



ERF MEMBERS

GUIDE

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Your Future Begins Here

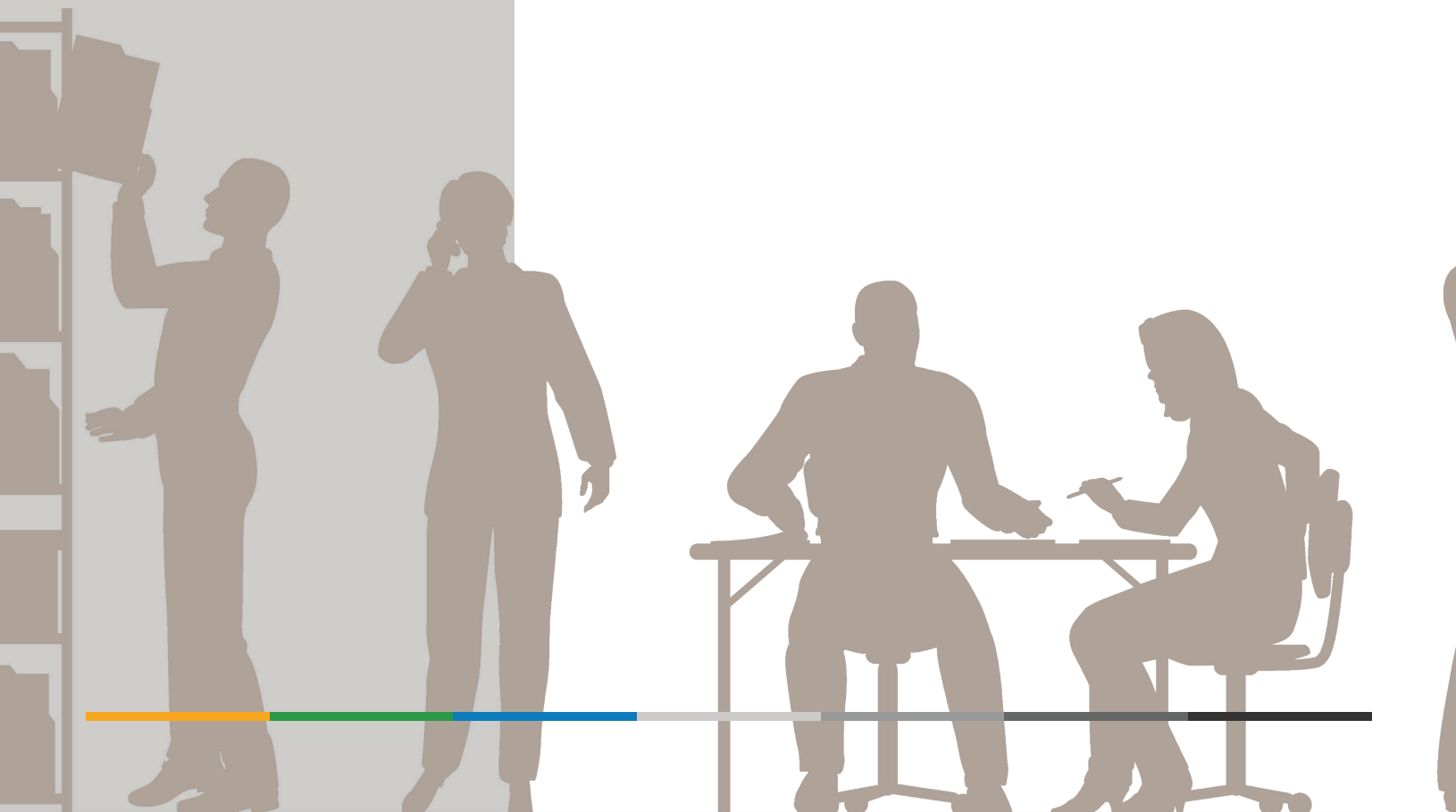
Introduction

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 to also 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 will have a smooth transition from work to an active, more secure retirement lifestyle.

The Employees' Retirement Fund of the City of Dallas (ERF, also referred to as the Fund) is a defined benefit plan (DB 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 commitments you will make. And the Employees' Retirement Fund helps you keep that commitment. Every eligible employee automatically participates in the Fund, and both you and the City contribute the dollars 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 power of this plan and to help avoid poor decisions that may affect your future?



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Why Read This?

