



**ADMINISTRATIVE RULES**

**&**

**PROCEDURES**

Amended and approved on September 18, 2013

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## RULE 1

### GENERAL PROVISIONS

#### 1.101 Definitions

The following words, terms, and phrases, when used in these rules, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning. The masculine pronouns, wherever used herein, shall include both male and female persons.

- A. Accumulated Contributions shall mean the sum of all amounts deducted or picked up from a Member's compensation.
- B. Active Membership shall mean membership in the Fund as an employee.
- C. Actuarial Equivalent and Actuarially Equivalent shall mean equality in value of the aggregate amounts expected to be received under different forms of payment based upon actuarial factors and assumptions used by the Actuary and adopted by the Board.
- D. Actuarial Tables shall mean such tables of mortality, interest rates, turnover discounts, salary scales, etc. as used by the Actuary with the approval of the Board.
- E. Actuary shall mean the technical advisor regarding the operations which are based on mortality, service, and compensation experience, who makes periodic valuations of the assets and liabilities of the Fund and other evaluations as requested by the Board.
- F. Administrative Rules shall mean the rules adopted to govern the retirement system, including rules regarding the participation in, contributions to, and benefits from the Retirement Fund.
- G. Alternative Pension Benefit shall have the meaning as set forth in the following rules:
  - Rule 3.106 for Group III Members;
  - Rule 4.106 for Group IV Members;
  - Rule 5.106 for Group I Members;
  - Rule 6.106 for Group II Members;
  - Rule 7.105 for Firefighters.
- H. Base Pension shall mean the annual life pension a Member receives as set forth in the following rules:
  - Rule 3.106 for Group III Members;
  - Rule 4.106 for Group IV Members;
  - Rule 5.106 for Group I Members;
  - Rule 6.106 for Group II Members;
  - Rule 7.105 for Firefighters.

If a Member elects an Alternative Pension Benefit, or participates in DROP, the Member's base pension shall not include the lump sum amount or the DROP Account.

- I. Beneficiary shall mean any person in receipt of a Retirement Benefit or any other benefit provided under these rules.
- J. Benefit shall mean a retirement allowance or other payment provided by the Fund, but shall not include a benefit disbursement procedure.
- K. Board or Board of Trustees shall mean the Board of Trustees of the Fund as defined by these rules.
- L. Cash Balance Account shall mean the individual nominal account established for General Employees hired on or after July 1, 2011, to account for overtime contributions made to the Fund.
- M. City shall mean the City of Fort Worth, Texas.
- N. Code shall mean the United States Internal Revenue Code of 1986, as amended, and any successor thereto.
- O. Compensation Base shall have the meanings set forth in the following rules:
- Rule 3.104 for Group III Members;
  - Rule 4.104 for Group IV Members;
  - Rule 5.104 for Group I Members;
  - Rule 6.104 for Group II Members;
  - Rule 7.103 for Firefighters.
- P. Credited Service shall mean the number of years (treating each complete month of service as one-twelfth (1/12) of a year) in which an employee has participated in the Employees' Retirement Fund of the City of Fort Worth, Texas, including unused accumulated sick leave and major medical leave pursuant to Rule 2.104. Service for fifteen (15) or more calendar days in any month shall constitute a complete month of service; service for less than fifteen (15) calendar days in any month shall constitute a complete month of absence. Notwithstanding the preceding provisions of this definition of Credited Service, the period of time following a Member's effective DROP election shall not be included when determining a Member's Credited Service. A Member may have his or her proof of Credited Service increased through the purchase of Permissive Service credits as provided in Rule 2.104.
- Q. Custodial Agreement shall mean any agreement entered into between the Board and a custodian as such agreement may be amended from time to time.
- R. DROP shall mean the Deferred Retirement Option Program set forth in Rule 1.107.
- S. DROP Account shall mean the account created pursuant to Rule 1.107(D) for a Member who has made an effective DROP Election.
- T. DROP Election shall mean the election made by a Member pursuant to Rule 1.107(B) to participate in the Deferred Retirement Option Program.

