



# TIER B MEMBERS GUIDE

## Membership

Board of Trustees  
Retirement Eligibility



## Planning Tools

Retirement Benefit  
Normal Retirement  
Calculating Your Retirement



## Visualize Your Plan

Know Your Benefit  
Refunds and Rollovers



## Transitioning

What You Need to Know  
Choosing a Payment Option



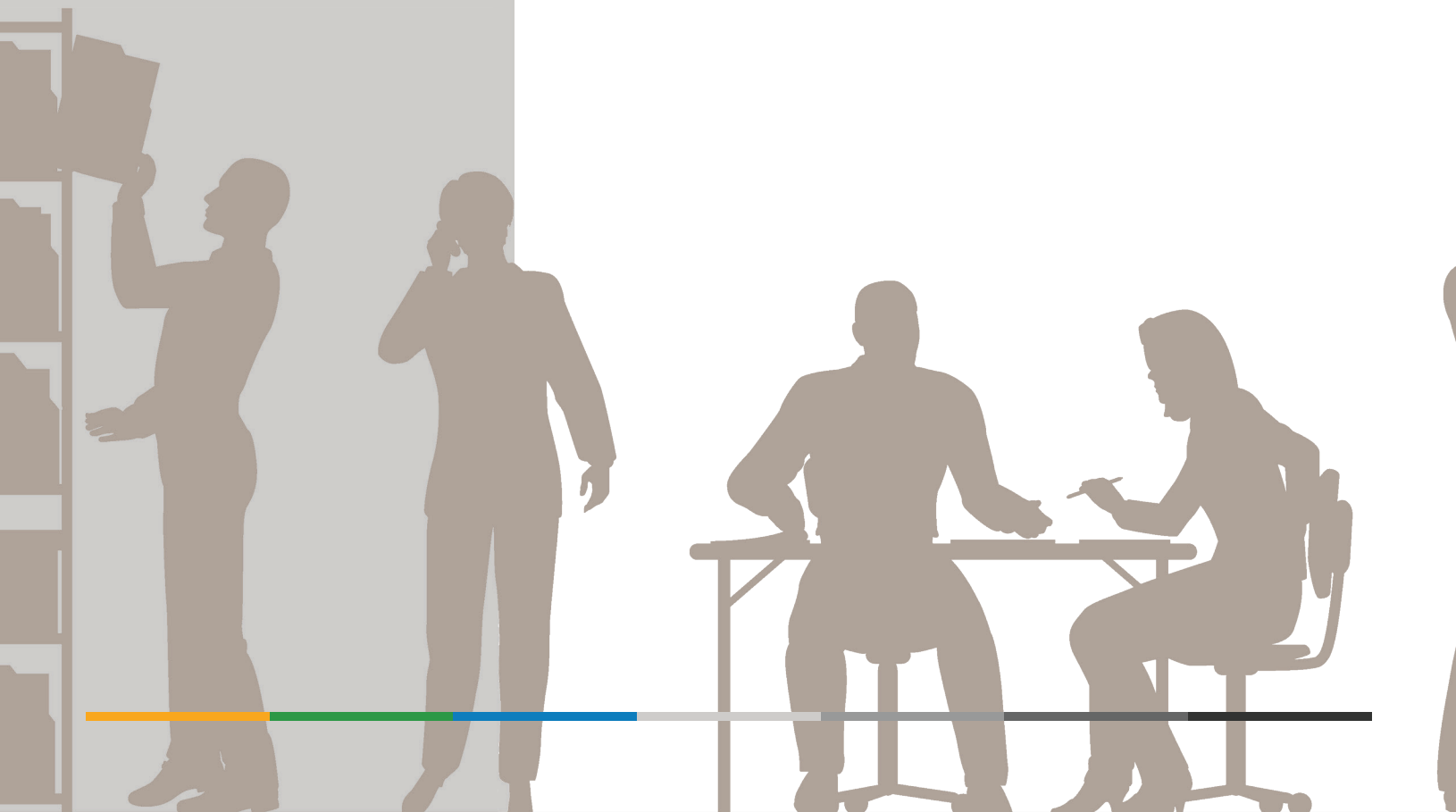
# Introduction

Most employees have many responsibilities, both at work and at home. Like many employees you may look forward to retirement one day but you may also think retirement planning is time consuming or complicated. This publication is designed not only to explain your future pension benefit but also to give you retirement planning tips at each stage of your career. The goal is for you to do a little planning during your working career so that, when you approach retirement, you have a smooth transition from work to a secure retirement lifestyle.

The Employees' Retirement Fund of the City of Dallas ("ERF", also referred to as the "Fund") is a defined benefit plan for the City of Dallas' non-uniformed, permanent full and part-time employees. ERF provides retirement, disability and survivor benefits to members and their beneficiaries. When you qualify for retirement, you will get a specified lifetime monthly pension.

Preparing for retirement is one of the most important financial actions you can take and the Employees' Retirement Fund will help you. Every eligible employee automatically participates in the Fund, and both you and the City contribute the funds that help secure your financial future.

This brochure explains the features and benefits of the Fund. Before you make any retirement decisions, contact the ERF office to be sure you understand the features of this plan and for assistance in making decisions that may affect your retirement income.





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### Why Read This?

