonzalez, Retirement Specialist – Nationwide Retirement Solutions



Q&A

2023 PRE- RETIREMENT SEMINAR AGENDA

COOK COUNTY DEFERRED COMPENSATION PLAN



Approaching retirement

IMPORTANT THINGS YOU SHOULD KNOW

- Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value

This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

Nationwide and its representatives do not give legal or tax advice. An attorney or tax advisor should be consulted for answers to specific questions.

Retirement Resource Group includes Retirement Specialists and Personal Retirement Consultants. Retirement Specialists are registered representatives of Nationwide Investment Services Corporation, member FINRA, Columbus, Ohio. The information they provide is for educational purposes only and is not legal, tax or investment advice. Personal Retirement Consultants are registered representatives of Nationwide Securities LLC, member FINRA, SIPC, dba Nationwide Advisory Services LLC in AR, CA, FL, NY, TX and WY. Securities and investment advisory services are offered through Nationwide Securities LLC, member FINRA, SIPC, and a Registered Investment Advisor, dba Nationwide Advisory Services LLC in AR, CA, FL, NY, TX and WY. Representative of Nationwide Life Insurance Company, affiliated companies and other companies.

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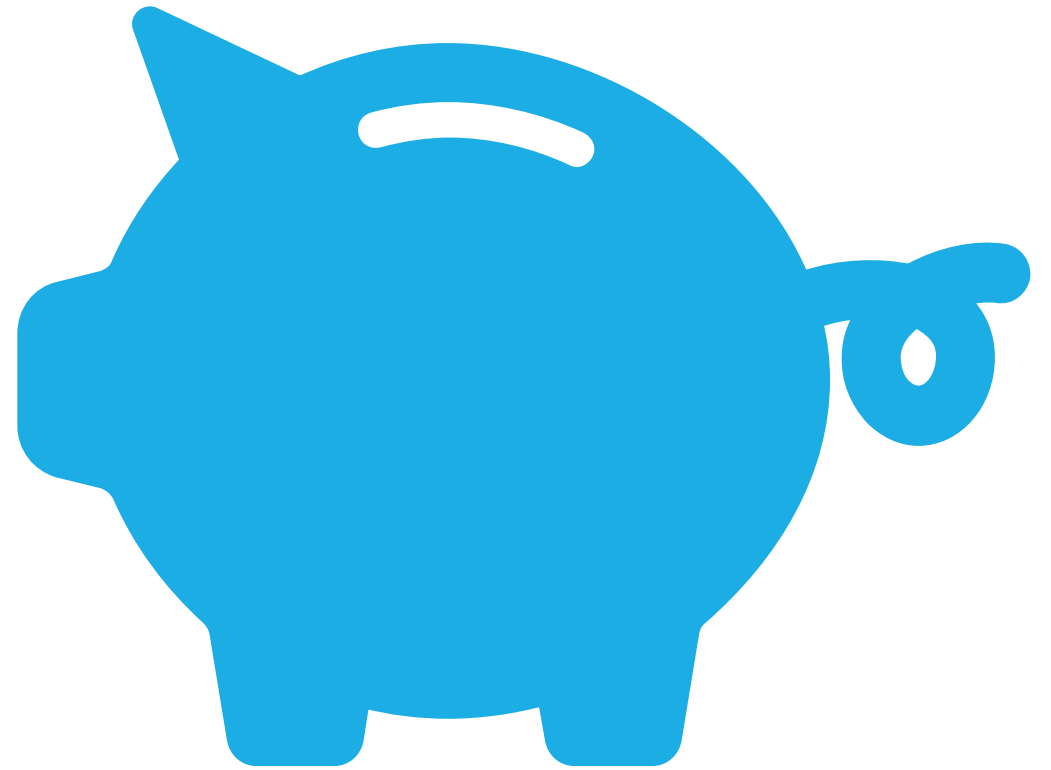
NRM-22257IL-CK (08/23)

OUR OBJECTIVES TODAY

Through this workshop, we will help you:

- See how well prepared you are for retirement
- Learn how to identify your income gap
- Identify your options for getting better prepared
- Understand how continuing participation in your plan can benefit you through retirement

**BUILDING YOUR
RETIREMENT
INCOME**



THREE SOURCES OF RETIREMENT INCOME

1. SOCIAL SECURITY
2. PENSION
3. PERSONAL SAVINGS





SOCIAL SECURITY IS ONLY THE FOUNDATION

Calculating your benefit:

The amount of your Social Security benefit depends largely on when you retire. Delaying your retirement by even a few years can result in a higher monthly benefit.