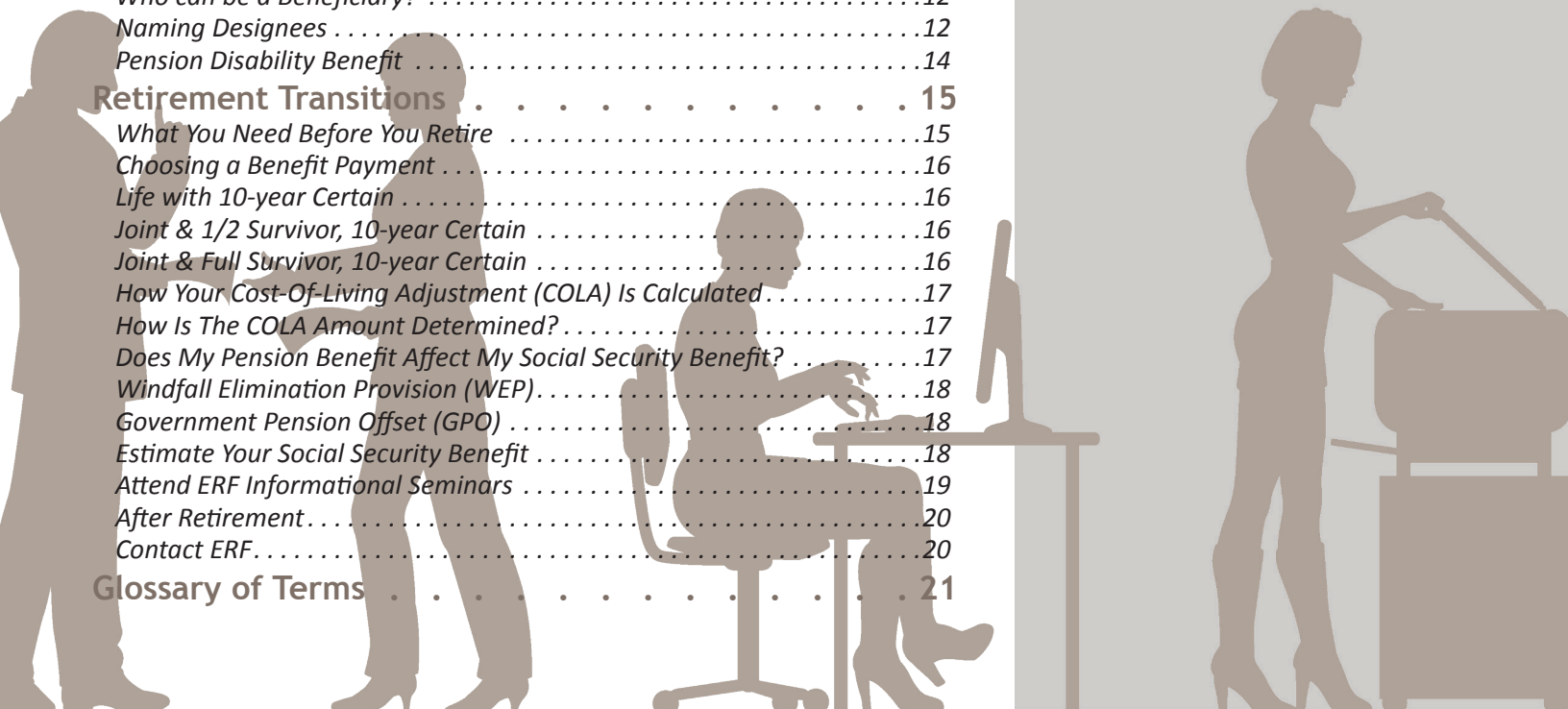
This brochure is intended to describe the highlights of the Employees' Retirement Fund of the City of Dallas.

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 program, 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 office 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 non-uniformed, permanent City of Dallas employees are eligible to participate in the Employees' Retirement Fund. Membership in the Fund is mandatory and your retirement benefit is based on a formula.

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
- An employee working less than 20 hours per week
- 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 that plan.

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 and length of service.

Service Credit

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

Service credit 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
- Up to five years of active military duty while you are employed by the City and if you return within the period required by law.

Leave and Credited 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 and contribute to the Fund will not be included in your credited pension service.

ERF Board of Trustees

ERF has a Board of Trustees who are responsible for administering the Fund in accordance with Chapter 40A of the Dallas City Code. 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 report to the City; they are independent fiduciaries. Trustees 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 60 is the normal retirement age. So if you leave covered employment at or after age 60, you are eligible to retire.
- **Rule of 78**—You may retire at or after age 50 if your age and years of service added together total at least 78.
- **Service retirement**—You may receive retirement benefits when you have 30 years of service. If you are under age 50 when you retire, your monthly benefit will be reduced.

