

**City of Southfield Employees Retirement System
Member Handbook**

March, 2024

YOUR RETIREMENT PLAN

RETIREMENT...IT'S NOT SO FAR AWAY

Regardless of your age, you should start thinking about retirement now. You need money to enjoy your retirement years, and that takes careful planning.

Maintaining your pre-retirement living standard usually requires income from various sources: personal savings (such as a deferred compensation plan), Social Security, and an employer-sponsored pension plan. The City of Southfield understands this and provides you with retirement coverage through the City of Southfield Employee Retirement System (SERS Plan).

This booklet is a summary describing the main provisions of the SERS Plan. It explains when you are eligible for benefits and how your benefit is determined. In addition to pension income at retirement, there are several other benefits under the plan; for example: you may be entitled to benefits if you become disabled; your eligible beneficiary may be entitled to benefits if you die, or you may qualify for benefit payments even if you do not work until retirement age.

SERS is a pension plan administered by the SERS Board and operates in accordance with the provisions of the City's pension ordinance, City Code, City Charter, civil service rules, and applicable collective bargaining agreements. If the provisions of those documents conflict with this summary, those documents control.

Please take the time to read this booklet so you understand all of the benefits to which you are entitled as a SERS member. If you have any questions about the SERS Plan after reading the booklet, contact the SERS Administrator.

Southfield Employee Retirement System March 2024

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WHAT IS THE RETIREMENT SYSTEM?

THE CITY OF SOUTHFIELD PROVIDES RETIREMENT COVERAGE THROUGH THE CITY OF SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM (SERS PLAN).

What is the SERS Plan?

The Southfield Employee Retirement System (SERS Plan) is designed to provide you certain benefits upon your retirement, disability, or death. The SERS Plan provides retirement benefits as identified in the plan document, Chapter 9 of the City of Southfield Code (the "Retirement Ordinance"), as from time to time amended by City Council ordinance, as well as modifications produced as a result of collective bargaining. The SERS system includes all career employees of the City of Southfield and the 46th District Court, other than sworn members of the Police and Fire Departments and others excluded from membership according to the plan document. The Retirement Ordinance, together with the applicable collective bargaining agreements and federal and state laws, controls and governs the rights and benefits under the Retirement System.

The Retirement System is a qualified governmental plan under applicable provisions of the Internal Revenue Code and consists of a Defined Benefit Plan and a Defined Contribution Plan. The benefit provisions of the Retirement System are contained within the Retirement Ordinance as amended by the individual member's applicable collective bargaining agreement. In the event of a conflict between the provisions of the Retirement Ordinance and the collective bargaining agreement, the collective bargaining provisions prevail.

THE SERS BOARD

Who administers the SERS Plan? Who are the SERS Plan Trustees?

By ordinance, the SERS Board is the Trustee of the Pension Fund assets. Responsibility for administration of the SERS plan is given to the SERS Board by the City Charter and the SERS ordinance. The SERS Board members are all fiduciaries of the SERS Plan. The Board is vested with the general administration, management and operation of the retirement system as approved by City Council.

The SERS Board consists of seven (7) members, and one (1) alternate member.

- Three (3) of the members are the members of the City's Administrative Civil Service (ACS) Commission, appointed by the City Council with six-year terms.
- One (1) member is appointed by the Mayor, with the concurrence of City Council with a four-year term.
- One (1) member is elected by the retirees of the SERS Plan with a two-year term.
- Two (2) members are elected by the actively employed SERS members with a four-year term.

The Board alternate is the same person who serves as the alternate to the ACS Commission, and votes in place of an absent ACS Commissioner.

Can the SERS Board increase benefits for members or retirees?

The SERS Board cannot change the terms of the Retirement System. The SERS Board is vested only with the authority to grant those benefits which are authorized by the provisions of the Retirement System as amended by collective bargaining agreements.

PUBLIC NOTICE OF SERS MEETINGS

When and where does the SERS Board have their meetings?

The SERS Board holds meetings at least once a month at a public forum held in compliance with the Open Meetings Act of the State of Michigan. The schedule of meetings is published annually in advance and is posted on the City of Southfield's website. All are welcome and members are encouraged to attend.

COPIES OF SERS PLAN DOCUMENTS, AGENDAS, AND MINUTES

Where may I obtain copies of the Retirement System provisions, resolutions, minutes or forms?