For more information, visit ssa.gov.

PLANNING FOR YOUR RETIREMENT

**BRENT LEWANDOWSKI
EXECUTIVE DIRECTOR
COOK COUNTY PENSION FUND**

**70 W. MADISON ST., SUITE 1925
CHICAGO, IL 60602
(312) 603-1200
WWW.COOKCOUNTYPENSION.COM**



OVERVIEW

- Who are we?
- What benefits are provided?
 - As a member of the Fund
 - As a retiree of the Fund
- Reciprocity
- Tier Plan

RETIREMENT BOARD

Role	Name	Seat
President	Patrick J. McFadden	Cook County Annuitant
Secretary	Jerry Pray	Cook County Annuitant
Trustee	Tanya Anthony	Ex-Officio
Trustee	Hal Dardick	Ex-Officio
Trustee	Diahann Goode	Active County Employee
Trustee	Lakeisha Marvel	Forest Preserve Employee
Trustee	Kevin Ochalla	Active County Employee
Trustee	Tracy Reed	Active County Employee
Trustee	Samuel Richardson Jr.	Forest Preserve Annuitant

- \$13 Billion Defined Benefit Public Pension Fund
- 66.5% Funded
- 20,000 Annuitants
- 18,000 Active Members
- Governed by the Illinois Pension Code
 - Benefits Administration

WHO ARE WE?

INCOME TO FUND

- **Employee Contributions**
 - 8.5% deduction from your salary (9.0% for Sheriff's Police)
 - 6.5% Annuity, .5% COLA, 1.5% Spouse
- **Tax Levy**
 - County matches employee contributions at a multiple of 1.54
- **Investments**
 - Income from investments (Bonds, Equities, etc.)
- **Statutory Actuarial Funding**
 - Contributions to achieve 100% in 30 years

BENEFITS AS AN EMPLOYEE

- **Disability Benefits**
 - **Ordinary Disability**
 - Non-duty-related injury or illness
 - **Duty Disability**
 - Duty-related injury or illness
- **Refunds**
 - **Fund Guaranty**
 - **Only available upon termination from employment**

POST EMPLOYEE BENEFITS

- Annuity Estimates
- Annuity Calculations
- Health Benefits

- Contact us before you retire
 - We recommend that you contact us 60-90 days before retirement. There are certain options that you may only have while you are still employed and a contributing member of the Cook County Pension Fund.
- Know the costs associated with retiring
 - Health insurance and federal tax are withheld from most annuity payments; be sure to think about those costs.
- Timing
 - It generally takes 10 weeks from the date of retirement before you will receive your first check from the Cook County Pension Fund, BE PREPARED! If you are Reciprocal — the processing time could be from 10-14 weeks, expect a delay.

PLANNING TO RETIRE

TIER 1 VS. TIER 2 BENEFITS

	Tier 1	Tier 2
Eligibility	First employed prior to 1/1/2011	First employed on or after 1/1/2011
Vesting	10 years – 2.4% accrual	10 years – 2.4% accrual
Earliest Retirement Age (reduced pension)	50	62
Reduction in Pension	Retirement under age 60 with less than 30 years of service	Any retirement below age 67
Final Average Salary	Highest consecutive 48 months (4 years) within last 10 years of service	Highest consecutive 96 months(8 years) within the last 10 years of service
Cap on Salary	\$330,000 for employees starting after 1/1/1996 (no cap for those starting prior to 1996)	\$123,489 for 2023; increased annually by the lesser of 3% or one-half of CPI index of preceding year
Annual Pension Increase (COLA)	<ul style="list-style-type: none"> ➤ 3% compounded annually ➤ If <u>over age 60 OR with 30 years</u> of service – January 1st following one-year anniversary; otherwise January 1st following age 60 	<ul style="list-style-type: none"> ➤ The lower of 3% or one-half of CPI index (could be zero) ➤ Increase not paid until the later of age 67 or January 1st following one-year anniversary