Percentage of Normal Benefit						
Age	44	45	46	47	48	49
%	67.0	71.5	76.3	81.5	87.2	93.3

* See page 5 for “Retirement Before Age 50 Example.”

If you stop working for the City before you are eligible to start receiving a pension and if you have worked for the City and contributed to the Fund for a minimum of five years, then you are vested. Vested former employees may start receiving a pension at age 60.

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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

Final Average Pay

The wages you receive from the City divided by the number of months of credited service for your three highest-paid calendar years of service or your last 36 consecutive months, whichever is more.

Retirement Benefit

Your benefit is based on three factors: your service credit, the pension formula, and your final average pay.

Other Pension Benefits

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

Contributions to the Fund

There is a cost-sharing arrangement between the City and employees. The City pays 63% of the total cost and plan members pay 37%.

Each year an actuarial review of ERF is prepared to determine how well ERF is doing based on 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.

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. However, if you contributed to the Fund before December 16, 1997, you made after-tax contributions—so you have already paid income taxes on those contributions because they were reported on your W-2 as part of your earnings in those years.

You pay taxes on your contributions only once. Your benefits from the Fund are taxable when you receive them—except the portion that comes from your pre-December 17, 1997 after-tax contributions.

Calculating Retirement Benefits

Your retirement benefit is calculated using a formula that includes your total service credit and the average of your monthly pay during your three highest-paid years or your last 36 consecutive months. Your benefit may not exceed 100% of your final average pay.

Pension Formula

$$\begin{array}{rcl} & 2.75\% & \\ \times & \text{Service Credit (Full \& Partial Years)} & \\ \hline \times & \text{Average Monthly Pay} & \\ \hline = & \text{Calculated Monthly Benefit} & \end{array}$$

Normal Retirement Example

John retires from the City of Dallas at age 60 with 26.4 years of service credit. The steps ERF takes to calculate John's pension are as follows:

Step 1. Final Average Pay

Highest 3 Years		Last 36 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
Total	\$ 100,000	2014	320 hours	\$ 5,600.00
		Vac LS	240 hours	\$ 4,200.00
		Total	6240 hours	\$ 100,600.00

Higher Amount = \$100,600

\$100,600/36 months = \$2,794.44 (Final Avg. Monthly Pay)

Step 2. Benefit Percentage

Multiply years of service credit by 2.75% to determine the percentage of average monthly pay to use in calculating the monthly retirement benefit:

$$\begin{array}{rcl} & 2.75\% & \\ \times & 26.4 \text{ Multiply by years of service} & \\ \hline = & 72.6\% \text{ John's percentage of average monthly pay} & \end{array}$$

Step 3. Monthly Retirement Benefit

Multiply average monthly pay by the percentage from step 2:

$$\begin{array}{rcl} & \$ 2,794.44 & \\ \times & 72.6\% & \\ \hline = & \$ 2,028.76 & \text{John's estimated monthly retirement benefit} \end{array}$$

John's estimated monthly benefit is \$2,028.76, but the actual amount of benefit payments may be different, depending upon his choice of benefit option (explained on page 16).

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Retirement Before Age 50 Example

Julia is 48 years old when she retires after earning 30 years of service credit. Her retirement benefit is calculated at \$2,000 per month, but because she is retiring before age 50, she will receive 87.2% of this monthly benefit:

Julia will get \$1,744 instead of \$2,000 per month because she is retiring before age 50.

Cost-of-living Adjustments

Each January 1, the base benefit amount for retirees and beneficiaries may be adjusted (up to 5%) to account for changes in the cost of living the previous year.

Health Benefit Supplement

To help you manage the costs of health care after you retire—or to help your beneficiaries after your death—the Fund pays a health benefit supplement in addition to the normal retirement benefit. You receive \$25 per month for each full year of service credit, up to \$125 a month.

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 arrangement 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
- Workers' compensation pay, short term disability benefits, 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

Morgan retires with 17 years of service and final average earnings of \$30,000. According to the table, his monthly base benefit would be \$1,168.75.