All SERS members are entitled to receive copies of SERS Plan provisions, resolutions, minutes or forms. The SERS Board's meeting schedule, agenda, minutes, reports and plan document are posted on the Retirement System's website at: <https://www.cityofsouthfield.com/departments/sers> The Retirement System's Freedom of Information Policy and Procedures are also posted on the website. (Please note: a member may be required to reimburse SERS for reasonable duplication costs depending on the nature of the request.) Retirement forms are available from the Retirement Administrator. Questions about a member's own pension benefits are always welcome and may be presented in writing or in person to the SERS Administrator. A member should also consult his/her collective bargaining agreement for any changes to the Retirement System plan provisions.

MEMBERSHIP IN THE PLAN

IF YOU ARE EMPLOYED IN A POSITION COVERED BY SERS, YOU MAY AUTOMATICALLY BE ENROLLED IN THE RETIREMENT SYSTEM

Membership

In general, you are a member of SERS if you are a career, non-sworn employee of the City. Employees eligible for SERS membership include: members of AFSCME 329, AFSCME 3636, TPOAM, ACS employees, Public Safety Technicians ("PST") and Public Safety Supervisors ("PSS"), Management Group employees, most 46th District Court employees, and, in certain cases, contract employees.

Becoming a Member

If you meet the membership requirements, you become a SERS member automatically. However, you must complete an enrollment form, indicating personal information and naming beneficiaries. It is your responsibility to keep this information up-to-date. Contributions to the plan may be deducted from your pay depending on your employment group. In most instances, you become a plan member on your date of hire, that is, the day you start working in a SERS-eligible position.

Tier I, Tier II and Blended Plan Members

Membership in SERS is generally divided into three distinct groups based upon your date of hire and your employment position with the City.

Tier I Members are defined as:

- PST members hired prior to February 2, 2009
- PSS members hired prior to March 2, 2009
- AFSCME 329 members hired prior to April 23, 2007
- AFSCME 3636 members hired prior to March 6, 2007
- TPOAM members hired prior to April 9, 2007
- 46th District Court members hired prior to September 1, 2005
- Management Group members hired prior to June 1, 2005
- All other covered employees hired prior to June 1, 2005

Tier II Members are defined as:

- PST members hired on or after February 2, 2009, but prior to September 22, 2022
- PSS members hired on or after March 2, 2009, but prior to October 4, 2022
- AFSCME 329 members hired on or after April 23, 2007, but prior to October 7, 2022
- AFSCME 3636 members hired on or after March 6, 2007, but prior to October 11, 2022
- TPOAM members hired on or after April 9, 2007, but prior to October 13, 2022
- 46th District Court members hired on or after September 1, 2005
- Management Group members hired on or after June 1, 2005, but prior to May 17, 2023
- All other covered employees hired on or after June 1, 2005, but prior to October 3, 2022.

Blended Plan Members are defined as:

- PST members hired on or after September 22, 2022
- PSS members hired on or after October 4, 2022
- AFSCME 329 members hired on or after October 7, 2022
- AFSCME 3636 members hired on or after October 11, 2022
- TPOAM members hired on or after October 13, 2022
- Management Group members hired on or after May 17, 2023
- All other covered employees (Except 46th District Court) hired after October 3, 2022

CONTRIBUTIONS TO THE PLAN

How is the Retirement System Financed?

What is my Contribution?

You may be required to share a portion of the SERS retirement cost with the City. The amount you contribute depends upon your employment group and/or your date of hire. The contribution you make to SERS provides only a small portion of the total cost of your retirement benefit.

What is the City's Contribution?

The City's required contributions to SERS are based on the results of an annual actuarial valuation of the retirement fund's assets and liabilities. The City's Contribution provides the greater portion of the total cost of your retirement benefit. The remaining portion of the total cost of your retirement benefit is financed by the investment returns on the Retirement System's assets.

APPLYING FOR RETIREMENT

How do I apply for retirement?

Upon meeting the age and/or service requirements for retirement, a member may retire upon submission of a written application setting forth at what time, not less than thirty days, nor more than ninety days prior to the date he/she/they desires to be retired. An application for retirement may be obtained from the Retirement Administrator. Please note that you may be required to submit various documentation with your application (e.g., member/beneficiary birth certificate(s); marriage license; etc.). Timely submission of the required forms and information will help facilitate the timely processing of your retirement. If you are applying for an Option A or Option B benefit, you must also provide your spouse's birth certificate and your marriage license. A copy will be made of these documents and the originals will be returned to you.