TIER 1 ANNUITY MINIMUM FORMULA

- Most typical with 10 or more years of service
- **2.4% for each year of service**
 - 10-year minimum requirement (included reciprocal service)
 - Must be at least age 50
- **Final Average Salary “FAS”**
 - Average of highest 48 consecutive months salary within the last 10 years of service
- **“Normal” Retirement**
 - Considered age 60 or over age 50 with 30 years of contributed service
- **Age Reduction**
 - $\frac{1}{2}$ % of 1% per month if below age 60 with less than 30 years of service credit

TIER 1 ANNUITY EXAMPLES

Scenario 1		Scenario 2	
Assuming Age 60		Assuming Age 60	
With 10 Years of Service		With 30 Years of Service	
Final Average Salary \$3,000.00		Final Average Salary \$3,000.00	
FAS	\$3,000.00	FAS	\$3,000.00
10 years @ 2.4%	<u>24%</u>	30 years @ 2.4%	<u>72%</u>
Annuity	\$720.00	Annuity	\$2,160.00

TIER 1 ANNUITY EXAMPLES

Scenario 1		Scenario 2	
Assuming Age 55		Assuming Age 60	
With 20 Years of Service		With 25 Years of Service	
Final Average Salary \$3,000.00		Final Average Salary \$3,400.00	
FAS	\$3,000.00	FAS	\$3,400.00
20 years @ 2.4%	<u>48%</u>	25 years @ 2.4%	<u>60%</u>
	\$1,440.00		\$2,040.00
30% Age 55 Reduction	<u>70%</u>	No Age Reduction	<u>100%</u>
Annuity	\$1,008.00	Annuity	\$2,040.00

TIER 2 ANNUITY EXAMPLES

Scenario 1		Scenario 2	
Assuming Age 62		Assuming Age 67	
With 20 Years of Service		With 25 Years of Service	
Final Average Salary \$3,000.00		Final Average Salary \$3,400.00	
FAS	\$3,000.00	FAS	\$3,400.00
20 years @ 2.4%	<u>48%</u>	25 years @ 2.4%	<u>60%</u>
	\$1,440.00		\$2,040.00
30% Age 62 Reduction	<u>70%</u>	No Age Reduction	<u>100%</u>
Annuity	\$1,008.00	Annuity	\$2,040.00

ANNUITY OPTIONAL 3% PLAN

- Allowed you to contribute an additional 3% of your present salary until **June 30, 2005**.
- To those who contributed, you receive an additional 1% of Final Average Salary for each year of optional contribution — not to exceed 80% maximum
- This benefit is reduced if you do not meet the “normal” retirement provision of Age 60 or 30 years.

ANNUITY EXAMPLE — MINIMUM FORMULA WITH 3% OPTIONAL PLAN

Scenario 1		Scenario 2	
Assuming Age 60 With 20 Years of Service 4 years of Optional Final Average Salary \$3,000.00		Assuming Age 60 With 20 Years of Service 15 years of Optional Final Average Salary \$3,000.00	
FAS	\$3,000.00	FAS	\$3,000.00
20 years @ 2.4%	48%	20 years @ 2.4%	48%
4 years @ 1%	<u>4%</u>	15 years @ 1%	<u>15%</u>
	52%		63%
Annuity	\$1,560.00	Annuity	\$1,890.00

ANNUITY – REFUNDS PAYABLE UPON RESIGNATION

1. Lump-Sum	Who Qualifies: 1. Any employee with less than 10 years of service. 2. Any employee below age 55.
2. Refund for no – Spouse	At retirement, if you are divorced, widowed, or never married. (Proof must be submitted)
3. Refund for Optional overpaid	For those who have over-contributed into the 3% optional plan.
4. Refund “error in deduction”	To correct any past payroll withholding errors, adjustments for disability, etc...
5. Refund to Estate	Upon death, this guarantees that you or your estate has recovered at least all of the employee and spouse contributions.
6. Death Benefit	\$1,000.00 Death Benefit upon death of member in service or retired.