Basic Monthly Benefit Table

Years of Service	Final Average 3-Year Earnings						
	\$20,000.00	\$30,000.00	\$40,000.00	\$50,000.00	\$60,000.00	\$70,000.00	\$80,000.00
5	\$229.17	\$343.75	\$458.33	\$572.92	\$687.50	\$802.08	\$916.67
6	\$275.00	\$412.50	\$550.00	\$687.50	\$825.00	\$962.50	\$1,100.00
7	\$320.83	\$481.25	\$641.67	\$802.08	\$962.50	\$1,122.92	\$1,283.33
8	\$366.67	\$550.00	\$733.33	\$916.67	\$1,100.00	\$1,283.33	\$1,466.67
9	\$412.50	\$618.75	\$825.00	\$1,031.25	\$1,237.50	\$1,443.75	\$1,650.00
10	\$458.33	\$687.50	\$916.67	\$1,145.83	\$1,375.00	\$1,604.17	\$1,833.33
11	\$504.17	\$756.25	\$1,008.33	\$1,260.42	\$1,512.50	\$1,764.58	\$2,016.67
12	\$550.00	\$825.00	\$1,100.00	\$1,375.00	\$1,650.00	\$1,925.00	\$2,200.00
13	\$595.83	\$893.75	\$1,191.67	\$1,489.58	\$1,787.50	\$2,085.42	\$2,383.33
14	\$641.67	\$962.50	\$1,283.33	\$1,604.17	\$1,925.00	\$2,245.83	\$2,566.67
15	\$687.50	\$1,031.25	\$1,375.00	\$1,718.75	\$2,062.50	\$2,406.25	\$2,750.00
16	\$733.33	\$1,100.00	\$1,466.67	\$1,833.33	\$2,200.00	\$2,566.67	\$2,933.33
17	\$779.17	\$1,168.75	\$1,558.33	\$1,947.92	\$2,337.50	\$2,727.08	\$3,116.67
18	\$825.00	\$1,237.50	\$1,650.00	\$2,062.50	\$2,475.00	\$2,887.50	\$3,300.00
19	\$870.83	\$1,306.25	\$1,741.67	\$2,177.08	\$2,612.50	\$3,047.92	\$3,483.33
20	\$916.67	\$1,375.00	\$1,833.33	\$2,291.67	\$2,750.00	\$3,208.33	\$3,666.67
21	\$962.50	\$1,443.75	\$1,925.00	\$2,406.25	\$2,887.50	\$3,368.75	\$3,850.00
22	\$1,008.33	\$1,512.50	\$2,016.67	\$2,520.83	\$3,025.00	\$3,529.17	\$4,033.33
23	\$1,054.17	\$1,581.25	\$2,108.33	\$2,635.42	\$3,162.50	\$3,689.58	\$4,216.67
24	\$1,100.00	\$1,650.00	\$2,200.00	\$2,750.00	\$3,300.00	\$3,850.00	\$4,400.00
25	\$1,145.83	\$1,718.75	\$2,291.67	\$2,864.58	\$3,437.50	\$4,010.42	\$4,583.33
26	\$1,191.67	\$1,787.50	\$2,383.33	\$2,979.17	\$3,575.00	\$4,170.83	\$4,766.67
27	\$1,237.50	\$1,856.25	\$2,475.00	\$3,093.75	\$3,712.50	\$4,331.25	\$4,950.00
28	\$1,283.33	\$1,925.00	\$2,566.67	\$3,208.33	\$3,850.00	\$4,491.67	\$5,133.33
29	\$1,329.17	\$1,993.75	\$2,658.33	\$3,322.92	\$3,987.50	\$4,652.08	\$5,316.67
30	\$1,375.00	\$2,062.50	\$2,750.00	\$3,437.50	\$4,125.00	\$4,812.50	\$5,500.00
31	\$1,420.83	\$2,131.25	\$2,841.67	\$3,552.08	\$4,262.50	\$4,972.92	\$5,683.33
32	\$1,466.67	\$2,200.00	\$2,933.33	\$3,666.67	\$4,400.00	\$5,133.33	\$5,866.67
33	\$1,512.50	\$2,268.75	\$3,025.00	\$3,781.25	\$4,537.50	\$5,293.75	\$6,050.00
34	\$1,558.33	\$2,337.50	\$3,116.67	\$3,895.83	\$4,675.00	\$5,454.17	\$6,233.33
35	\$1,604.17	\$2,406.25	\$3,208.33	\$4,010.42	\$4,812.50	\$5,614.58	\$6,416.67
36	\$1,650.00	\$2,475.00	\$3,300.00	\$4,125.00	\$4,950.00	\$5,775.00	\$6,600.00

Visualize Your Plan

Deferred Benefit

Your right to receive benefits at age 60 if you leave the City with five or more years of credited service and leave your contributions in the Fund.



You may have two options for your ERF contributions when you leave the City before you are eligible for retirement benefits. You may elect to receive a refund of your contributions or you may leave your contributions in the Fund.