- U. Earned Income shall mean wages, salaries, tips, commissions, monetary bonuses, professional fees, or other amounts received as compensation for personal services actually rendered including any compensation deferred under a deferred compensation program.
- V. Earnings shall have the meaning set forth in the following rules:
- Rule 3.102 for Group III Members;
  - Rule 4.102 for Group IV Members;
  - Rule 5.102 for Group I Members;
  - Rule 6.102 for Group II Members;
  - Rule 7.101 for Firefighters.
- W. Employee shall mean a person employed by the City and for whom contributions are being made to the Fund.
- X. ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended, and any successor thereto.
- Y. Executive Director shall mean the individual appointed by the Board of Trustees to supervise the administrative affairs of the Fund and to carry out the business of the Fund.
- Z. Fire Fighter or Firefighter shall mean any Member of the Fort Worth Fire Department who was hired in substantial compliance with Chapter 143 of the Local Government Code, or as modified by the provisions of the City's Collective Bargaining Agreement with the Fort Worth Professional Firefighters Association IAFF Local 440, and any Firefighter Trainee who is employed by the City for the sole purpose of attending the City of Fort Worth Fire Department's training academy.
- AA. Fiscal Year shall mean the period from October 1 of one year through September 30 of the following year.
- BB. Fund or Plan shall mean the Employees' Retirement Fund of the City of Fort Worth, Texas, which also may be designated by the Board through a properly filed assumed name certificate as the Fort Worth Employees' Retirement Fund.
- CC. General Employee shall mean a Member of the Fund who is not a Police Officer or Firefighter.
- DD. Group I Member shall mean a General Employee hired prior to July 1, 2011.
- EE. Group II Member shall mean a General Employee hired on or after July 1, 2011.
- FF. Group III Member shall mean a Police Officer hired prior to January 1, 2013.
- GG. Group IV Member shall mean a Police Officer hired on or after January 1, 2013.
- HH. Legitimate Children shall mean those children legitimate to their respective parent(s), as legitimacy is defined by the Texas Family Code or the Texas Probate Code, Texas Civil Statutes, as amended.

- II. Line of Duty shall mean in the course of the operation usual to a Member's employment, including all operations necessary, incident or appurtenant thereto or connected therewith, whether such operations are conducted at the usual place of employment or elsewhere.
- JJ. May shall mean a permissive term.
- KK. Member shall mean a participating Member as defined by Section 1.02(4) of Article 6243i of the Texas Revised Civil Statutes.
- LL. Net Earnings from Self-Employment shall constitute, for purposes of Rule 9.108, the net earnings from self-employment as reflected upon the Internal Revenue Form Schedule SE and its successors, which schedule is attached to Internal Revenue Form 1040 and its successors.
- MM. Normal Retirement Date shall have the meaning set forth in the following rules:
- Rule 3.103 for Group III Members;
  - Rule 4.103 for Group IV Members;
  - Rule 5.103 for Group I Members;
  - Rule 6.103 for Group II Members;
  - Rule 7.102 for Firefighters.
- NN. Notice shall mean delivery by electronic mail with confirmation of the receipt of the electronic mail, delivery by certified or personal mail, delivery by overnight mail or first class postal mail, or delivery by personal service.
- OO. Ordinance shall mean the Fort Worth Code of Ordinances, Chapter 2.5, Article I, titled "Employees' Retirement Fund."
- PP. Pension shall mean a series of periodic payments payable in monthly installments.
- QQ. Pension Office shall mean the administrative office of the Employees' Retirement Fund of the City of Fort Worth doing business as the Fort Worth Employees' Retirement Fund.
- RR. Permissive Service Credits shall mean a Member's voluntary purchase of additional periods of Credited Service pursuant to Rule 2.104(C).
- SS. Pick Up Amount shall mean employer contributions derived from a Member's Earnings through a reduction in the Member's Earnings. For the purposes of this Plan, amounts so picked up shall be deemed employer contributions for the purposes provided for in Section 414(h)(2) of the Code but shall remain the employee's contribution for the purposes of property rights of the members under Texas law.
- TT. Police Officer shall mean a Member of the City of Fort Worth Police Department who has acquired civil service status as well as a beginning employee currently serving a one (1) year probationary period pursuant to Chapter 143 of the Texas Local Government Code, as amended.
- UU. Regular Interest shall mean interest compounded bi-weekly which shall be equal to but not exceed the effective annual rate of five and twenty-five one-hundredths (5.25) percent computed on a calendar year basis on and after the effective date of these rules.