You will receive a monthly payment paid on the first of each month via direct deposit to your designated bank account. Your first pension payment generally can be expected between 6 to 8 weeks after your termination/retirement date.

TYPES OF RETIREMENT – ELIGIBILITY

WHEN MAY I RETIRE AND RECEIVE BENEFITS?

Normal Retirement

You are eligible for a Normal Retirement benefit:

- If you are a **Tier I member**, (a) you have attained age 65 and have completed 5 or more years of credited service, OR (b) when the sum of your age and years of credited service (including fractional years) equals or exceeds 82.
- If you are a **Tier II member** or a **Blended Plan member**, (a) you have attained age 65 and have completed 10 or more years of credited service, OR (b) when you have attained age 57 with 25 or more years of credited service, OR (c) when you have attained age 62 with 20 or more years of credited service.

Early Retirement

You are eligible for a reduced Early Retirement benefit if:

- You have attained age 57 and have completed 20 or more years of credited service, or
- You have attained age 60 and have completed 10 or more years of credited service.

Your early retirement benefit is based on a reduced normal retirement benefit. The reduction is applied as described on page 9, to account for the probability of a longer payout period resulting from your early retirement.

Disability Retirement

You may be eligible for a disability retirement if you become totally disabled for duty, and the disability is likely to be permanent. If your disability is not the result of job-related causes, you must have 10 or more years of credited service with SERS to qualify for disability retirement benefits. Disability retirements are processed by the SERS Board in accordance with the terms of the SERS Ordinance, and applicable collective bargaining agreements and other policies and procedures. Additional information on disability retirements appears on page 11.

RETIREMENT FACTORS

What factors are considered in determining my retirement allowance?

The amount of pension you receive from SERS is a function of:

- Your Final Average Compensation,
- Your Years of Service in SERS,
- The Benefit Payment Option that you select,
- Any applicable Early Retirement Reduction Factor.

Please refer to the SERS Ordinance and your applicable collective bargaining agreement for specific factors. In addition, the age of a member's beneficiary will be considered if a member elects an optional form of benefit.

YOUR RETIREMENT BENEFIT IS FORMULA BASED

THE BENEFIT FORMULA

FOR TIER I MEMBERS:

Normal Retirement Pension	Early Retirement Pension
2.50% of your Final Average Compensation (best 36 of 60 months) X Years of Service	2.50% of your Final Average Compensation (best 36 of 60 months) X Years of Service X The Early Retirement Reduction Factor (0.5% per month)

FOR TIER II MEMBERS:

Normal Retirement Pension (MAXIMUM: 70%)	Early Retirement Pension
2.00% of your Final Average Compensation (best 60 of 120 months) X Years of Service *Maximum Benefit of 70% of FAC	2.00% of your Final Average Compensation (best 60 of 120 months) X Years of Service X The Early Retirement Reduction Factor (0.5% per month)

FOR BLENDED PLAN MEMBERS:

Normal Retirement Pension (MAXIMUM: 70%)	Early Retirement Pension
1.50% of your Final Average Compensation (best 36 of 60 months) X Years of Service *Maximum Benefit of 70% of FAC	1.50% of your Final Average Compensation (best 36 of 60 months) X Years of Service X The Early Retirement Reduction Factor (0.5% per month)

The above calculations are identified as the “benefit formula” elsewhere in this booklet (see Pages 6-7). Although disability and vested deferred retirement benefits are based on the Normal Retirement pension benefit formula above, special conditions and offsets may apply.

RETIREMENT SERVICE CREDIT

YOUR YEARS OF SERVICE DETERMINE YOUR ELIGIBILITY FOR RETIREMENT BENEFITS AND THE AMOUNT OF YOUR BENEFITS

How is Service Credited?

Service credit for retirement purposes is the number of years, months and days from the date you become a member of SERS Plan to the date of your termination of employment or retirement.

Service credit is not provided for unpaid leaves of absence which extend beyond 10 working days and your start date will be adjusted accordingly. Special rules apply if you terminate service prior to vesting and are later re-employed in a SERS-covered position.

How is Military Service Credited?