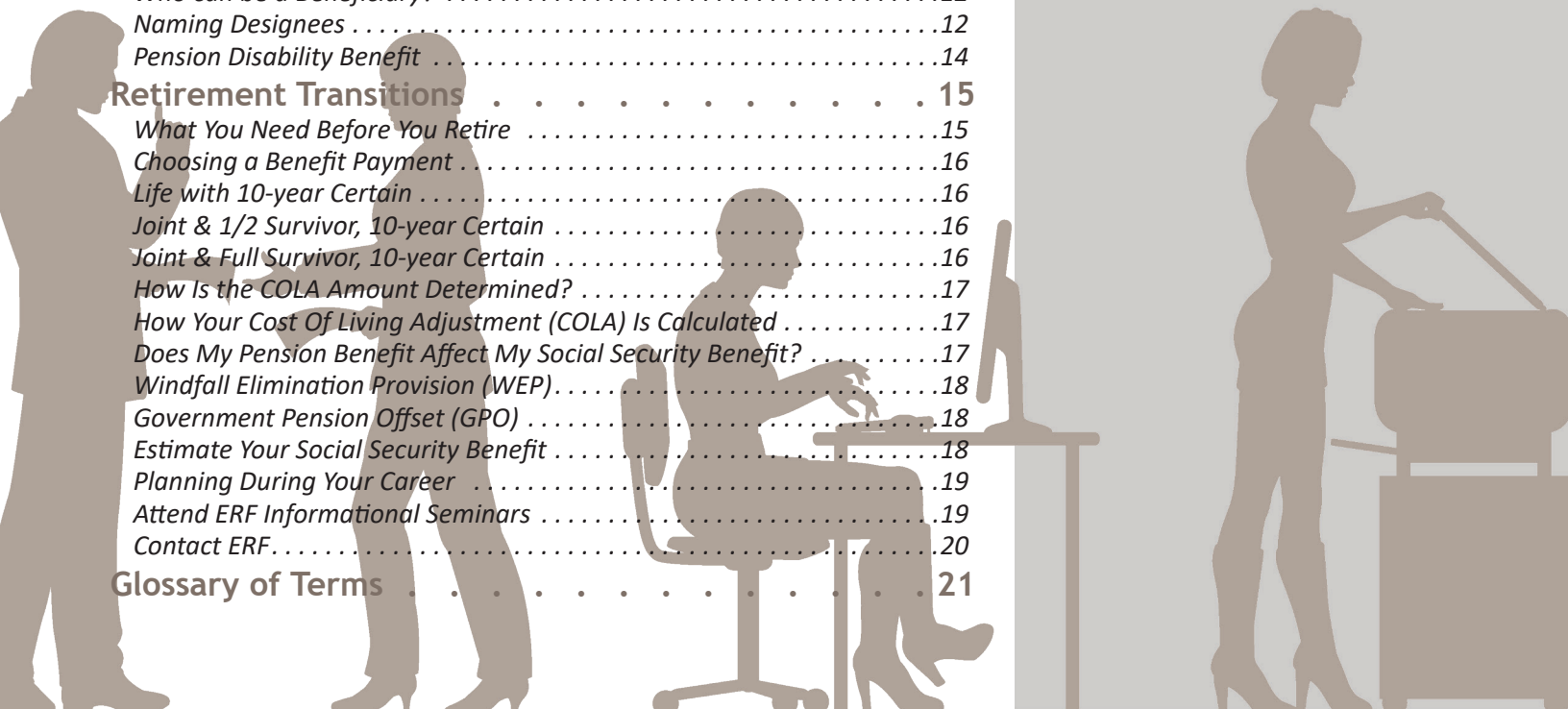
This brochure is intended to describe the highlights of the Employees' Retirement Fund of the City of Dallas.

**Disclaimer:** The brochure is not a contract of employment or a guarantee of benefits. Chapter 40A of the Dallas City Code, which contains the complete provisions of the ERF's plan, governs the Fund. In case of a conflict between this member guide and the provisions of the Code, the Code governs.

You should contact the Fund for detailed information regarding your situation before making any decision about your retirement benefits. The Fund's staff is available to provide scheduled, confidential retirement counseling.

If you would like this brochure in Spanish, please call (214) 580-7700.

Si usted quiere este folleto en Español, por favor llame a (214) 580-7700.



# Membership

## Who Is Eligible

Most civilian City of Dallas employees are eligible to participate in the Employees' Retirement Fund. If you are eligible, you are automatically enrolled and payroll deductions for your contributions will begin automatically.

You are not eligible to participate in the Fund if you are:

- an elected or non-salaried, appointed official;
- a contract employee;
- a temporary employee or
- a uniformed employee of the police or fire department.

The City of Dallas also offers two defined contribution plans (DC plans), the 401(k) and 457, should you decide to save additional funds for retirement. Membership in these plans is voluntary and your retirement benefit from a DC plan is based on the value of your account in those plans.

## Defined Benefit Plan

A pension plan in which an employer promises a specified monthly benefit on retirement that is predetermined by a formula based on the employee's earnings history, length of service and age.

## Credited Pension Service

You begin earning credited pension service on the date you become an eligible employee.

Credited pension service includes:

- the full and partial years you have worked for the City and paid into the Fund,
- the unused vacation hours for which you are paid when you leave employment and
- up to five years of active military duty while employed by the City and if you return within the period required by law.

## Leave and Credited Pension Service

When you are off work and not being paid by the City, you are considered to be on Leave Without Pay. You may be on Leave Without Pay because you are receiving Workers Compensation or because you are ill and have run out of sick and vacation days. Any time during which you are an employee but do not receive pay from the City will not be included in your credited pension service.

## Restricted Prior Service Credit

You may be eligible to apply for restricted prior service credit. Restricted prior service credit is granted for employment with federal, state or local government entities. Restricted prior service credit is used to increase credited service years to be used for vesting and retirement eligibility, but not toward calculating benefits. To be eligible, you must apply for restricted prior service credit no later than three years after your start date. The application is located on our website, [www.dallaserf.org](http://www.dallaserf.org).



## ERF Board of Trustees

ERF has a Board of Trustees who are responsible for administering the Fund in accordance with Chapter 40A. Three Trustees are elected by the membership for a three-year term. Three trustees are appointed by the Dallas City Council and the City Auditor is an ex officio member of the ERF Board of Trustees. Trustees do not answer to the City; they are independent fiduciaries who set the policy and give the Fund its direction.

## Retirement Eligibility

You are eligible to retire when you meet one of the following conditions:

- **Normal retirement**—Age 65 is the normal retirement age. In order to qualify for normal retirement, there is a required minimum credited pension service of five years. If you retire at or after age 65, you will receive a normal retirement benefit.
- **Rule of 80**—You may retire if your age and years of credited pension service added together total at least 80. If you retire before age 65, your pension will be reduced, see page 5 for reduction table.
- **Service retirement**—You may receive retirement benefits when you have 40 years of credited pension service. If you are under age 65, your service retirement benefit will not be reduced.

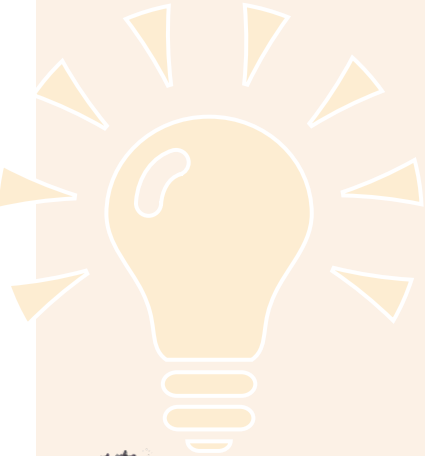
If you terminate employment with the City and have five years of service credit, you are vested. Vested former employees may start receiving a pension at age 65.

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## Fiduciary

A person to whom property or power over property or assets is entrusted for the benefit of another.



# Planning Tools

## Chapter 40A

The section of the Dallas City Code that governs the Employees' Retirement Fund.

## Final Average Pay

The wages you receive from the City divided by the number of months of credited pension service for your five highest-paid calendar years of service or your last 60 consecutive months.