- VV. Retirement shall mean a Member's withdrawal from active membership with a benefit granted to the Member pursuant to the provisions of these rules.
- WW. Retirement Benefit shall mean a pension for life, as provided in these rules, payable each year in twelve (12) equal monthly installments, beginning as of the date fixed by the Board in accordance with the provisions of these rules.
- XX. Rule Amendment shall include any amendment of, repeal of, addition to, deletion of, modification of, or change to an administrative rule.
- YY. Service means active service as an employee.
- ZZ. Shall indicates an action that is mandatory.
- AAA. Spouse shall mean the lawfully married husband or wife of a Member.
- BBB. Standard Pension Benefit shall have the meaning set forth in the following rules:
- Rule 3.106 for Group III Members;
  - Rule 4.106 for Group IV Members;
  - Rule 5.106 for Group I Members;
  - Rule 6.106 for Group II Members;
  - Rule 7.105 for Firefighters.
- CCC. Summary Plan Description shall mean a document created by the Board containing a brief description of the benefits offered by the Plan. In the case of a conflict between these rules and the summary plan description, the terms of these rules shall prevail.
- DDD. Termination of Employment shall mean complete severance of employment of any Member as an employee of the City or of the Fund by any act or means except death, disability, or retirement.
- EEE. Trustee shall mean the elected or appointed members of the Board of Trustees of the Retirement Fund.
- FFF. Vacancy or Vacancies shall mean the resignation or termination of a Board Member of their place on the Board and that particular place has not been filled by a subsequent election or appointment.
- GGG. Vested shall mean the rights accrued under this Article by a Member of the Fund who has been a Member for five (5) years or more, or who has attained his or her retirement date, as described in these rules. Such rights shall also accrue to all Members of the Fund at the time of termination of the Fund, at the time of any complete discontinuance of the City's contributions to the Fund, and to Members affected at the time of any partial termination of the Fund, but only to the extent that the benefits of such Members have been funded.
- HHH. Vested Retirement Date shall have the meaning as set forth in the following rules:
- Rule 3.103(B) for Group III Members;
  - Rule 4.103(B) for Group IV Members;

- Rule 5.103(B) for Group I Members;
- Rule 6.103(B) for Group II Members;
- Rule 7.102(B) for Firefighters.

III. Vested Termination Pension shall have the meaning as set forth in the following rules:

- Rule 3.105(B) for Group III Members;
- Rule 4.105(B) for Group IV Members;
- Rule 5.105(B) for Group I Members;
- Rule 6.105(B) for Group II Members;
- Rule 7.104(B) for Firefighters.

**1.102 Establishment of the Plan**

- A. A retirement system for the employees of the City of Fort Worth was established by the Fort Worth City Charter and the Ordinance as the Employees’ Retirement Fund of the City of Fort Worth. The Fund was placed under the exclusive administration and management of a Board of Trustees by Article 6243i of the Texas Revised Civil Statutes for the purpose of providing retirement benefits pursuant to the provisions of these rules and the Ordinance.
- B. The Fund shall be the successor to all rights, privileges, and obligations of any repealed ordinances and there shall be no gap between the rules establishing this Fund and any other prior ordinances.
- C. Authority for the adoption of these rules is pursuant to Article 6243i, Texas Revised Civil Statutes.

**1.103 Administration of the Fund (Board)**

- A. The sole and exclusive administration of and responsibility for the proper and effective operation of the Retirement Fund and for implementing the provisions of these rules is vested in a Board of Trustees.
- B. The Board of Trustees shall consist of thirteen (13) persons who shall be selected as follows:
  1. *Trustees Elected by Employees.* Four (4) Trustees who are vested, participating members of the Fund, as defined by Article 6243i of the Texas Revised Civil Statutes, shall be elected by the employees of the City, who are also members of the Fund; said Trustees shall serve in Places 1, 2, 3, and 4, respectively. Each of the Trustees shall be elected by one of the employee groups as follows:
    - a. *Place 1.* The Trustee for Place 1 shall be elected from Group A, which shall consist of those members of the Fund who are employed as Police Officers as defined by Rule 1.101(TT). Only members of the Fund who qualify for Employee Group A shall be eligible to vote for a nominee for Place 1. Only members of the Fund who qualify for Employee Group A shall be eligible to serve on Place 1 of the Board.
    - b. *Place 2.* The Trustee for Place 2 shall be elected from Group B, which shall consist of those members of the Fund who are employed as Firefighters as

defined by Rule 1.101(Z). Only members of the Fund who qualify for Employee Group B shall be eligible to vote for a nominee for Place 2. Only members of the Fund who qualify for Employee Group B shall be eligible to serve on Place 2 of the Board.

