

There was discussion at the MAC Conference about CERF benefits and how Social Security interacts with your CERF benefit. This explanation should help clarify how Social Security affects your CERF benefit:

The CERF plan was designed to enable a full career county employee who retires at age 62 to maintain his pre-retirement standard of living. It was determined that 25 years was a good model for who is a "full career county employee." The targeted replacement ratios that are used in the CERF formula were selected using a study that is widely recognized as the pension industry's standard benchmark of retirement needs.

Targeted Replacement Ratios	
If your annual average final compensation is . . .	Your targeted replacement ratio is . . .
\$36,000.00 or less	80%
\$36,000.01 to \$48,000.00	77%
\$48,000.01 or higher	72%

As Social Security increases before retirement, CERF pensions tend to be lowered if an employee's compensation does not increase as fast as Social Security. But the **total** targeted replacement ratio is still maintained. After retirement, increases in Social Security **do not** reduce the pension a person receives from CERF.

Example:

	Based on 2009 Social Security	Based on 2010 Social Security
Estimated Social Security	\$925.20	\$958.10
CERF Pension	\$167.46	\$160.00
Total Retirement Income	\$1,092.66	\$1,118.10

There is an overall **increase** of \$25.44 even though the CERF benefit went down and the Social Security went up.

To keep the Social Security benefit from excessively affecting lower income people, we have the "\$29 minimum benefit." No matter what Social Security turns out to be, the CERF monthly pension at age 62 is at least \$29 times years of service (up to 29). For example, a person retiring at age 62 with 20 years of service will get no less than \$580 a month (\$29 x 20).

Also, for people with over 25 years of service, there is an added benefit for service between 25 and 29 years (1% x average final compensation x years of service greater than 25 but no more than 29). This additional benefit is not affected by Social Security.

The CERF Social Security number used in calculations may not match the number from the Social Security Administration. We do not know what a member will actually receive from Social Security. CERF's philosophy is that the Social Security number used should be reflective of a career spent in Missouri county employment. We use your county employment figures in the Social Security benefit

formula. If you have not worked for the county your entire career, we calculate the level of Social Security earnings you would have had if you had been a county employee all along.

We hope this answers any questions you may have about how Social Security affects your CERF benefit.

We are always happy to provide estimates to members to help them better evaluate their retirement picture.