If You Leave The City With More Than 5 Years Of Service

If you have at least five years of vesting service when you terminate employment, you have earned a deferred benefit from the Fund. You are entitled to monthly retirement benefits beginning at age 60 as long as you leave your contributions in the Fund. If you request a refund of your contributions, you will not be entitled to retirement benefits. If you have at least 10 years of service when you terminate employment and you leave your contributions in the fund, you are eligible for disability retirement benefits if you become disabled.

If You Leave The City With Less Than 5 Years Of Service

If you leave the City with less than five years of vesting service and are under 60 years of age, you will want to 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 did not previously request a refund, your beneficiary will receive nothing because all of your contributions will have been forfeited.

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 vesting service. For vesting purposes, you earn a year of vesting service for each period of 12 consecutive months during which you work at least 1,000 hours. After you have five years of vesting service, you have earned a deferred benefit—which is your right to a retirement benefit that will be paid at a later time. If you are at least age 60 when you leave employment, you are immediately eligible for retirement benefits.

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Refunds and Rollovers

Unlike a 401(k) plan, ERF cannot make distributions to active employees in the form of a loan. However, after you terminate employment with the City, you may choose to withdraw the contributions that you made to the Fund. If you have less than five years of service and are under 60 years of age when you leave the City, you **MUST** withdraw your contributions within three years of your termination, or you will forever lose the right to those funds. If you have more than five years of service, you can either leave your contributions in the Fund and be entitled to all the benefits associated with the plan (survivor benefits, death benefits, monthly pension at age 60, disability coverage if you have ten years of service) or you can withdraw your contributions at any time and forfeit your pension rights.

If you choose to withdraw your contributions, you can request that the entire check be made payable to you or that all or a portion of the check be paid to your rollover institution. Amounts paid directly to you are subject to a mandatory 20% income tax withholding and may also be subject to an additional 10% early withdrawal penalty. By rolling over all or a portion of your refund into a qualified plan (such as an IRA or 401(k)), you can avoid current taxes on the amount that you roll over.

Member contributions made to the Fund prior to 1998 have already been taxed. The portion of a member's contribution that has already been taxed is not subject to income tax withholding or penalties. Special rollover rules apply to these contributions. Therefore, if you are requesting a rollover and if any portion of your contributions to the Fund were made prior to 1998, contact the ERF office for information.

Buying Forward in a Reduction in Force

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.
- 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.

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 previously deferred your retirement 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 5 Years Of Service”), and return to City employment within 6 years you may be eligible to request reinstatement of the prior service credit you earned.

You are eligible to reinstate your service credit if your break in service is six years or less and you received a refund of your contributions (described under “Taking Your Contributions Out”). To reinstate service credit, you must deposit with the Fund a lump sum equal to the amount withdrawn plus interest at 7-1/2% compounded annually. You can request reinstatement within the 24 months after you have completed 12 consecutive months of service.

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



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 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 ERF office if you believe that your divorce may result in a division of your pension benefit.

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Designee

A designee receives 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 (or after) 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 a beneficiary). 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 Option” on page 16 for more information.

Service Death Benefits

If an active Fund member dies on the job as the result of a job-related injury or illness, the Fund pays service death benefits to the member’s beneficiary. The death benefit is calculated on the greater of 10 years of service credit or the member’s actual service credit.

Non-Service Death Benefits

If you are an active Fund member who dies because of an injury or illness that is not the result of City employment, non-service death benefits depend on your years of service credit.

If you have completed:

- Less than two years of service credit—your designee will receive a refund of your contributions and no other death benefits will be paid.
- Two or more years of service credit. The death benefit is calculated on the greater of 10 years of service credit or the member’s 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 at the time of death, 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 service or a former employee with at least five years of credited service, a monthly benefit may be payable 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.

Your children—If you are not married, you may name your minor children under age 18 as beneficiaries. If you die, 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 before 10 years of benefit payments have been made, 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 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 have the continuing inability 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 service credit.
 - Inactive members with 10 or more years of service credit.

The Board's procedures governing the disability application process are explained in "Disability Rules and Procedures," 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 service credit or your actual service credit if it is more than 10 years. If you have a service disability, your monthly pension benefit will never be less than \$500.

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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:

Bring:

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

Forms you must complete:

- Application for Retirement Pension
- W4P - Withholding for income tax
- W-9 Request for Taxpayer's ID
- Member Consent Form
- Designee Form
- Direct Deposit Authorization

Want to know when you will receive your first retirement check once you decide on your retirement date? Go to the ERF web site and look for the retirement pension check schedule.