- c. *Place 3.* The Trustee for Place 3 shall be elected from Group C, which shall consist of those members of the Fund who are assigned to work in the following departments: Water, Planning and Development, Budget, Financial Management Services, City Manager, City Secretary, Human Resources, Internal Audit, Legal, and Municipal Court, including the Marshal's Office. Group C shall also include members of the Fund assigned to work in the Police Department who are not eligible to vote in Place 1. Only members of the Fund who qualify for Employee Group C shall be eligible to vote for a nominee for Place 3. Only members of the Fund who qualify for Employee Group C shall be eligible to serve on Place 3 of the Board.
- d. *Place 4.* The Trustee for Place 4 shall be elected from Group D, which shall consist of those members of the Fund who are assigned to work in the following departments: IT Solutions, Housing and Economic Development, Library, Parks and Community Service, Public Events, Aviation, Code Compliance, Equipment Services, and Transportation and Public Works. Group D shall also include members of the Fund assigned to work in the Fire Department who are not eligible to vote in Place 2. Only members of the Fund who qualify for Employee Group D shall be eligible to vote for a nominee for Place 4. Only members of the Fund who qualify for Employee Group D shall be eligible to serve on Place 4 of the Board.
- i. *Term.* In accordance with the nomination and election procedures prescribed in this section, Trustees shall be elected to Places 1, 2, 3, and 4, and shall serve for a two (2) year term, subject to the following provisions. Trustees for Places 1 and 3 shall be elected every odd numbered year beginning in 2007, and shall serve from September 1 of such odd numbered year through August 31 of the next odd numbered year. Trustees for Places 2 and 4 shall be elected in 2007 to serve a term from September 1, 2007 through August 31, 2008. Thereafter, the Trustees for Places 2 and 4 shall be elected every even numbered year and shall serve from September 1 of such even numbered year through August 31 of the next even numbered year. Should the employment status of any employee elected Trustee change so that said Trustee is no longer a member of the employee group from which the Trustee was elected, then said Trustee shall automatically forfeit the office of Trustee. Should a vacancy occur, for whatever reason, in Place 1, 2, 3, or 4, during the term thereof, then a majority of all Trustees remaining on the Board shall appoint to the Board a qualified employee from the employee group whose place has been vacated, which qualified employee shall serve the remainder of the unexpired term; provided, however, that if, at the time the vacancy arises, more than one (1) year remains in the unexpired term, then in lieu of the Board appointing a replacement Trustee, there shall be an election pursuant to the nomination and election provisions set forth below, with the Board

making reasonable modifications in the dates and time frames for the nomination and election in light of the time of the vacancy.

- ii. *Method of Nominating Members for Election.* Nominations of members for election to the Board of Trustees shall be by petition only. Before May 31 of each election year, the Executive Director shall make available to employees of each employee group eligible to vote in the scheduled election petition forms with written instructions. Petitions containing the names of nominees shall be returned to the Executive Director prior to July 1 of said election year. Nominees may use copies of the petition form or may create their own petition forms, provided each page of each returned petition shall identify the name of the nominee, the department in which the nominee is employed, the employee group of which the nominee is a member, and the place on the Board of Trustees for which the employee is being nominated. No person's name shall be placed upon the official ballot as a nominee unless that person is nominated by petition. Said nominating petition must contain the signature and employee number of at least seventy-five (75) members of the employee group who are qualified to vote for said place on the date said petition is submitted to the Executive Director. Only those employees who are members of the Fund shall be entitled to be listed upon the official ballot as a nominee. No person's name shall be placed upon the official ballot as a nominee for Place 1 unless that person is a member of Employee Group A. No person's name shall be placed upon the official ballot as a nominee for Place 2 unless that person is a member of Employee Group B. No person's name shall be placed upon the official ballot as a nominee for Place 3 unless that person is a member of Employee Group C. No person's name shall be placed upon the official ballot as a nominee for Place 4 unless that person is a member of Employee Group D.
- iii. *Method of Electing Member Trustees.* The Executive Director shall provide for an election procedure as authorized by the Board, including but not limited to voting by mail, telephone, and electronic means, and which may be conducted by a third-party voting service. The Executive Director shall prepare an official ballot for each place, listing in alphabetical order according to surname the nominees for election to that place. If, however, there is only one (1) nominee for any place, there shall be no election for that place, and such nominee shall automatically be elected to the Board of Trustees. Only the names of those persons who are nominated by petition as prescribed herein shall be placed upon the official ballot. No person shall be elected as a Trustee whose name does not appear upon the official ballot as a nominee. Ballots shall be made available to the members no later than July 20 of the election year. Each employee qualified to vote in said election shall vote for one (1) nominee only. Any ballot containing votes of two (2) or more persons, or for persons who are not nominees as prescribed herein, shall be declared invalid, and shall not be counted. All ballots must be cast no later than August 15. Votes cast by written ballot must be returned no later than August 15 of the election year. If the ballot is returned by mail, the envelope must be postmarked by August 15 of the election

year. The Executive Director or a designated third party shall tabulate all votes for all nominees. The nominee for each place who receives a majority of the votes cast for that place shall be declared elected to the Board of Trustees. Following the tabulation of votes, the Executive Director shall submit the results to the Board of Trustees at a meeting to be held before September 1 of said election year, at which time the Board shall canvass the results of said election and certify which nominees are elected to the Board of Trustees. If, at the time of canvassing said results, the nominee receiving the majority of votes for said place is no longer eligible to serve on the place to which that nominee was elected, then the nominee finishing second in the election shall be certified by the Board as elected to the Board of Trustees.