- Former Service
 - Typically applies to service prior to 1984 when pension contributions were not withheld from payroll for the 1st year.
- Refund Repayment
 - Ability to repay for previously refunded service. (Repay the refunded amount plus interest.)
- Military Service
 - An active County employee may purchase up to 2 years.
 - Special provision for those who leave the County, enter Military, RTW in 90 days to County
 - Submit discharge Form DD214
- Sick Time
 - Ability to purchase up to 180 days
 - You must remit payment within 30 days of separation from service.
- Reciprocal Service
 - Ability to link your Cook County pension with that of another Public Fund of Illinois.

**ANNUITY –
PAYMENTS THAT
MAY INCREASE
YOUR BENEFITS**

- Once eligible it is 3% compounded
- Becomes payable every January (never mid-year)
- When does your COLA begin?
 - If over age 60 **OR** with 30 years of service
 - January 1st Following One-Year Anniversary
 - Otherwise
 - January following age 60

Example of Age 60 or 30 years

<u>Retirement Date</u>	<u>Annuity Begins</u>	<u>COLA Effective</u>
December 31, 2023	January 1, 2024	January 1, 2025
January 10, 2024	February 1, 2024	January 1, 2026

ANNUITY – COST OF LIVING ADJUSTMENT (COLA)

RECIPROCAL FUNDS

Laborers' Annuity & Benefit Fund of Chicago (LABF) 321 N. Clark Street, Suite 1300 Chicago, IL 60654 (312) 236-2065	Municipal Employees' Annuity & Benefit Fund of Chicago (MEABF) 321 N. Clark Street, Suite 700 Chicago, IL 60654 (312) 236-4700	Park Employees' Annuity & Benefit Fund of Chicago (PARK) 55 E. Monroe Street, Suite 2880 Chicago, IL 60603 (312) 553-9265
Metropolitan Water Reclamation District Retirement Fund (MWRD) 111 E. Erie, Suite 330 Chicago, IL 60611-2898 (312) 751-3222	State Employees' Retirement System of Illinois (SERS) 2101 South Veterans Parkway P.O. Box 19255 Springfield, IL 62794-9255 (217) 785-7444	Judges & General Assembly Retirement Fund 2101 South Veterans Parkway P.O. Box 19255 Springfield, IL 62794-9255 (217) 782-7500
Public School Teachers' Pension & Retirement Fund of Chicago (PST) 203 N. LaSalle Street, Suite 2600 Chicago, IL 60601 (312) 641-4464	State Teachers' Retirement System of Illinois (TRS) 2815 W. Washington Street P.O. Box 19253 Springfield, IL 62794-9253 (800) 877-7896	State Universities Retirement System (SURS) 1901 Fox Drive P.O. Box 2710 Champaign, IL 61825-2710 (800) 275-7877
Illinois Municipal Retirement Fund (IMRF) 2211 South York Road, Suite 500 Oak Brook, IL 60523-2374 (800) 275-4673	County Employees' and Officers' Annuity and Benefit Fund of Cook County 70 W. Madison, Suite 1925 Chicago, IL 60602 (312) 603-1200	Forest Preserve District Employees' Annuity and Benefit Fund of Cook County 70 W. Madison, Suite 1925 Chicago, IL 60602 (312) 603-1200

ANNUITY — SPOUSE (SURVIVOR)

Upon employee's death, a surviving spouse is entitled to an annuity as follows:

1. With 30 years of service or Spouse over age 55 at date of employee death:
 - a. Spouse annuity is 65% of employee annuity then payable
2. With less than 30 years or Spouse below age 55 at date of employee death:
 - a. Spouse annuity is 65% of employee annuity reduced $\frac{1}{2}$ of 1% for each month spouse is below age 55
3. The minimum spouse annuity is 10% of Final Average Salary

ANNUITY — CHILD

- You must have 4 years of service
- A child must be below the age of 18
- A child's annuity is payable until the attainment of age 18
- The annuity is 10% of employee's final monthly salary at death
- Any employee contributions not recovered by the monthly annuity is then payable as a one-time refund

Note: Maximum Spouse & Child annuity may not exceed 60% of employee's Final Average Salary

To be eligible for benefits under the Group Health Benefit, you must be an “Annuitant” as defined by Section 9-239 of the Illinois Pension Code and have been last employed with Cook County or the Forest Preserve District.

