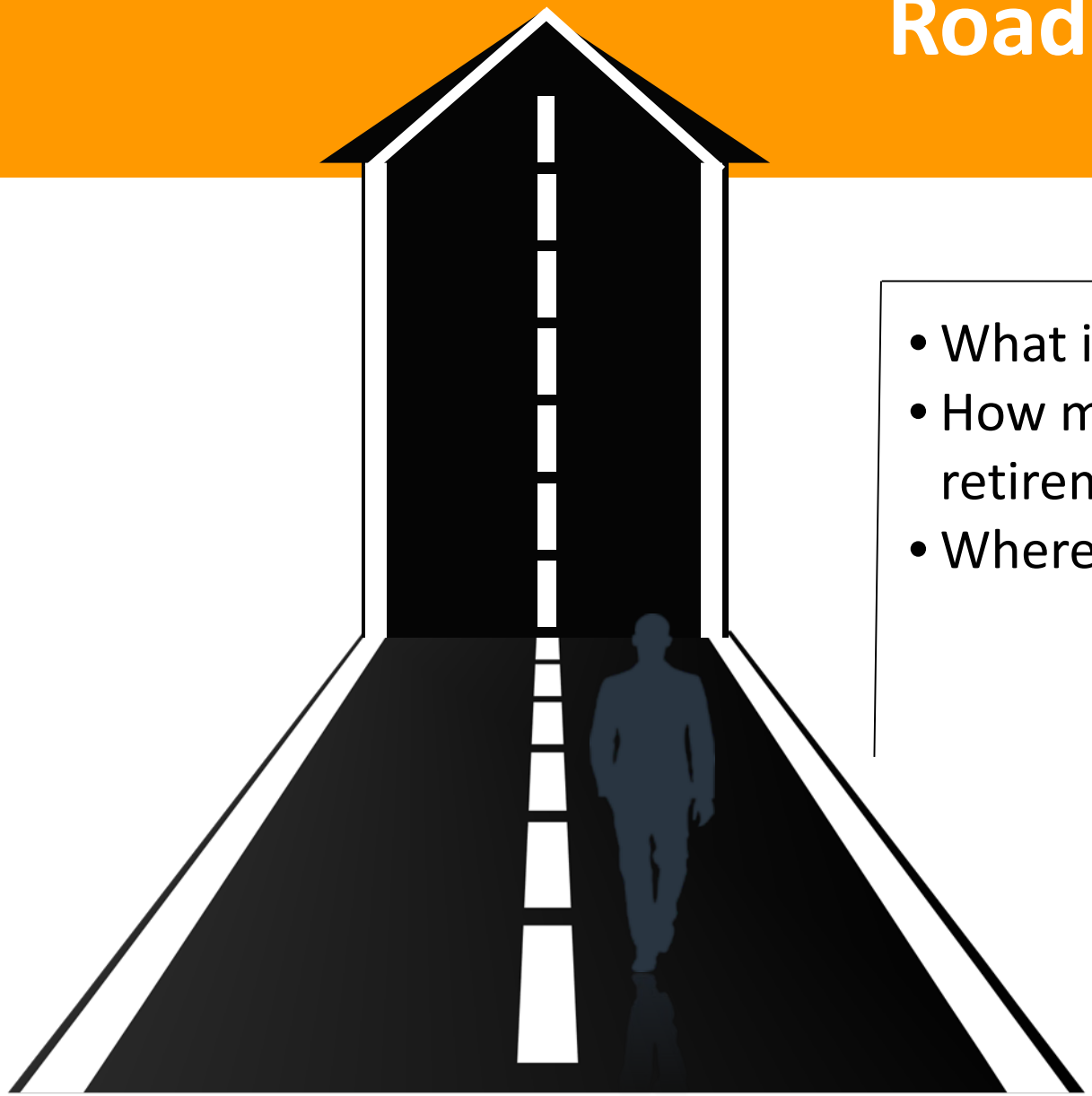
Employees' Retirement Fund
of the City of DALLAS