If there is more than one (1) nominee and no nominee receives a majority of the votes cast for any one (1) place, or if there is a tie for any one (1) place, then a run-off election shall be held, with ballots made available to the members qualified to vote for that place no later than September 1 of the election year, and in the same manner as prescribed for the first election. Only the names of candidates who tied for the highest number of votes cast for that place in the first election, or the two (2) candidates who received the highest number of votes with neither having a majority of votes cast for that place, shall be printed on the ballot for the run-off election. All ballots for the second election must be cast by September 20 of the election year. Votes cast by written ballot must be returned by September 20. If a ballot is returned by mail, the envelope must be postmarked by September 20. The Executive Director or a designated third party shall tabulate the votes for the candidates in the run-off election. The candidate receiving the highest number of votes cast for that place in the run-off election shall be declared elected to the Board of Trustees.

In the event of a tie vote at the second election, the candidates who tie shall cast lots in the presence of the Board of Trustees to determine which candidate shall be declared elected. Following the tabulation of votes in the run-off election, and the casting of lots in case of ties, the Executive Director shall submit the results of same to the Board of Trustees at a meeting to be held before November 1 of said election year, at which time the Board shall canvass the results of the run-off election and certify which nominees are elected to the Board of Trustees. If, at the time of canvassing the results of the run-off election, the nominee elected to serve on said Board is no longer eligible to serve on the place to which he or she was elected, then the nominee finishing second in the election shall be certified by the Board as elected to the Board of Trustees.

2. *Trustees Elected by Retired Members.*

- a. *Place 5.* The Trustee for Place 5 shall be elected by Retiree Group B, which shall consist of those retired members of the Fund from Employee Group B. Only members of the Fund who qualify for Retiree Group B shall be eligible to

vote for a nominee for Place 5. Only members of the Fund who qualify for Retiree Group B shall be eligible to serve on Place 5 of the Board.

b. *Place 6.* The Trustee for Place 6 shall be elected by Retiree Group A, which shall consist of those retired members of the Fund from Employee Group A. Only members of the Fund who qualify for Retiree Group A shall be eligible to vote for a nominee for Place 6. Only members of the Fund who qualify for Retiree Group A shall be eligible to serve on Place 6 of the Board.

c. *Place 7.* The Trustee for Place 7 shall be elected by Retiree Group C, which shall consist of those retired members of the Fund from Employee Groups C and D. Only members of the Fund who qualify for Retiree Group C shall be eligible to vote for a nominee for Place 7. Only members of the Fund who qualify for Retiree Group C shall be eligible to serve on Place 7 of the Board.

i. *Term.* In accordance with the nomination and election procedures prescribed in this section, a Trustee shall be elected to Places 5, 6, and 7, and shall serve for a two (2) year term. The Trustee for Place 6 shall be elected to serve a term from September 1, 2007 through August 31, 2008. Thereafter, the Trustee for Place 6 shall be elected every even numbered year and shall serve from September 1 of such even numbered year through August 31 of the next even numbered year. Trustees for Places 5 and 7 shall be elected every odd numbered year beginning in 2007, and shall serve from September 1 of such odd numbered year through August 31 of the next odd numbered year. Should a Trustee for Place 5, 6, or 7 return to City employment and again become an employee member of the Fund, the Trustee shall automatically forfeit the office of Trustee for Place 5, 6, or 7. Should a vacancy occur in Place 5, 6, or 7, during the term thereof, then a majority of all Trustees remaining on the Board shall appoint to the Board a retired Member of Retiree Group A if the vacancy occurs in Place 6, a retired Member of Retiree Group B if the vacancy occurs in Place 5, or a retired Member of Retiree Group C if the vacancy occurs in Place 7, to serve the remainder of the unexpired term.

ii. *Nomination of Retiree Members for Election.* Nomination of the retired members for election to the Board shall be by letter of nomination. Before May 31 of each election year, the Executive Director shall make available to retired members official letter of nomination forms with written instructions. Copies of the letter of nomination may be used. Completed letters of nomination shall be returned to the Executive Director prior to July 1 of each election year. Each returned letter of nomination shall identify the retired Member being nominated, the place for which the retired Member is being nominated, and must contain the signature(s) and the last four digits of the Social Security Number(s) of the retired Member(s) making the nomination. Any member of Retiree Group B receiving at least twenty-five (25) nominations from Retiree Group B shall be considered a nominee for election to Place 5 on the Board. Any retired member of Retiree Group A receiving at least twenty-five (25) nominations from Retiree Group A shall be considered a nominee for election to Place 6 on the Board. Any member of Retiree

Group C receiving at least twenty-five (25) nominations from Retiree Group C shall be considered a nominee for election to Place 7 on the Board. No person shall be placed on the ballot as a nominee unless the person is a retired Member who is nominated by the process detailed above.