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 Web site at www.dallaserf.org. Forms can be filled in on-line prior to printing. Bring the completed forms to your scheduled appointment.



Choosing a Benefit Payment

The Fund offers three pension benefit payment options. You 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 die and have no eligible beneficiary (this can be your spouse, child(ren) or parent), 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 full (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 service credit or you are at least age 60 when you terminate employment. 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 reduction is based on your age and your beneficiary’s age when you retire.

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Examples

Joint & 1/2 Survivor

Marilyn receives her monthly benefit of \$1,050 for eight years until her death. Her beneficiary then receives half of the benefit amount, or \$525 a month, until the beneficiary’s death three years later. When the beneficiary dies, monthly benefit payments stop.

Joint & Full Survivor

Marilyn’s monthly retirement benefit is calculated at \$1,050 a month, but it is then reduced to \$960 a month using a formula that estimates how long both she and her beneficiary will live. When Marilyn dies eight years later, her beneficiary continues to receive \$960 a month until death.

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

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. The COLA goes into effect on January 1, each year.

Each year on January 1, ERF will calculate the COLA and then add that amount to your base pension to determine your new pension amount for the year. The Health Benefit Supplement is not included in your base pension and therefore is not subject to a COLA.

You will not receive any COLA during your first calendar year of retirement. During your second calendar year of retirement, your COLA will be prorated. After that, you will receive the full COLA. For example, if you retired on July 15, 2012. You would not receive any COLA in 2012. On January 1, 2013, you would receive one-half of the 2013 COLA (because you were retired during one-half of 2012.) In 2014, you would receive the full COLA (because you were retired during all of 2013.)

For example, an employee retired in 2005 with a base pension of \$2,968, the current pension is \$3,469 and the current COLA is 3.923%.

The formula for the COLA would be as follows:

- $\$2,968 \text{ (Base Pension)} \times 3.923\% = \116
- $\$116 + \$3,469 \text{ (Current Pension)} = \$3,585 \text{ (New Pension)}$

How Is The COLA Amount Determined?

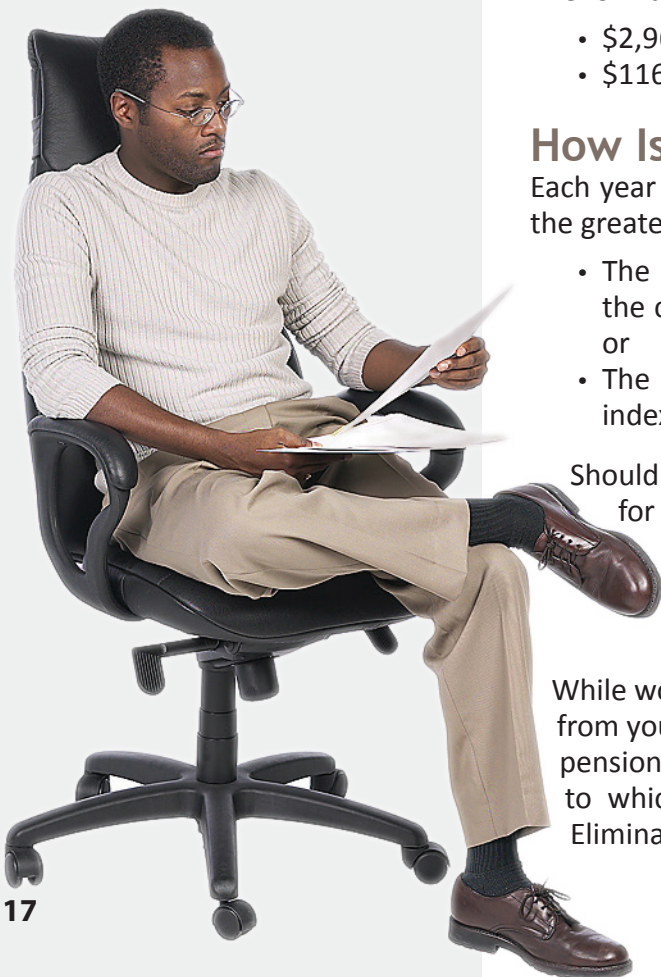
Each year the COLA is calculated two ways. The COLA is based on the greater of either:

- The percentage of change in the price index for October of the current year over October of the previous year up to 5% or
- The percentage of the annual average change in the price index for the latest 12 months available, up to 5%.

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

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 to which you are entitled may be reduced by the Windfall Elimination Provision and/or the Government Pension Offset.