Employees' Retirement Fund

Benefit Plan Overview

March 8, 2016

Road to Retirement

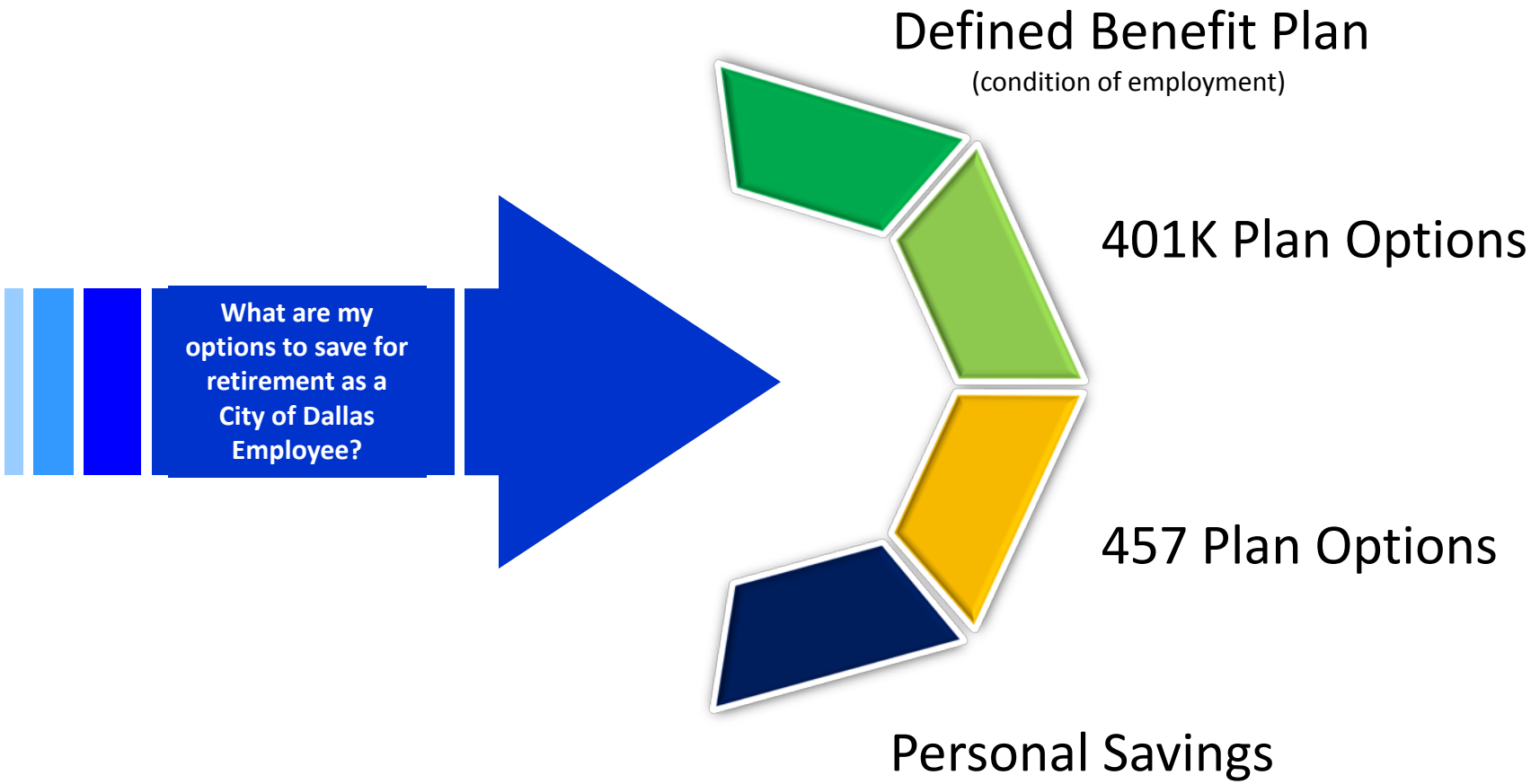


- What is my plan?
- How many ways can I save for retirement?
- Where do I start?

Contributions to the Fund

- The Employees' Retirement Fund was established in 1944
- There is a cost sharing arrangement between the City and employees:
- The City pays 63% of the total cost and plan members pay 37%.
  - The Employee contribution rate is currently 13.32% of pay.

ERF Member's Retirement Savings Options



What is a Defined Benefit Plan

- A defined benefit pension plan is a plan in which an employer/sponsor promises a specified monthly benefit for retirement that is:

  - ❑ predetermined by a formula based on the employee's earnings history
  - ❑ tenure of service
  - ❑ multiplier
  - ❑ and age.

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Who Is Eligible for ERF Pension Benefits

- All non-uniformed, permanent City of Dallas employees are members of the Employees' Retirement Fund (Fund).

- Employees who are not eligible to participate in the Fund include:
  - An elected official
  - A contract employee
  - A temporary employee
  - A uniformed employee of the police or fire department

Service Credit

- Members begin earning service credit on the date they become permanent employees.