## Retirement Benefit

Your benefit is based on three factors: your credited pension service, the multiplier and your final average pay as defined in Chapter 40A.

## Other Benefits

In addition to a monthly pension, ERF provides death benefits and disability benefits.

## Contributions to the Fund

Under Chapter 40A, there is a cost sharing arrangement between the City and employees. The ratio between what the City pays and what plan members pay is 63/37%. To see the current contribution rates, visit [www.dallaserf.org](http://www.dallaserf.org).

All eligible employees contribute the same percentage of wages. Your automatic payroll deductions appear on your pay stub as "ERF/Pen." Your contributions are taken out of your pay before federal tax withholding is calculated. You don't pay taxes on your contributions until you withdraw them.

Each year an actuarial review of ERF is prepared to determine the total contribution rate based on actual investment returns and mortality as compared to certain assumptions about interest rates, investment performance, the number of current and future retirees and various other considerations. Based on the results of this review, City and member contribution rates may increase or decrease.

While you're not paying taxes on your contributions, when your benefits are paid they will be taxable.

## Calculating Retirement Benefits

Your retirement benefit is calculated using a formula that includes your total credited pension service and the average of your monthly pay during your five highest-paid years or your last 60 consecutive months. Your benefit may not exceed 100% of your final average pay.

### Pension Formula

$$\begin{array}{rcl} & 2.5\% & \\ \times & \text{multiplied by} & \text{Service Credit (Full \& Partial Years)} \\ \times & \text{multiplied by} & \text{Average Monthly Pay} \\ \hline & = & \text{Calculated Monthly Benefit} \end{array}$$

## Normal Retirement Example

Amanda retires from the City of Dallas at age 65 with 28 years of credited pension service. The steps ERF takes to calculate Amanda's pension are as follows:

### Step 1. Final Average Pay

Highest Five Years		Last 60 Consecutive Months		
2009	\$ 32,000	2011	1520 hours	\$ 22,800.00
2012	\$ 33,000	2012	2080 hours	\$ 33,000.00
2013	\$ 35,000	2013	2080 hours	\$ 35,000.00
2014	\$ 36,000	2014	2080 hours	\$36,000.00
2015	\$ 39,000	2015	2080 hours	\$ 39,000.00
Total	\$ 175,000	2016	320 hours	\$6,000.00
		Vac LS	240 hours	\$4,500.00
		Total	10,400 hours	\$ 176,300.00

Higher Amount = \$176,300

\$176,300/60 months = \$2,938.33 (Final Avg. Monthly Pay)

### Step 2. Benefit Percentage

Multiply years of credited pension service by 2.5% to determine the percentage of average monthly pay to use in calculating the monthly retirement benefit:

$$\begin{array}{rcl}
 & 2.5\% & \\
 \text{multiplied by} & 28 \text{ Multiplied by years of service} & \\
 \hline
 = & 70\% \text{ Amanda's percentage of average monthly pay} & 
 \end{array}$$

### Step 3. Monthly Retirement Benefit

Multiply average monthly pay by the percentage from step 2:

$$\begin{array}{rcl}
 & \$ 2,938.33 & \\
 \text{multiplied by} & 70\% & \\
 \hline
 = & \$ 2,056.83 \text{ Amanda's estimated monthly benefit} & 
 \end{array}$$

Amanda's estimated monthly benefit is \$2,056.83, but the actual amount of benefit payments may be different, depending upon her choice of benefit option, see page 16 for benefit options.

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## Retirement Before Age 65 Example

Julia is 63 years old when she retires with 17 years of credited pension service. Her retirement benefit is calculated at \$2,000 per month, but because she is retiring before age 65, she will receive 80.66% of this monthly benefit:

Julia will get \$1,613.20 instead of \$2,000 per month because she is retiring before age 65.

Actuarial Reduction Before Age 65	
Age	Factor
65	1.0000
64	0.8972
63	0.8066
62	0.7264
61	0.6553
60	0.5921
59	0.5358
58	0.4865
57	0.4406
56	0.4003
55	0.3641
54	0.3315
53	0.3022
52	0.2757
51	0.2518
50	0.2301
49	0.2105
48	0.1926
47	0.1764
46	0.1617
45	0.1483

## Cost-of-Living Adjustments

On January 1st, the base benefit amount for retirees and beneficiaries may be adjusted (up to 3%) to account for changes (if any) in the cost of living (COLA) from the previous year. The maximum COLA increase is 3%.

## Definition of Wages

Under the provisions of the Fund, your pay includes all taxable earnings, including salary continuation made by reason of a job related injury or illness, plus elective pay reductions to a Section 401(k) or 457 deferred compensation plan and qualified transportation allowances.

Your pay does not include:

- expense reimbursements;
- cash or non-cash fringe benefits;
- welfare benefits (such as health or life insurance);
- lump-sum payments made at retirement for accrued sick or attendance incentive pay or
- workers compensation pay, short term disability benefits or catastrophic leave benefits.



## Basic Monthly Benefit Calculation

To use the following table, first determine your final average annual pay. Your estimated base monthly benefit is listed in the row and column that correspond to your average earnings and years of service. These examples show estimates of retirement benefits. Your actual calculation and benefit amount will vary.

### Example

Melanie retires with 23 years of service and final average earnings of \$30,000. According to the table, her monthly base benefit would be \$1,437.50.

