

# QUASI-RETIREMENT EXPLAINED



**EMCretirement.com**

*a service of Halley Hill Wealth Management LLC*

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## IMPORTANT INFORMATION

You should request a copy of the Summary Plan Description (SPD) for your pension plan from the Human Resources Department at your EMC. The SPD will provide important details about your plan and is the definitive source of information relative to your benefits, if any. This article is only intended as an information resource for EMC employees and does not in any way supersede, alter, or define any benefits you may be eligible for. In the case of any conflict between the SPD and this article, you should rely on the SPD in consultation with your EMC's Human Resources Department.

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## **What Is Quasi-Retirement?**

Most pension plans at EMCs are administered by the National Rural Electric Cooperative Association (NRECA). Your plan is likely called the NRECA Retirement Security Plan. To keep things simple, we'll just call this "the pension plan".

The pension plan at your EMC may have a feature called quasi-retirement. You can ask your HR department and they will be able to tell you if this option is available to you. You can also request a copy of the Summary Plan Description and this document will address quasi-retirement details if it's offered in your pension plan.

Quasi-retirement allows you to receive your pension benefit while you're still employed but after you've reached your Normal Retirement Age (NRA). The NRA varies between co-ops and you should check with your HR department to learn the NRA for your plan.

Quasi-retirement is an option offered by some EMC's pension plan. This option will allow you to receive your pension benefit while you're still employed but after you've reached your Normal Retirement Age (NRA). The NRA varies between co-ops and you should check with your HR department to learn the NRA for your plan.

If you elect quasi-retirement, you'll continue to earn benefits under the pension plan until you actually retire. The benefits earned between your quasi-retirement date and your actual retirement date will be available to you when you actually retire from your co-op. Also, you may actually be able to elect quasi-retirement twice. Once after you've reached your NRA, and then again after you reach 70.5 years old if you're still employed.

## **Is Quasi-Retirement Right for You?**

In general, electing quasi-retirement may be a good decision if you're planning to choose the lump sum distribution option. Typically, this option would not be beneficial if you plan to receive 100% of your pension benefit as an annuity from NRECA.

The reasons for these general rules lie in the details of how your benefits are calculated. The lump sum is calculated as the present value of your monthly annuity as of a certain date. This is a little bit of a morbid thought, but it's true that as each year goes by there is one less year that you'll be retired. With less projected annuity payments being paid to you by the pension plan, the lump sum will decrease. Changes in interest rates will also affect the lump sum amount. So unless you believe that your salary will increase substantially between your NRA and actual retirement date, electing quasi-retirement for lump sum distributions may be a good option to consider.

The best way to analyze this option is to request multiple benefit estimates from your HR department. For instance, you could request an estimate for quasi-retirement as of your NRA and another as of your expected retirement date. These estimates will help you compare the pros and cons of selecting quasi-retirement.

### **Additional Resources**

If you have questions about quasi-retirement or other options in your pension plan, you can contact the author of this article:

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You can also contact your EMC's human resources department or NRECA for additional information. NRECA's website is <https://www.electric.coop>.