- iii. *Election of Retiree Board Members.* The Executive Director shall provide for an election procedure as authorized by the Board, including but not limited to voting by mail, telephone, and electronic means, and which may be conducted by a third-party voting service. The Executive Director shall prepare official ballots for the election of the retiree Board members, listing the nominees in alphabetical order by surname. Ballots for election of the retiree Board members shall be made available to all retired members in Retiree Groups A, B, and C no later than July 20. If there is only one (1) nominee for Place 5, there shall be no election for Place 5, and the one (1) nominee shall automatically be elected to the Board of Trustees. If there is only one (1) nominee for Place 6, there shall be no election for Place 6, and the one (1) nominee shall automatically be elected to the Board of Trustees. If there is only one (1) nominee for Place 7, there shall be no election for Place 7, and the one (1) nominee shall automatically be elected to the Board of Trustees. No person shall be elected as Trustee whose name does not appear on the official ballot as a nominee. To be considered valid, a ballot must be cast no later than August 15 of the election year. Votes cast by written ballot must be returned no later than August 15 of the election year. If the ballot is returned by mail, the envelope must be postmarked by August 15 of the election year. Each retired Member qualified to vote in the election shall vote for one (1) nominee only. Any ballot containing votes for two (2) or more persons, or for persons who are not nominees as provided herein, shall be declared invalid and shall not be counted. The Executive Director or a designated third party shall tabulate all votes for all nominees. The nominees for each place receiving a majority of votes cast shall be declared elected to the Board of Trustees. Following the tabulation of votes, the Executive Director shall submit the results of same to the Board of Trustees at a meeting to be held before September 1 of the election year, at which time the Board shall canvass the results of the election and certify which nominees are elected to the Board of Trustees. If, at the time of canvassing the results, a nominee receiving the majority of votes is no longer eligible to serve, then the retiree receiving the second highest number of votes from the appropriate Retiree Group will fill Place 5, 6, or 7 on the Board. That Member shall serve from September 1 of the election year through August 31 of the next election year for that place.

If there is more than one (1) nominee for a place and no nominee receives a majority of the votes cast, or if there is a tie, then a run-off election shall be held, with ballots made available to the retired members for that place no later than September 1 of the election year and in the same manner as prescribed for the first election. Only the names of candidates who tied for the highest number of votes cast for that place in the first election, or the two (2) candidates who received the highest

number of votes with neither having a majority of votes cast, shall be printed on the ballot for the run-off election. All ballots for the second election must be cast by September 20 of the election year. Votes cast by written ballot must be returned by September 20 of the election year. If a ballot is returned by mail, the envelope must be postmarked by September 20 of the election year. The Executive Director or a designated third party shall tabulate the votes for the candidates in the run-off election. The candidate receiving the highest number of votes cast in the run-off election shall be declared elected to the Board of Trustees. In the event of a tie vote at the second election, the candidates who tie shall cast lots in the presence of the Board of Trustees to determine which one (1) shall be declared elected.

Following the tabulation of votes in the run-off election, and the casting of lots in case of ties, the Executive Director shall submit the results of same to the Board of Trustees at a meeting to be held before November 1 of said election year, at which time the Board shall canvass the results of the run-off election and certify which nominees are elected to the Board of Trustees. If, at the time of canvassing the results of the run-off election, the nominee elected to serve on said Board is no longer eligible to serve, then the retiree receiving the second highest number of votes from the appropriate Retiree Group will fill Place 5, 6, or 7 on the Board. That Member shall serve from September 1 of the election year through August 31 of the next election year for that place.