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Years of Service	Final Average 5-Year Earnings						
	\$20,000.00	\$30,000.00	\$40,000.00	\$50,000.00	\$60,000.00	\$70,000.00	\$80,000.00
5	\$208.33	\$312.50	\$416.67	\$520.83	\$625.00	\$729.17	\$833.33
6	\$250.00	\$375.00	\$500.00	\$625.00	\$750.00	\$875.00	\$1,000.00
7	\$291.67	\$437.50	\$583.33	\$729.17	\$875.00	\$1,020.83	\$1,166.67
8	\$333.33	\$500.00	\$666.67	\$833.33	\$1,000.00	\$1,166.67	\$1,333.33
9	\$375.00	\$562.50	\$750.00	\$937.50	\$1,125.00	\$1,312.50	\$1,500.00
10	\$416.67	\$625.00	\$833.33	\$1,041.67	\$1,250.00	\$1,458.33	\$1,666.67
11	\$458.33	\$687.50	\$916.67	\$1,145.83	\$1,375.00	\$1,604.17	\$1,833.33
12	\$500.00	\$750.00	\$1,000.00	\$1,250.00	\$1,500.00	\$1,750.00	\$2,000.00
13	\$541.67	\$812.50	\$1,083.33	\$1,354.17	\$1,625.00	\$1,895.83	\$2,166.67
14	\$583.33	\$875.00	\$1,166.67	\$1,458.33	\$1,750.00	\$2,041.67	\$2,333.33
15	\$625.00	\$937.50	\$1,250.00	\$1,562.50	\$1,875.00	\$2,187.50	\$2,500.00
16	\$666.67	\$1,000.00	\$1,333.33	\$1,666.67	\$2,000.00	\$2,333.33	\$2,666.67
17	\$708.33	\$1,062.50	\$1,416.67	\$1,770.83	\$2,125.00	\$2,479.17	\$2,833.33
18	\$750.00	\$1,125.00	\$1,500.00	\$1,875.00	\$2,250.00	\$2,625.00	\$3,000.00
19	\$791.67	\$1,187.50	\$1,583.33	\$1,979.17	\$2,375.00	\$2,770.83	\$3,166.67
20	\$833.33	\$1,250.00	\$1,666.67	\$2,083.33	\$2,500.00	\$2,916.67	\$3,333.33
21	\$875.00	\$1,312.50	\$1,750.00	\$2,187.50	\$2,625.00	\$3,062.50	\$3,500.00
22	\$916.67	\$1,375.00	\$1,833.33	\$2,291.67	\$2,750.00	\$3,208.33	\$3,666.67
23	\$958.33	<b>\$1,437.50</b>	\$1,916.67	\$2,395.83	\$2,875.00	\$3,354.17	\$3,833.33
24	\$1,000.00	\$1,500.00	\$2,000.00	\$2,500.00	\$3,000.00	\$3,500.00	\$4,000.00
25	\$1,041.67	\$1,562.50	\$2,083.33	\$2,604.17	\$3,125.00	\$3,645.83	\$4,166.67
26	\$1,083.33	\$1,625.00	\$2,166.67	\$2,708.33	\$3,250.00	\$3,791.67	\$4,333.33
27	\$1,125.00	\$1,687.50	\$2,250.00	\$2,812.50	\$3,375.00	\$3,937.50	\$4,500.00
28	\$1,166.67	\$1,750.00	\$2,333.33	\$2,916.67	\$3,500.00	\$4,083.33	\$4,666.67
29	\$1,208.33	\$1,812.50	\$2,416.67	\$3,020.83	\$3,625.00	\$4,229.17	\$4,833.33
30	\$1,250.00	\$1,875.00	\$2,500.00	\$3,125.00	\$3,750.00	\$4,375.00	\$5,000.00
31	\$1,291.67	\$1,937.50	\$2,583.33	\$3,229.17	\$3,875.00	\$4,520.83	\$5,166.67
32	\$1,333.33	\$2,000.00	\$2,666.67	\$3,333.33	\$4,000.00	\$4,666.67	\$5,333.33
33	\$1,375.00	\$2,062.50	\$2,750.00	\$3,437.50	\$4,125.00	\$4,812.50	\$5,500.00
34	\$1,416.67	\$2,125.00	\$2,833.33	\$3,541.67	\$4,250.00	\$4,958.33	\$5,666.67
35	\$1,458.33	\$2,187.50	\$2,916.67	\$3,645.83	\$4,375.00	\$5,104.17	\$5,833.33
36	\$1,500.00	\$2,250.00	\$3,000.00	\$3,750.00	\$4,500.00	\$5,250.00	\$6,000.00
37	\$1,541.67	\$2,312.50	\$3,083.33	\$3,854.17	\$4,625.00	\$5,395.83	\$6,166.67
38	\$1,583.33	\$2,375.00	\$3,166.67	\$3,958.33	\$4,750.00	\$5,541.67	\$6,333.33
39	\$1,625.00	\$2,437.50	\$3,250.00	\$4,062.50	\$4,875.00	\$5,687.50	\$6,500.00
40	\$1,666.67	\$2,500.00	\$3,333.33	\$4,166.67	\$5,000.00	\$5,833.33	\$6,666.67

# Visualize Your Plan



## Your Right to a Pension

You are vested in the Fund once you have earned the right to receive a monthly pension payment. To be vested, you must have five years of credited pension service. For full-time employees, you earn a year of credited service for every full year you work. For part-time employees, you earn a year of credited service for every year you work at least 1,000 hours.

If you are vested, you may begin to receive your monthly pension benefit when you are eligible to retire. You may become eligible to retire because you reach the Rule of 80, because you are at least 65 years of age, because you have 40 years of service or because you became permanently disabled. If you leave employment with the City before you are eligible to retire, the options you have depend on whether or not you are vested.

## If You Leave The City With More Than Five Years Of Service

If you have at least five years of vesting service when you terminate employment, you may either choose to leave your contributions in the Fund and receive a monthly pension beginning at age 65, or you may withdraw your contributions and forfeit your right to any monthly pension.

## If You Leave The City With Less Than Five Years Of Service

If you leave the City with less than five years of credited pension service, you must make a written request for a refund of your contributions *within three years of your termination*. Remember that no interest is paid on contribution refunds. If you do not make this request within three years, *you will forfeit your contributions*.

If you leave the City and then die less than three years later without receiving a refund, your beneficiary may apply for a refund of your contributions. If you die more than three years after termination and you did not previously request a refund in a timely manner, your beneficiary will receive nothing because all of your contributions will have been forfeited.

## Refunds and Rollovers

If you elect to take a refund of your contributions, the refund is made without interest and a mandatory tax withholding of 20%. At the end of the year, ERF will send you a 1099-R that you will file when you complete your income tax return, and if you were not yet age 59½ when you got your refund, you may be required to pay an additional 10% tax payment.



You may also make a direct rollover into another qualified plan. By making a direct rollover, you delay paying federal income taxes on your pre-tax contributions until you withdraw them. The types of plans that may accept a direct rollover from the Fund include: individual retirement accounts (IRAs), individual retirement annuities, annuity plans and many other employers' qualified plans.

## Deferred Vested Members

To be eligible for a deferred retirement benefit from the Fund after you terminate employment, you must have at least five years of credited pension service. After you have five years of credited pension service, you have earned a deferred benefit—which is your right to a retirement benefit at age 65.

## Buying Forward in a Reduction in Force (RIF)

If your position is eliminated due to a reduction in force, you may be able to purchase service credit in order to be eligible for retirement benefits by “buying forward.”

To be eligible to buy forward you must:

- be a vested member of the Fund (five years or more of credited pension service),
- be within two years of retirement eligibility and
- make a lump-sum payment of your contributions and the City's contributions for the buy forward period.