You may be eligible for service credit in SERS for your wartime military service or your compulsory military service that occurs during your covered SERS employment if:

- You return to work with the City within 90 days from termination of armed service, and
- Repay SERS all accumulated contributions withdrawn at the time of entry into military service, credited with interest from the date of withdrawal to the date of repayment, and
- In no case will more than 5 years of service be credited for all military service voluntarily rendered.
- Members of AFSCME Local 329 may purchase up to 3 years of their eligible military service and apply the years to their SERS credited service. All such costs will be borne by the employee.

INCOME AT RETIREMENT

What is "Compensation"?

Compensation, for purposes of calculating retirement benefits, means a member's salary or wages paid by the Employer for personal services rendered by him/her while a member of the Retirement System.

Contributions to the Retirement System will be based upon all benefits that are included in your Final Average Compensation (FAC). Retroactive pay is credited when paid.

How is my Final Average Compensation determined?

The Retirement Administrator will calculate your Final Average Compensation (FAC) using the average compensation for the highest consecutive month period (as provided by Ordinance or collective bargaining agreement) immediately preceding your date of retirement.

If you are a **Tier I member**, your FAC is the average of your compensation for the highest 36 consecutive month period within the 60-month period immediately preceding your termination or retirement, whichever comes first. Payments at termination or retirement for unused vacation leave accumulations will be included in the FAC calculation, provided such payments do not exceed twice the annual allowable accumulations, up to a maximum of 400 hours and your termination date is included in your FAC period. "Compensation" for FAC purposes is defined in the SERS Ordinance and does not include overtime pay. FAC does include: (a) base pay, (b) longevity payments (if applicable), (c) shift differential, (d) leader pay, (e) residency bonus, (f) sick leave pay while absent from work, (g) sick leave attendance bonus, and (h) vacation pay and holiday pay made during your employment.

If you are a **Tier II member**, your Final Average Compensation (FAC) is the average of your compensation for the highest 60 consecutive month period within the 120-month period immediately preceding your termination or retirement, whichever comes first. Payments at termination or retirement for unused vacation leave accumulations will be included in the FAC calculation, provided such payments do not exceed 100 hours and your termination date is included in your FAC period. "Compensation" for FAC purposes is defined in the SERS Ordinance and does not include overtime pay. FAC does include: (a) base pay, (b) shift differential, (c) leader pay, (d) residency bonus, (e) sick leave pay while

absent from work, (f) sick leave attendance bonus, and (g) vacation pay and holiday pay made during your employment.

If you are a **Blended Plan member**, your Final Average Compensation (FAC) is the average of your compensation for the highest 36 consecutive month period within the 60-month period immediately preceding your termination or retirement, whichever comes first. Payments at termination or retirement for unused vacation leave accumulations will be included in the FAC calculation, provided such payments do not exceed 100 hours and your termination date is included in your FAC period. "Compensation" for FAC purposes is defined in the SERS Ordinance and does not include overtime pay. FAC does include: (a) base pay, (b) shift differential, (c) leader pay, (d) residency bonus, (e) sick leave pay while absent from work, (f) sick leave attendance bonus, and (g) vacation pay and holiday pay made during your employment.

The Early Retirement Reduction Factor

This factor is applied to your Retirement Benefit as illustrated on page 9, to account for the probability of a longer payout due to early retirement. The Early Retirement Reduction Factor is defined as follows:

½ of 1% for each complete calendar month by which your Early Retirement date precedes the earlier of:

- (1) Attainment of age of 62 if you have 20 or more years of service credit, or
- (2) Attainment of age 65 if you have 10 or more years of service credit.

On an annualized basis, the Early Reduction Factor is 6% per year.

Refund of Accumulated Employee Contributions

Your employee contributions made after July 1, 2002 are non-refundable at retirement. However, should you terminate employment prior to attaining a vested right to a deferred pension benefit (which occurs upon reaching ten years of credited service), you will receive a full refund of accumulated contributions.