3. *Board Members Appointed by the City Council.*

- a. *Place 8.* The Trustee for Place 8 shall be a resident of the City of Fort Worth. A person appointed under this subsection may not be a member of the City Council. The Trustee for Place 8 shall be appointed by a majority vote of the City Council to serve a term initially commencing September 1, 2007 and ending August 31, 2008. Thereafter, the person appointed by the City Council shall serve a term of two (2) years (unless removed sooner by a majority vote of the City Council) commencing on September 1 of every even numbered year and ending August 31 of the next even numbered year. Should a vacancy occur in Place 8, then the City Council, by majority vote, shall appoint another eligible resident of the City of Fort Worth to serve the remainder of the unexpired term.
- b. *Place 9.* The Trustee for Place 9 shall be a resident of the City of Fort Worth. A person appointed under this subsection may not be a member of the City Council. The Trustee for Place 9 shall be appointed by a majority vote of the City Council to serve a term of two (2) years (unless removed sooner by a majority vote of the City Council) commencing on September 1 of every odd numbered year through August 31 of the next odd numbered year. Should a vacancy occur in Place 9, then the City Council, by a majority vote, shall appoint another eligible resident of the City of Fort Worth to serve the remainder of the unexpired term.
- c. *Place 10.* The Trustee for Place 10 shall be a resident of the City of Fort Worth. A person appointed under this subsection may not be a member of the City Council. The Trustee for Place 10 shall be appointed by a majority vote of the City Council to serve a term initially commencing on September 1, 2007 and



ending August 31, 2008. Thereafter, the person appointed by the City Council shall serve a term of two (2) years (unless removed sooner by a majority vote of the City Council) commencing on September 1 of every even numbered year through August 31 of the next even numbered year. Should a vacancy occur in Place 10, then the City Council, by a majority vote, shall appoint another eligible resident of the City of Fort Worth to serve the remainder of the unexpired term.

- d. *Place 11.* The Trustee for Place 11 shall be a resident of the City of Fort Worth. A person appointed under this subsection may not be a member of the City Council. The Trustee for Place 11 shall be appointed by a majority vote of the City Council to serve a term of two (2) years (unless removed sooner by a majority vote of the City Council) commencing on September 1 of every odd numbered year through August 31 of the next odd numbered year. Should a vacancy occur in Place 11, then the City Council, by a majority vote, shall appoint another eligible resident of the City of Fort Worth to serve the remainder of the unexpired term.
- e. *Place 12.* The Trustee for Place 12 shall be a resident of the City of Fort Worth. A person appointed under this subsection may not be a member of the City Council. The Trustee for Place 12 shall be appointed by a majority vote of the City Council to serve a term initially commencing September 1, 2007, and ending August 31, 2008. Thereafter, the person appointed by the City Council shall serve a term of two (2) years (unless removed sooner by a majority vote of the City Council) commencing on September 1 of every even numbered year and ending on August 31 of the next even numbered year. Should a vacancy occur in Place 12, then the City Council, by a majority vote, shall appoint another eligible resident of the City of Fort Worth to serve the remainder of the unexpired term.
- f. *Place 13.* The Trustee for Place 13 shall be the Chief Financial Officer of the City of Fort Worth. Should a vacancy occur in Place 13, then the City Council, by a majority vote, shall appoint a qualified person to serve until a new Chief Financial Officer is appointed.

C. All Trustees shall serve without compensation, but they shall be reimbursed from the Fund for all necessary expenses authorized by the Board, including, but not limited to, reimbursement for leave time used for educational conferences and other meetings approved by the Board. Reimbursement of leave time applies only to those Trustees who are employees of the City. The Board shall establish a uniform procedure for the reimbursement of travel expenses to Board members and Fund staff.

D. The Board of Trustees shall annually select a Chairperson, a Vice-Chairperson, and a Secretary. Each of these officers shall have the individual authority to execute all documents on behalf of the Board. The Board Secretary shall be deemed the custodian of records of the Fund and shall have the authority to delegate the day-to-day responsibilities for record maintenance to members of the Fund staff. The Board may appoint the Executive Director to serve as Secretary, but such appointment shall not give the Executive Director any voting rights on the Board. Election of Board officers shall take place in September of each year. The Chairperson shall have the power to call a meeting at any time necessary to carry out the business of the Fund and shall have the authority to direct the activities of Fund staff, consistent with the provisions of these rules, between sessions of the Board.