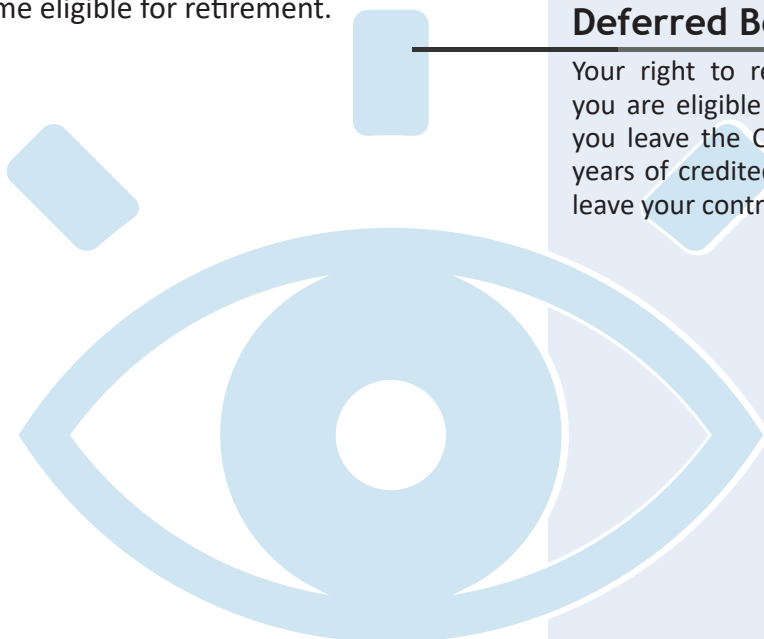
The payment will be based on your average monthly earnings during the last 12 full months of service before termination. The payment must be made within 90 days after the termination (RIF) date. Service will be credited on a month by month basis. Benefits will be paid when you become eligible for retirement.

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## Deferred Benefit

Your right to receive benefits when you are eligible to retire at age 65 if you leave the City with five or more years of credited pension service and leave your contributions in the Fund.



## If You are Rehired

If you stop working for the City and are later rehired, the period before your rehire is called a break in service. If you leave your contributions in the Fund and you are later rehired by the City, your total service credit will include your original period of service but will not include your break in service.

If you previously forfeited your contributions (as explained on the previous page under “If You Leave The City With Less Than five Years Of Service”) and return to City employment within six years, you may be eligible to request reinstatement of the prior service credit you earned. To reinstate service that you forfeited, you must complete a reinstatement form during the 24 month period after you have completed 12 consecutive months of service.

If you received a refund of your contributions, you are eligible to reinstate your service credit if your break in service is six years or less. To reinstate service credit; however, you must deposit with the Fund a lump sum equal to the amount withdrawn plus interest. You can request reinstatement within the 24 month period after you have completed 12 consecutive months of service.

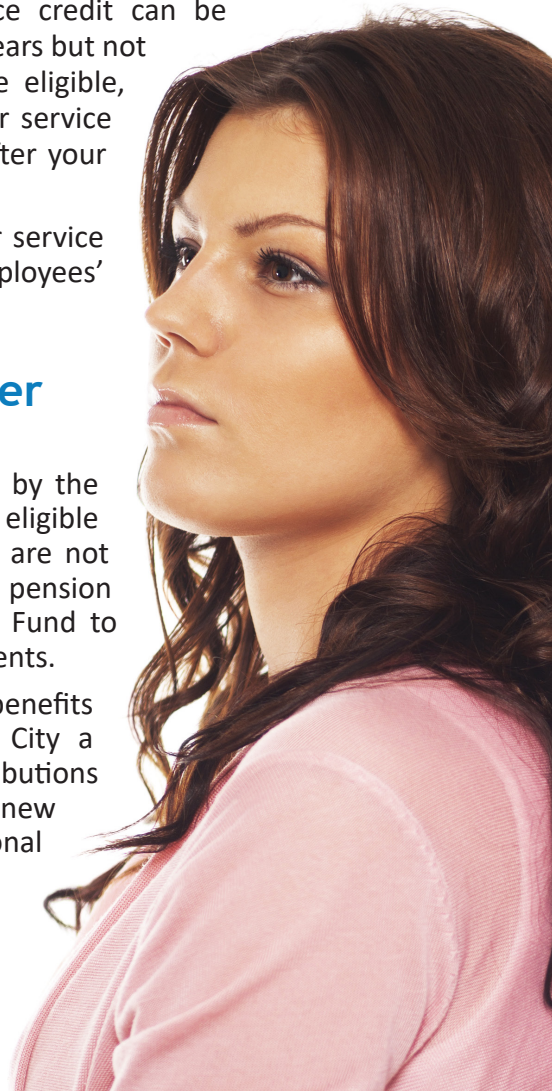
If you are rehired and took a refund or forfeited your contributions you may be eligible to apply to have your prior service credit reinstated. Restricted prior service credit can be used to increase credited service years but not toward calculating benefits. To be eligible, you must apply for restricted prior service credit no later than three years after your reinstatement date.

Reinstatement and restricted prior service credit forms are available in the Employees’ Retirement Fund office.

## If You are Rehired after Retirement

If you retire and are later rehired by the City in a permanent position that is eligible for participation in the Fund, you are not entitled to continue receiving pension benefits and you must notify the Fund to stop your retirement benefit payments.

You must re-apply for retirement benefits when you stop working for the City a second time. If you made contributions during your re-employment, your new benefit will include any additional service credit you earned.



Retired City employees who return to work at the City as permanent employees may choose not to contribute to the Fund.

### If You Get A Divorce

The pension benefits you earn while you are married are considered to be community property. Upon divorce, all community property should be reviewed and may be divided. If both you and your spouse have pension benefits, you might decide that you each should keep the pensions that you earned. However, sometimes a divorce decree may divide a pension benefit, awarding a portion to an ex-spouse. If part of your pension benefit is to be awarded to your ex-spouse, the Fund will need a special court order. Please contact the Fund office if you believe that your divorce may result in a division of your pension benefit, so we can give some language guidance to your attorney.

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## Designee

A designee may receive a refund if you die with no beneficiary entitled to monthly benefits. A designee will be paid a lump sum benefit upon your death.

## Beneficiary

A person who is entitled to payment of monthly benefits upon the death of a member, inactive member or retiree.

## If You Die Before Retiring

If you die before you are eligible to retire, your beneficiary or designee will receive a death benefit (see the next page for more information on choosing beneficiaries and designees). The benefit calculation is based on your years of service and whether your death is caused by a job-related injury or illness. See “Choosing A Benefit Payment” on page 16 for more information about how death benefits are paid.

## Service Death Benefits

If you die on the job as the result of a job-related injury or illness, the Fund pays service death benefits to your beneficiary. The death benefit is calculated using the greater of 10 years of credited pension service or your actual credited pension service. The minimum service related death benefit is \$1,000.