Your Social Security Statement

To find your Social Security earnings, you'll need a Social Security Statement. In September 2014, the Social Security Administration began mailing Social Security Statements to people every five years beginning at age 25. Statements are mailed three months before your birthday.

If you would prefer to receive your statement before Social Security's scheduled mailing, you can create a my Social Security account at www.ssa.gov. Social Security account creation requires you to create a username and password, in addition to answering personal questions to which only you should know the answer. This process protects you and keeps your personal Social Security information private.

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 covered employment during which you were paying into Social Security, the WEP will reduce your Social Security benefit.

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

Social Security provides a Windfall Elimination calculator on their website at <http://www.ssa.gov>. The calculator allows you to estimate your Social Security benefit if you have a pension from work not covered by Social Security. You also need to enter, in the Windfall Elimination calculator, the monthly amount of your pension that was based on work not covered by Social Security. You need to enter all your past earnings taxed by Social Security.

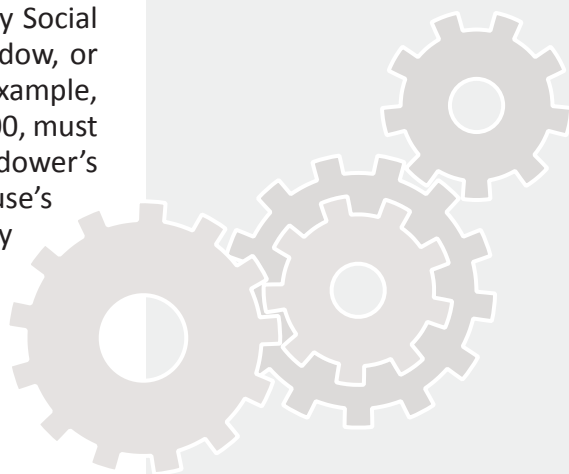
Government Pension Offset (GPO)

The Government Pension Offset will reduce the amount of any Social Security benefit you might otherwise receive as a spouse, widow, or widower 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 at www.ssa.gov.

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Planning During Your Career

Although retirement may seem far off, planning now can make the difference between a comfortable retirement at an early age and 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 and achieve a successful retirement.

Read & Review

Keep updated on news and information about your pension from the ERF web site at www.dallaserf.org

Review the Annual Benefit Statement you receive from ERF.

Research & Prepare

Research the Social Security Windfall Elimination Provision and Government Pension Offset at www.ssa.gov. You can also request your Social Security statement from the website, www.ssa.gov.

Check with the City of Dallas Human Resources Department about the cost of Health Insurance once 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 web site at www.dallaserf.org, and click upcoming events for the pre-retirement seminar schedule.

Early Career Employees – 0 to 9 Years

- Make sure you complete and return your Beneficiary form.
- You will receive an Annual Benefit Statement from ERF. Review your statement and file it with your financial records.
- Visit the ERF web site at www.dallaserf.org to learn more about your pension benefit.
- Consider contributing to the City-sponsored Defined Contribution plans (401(k) & 457).
- Did you know? While working for the City of Dallas, you are not contributing to Social Security. If you continue to work and eventually retire from the City, your Social Security benefit may be affected. Go to the Social Security web site at www.ssa.gov to learn more about the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO).

Mid-Career — 10 to 20 Years Employed

- Review and update your Beneficiary form.
- 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 60 and, although you think you will not forget about your future monthly benefit, many people do forget. If you move, let us know by filling out the address form on the ERF web site at www.dallaserf.org.
- 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 Annual Benefit statement and file it for your records.
- Would you like to learn more about your pension benefit? Visit the ERF web site at www.dallaserf.org.

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 various topics like: Social Security, Health benefits, financial planning, your pension benefit and much more.
- Review and make any necessary updates to your Beneficiary form.
- 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 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.
- 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, please fill out a change of address form (available on the ERF web site at www.dallaserf.org) to ensure you continue to receive your pension payments.
- 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 beneficiary form.
- If you divorce after retirement, provide ERF with a copy of the finalized divorce decree as soon as possible.