If you choose to elect COBRA continuation coverage under the County’s active group health plan, you will be eligible to enroll in this plan after such COBRA coverage terminates.

HEALTH BENEFITS - ELIGIBILITY

Plan Options:

The Fund currently offers two options for your health benefit as a retiree through United Healthcare.

1. Choice Plan – Similar to HMO
2. Choice Plus Plan – Similar to PPO

A prescription drug plan is included with all medical elections through CVS – it is not offered as a stand-alone plan.

If you are eligible for Medicare – the Fund provides the same options as “supplemental” coverage to Part A & B, prescription drugs included.

HEALTH BENEFITS - OPTIONS

Federal Tax

Will be deducted from your monthly annuity or Refund. A 1099-R will be issued each year.

Illinois State Tax

As a resident of Illinois, your monthly annuity is not subject to Illinois State Tax.

If you are not a resident of Illinois, you must work with the applicable State's revenue department.

FEDERAL & STATE INCOME TAX

Because you receive a government pension, Social Security applies a provision that allows them to reduce social security payments.

Who is exempt:

First eligible to retire before January 1, 1986.

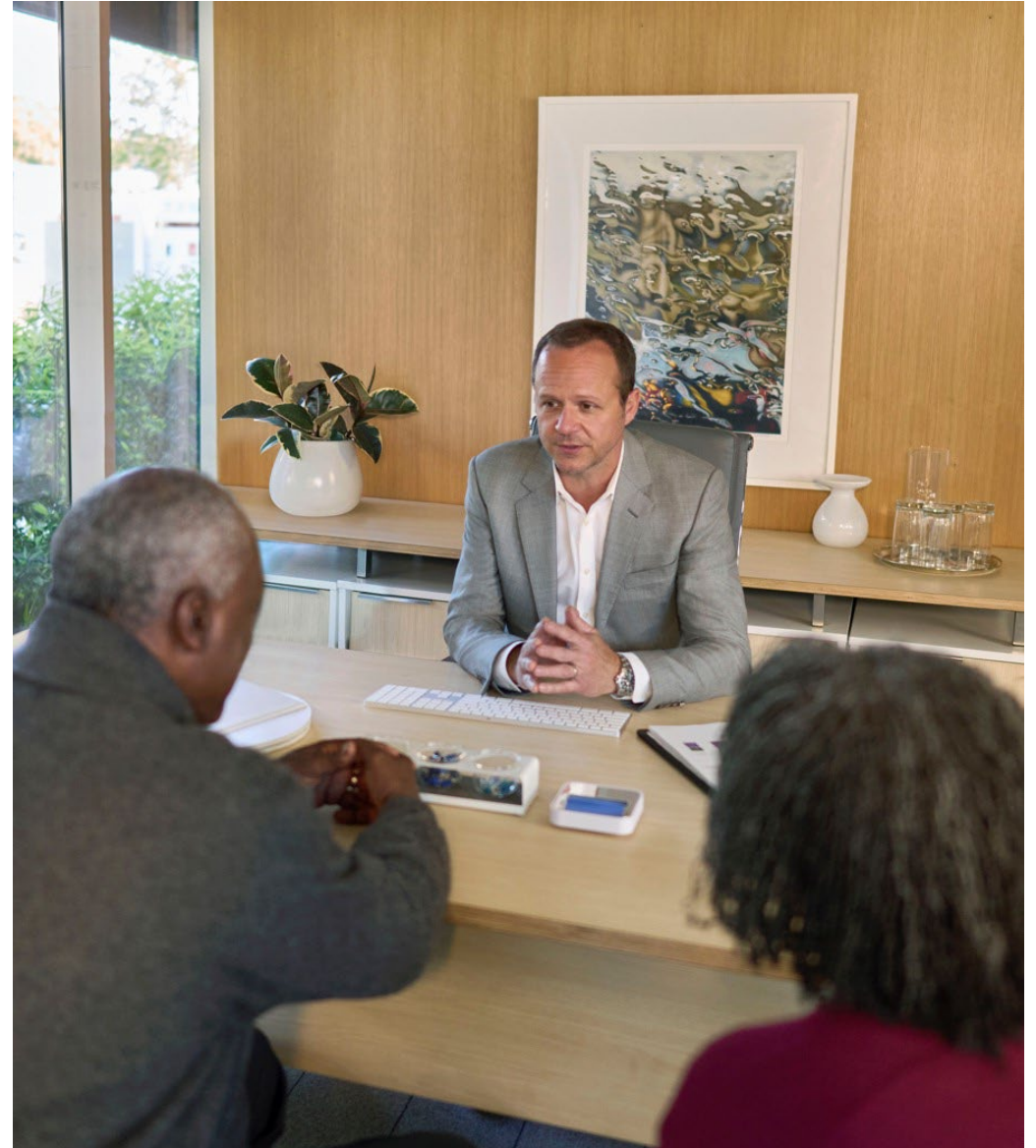
Have 30 years (120 quarters) of substantial earnings in Social Security.