## Non-Service Death Benefits

If you die because of an injury or illness that is not the result of City employment, non-service death benefits depend on years of credited pension service.

If you have completed:

- less than two years of credited pension service—your designee will receive a refund of your contributions and no other death benefits will be paid.
- two or more years of credited pension service your death benefit will be calculated using the greater of 10 years of credited pension service or your actual service credit.

## Choosing a Beneficiary and Designee

You must name a beneficiary or designee to receive your benefit in case of your death. If you are married, your spouse is your beneficiary. You may change your beneficiary or designee at any time before retirement by submitting a signed Death Benefit Form to the Fund Administrator.

If you die before retirement and you are an active employee with at least two years of credited pension service or a former employee with at least five years of credited pension service, a monthly benefit may be payable to your spouse or to the beneficiary you name on the Fund’s beneficiary form. This monthly benefit may be paid to one beneficiary for life or it may be shared by several beneficiaries for a period not to exceed ten years (120 months). Only certain family members are entitled to a monthly benefit.

## Who can be a Beneficiary?

**Your spouse**—If you are married, your spouse is your beneficiary. If your spouse wishes to waive the pension benefit upon your retirement or death, he or she must sign and have notarized a Spousal Waiver Form. If you and your spouse divorce, that spouse is automatically no longer your beneficiary, see page 10 for additional information.

**Your children**—You may name your minor children under age 18 as beneficiaries. If you die, and your minor child is eligible for a benefit. The Fund will pay the legal guardian of the child until the child reaches the age of 18. If the child reaches the age of 18 prior to 10 years of benefit payments, your designees are entitled to a lump sum representing the remainder of the 10 year benefit.

**Your disabled child**—If your child was totally and permanently disabled before age 18, the child may be your beneficiary. A disabled child beneficiary is entitled to a monthly benefit for life.

**A parent**—You may name one or both of your parents as your beneficiary(ies) if they are totally and permanently disabled and you claim them as dependents on your federal income tax return or if they are 65 years of age or older.

## Naming Designees

**Designee**—Individuals or entities you name to receive a one-time lump sum payment upon your death. The lump sum death benefit is paid only if you have no surviving spouse, parent or child who is eligible to receive a monthly benefit, or if they waive their benefit, or if you did not name your parent or child to receive the monthly benefit.

If you die as an active employee with less than two years of credited pension service or as an inactive employee with less than five years of pension service, the lump sum death benefit will be a refund of your contributions to your beneficiary or designee. Otherwise, the lump sum benefit will be based on the current value of ten years of pension payments or, if greater, your actual years of service.

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## Pension Disability Benefit

You may qualify for disability retirement if you become unable to work because of an illness or injury that leaves you totally and permanently disabled. Total and permanent disability means you are unable to secure and keep any type of employment. The Fund's Board of Trustees must approve disability retirements.

### There are Two Types of Disability Retirement:

- **Service Disability**—If you become totally and permanently disabled as the result of a job related injury, you are eligible to apply for service disability benefits. There is no minimum service requirement.
- **Non-Service Disability**—If your disability is not related to your work, you may apply for non-service disability benefits. The following Fund members are eligible for non-service disability retirement:
  - Active members with five or more years of credited pension service
  - Inactive members with 10 or more years of credited pension service

The Board's procedures governing the disability application process are explained in "Rules of Practice and Procedure Regarding Disability Retirement," a document you can request from the Fund office.

### Disability Benefits

Your disability benefit is calculated as a percentage of your average monthly earnings on your termination date. Your benefit will be based on 10 years of credited pension service or your actual credited pension service if it is more than 10 years. If you have a service disability, the minimum service related disability benefit is \$1,000.

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# Retirement Transitions

## What You Need Before You Retire

There are several documents you need to provide and forms you need to complete for the Employees' Retirement Fund before you retire.

Documents you must bring:

- Birth Certificate & Spouse's Birth Certificate
- Social Security Card & Spouse's Social Security Card
- Marriage License or Declaration of Common Law Marriage (original or certified copies)
- Divorce Decree

Forms you must complete:

- Application for Retirement
- W4P - Withholding for Income Tax
- W9 - Request for Taxpayer's ID
- Member Consent Form
- Designee Form
- Direct Deposit Authorization

## Before Making A Decision

When selecting a payment option, keep in mind your own needs while you are living and your beneficiary's needs after your death. If you die before selecting a payment option, your beneficiary, if one has been selected, will make the choice.

You should make an appointment for retirement counseling with the Fund office prior to retiring. At your retirement counseling appointment, you will have the opportunity to:

- Review your pension estimate
- Choose a retirement effective date
- Select a benefit payment option
- Have your retirement questions answered

All required retirement forms are available on the ERF website, [www.dallaserf.org](http://www.dallaserf.org), and can be completed and printed prior to your appointment.

Want to know when you will receive your first retirement check once you decide on your retirement date? Go to the ERF website and look for the Retirement Check Schedule.



## Choosing a Benefit Payment

The Fund offers three pension benefit payment options. You will choose an option when you retire and apply for benefits; you cannot change your choice after you retire.

You receive retirement benefits after you retire until death. The Fund guarantees that you—or your beneficiary—will receive at least 10 years (or 120 months) of retirement benefit payments. (This benefit guarantee is called “10 year certain.”) The monthly benefit amount you receive during your lifetime depends on the payment option you select.

For each of the following payment options if you have no eligible beneficiary (this can be your spouse, child(ren) or parent(s)), your designee (this can be anyone you choose) receives a final lump sum payment equal to the present value of the remainder of the 120 payments.

### Life with 10-Year Certain

This option pays you full (unreduced) benefits for your lifetime. If you die before receiving 120 monthly payments, your beneficiary receives the same monthly benefit for the balance of the 120 months.

### Joint & 1/2 Survivor, 10-Year Certain

This option pays you unreduced benefits for your lifetime. After your death, a beneficiary receives one-half of your monthly benefit for the rest of his or her life and, if both of you die before 120 monthly payments have been made, the balance of the 120 monthly payments will be made to one or more designees.

### Joint & Full Survivor, 10-Year Certain

This option is available to you only if you have at least 15 years of credited pension service or you are at least 65 when you retire. This option pays you reduced benefits for your lifetime. After your death, your beneficiary receives the same monthly payment for the rest of his or her life. The benefit is calculated according to your age and your beneficiary’s age when you retire. If both of you die before 120 monthly payments have been made, the balance of the 120 monthly payments will be made to one or more designees.

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## Examples

### Life with 10-Year Certain

Marilyn receives a monthly benefit of \$1,050 for eight years until her death. Her beneficiary will receive the full benefit amount for two years and then monthly payments will stop.