- Service credit includes:
  - The full and partial years a member has worked for the City and paid into the Fund
  - The unused vacation hours for which a member is paid when they leave employment
  - Up to five years of active military duty while a member is employed by the City if they return within the period required by Chapter 40A, the plan document

Retirement Eligibility

Members are eligible to retire when they meet one of the following conditions:

- **Service retirement**—Members are eligible to receive retirement benefits when you have 30 years of service credit. If a member is under age 50 when they retire, their monthly benefit will be reduced.
- **Normal retirement**—Age 60 is the normal retirement age without a minimum service credit.
- **Rule of 78**— A member may retire at or after age 50 if their age and years of service credit added together total at least 78.

Members who contributed to the Fund for a minimum of five years are vested.

Members who terminate with five years of credited service and leave their contributions in the Fund may start receiving a pension at age 60.

Retirement Benefit Review

Benefit Plan Factors	Current Plan
Retirement Eligibility	o **Age 60** o **30 years of Credited Service** o **Rule of 78 Early Retirement (unreduced actuarially)** o **Disability Retirement**
Death Benefit	o **Joint & 100% (reduced)** o **Joint & 50%** o **Ten-Year Guarantee**
Cost of Living Adjustment (COLA)	**Maximum of 5% based on CPI**
Highest Average Earnings	**3-year average**

Formula for Calculating the Benefit

Service Credit in Years (Full & Partial)
X Multiplier (2.75%)
X Average Monthly Pay
= Calculated Monthly Benefit

Retirement Calculation Example

Benefit Plan Factors	Current Plan
Employee Contribution	13.32%
Average Annual Salary	$50,000
Employee's Age	60
Years of Credited Service	25
Multiplier	2.75%
Annual Pension Benefit	$34,375.00
Health Care Supplement ($125/monthly)	$ 1,500.00
Annual Benefit	$35,875.00
Monthly Benefit	$ 2,989.58

This chart is for illustrative purposes only

ERF Value of a Pension Benefit

Member Monthly Pension– Rule of 78	$ 2,989.58
Member's annual pension	$35,875.00
At Age 80, (20 years post retirement) the member's accumulated pension	**$717,500.00***
At Age 85, (25 years post retirement) the member's accumulated pension	**$896,875.00***

This amount does not include annual cost of living adjustments and is for illustrative purposes only

If A Member Becomes Divorced

- Members are required to provide ERF with a copy of all divorce decree(s) for divorce(s) occurring while working for the City.
- Qualified Domestic Relations Order(s) must be approved by the court system.
- Common Law Marriage requires court intervention for a divorce.

Choosing a Benefit Option

The Fund offers three benefit payment options when a member retires:

1. Joint & Full Survivor (100%) with 10 Years Certain
2. Joint & 1/2 Survivor (50%) with 10 Years Certain
3. Life with 10 Years Certain

Choosing a Benefit Option, cont.

1. Life with 10 Years Certain

- Full benefits for *a member's* lifetime.
- When a member dies prior to receiving 120 payments, their designee(s) or estate will receive the remainder of 120 payments in an actuarially reduced lump sum payment.

Choosing a Benefit Option, cont.

2. Joint & Half (50%) Survivor

- Full benefits for *your* lifetime.
- When a member dies, their beneficiary will receive 1/2 of a monthly benefit for the rest of his or her life.
- If the member and beneficiary die before 120 payments, their estate or designee(s) will receive the remainder of the 120 payments in an actuarially reduced lump sum payment.

Choosing a Benefit Option, cont.

3. Joint & Full (100%) Survivor

- *Available to members if they have 15 years of service or if they retire at or after age 60*
  - Reduced benefits for a lifetime.
  - When member dies, their beneficiary will receive the same amount for the remainder of his or her life.
  - If the member and beneficiary die before 120 payments, the estate or designee(s) will receive the remainder of the 120 payments in an actuarially reduced lump sum payment.

If A Member Leaves the City…

Members' options are:

1. If Vested:
   - Leave all contributions in the Fund and receive a pension at age 60.
   - Members may request a refund of contributions
2. If not Vested:
   - Members may request a refund of contributions within three (3) years or forfeit their contributions.

If a Member Becomes Disabled

- There are two types of disability retirement
    1. Service Disability
    2. Non-Service Disability
- Members who are approved for this benefit earn a lifetime annuity calculated based on a minimum of 10 years of service credit.

Total and Permanently Disability means a member is unable work at all.

If a Member is Rehired

<u>Three Possible Options:</u>

- Break in Service
- Previous service is counted *if* a member leaves their money in the Fund.
- A member may be able to buyback their service if they take a refund…

Questions