**SOCIAL SECURITY
WINDFALL
ELIMINATION
PROVISION**

YOUR PENSION MAY NOT BE ENOUGH

Experts agree you'll need at least 80% of your current income to maintain the same standard of living in retirement.¹

¹ [Fortune.com/recommends/investing/how-much-money-do-you-need-to-retire](https://fortune.com/recommends/investing/how-much-money-do-you-need-to-retire) (March 22, 2023).



IT'S UP TO YOU TO BRIDGE THE INCOME GAP

Retirement Plan savings options:

- Employer-sponsored plans — 401(k), 403(b), 457(b), etc.
- Traditional or Roth IRAs

THE PLAN WAS MADE FOR YOU

Not every retirement plan is as special as your deferred compensation plan, because **it was created exclusively for public employees like you.**



ARE YOU READY FOR RETIREMENT?

A Nationwide Personal Retirement Consultant can assist you with a:

- Health care cost analysis
- Social Security income analysis
- Retirement income analysis
- Other financial products and services

Call 1-866-975-6363 or email INVESTNW@nationwide.com

Age

Age 50+ Catch-up

Special

Special 457 Catch-up

**RETIRING SOON?
CATCH UP.**

ANNUAL CONTRIBUTION LIMITS

Regular limit: \$22,500 — Average per pay: \$865

Age 50+ limit: \$30,000 — Average per pay: \$1,154

Special 3-year catch-up: \$45,000 — Average per pay:
\$1,731

- All limits are applied on a calendar-year basis
- Incoming rollovers from other plans do not count toward these limits

Source: IRS.gov

CATCH-UP EXAMPLE

Participant age: 47¹; years of service: 27¹

- 2023: \$45,000
- 2024: \$45,000
- 2025: \$45,000
- 2026+: \$30,000

The participant can change the deferral amount at any time but is eligible to "double up" only through 2025.

Eligibility requirements must be met for the Special 457 Catch-up. Participants must have underutilized contributions from previous years.

¹ Age and years of service requirements may vary. The participant must be within 3 years of Normal Retirement Age as defined by the employer's pension eligibility standards. Exceptions apply.

TIME-DUE BUYOUT

- **Must complete a form with Nationwide to elect a deferral**
- Subject to annual contribution limits
- Can accept deferrals up to the later of the end of the calendar year or 2½ months after retirement
- Those retiring within 2½ months of the end of the year may see their buyouts processed in the next calendar year
- Nationwide does not determine when buyout checks are processed

TIME-DUE BUYOUT EXAMPLE

Participant:

- Retired on 12/17/2023
- Not married

2024: \$45,000 Time due¹
(vacation/furloughs/compensation/etc.)

+ \$50,000 Spousal annuity refund – rollover

= \$95,000

¹ This figure assumes the participant is eligible for the Special 457 Catch-up and has sufficient underutilized contributions ... as income.

CONSOLIDATING DOESN'T HAVE TO BE DIFFICULT

1. **Complete** a Nationwide rollover form.
2. **We'll work together** with you and your other provider to complete their paperwork.
3. **Simplify your life** by moving your eligible retirement assets into your deferred comp account.

PAYOUT OPTIONS ARE FLEXIBLE

Basic types of payout options¹:

- Lump-sum
- Partial lump-sum
- Systematic withdrawal

¹ Other payout options are available.

REQUIRED MINIMUM DISTRIBUTION (RMD)

Calculating your RMDs can be tricky.