BENEFIT CALCULATION EXAMPLE

THE CHART BELOW SUMMARIZES NORMAL RETIREMENT PENSION BENEFITS BASED ON SAMPLE FINAL AVERAGE COMPENSATION AMOUNTS AND YEARS OF SERVICE

Final Average Compensation	Regular Annual Pension Benefits Based on Indicated Years of Credited Service (for those with 2.50% multiplier)			
FAC	20 Years	25 Years	30 Years	
\$20,000	\$10,000	\$12,500	\$15,000	
\$30,000	\$15,000	\$18,750	\$22,500	
\$35,000	\$17,500	\$21,875	\$26,250	
\$40,000	\$20,000	\$25,000	\$30,000	
\$45,000	\$22,500	\$28,125	\$33,750	
\$50,000	\$25,000	\$31,250	\$37,500	

Normal Retirement Pension

Suppose you choose to retire at age 57 after completing 25 years of service in SERS. Assume your pay for the highest 3 consecutive years of earnings is as follows:

Year 1	\$ 44,000
Year 2	\$ 45,000
Year 3	\$ 46,000
Total	\$135,000

Your Final Average Compensation (FAC):

$$\frac{\$135,000}{36 \text{ months}} = \$3,750 \text{ Monthly} \text{ (}\$45,000 \text{ annually)}$$

Your Annual Pension Payable at Age 57:

$$2.50\% \times \$45,000 \times 25 \text{ years} = \$28,125$$

Refund Benefit

In addition to your annual benefit, you are entitled to a complete or partial refund of your member contributions made prior to July 1, 2002, plus regular interest. For example, if your total refundable contributions with interest at retirement are \$5,000, you will receive a single payment of \$5,000, in addition to your monthly benefit.

Note: Public Safety Technician members receive a portion of their contributions plus interest. "Regular Interest" is currently 2% per year, compounded annually, and may be changed by the City Council.

Refundable contributions were made by various employee groups on either a post-tax or pre-tax basis. All interest earned on refundable contributions is taxable. Therefore, all or part of your contribution refund will be subject to federal and Michigan state tax. The SERS Plan's custodial bank will deduct 20% for federal tax deduction and the % you direct for Michigan state tax on the taxable portion of the refund. Your actual tax obligation will be determined when filing your federal and/or state taxes for the year of the refund. Alternatively, you may roll the taxable portion of your refund into a qualified retirement vehicle, such as your 457 deferred compensation account or an IRA, and by doing so, defer the tax obligation to the point at which you withdraw the applicable funds.

WORKSHEET

THIS WORKSHEET IS DESIGNED TO ALLOW YOU TO CALCULATE YOUR SERS NORMAL RETIREMENT PENSION BENEFIT

	(MEMBER ELIGIBLE FOR 2.5% MULTIPLIER)	<u>Example</u>	<u>Your Calculations</u>
A)	Estimated Annual Final Average Compensation	\$45,000	_____
B)	Years of Service in SERS	25	_____
C)	Annual Normal Retirement Pension Benefit 2.50% x (A) x (B)	\$28,125	_____
D)	Monthly Benefit (C) divided by 12	\$2,343.75	_____

BENEFIT CALCULATION EXAMPLE

Early Retirement Pension (for member eligible for 2.5% multiplier)

Suppose that you choose to retire at age 57 after completing 20 years of service in SERS. Assume the following:

Final Average Compensation:	\$45,000 annually
Your Early Retirement Date:	December 1, 2025
Your Age on 12/1/25:	57 years, 0 months
Your Service on 12/1/25:	20.0 years
Number of months between your Early Retirement age and age 62:	60 months

Your Annual Normal Retirement Pension Payable at Age 62:

$2.50\% \times \$45,000 \times 20 = \$22,500$

Your Early Retirement Reduction Factor:

$0.005 \times 60 \text{ months} = 0.30$

Your Annual Early Retirement Pension Payable on 12/1/25:

$\$22,500 \times (1 - 0.30) = \$15,750$

As you can see in this example, your annual pension is reduced by 6% for each year that you retire prior to your normal retirement date. In this case, you have elected to retire 5 years prior to your normal retirement date (which would have occurred at age 62 with 20 years of service), and your resulting annual pension benefit has been reduced by 30% (6% per year for five (5) years).