### Joint & 1/2 Survivor

Marilyn receives a monthly benefit of \$1,050 for eight years until her death. Her beneficiary then receives half of the benefit amount, \$525, each month until the beneficiary’s death.

### Joint & Full Survivor

Marilyn’s monthly benefit of \$1,050, is reduced to \$931 using a formula to estimate how long both she and her beneficiary will live. When Marilyn dies eight years later, her beneficiary will continue to receive \$931 a month until death.





## How Is The COLA Amount Determined?

A COLA or cost of living adjustment is an annual increase added to the base pension of each eligible retiree and beneficiary. Your base pension is defined as the pension you received at the time of your retirement.

Each year the COLA is calculated two ways and based on the greater of either:

- The percentage of change in the price index for October of the current year over October of the previous year up to 3%.  
*or*
- The percentage of the annual average change in the price index for the latest 12 months available, up to 3%.

Should the COLA calculation equal 0%, there will be no COLA increase for the year.

## How Your Cost Of Living Adjustment (COLA) Is Calculated

Each year that ERF calculates a COLA is to be paid, that amount will be added to your base pension to determine your new pension amount for the year. The COLA goes into effect annually on January 1st.

You will not receive any COLA during your first calendar year of retirement. During your second calendar year of retirement, any COLA will be prorated. After that, if a COLA is due, you will receive the full COLA. For example, if you retired on July 15, 2017 you would not receive any COLA in 2017. On January 1, 2018, you would receive one-half of the 2018 COLA (because you were retired during one-half of 2017.) In 2019, you would receive the full COLA (because you were retired during all of 2018).

For example, an employee retired in 2017 with a base pension of \$2,968, their current pension is \$3,469 and the current COLA is 2.923%.

The formula for the COLA would be as follows:

- $\$2,968 \text{ (Base Pension)} \times 2.923\% = \$86$
- $\$86 + \$3,469 \text{ (Current Pension)} = \$3,555 \text{ (New Pension)}$

## Does My Pension Benefit Affect My Social Security Benefit?

While working for the City, Social Security taxes are not deducted from your pay. This is called “non-covered” work. If you earned a pension based on non-covered work, any Social Security benefit that you have otherwise earned from covered work may be reduced by what the Social Security Administration calls the Windfall Elimination Provision and/or the Government Pension Offset.

## Windfall Elimination Provision (WEP)

Social Security uses the WEP to compute benefits for retired and disabled workers who receive a pension from non-covered employment. Unless you had at least 30 years of full-time covered employment during which you were paying into Social Security, the WEP will reduce your Social Security benefit.

The maximum WEP reduction in 2016 was \$428. However, your social security benefit will never be reduced by more than 50%.

## Government Pension Offset (GPO)

The Government Pension Offset will reduce the amount of any Social Security benefit you might otherwise receive from a spouse, widow or widower benefit by two-thirds of the amount of your ERF pension. For example, if you receive an ERF pension of \$600, two-thirds of that, or \$400, must be used to offset your Social Security spouse's, widow's or widower's benefits. If you would otherwise be eligible for a \$500 spouse's benefit, you will receive \$100 per month from Social Security (\$500 - \$400 = \$100).

For more details about WEP and the GPO, go to the Social Security Administration's website, [www.ssa.gov](http://www.ssa.gov), or visit a Social Security Administration office.

## Estimate Your Social Security Benefit

Social Security provides a Windfall Elimination calculator on their website. The calculator allows you to estimate your Social Security benefit if you have a pension from work not covered by Social Security. You need to enter all your past earnings taxed by Social Security and the monthly amount of your pension.

To find your Social Security earnings, you'll need a Social Security Statement. The mailing of annual statements was discontinued in 2011. You can download your annual statement at [www.ssa.gov](http://www.ssa.gov).

If you do not want to sign up for online social security statements, Social Security will mail you a statement every five years.

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## Planning During Your Career

Although retirement may seem far off, planning now can make the difference between a comfortable retirement or the need to work longer than you had planned. For many, saving for retirement may take a back burner to obligations like mortgage payments, car payments and other living expenses. ERF is here to help you prioritize your retirement goals to help you achieve a successful retirement.

## Read & Review

Keep updated on news and information about your pension from the ERF website, [www.dallaserf.org](http://www.dallaserf.org), and visit myERF, [www.dallaserf.org/myERF](http://www.dallaserf.org/myERF), to review your monthly Benefit Summary.

## Research & Prepare

Visit [www.ssa.gov](http://www.ssa.gov) to research the Social Security Windfall Elimination Provision (WEP) and Government Pension Offset (GPO), and request your Social Security statement.

Check with the City of Dallas Human Resources Department about the cost of Health Insurance after you retire. If you get divorced while employed with the City of Dallas, provide ERF with a copy of the finalized divorce decree.

## Attend ERF Informational Seminars

ERF sponsors various seminars from job site member meetings to pre-retirement seminars at our office. Call us to schedule a meeting at your work site or visit our website and click member meetings for the member meeting and pre-retirement seminar schedule.

## Early Career Employees — 0 to 9 Years

- Make sure you complete and return your Monthly Death Benefit and Lump Sum Death Benefit forms.
- Review your Benefit Summary on myERF, print and file it with your financial records.
- Visit the ERF website to learn more about your pension benefit.
- Consider contributing to the City sponsored Defined Contribution plans (401(k) & 457).
- While working for the City of Dallas you are not contributing to Social Security. If you continue to work for and then retire from the City, your Social Security benefit may be affected. Go to the Social Security website, [www.ssa.gov](http://www.ssa.gov), to learn more about the Windfall Elimination Provision and the Government Pension Offset.

## Mid-Career — 10 to 20 Years Employed

- Review and update your Monthly Death Benefit and Lump Sum Death Benefit forms.
- Are you a vested employee who no longer works for the City? Stay in touch with ERF. You're entitled to a pension benefit at age



65 and, although you think you will not forget about your future monthly benefit, many people do. If you move, let us know by filling out the change of address form on the ERF website.

- Consider contributing to the City sponsored Defined Contribution plans (401(k) & 457). Contributions to these plans may help you offset costs in retirement.
- Review your Benefit Summary on myERF, print and file it with your financial records.
- Would you like to learn more about your pension benefit? Visit the ERF website and myERF to stay up to date.

