

TIER-A RETIREMENT PLAN

SUMMARY

Members Employed by the City **before** January 1, 2017

RETIREMENT ELIGIBILITY

NORMAL RETIREMENT

You may retire at age 60, no minimum service required.

SERVICE RETIREMENT

You may receive retirement benefits when you have 30 years of pension service credit. If you are under age 50 when you retire, your monthly benefit will be reduced.

RULE OF 78

You may retire at or after age 50 if your age and years of pension service credit added together total at least 78.

Note: Tier A employees are eligible for a monthly health benefit supplement up to \$125.



PENSION SERVICE CREDIT

You earn pension service credit for any period that you are a permanent, civilian employee paid by the City and you make contributions to the Fund. Leave without Pay and Workers Compensation temporarily suspend you from earning pension service credit.

PENSION FORMULA

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

Your pension is based on the following formula:

$$\begin{aligned} & 2.75\% \text{ (multiplier)} \\ & \times \text{ Pension Service Credit} \\ & \times \text{ Average Monthly Pay (final 36} \\ & \quad \text{months or three highest-paid years)} \\ & = \text{ Calculated Monthly Benefit} \end{aligned}$$

SAMPLE PENSION CALCULATION

Bill retires from the City of Dallas at age 55 with 26 years of service credit; his average monthly pay is \$3,412.

The steps ERF takes to calculate Bill's pension are as follows:

1. Calculate Benefit Percentage
 $2.75\% \times 26 = 71.5\%$
2. Monthly Retirement Benefit
 $71.5\% \times \$3,412 = \$2,439$

SURVIVOR BENEFITS

1. Life With Ten Year Certain

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

2. Joint & Full Survivor With Ten Year Certain

This option pays you reduced benefits for your lifetime, and after your death, your beneficiary receives the same monthly payment for life. This option is available if you have at least 15 years of pension service credit, are at least age 60 or you are a Deferred Vested member with at least 15 years of pension service credit at age 60.

3. Joint & Half Survivor With Ten Year Certain

This option pays you full benefits for your lifetime. After your death, your beneficiary receives one-half of your monthly benefit for life.

PENSION LIFETIME VALUE

Once you become eligible to retire, your ERF benefit may be your most valuable financial asset. The value of your benefit is not just the amount of your contributions to the pension plan - it is actually far greater.

For example, at age 55 Bill retired from the City with 26 years of service and a pension of \$2,439 plus \$125 health benefit supplement for a total monthly pension of \$2,564. At age 67, Bill will have received \$369,216* and ERF will continue to pay his benefit every month for the rest of his life.

** This amount does not reflect annual cost of living adjustments.*

TIER-B RETIREMENT PLAN

SUMMARY

Members Employed by the City **after** December 31, 2016

RETIREMENT ELIGIBILITY

Pending Voter Approval in November 2016

NORMAL RETIREMENT

You may retire at age 65 with five years of pension service credit.

RULE OF 80

You may retire when your age and years of pension service credit added together total at least 80.



SERVICE RETIREMENT

You may receive retirement benefits when you have 40 years of pension service credit. If you are under age 65 when you retire, your monthly benefit will not be reduced.

PENSION SERVICE CREDIT

You earn pension service credit for any period that you are a permanent, civilian employee paid by the City and you make contributions to the Fund. Leave without Pay and Workers Compensation temporarily suspend you from earning pension service credit.

PENSION FORMULA

Your retirement is calculated using a formula that includes your total pension service credit and the average of your monthly pay during your five highest-paid years. Your benefit may not exceed 100% of your salary.

Your pension is based on the following formula:

$$\begin{array}{l} 2.5\% \text{ (multiplier)} \\ \times \text{ Pension Service Credit} \\ \times \text{ Average Monthly Pay (final 60} \\ \text{months or five highest-paid years)} \\ \hline = \text{ Calculated Monthly Benefit} \end{array}$$

SAMPLE PENSION CALCULATION

Amanda retires from the City of Dallas at 65 with 26 years of service credit; her average monthly pay is \$3,412.

The steps ERF takes to calculate Amanda's pension are as follows:

1. Calculate Benefit Percentage
 $2.5\% \times 26 = 65\%$
2. Monthly Retirement Benefit
 $65\% \times \$3,412 = \$2,218$

SURVIVOR BENEFITS

1. Life With Ten Year Certain

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

2. Joint & Full Survivor With Ten Year Certain

This option is available if you have at least 15 years of pension service credit or are at least age 65 with 5 years of pension service credit. This option pays you reduced benefits for your lifetime, and after your death, your beneficiary receives the same monthly payment for life.

3. Joint & Half Survivor With Ten Year Certain

This option pays you reduced benefits for your lifetime. After your death, your beneficiary receives one-half of your monthly benefit for life.

PENSION LIFETIME VALUE

Once you become eligible to retire, your ERF benefit may be your most valuable financial asset. The value of your benefit is not just the amount of your contributions to the pension plan - it is actually far greater.

For example, at age 65 Amanda retired from the City with 26 years of service and a monthly pension of \$2,218. At age 75, Amanda will have been paid out \$266,160* from her pension and ERF will continue to pay her benefit every month for the rest of her life.

** This amount does not reflect annual cost of living adjustments.*