**THIS WORKSHEET IS DESIGNED TO ALLOW YOU TO CALCULATE YOUR
SERS EARLY RETIREMENT PENSION BENEFITS**

(For member eligible for 2.50% multiplier)		Example	Your Calculations
A)	Estimated Annual Final Average Compensation	\$45,000	_____
B)	Years of Service in SERS	20	_____
C)	Annual Normal Retirement Pension Benefit $2.50\% \times (A) \times (B) =$	\$22,500	_____
Early Retirement Reduction Factor			
D)	My age at Early Retirement	57	_____
E)	The earlier of age 62/20 years or age 65/10	62	_____
F)	The number of months between (D) and (E)	60	_____
G)	Reduction Factor $0.005 \times (F)$	0.30	_____
H)	Annual Early Retirement Pension $(C) \times [1 - (G)]$	\$15,750	_____
I)	Monthly Early Retirement Pension $(H) \text{ divided by } 12$	\$1,312.50	_____

BENEFIT PAYMENT OPTIONS

May I designate a beneficiary who would continue receiving an allowance in the event of my death?

Benefit Payment Options

You have several options as to how your retirement pension benefit is made. The normal and optional forms of payment available are:

Normal Pension Allowance

Effective July 1, 1998, the normal form of benefit is a pension payable for your life with “10 years certain” (i.e., at least ten years of payments guaranteed). In this form of benefit payment, your pension payments continue for as long as you live and cease upon your death. However, in no event shall less than 120 monthly payments be made. If you die prior to receiving 120 monthly payments, then a lump sum payment equal to the remaining payments will be made to your beneficiary. A beneficiary under this benefit payment provision does not need to be your spouse.

Note: If you are a former employee who is entitled to a deferred pension allowance (see page 12) and you die before you begin receiving pension payments, your estate or eligible beneficiary will only receive a refund of your member contributions plus interest.

Option A – 100% Survivor

Under this option, you are paid a reduced pension benefit amount for life (less than the “standard pension benefit”). Upon your death, 100% of the reduced Option A pension benefit is continued for the remainder of the nominated beneficiary’s life. To be eligible, the beneficiary must be your spouse at the time of retirement.

Option B – 50% Survivor

Under this option, you are paid your standard pension benefit for life. Upon your death, 50% of your pension benefit is continued for the remainder of the nominated beneficiary’s life. To be eligible, the beneficiary must be your spouse at the time of retirement. There is no benefit reduction to you for this option.

Refund of Contributions

Upon all retirements after July 1, 1998, SERS members are eligible to receive their contributions made prior to July 1, 2002 plus interest in a lump sum payment with no reduction to the formula benefit. Public Safety Technician members are eligible to receive a refund of their pre-July 1, 1995 contributions plus interest in a lump sum with no reduction to the formula benefit. However, a Refund of Contributions is not available to members who terminated employment prior to July 1, 1998 and vested their pension benefits. Pension contributions made after July 1, 2002 are not refundable at retirement.

Examples of Benefit Payment Options

The chart below is an example of how the SERS benefit payment options work. Suppose you are an employee retiring at age 62 with a \$1,000 per month pension and your spouse is age 55.

Under This Payment Form	You Receive a Lifetime Pension of:	Upon Your Death Your Beneficiary Receives:	
		If death is within 10 years of retirement:	If death is after 10 years of retirement:
Normal Pension 10 Year Period Certain	\$1000/Month	Lump Sum equal to \$1,000 per month for balance of 10 years	\$0
Option A 100% - Survivor	\$859/Month	\$859/Month for life	\$859/Month for life
Option B 50% - Survivor	\$1,000/Month	\$500/Month for life	\$500/Month for life

If you select Option A, your Normal pension benefit is actuarially reduced to account for the probability of longer pension payments. The reduction is based on both your age and the age of your spouse. Sample Option A benefits are shown below. The benefits shown are based on a regular pension of \$1,000 per month and indicated ages.

Monthly Pension Amounts Under Option A (example)

Retiree Age at Retirement	Spouse Age at Retirement		
	55	60	65
58	\$894	\$918	\$941
60	\$878	\$904	\$931
62	\$859	\$888	\$918
64	\$839	\$870	\$904

For example, if you are entitled to a regular pension of \$1,000 per month, you are 62 years old and your spouse is 55 at the time of retirement, then you could elect and receive an Option A benefit of \$859 per month. This amount would be payable for life while both you and your spouse are alive and continue upon the death of either you or your spouse.

Who is eligible to be named as an Option beneficiary?

An Option election must be made by a retiring member before the effective date of his/her retirement and not thereafter. An option beneficiary must be the member's eligible spouse. *Eligible spouse* is defined in the SERS Ordinance as the spouse of a member by legal marriage at the time of the member's retirement.