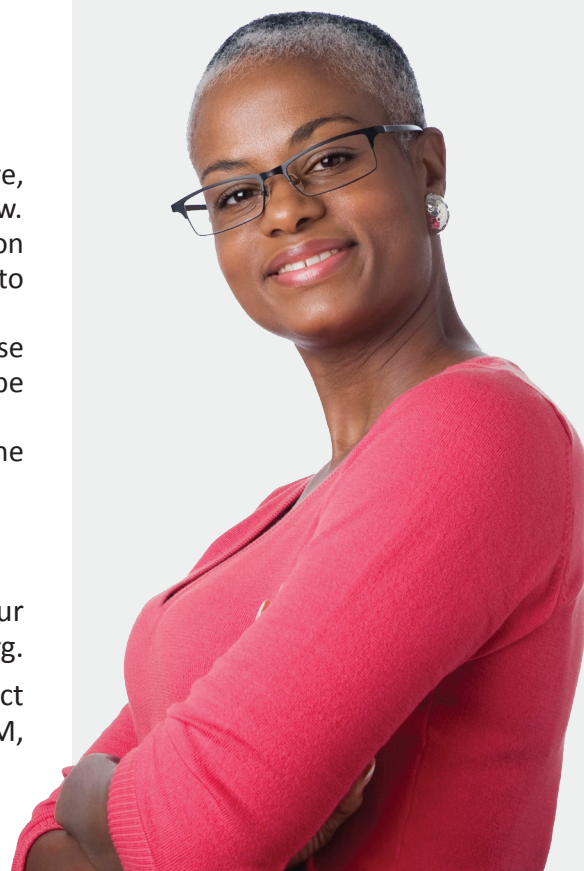
Contact ERF

The Fund has Benefits staff members available to answer your questions. Call or send an email to retirement_fund@dallaserf.org.

To schedule an appointment for individual counseling, contact the Fund office at 214-580-7700 between 8:30 AM and 5:00 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.

Final average pay — the wages paid by the city, divided by the number of months of credited service of a member or inactive member, computed for whichever of the following periods is most beneficial to the member or inactive member: the three calendar years of service in which the member or inactive member was paid the highest wage; the last three years of service; or the length of time actually served, if less than three years.

Base pension — the amount of retirement pension or death benefits as computed under chapter 40A at the time of retirement or death of a member, inactive member, or retiree.

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

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 on retirement that is predetermined by a formula based on the employee's earnings history and tenure of service.

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 a monthly benefit at some time in the future.



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.

Forfeited contributions — contributions made by a nonvested Fund member, which were not refunded within the three year period required by Chapter 40A-30. Forfeited contributions remain in the Fund unless the member returns to work within six years of termination and requests that prior service be reinstated.

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.

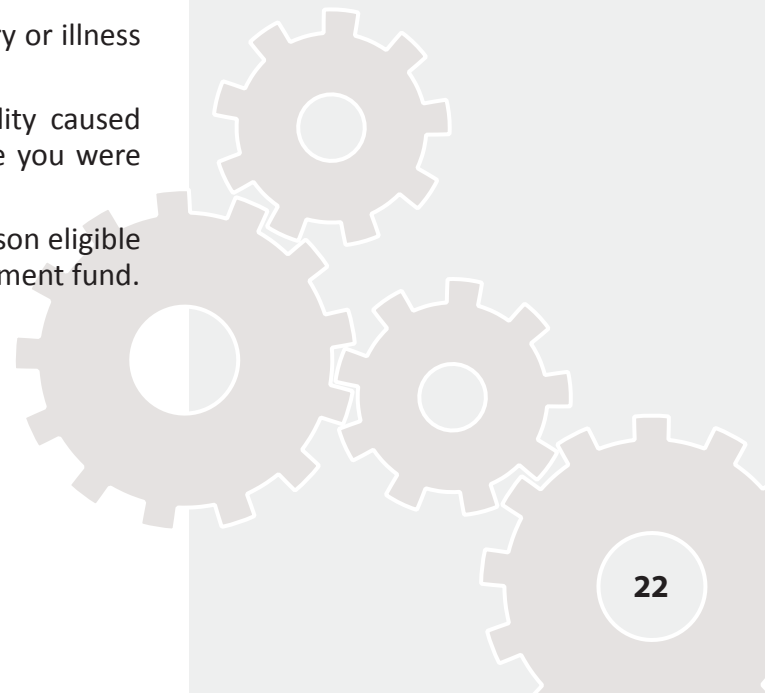
Member — an employee who is currently contributing to the retirement fund or who is on an approved leave of absence, but does not include a person establishing credited service under Chapter 40A-14 after termination of employment because of a reduction in force.



Multiplier — 2.75%.

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 — means an amount payable monthly to a person eligible to receive death or retirement benefits 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 termination of an active employee from the City's workforce through layoff.

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.

Retirement — terminating employment with the City and fulfilling all of the requirements for receiving a pension under the Employees' Retirement Fund. Death is not included in the definition of retirement.

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 Section 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
- Workers' compensation, short-term disability, or catastrophic leave benefits.

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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.