But as long as you're in a Nationwide plan, we'll take care of it for you.

WILL YOU HAVE ENOUGH MONEY TO LAST THROUGH RETIREMENT?

The 3 major costs in retirement are:

1. Inflation
2. Health care
3. Longevity

RETIREMENT OPTIONS

- Accounts can remain open
- Investment funding options and management services remain available
- Nationwide must receive confirmation of the severance date directly from the employer before issuing the first disbursement
- Withdrawals are taxable
- 457(b) assets can be withdrawn penalty-free

WHAT KIND OF INVESTOR ARE YOU?

- Do it myself
- Help me do it
- Do it for me

Target Date Funds invest in a wide variety of underlying funds to help reduce investment risk. So, in addition to the expenses of the Target Date Funds, you pay a proportionate share of the expenses of the underlying funds. Like other funds, Target Date Funds are subject to market risk and loss. Loss of principal can occur at any time, including before, at or after the target date. There is no guarantee that target date funds will provide enough income for retirement.

A CLOSER LOOK AT MY INTERACTIVE RETIREMENT PLANNERSM

You will now have a picture of any projected gap in your retirement goals.

- Projected income and desired income are compared to provide a meaningful gap analysis
- There are options to view or modify assets and explore potential contribution increase options

MY INTERACTIVE RETIREMENT PLANNER 877-644-6457

Based on your information, you're on track to get **\$2,683** per month in retirement starting at age 60

Retirement readiness: **NEEDS WORK**

How can I reduce my gap?
Ensure your information is up-to-date at least once a year.

1. Adjust your investments, Social Security, pension and/or spousal benefits to get a clearer picture.
[View or modify assets](#)
2. Changing your contribution amount, retirement age or spending can help.
[Explore contribution options](#)

Bar Chart Data:

Category	Value
You're on track to get	\$2,683.00 /mo
You might really need	\$4,139.00 /mo
Gap	\$1,456.00 /mo

How we calculated these numbers

- Pension
- Retirement spending

Income is calculated in retirement dollars

[Create Retirement Readiness Report](#)

Results are a hypothetical view of what your retirement may look like, based on the information you provided. Please note future retirement income is not guaranteed. [Read the full disclosure](#).

OHIO DEFERRED COMPENSATION
Check the background of this firm >>>
BrokerCheck

Ohio Deferred Compensation | 877-644-6457 | 257 East Town Street, Suite 457, Columbus, Ohio 43215-4626
Account Executives are Registered Representatives of Nationwide Investment Services Corporation, member FINRA.
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877-644-6457

WE CAN GIVE YOU THE TOOLS AND INFORMATION TO HELP YOU FEEL CONFIDENT ABOUT INVESTING FOR RETIREMENT.



CookCountyDC.com



1-855-457-2665



205 W Randolph St., Suite 1540
Chicago, IL 60606



Scan the QR code to schedule an appointment with a Retirement Specialist

Q&A



Appendix

- **Definition**

- Duty Disability Benefits are available ONLY to employees who are disabled as a result of an injury incurred in the performance of an act or acts of duty.

- **Benefit**

- 75% of salary
- Over age 60 (5 year Maximum)
- Below age 60 (until age 65)
- Payment = 66 2/3% Workers' Comp & 8 1/3% from the Fund

- **Detail**

- The fund offsets the 8 1/3% for any additional W.C. (lump-sum settlement or award) that is received; could be the entire amount.
- The fund credits full Service & Salary — No Loss of Pension Benefits for period approved
- The member **MUST** apply for the benefit while disabled, or within 6 months of returning to work.

DUTY DISABILITY

- **Definition**

- Ordinary Disability Benefits are available to those employees who are disabled “as the result of any cause other than injury incurred in the performance of an act of duty.”

- **Benefit**

- 50% of salary
- 1 year of ordinary disability credits are earned for every 4 years the member works with a maximum of 5 years credit in a career.

- **Detail**

- The fund contributes the 8.5% pension contribution during disability.
- The fund also credits full Service & Salary — No Loss of Pension Benefits for period approved.
- The member **MUST** apply for the benefit while disabled, or within 6 months of returning to work.

ORDINARY DISABILITY