May a single member name an option beneficiary?

No. Only an eligible spouse can be named as option beneficiary.

May an option beneficiary designation be changed subsequent to the retiring member's retirement date?

No. The election of an option beneficiary must be made prior to the effective date of your retirement. Once you receive retirement benefits, you may not change your option election or designated a

subsequent spouse as your named beneficiary. There is no change in benefits if a designated eligible spouse predeceases the participant.

DISABILITY RETIREMENT

IF YOU BECOME DISABLED AND YOU MEET THE ELIGIBILITY REQUIREMENTS BELOW, YOU MAY QUALIFY FOR A DISABILITY PENSION

Eligibility For Non-Duty Disability Benefits

If you meet the following conditions, you may be eligible for a SERS Non-Duty Disability pension:

- You have completed 10 or more years of Credited Service, and
- You are totally and permanently disabled for duty in the employ of the City due to causes unrelated to performance of duty, and
- A physician selected by the SERS board certifies that you are totally disabled and that the disability will probably be permanent

Eligibility For Duty Disability Benefits

If you meet the following conditions, you may be eligible for a SERS Duty Disability pension:

- You have become totally and permanently disabled for duty in the employ of the City due to causes directly related to your actual performance of duty, and
- A physician selected by the SERS board certifies that you are totally disabled and that the disability will probably be permanent

In addition to the requirements noted above, an application for disability retirement must be filed with the SERS Board, and you must submit all required documentation and follow all established procedures.

After you begin receiving disability benefits, you will be subject to periodic examination by a SERS Board-appointed physician to determine if you continue to be disabled and eligible for benefits.

You may elect to receive your disability benefit under one of the Benefit Payment Options described on pages 9 – 11.

What requirements are there for continued disability retirement?

Your disability benefit is computed in the same manner as your regular pension, based on your final average compensation and credited service at the time of your disability. However, if you are approved for Duty Disability benefits prior to age 60, you also will be granted additional credited service from the time of your disability to age 60.

Your disability benefit will be reduced by the amount of any Worker's Compensation payments and any City financed salary continuation plan benefit (except for Social Security benefits). Although this offset will serve to suspend your SERS disability benefits if your Worker's Compensation payments are equal to or greater than your SERS disability benefit, you should still apply for a disability retirement in order to ensure you receive all benefits to which you are entitled.

If you become engaged in a gainful occupation, business or employment, your disability pension shall not exceed the difference between your annual rate of compensation at the time of your disability retirement and the annual pay and earnings from such occupation, business or employment. You are required to make all income and/or earnings records available to the SERS Board upon request. The SERS Board may terminate disability retirement payments upon failure to comply with the request for income verification or falsification of the records

As a disability retiree, you are also subject to submit to a re-examination conducted by a physician selected by the Board, which examination may be required not more than once annually. If it appears to the satisfaction of the Board that your disability has been removed, you may be required to return to work. Should you refuse to return to work or to submit to the aforesaid physical examination, your disability pension payments shall cease. Any member who is aggrieved by the application of the provision of this section shall have a right of appeal by application therefor, in writing, to the Board.

TERMINATION OF EMPLOYMENT BEFORE RETIREMENT

Vested Rights

You will have earned a vested right to retirement benefits if:

- You have at least 10 years of credited service with SERS

When you leave employment with vested rights, you may:

- Elect to retain your vested right to a retirement benefit and begin receiving full benefits (including the refund of applicable contributions) upon attaining age 65, or, if you were hired prior to June 1, 2005, upon attaining such age that your age plus your years of frozen credited service at termination add up to 82.0
- Elect to retain your vested right to a reduced early retirement benefit and begin receiving reduced benefits (including the refund of applicable contributions) upon attaining age 60, or upon attaining age 57 with 20 years of credited service, or
- Elect to take an immediate lump sum refund of your contributions in lieu of all retirement benefits. This amount will include regular interest, as set by the City Council, (currently 2% annually) credited from the date you first contributed to your date of termination. Such withdrawal is irrevocable once executed and will rescind all future rights to a retirement benefit. You will be responsible for payment of all applicable state and federal income taxes that may be due as a result of the refund.

Note: You are only vested in the benefits in place at the time you left employment.