## Pre-Retirement Employees — 21+ Years

- If you are within a year of your planned retirement date, consider attending a Pre-Retirement seminar. The seminars cover topics including Social Security, health benefits, financial planning, your pension benefit and much more.
- Review and make any necessary updates to your Monthly Death Benefit and Lump Sum Death Benefit forms.
- Did you get divorced while employed with the City? ERF needs a copy of the finalized divorce decree as soon as possible. If you have questions about this, please call us at 214-580-7700.
- There are several documents you need to provide and forms you must complete before you retire (See Page 15).
- Make a personal appointment with a retirement counselor within three months of retirement.
- If you are married, talk to your spouse and decide on a benefit payment option. We encourage you to bring your spouse to your retirement counseling meeting.
- Review your health insurance options in retirement.

## After Retirement

- Please remember to keep in touch after you retire. If you move, divorce or get married after you retire, you need to let ERF know.
- If you move, complete a change of address form to ensure you continue to receive your pension payment.
- If you marry after retirement, keep in mind that your new spouse cannot be named as a beneficiary for your pension but can be named as a designee on the Lump Sum Death Benefit Form.
- If you divorce after retirement, provide ERF with a copy of the finalized divorce decree as soon as possible.
- If your spouse dies, provide ERF a copy of the death certificate.
- If your direct deposit account changes, please complete a new direct deposit form. You can find the form on the ERF website.

## Contact ERF

The Fund has staff available to answer your questions. Call or send an email to [retirement\\_fund@dallaserf.org](mailto:retirement_fund@dallaserf.org).

To schedule an appointment for individual counseling, contact the Fund office at 214-580-7700 between 8:15 AM and 5:15 PM, Monday through Friday.

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# Glossary of Terms

**Actuarial equivalent** — the equivalent value on the basis of actuarial factors, interest and mortality.

**Appointed official** — non-salaried appointive member of an administrative board or commission.

**Base pension** — the amount of retirement or death benefits calculated under the Fund provisions at the time an active member, inactive member or retiree retires or dies.

**Beneficiary** — a person who is entitled to payment of monthly benefits on the death of an active member, inactive member or retiree.

**Chapter 40A** — The section of the Dallas City Code that governs the Employees' Retirement Fund.

**Child** — an unmarried person under age 18 whose parent is an active member, inactive member or retiree.

**Defined Benefit Plan** — a pension plan in which an employer promises a specified monthly benefit upon retirement that is predetermined by a formula based on the employee's earnings history, tenure of service and age.

**Defined Contribution Plan** — a type of retirement plan in which the employer, employee or both make contributions on a regular basis. Individual accounts are set up for participants and benefits are based on the amounts credited to these accounts plus any investment earnings on the money in the account.

**Deferred benefit** — your right to receive benefits when you are eligible to retire if you leave the City with five or more years of credited pension service and leave your contributions in the Fund.

**Dependent parent** — the parent of an active member, inactive member or retiree who:

- is age 65 or older or
- is totally and permanently disabled and receives over half of his or her support each calendar year from the member.

**Designee** — an estate, a person or an entity you choose to receive a refund of contributions or a lump sum payment if you die or your beneficiary dies.

**Disabled child** — a child declared totally and permanently disabled before age 18.



**Ex Officio** — a member of a body (a board, committee, council, etc.) who is part of it by virtue of holding another office.

**Final Average Pay** — the wages you receive from the City divided by (a) the number of months of credited pension service for your five highest-paid calendar years of service or (b) your last consecutive 60 months of service.

**Forfeited contributions** — contributions you made as an active Fund member while you were a City employee, which you did not receive as a refund within the three year period required by Chapter 40A-30. Your forfeited contributions remain in the Fund unless you return to work within six years of termination and make a request to reinstate prior service credit.

**Inactive member** — a person who is not working for the City but who has not retired and has not forfeited or withdrawn contributions from the Fund.

**Leave of absence** — leave without pay granted by the city in accordance with a uniform and nondiscriminatory leave policy; or leave during which a member receives worker's compensation benefits or short-term disability benefits.

**Member** — an employee who is currently contributing to the Fund or who is on an approved leave of absence but does not include a person establishing credited pension service in a RIF by buying forward.

**Multiplier** — 2.5%.

**Non-service death** — a death that results from an injury or illness that is not the result of City employment.

**Non-service disability** — total and permanent disability caused by injury, sickness or disease that did not occur while you were performing your official City duties.

**Pension** — an amount payable monthly to a person eligible to receive a death or retirement benefit under the retirement fund.

**Present value** — what your future benefits are worth in today's money. The Fund's actuary calculates present value of your total remaining benefits by making an assumption about the interest the money would earn if it continued to be invested in the Fund rather than being paid today.

**Reduction in force (RIF)** — the elimination of an active employee from the City's workforce through layoff.

**Restricted Prior Service Credit** — Service credit an employee earned with previous employment with a federal, state or local government entity.

**Retiree** — a person who was a member of the Employees' Retirement Fund but has retired from the City and is receiving a pension from the Fund. A person receiving a death benefit is not considered a retiree.



# Glossary of Terms

**Retirement** — terminating employment with the City and fulfilling all of the requirements for receiving a pension under the Employees' Retirement Fund.

**Service credit** — means any period that a person is paid as an employee of the city and contributes to the retirement fund.

**Service death** — means the death of a member resulting from an injury sustained while in the performance of official city duties. Service death does not include:

- Death caused by an act of God, unless while doing your job, you were subjected to a greater hazard than the general public
- Death caused by a third person for reasons not related to your employment
- Death caused while you were attempting to injure or kill another person
- Suicide
- Death while on leave of absence, unless the leave was granted because of an injury sustained while doing your job and the injury was the primary cause of death
- Death while on leave for military active duty
- Death from an injury you received while drinking an alcoholic beverage or from illegal inhalation, ingestion, or injection of a controlled substance

**Service disability** — means total and permanent disability caused by injury while in the performance of official city duties.

**Spouse** — the husband or wife of an active member, inactive member or retiree.

**Total and permanent disability** — the continuing inability to get and retain any type of employment for compensation as a result of a mental or physical impairment caused by an injury or illness. You are not considered totally or permanently disabled if, with reasonable effort and safety, the impairment can be accommodated so that you can return to work.

**Wages** — your pay, including all taxable earnings and salary continuation payments, as well as your contributions to a 401(k) or 457 plan. Your pay does not include:

- Expense reimbursements
- Cash or non-cash fringe benefits
- Welfare benefits (such as health or life insurance)
- Lump-sum payments made at retirement for accrued sick leave or attendance incentive leave (AIL)
- Workers' compensation, short-term disability or catastrophic leave benefits





You have many responsibilities, both at work and at home. Like most employees, you probably look forward to the possibility of retiring at some point in the future – but you may think that planning for retirement is time-consuming and complicated. This publication is designed not only to help you understand your pension benefit but also to give you some simple retirement planning steps that you can take throughout your career. The goal is to do a little planning now so that, when you are ready to retire, you will be prepared.