Leaving Employment Before Vesting

When you leave employment before you become vested, you will (if applicable):

- Receive a lump sum refund of your contributions. This amount will include regular interest, as set by the City Council, (currently 2% annually) credited from the date you first contributed to your date of distribution. You will be responsible for payment of all applicable state and federal income taxes that may be due as a result of the refund.

DEATH BENEFITS

Pre-Retirement Death In-Service Benefits

If you should die during your active service as an employee in a SERS-covered position, SERS death benefits may be payable to your survivors.

If you are not vested in SERS and have made contributions, your designated beneficiary will receive a lump sum payment upon your death. The amount will equal your contributions to SERS plus interest, (currently 2% annually) credited from the date that you commenced SERS contributions, to the date of death.

If you have completed a minimum of 10 years of credited service with SERS and you die before retirement, a pension will be paid to your surviving spouse or nominated beneficiary as follows:

- To surviving spouse: A regular retirement benefit will be paid to your spouse until his/her death
- To non-spouse beneficiary: A lump sum payment equal to 120 months of your regular retirement benefit
- The amount of the monthly pension paid to your spouse or nominated beneficiary will be based on the amount of pension that you would have been entitled to if you had retired on the day before you died. The amount of pension paid to your spouse or nominated beneficiary is calculated by the normal retirement benefit formula.

After Retirement Benefits Have Started

If you die after your SERS retirement benefits have started, your spouse or beneficiary will receive benefits due under the retirement payment form that you selected upon your retirement. It is necessary to have the City notified of your death as soon as possible. Timely notification will facilitate the payment of benefits to your spouse or beneficiary. Any pension payments erroneously made after the month of your death must be promptly repaid to the SERS plan, and will be 100% offset against any survivor benefits.

Beneficiaries

When you first enroll as a member of SERS, you designate a beneficiary or beneficiaries to receive applicable death benefits and/or your SERS contribution and interest refund, if any, in the event of your death. You may change this designation at any time before you retire. You should always consider naming contingent beneficiaries in the event your primary beneficiary has also died.

CLAIMING YOUR BENEFIT

Selecting a SERS Retirement Date

Once you reach retirement eligibility, you may choose to retire on any date you wish, provided the day prior to retirement is an actual workday. Many factors may be considered in selecting an optimum date for retirement.

You should be aware of the impact that salary increases, unpaid absences, and lump sum payments (such as retroactive contract settlements or excess vacation payments) may have on your Final Average Compensation, because the FAC is based on payments made during a specific timeframe of consecutive months prior to your retirement.

The SERS pension benefit is fixed and does not increase or decrease after retirement.

Your SERS Retirement Benefit Payment

You will receive a monthly payment paid on the first of each month via direct deposit to your designated bank account. Your first pension payment generally can be expected between 6 to 8 weeks after your termination date.

For the month in which you retire, you will receive a pro-rated pension payment. For example, if your retirement date is September 19, your first pension payment will be a pro-rated amount for 12 calendar days in September (September 19 – 30).

Applying For SERS Benefits

You are required to provide 30 days written notice of your retirement date, and it is recommended you begin your retirement application process **three (3) months** prior to your retirement date. Failure to file your application in a timely manner may result in a delay in your receipt of retirement benefits.

The Retirement Administrator will provide all of the necessary forms you must complete and submit in order to retire from SERS. In addition, you must provide a copy of your birth certificate or passport, and, if you are applying for an Option A or Option B benefit, you must also provide your spouse's birth certificate or passport, and your marriage license. If you provide original documents, a copy will be made of these documents and the originals will be returned to you.

DIVORCE

If you are divorced **prior** to retirement, your retirement benefit may be subject to division based upon state law and the terms of your divorce decree. To process the division, a special court order, known as an Eligible Domestic Relations Order ("EDRO"), must be submitted to the Retirement Administrator, which will be reviewed by the SERS Board's attorney, actuary and SERS Board. You may obtain an "EDRO" policy package from the Retirement Administrator.

If divorced **after** retirement, your retirement benefit may be subject to division based upon state law and the terms of your divorce decree. To process the division, a special court order, known as a Domestic Relations Order ("DRO") must be submitted to the Retirement Administrator, which will be reviewed by the SERS Board's attorney, actuary and SERS Board. You may obtain a "DRO" policy package from the Retirement Administrator.

You and/or your former spouse will be responsible for paying all costs (such as attorney or actuary charges) associated with processing the EDRO or DRO.