- E. Seven (7) members of the Board shall constitute a quorum to transact any business of the Fund, unless there are vacancies, in which event the quorum shall be reduced by the number of vacancies existing. Every matter before the Board for a vote shall require for final passage the affirmative vote of a majority vote of the Trustees of the Fund, as reduced by any vacancies on the Board, without regard to the number of Trustees present at a Board meeting, except for the following matters:
1. A different number for the vote is required by Article 6243i of the Texas Revised Civil Statutes; or
  2. The matter under consideration by the Board is a recommendation from a standing committee of the Board, which then the vote required for passage of the recommendation by the standing committee may be by a majority of the members present at the Board meeting.
- F. The Board shall keep minutes of all public meetings and a record of any action taken by the Board shall be kept in written form and maintained by the Board. The Board shall have the authority to take such action as it deems necessary to carry out the provisions of the Fund and all decisions of the Board, made in good faith, shall be final, binding, and conclusive on all parties.
- G. The Board shall be deemed the named fiduciary of the Fund and shall discharge its responsibilities solely in the interest of the members and beneficiaries of the Fund for the exclusive purpose of providing benefits to the members and their beneficiaries and to defray the reasonable expenses of the Fund. The Trustees shall exercise those fiduciary responsibilities with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a similar character and with similar aims. The Trustees shall act, at all times, consistent with the Texas Constitution (Article XVI, Section 67), the Texas Government Code (Chapter 802), and the Texas Trust Code (Chapters 117 and 121) as those provisions may be applicable to a governmental retirement plan.
- H. The Board of Trustees shall have the following administrative duties:
1. To maintain such records as are necessary for calculating and distributing retirement benefits;
  2. To maintain such records as are necessary for financial accounting and reporting of the assets of the Fund;
  3. To maintain such records as are necessary for actuarial valuation of the Fund, including investigations into mortality, service, and compensation experience of its members and beneficiaries;
  4. To compile such other administrative and investment information as is necessary for the management of the Fund;
  5. To process, certify, and/or respond to all correspondence, bills, and statements received by the Fund, as well as applications submitted to the Board for retirement benefits;
  6. To establish and maintain communication with City departments and other agencies of government as is necessary for the management of the Fund, including preparing, filing, and distributing such reports and information as may be required by law to be prepared,

filed, or distributed on behalf of the Fund; including notices from the City of personnel actions such as terminations, reinstatements, and reclassifications affecting contributions and benefits accrued or payable from the Fund;

7. To determine all questions relating to applications for eligibility, participation, and benefits;
  8. To distribute at regular intervals to employees, a comprehensive summary plan description and periodic reports regarding the financial and actuarial status of the Fund;
  9. To retain and compensate such employees as it deems necessary to fulfill its fiduciary responsibilities, including but not limited to, an Executive Director and such other professional and clerical employees as the Board, in its sole discretion, deems necessary for the efficient operation of the Fund. The salaries and benefits paid to all employees of the Fund shall be paid from the assets of the Fund and such persons, if employed on a permanent basis by the Fund, shall be eligible for membership in a separate fund established solely for the Fund staff employees, which will be commingled for investment purposes;
  10. To report semi-annually to the City Council on the financial condition of the Fund;
  11. To assure the prompt deposit of all Member contributions, City contributions, and investment earnings;
  12. To establish a uniform set of rules and regulations for the management of the Fund, consistent with state law;
  13. To provide for the amendment of these rules and the terms of the Plan, consistent with the provisions of Article 6243i, Texas Revised Civil Statutes; and
  14. To take such other action as the Board shall deem, in its sole and exclusive discretion, as being necessary for the efficient management of the Fund.
- I. The Board shall have the authority to retain its own legal counsel, accountants, actuaries, and other professional advisors to assist the Board in the performance of its duties. The Board may act without independent investigation upon the professional advice of the advisors so retained. All attorneys, accountants, actuaries, or other professional advisors shall report solely to the Board and the Executive Director.
  - J. The Board is authorized to prosecute and defend all actions, claims, and proceedings of any nature or kind for the protection of the Fund assets and for the protection of the Board and staff in the performance of their duties.
  - K. Consistent with the provisions of state law, neither the Board nor any of its individual members or the retirement staff shall have any personal liability for any action taken in good faith. The Trustees and staff shall be entitled to such sovereign and governmental immunity as provided by law. The Board shall be authorized to purchase from the assets of the Fund, errors and omissions insurance to protect the Fund, the Trustees, and the staff in the performance of their duties. Such insurance shall not provide against a Trustee or staff member's intentional misrepresentation, willful misconduct, or gross negligence.

- L. If the insurance policies described by subsection (K) of this section, or if any of protections provided for by law are unavailable, insufficient, inadequate, or otherwise not in effect to protect any Trustee, officer, or Fund staff employee, the Board may indemnify a Trustee, officer, or Fund staff employee for liability imposed as damages caused by, and for reasonable costs and expenses incurred by the individual in defense of, an alleged act, error, or omission committed by the Trustee, officer, or Fund staff employee who believed in good faith, at the time, to be the Trustee, officer, or Fund staff employee's official capacity. The Board may not indemnify a Trustee, officer, or Fund staff employee for the amount of a loss that results from the Trustee, officer, or Fund staff employee's willful and malicious misconduct or gross negligence.
- M. No Trustee or staff member shall be responsible, at his or her own expense, to take legal action to correct the misconduct of any other member of the Board of Trustees or staff. A Trustee or staff Member shall have an affirmative obligation, however, to publicly reveal any misfeasance, malfeasance, or nonfeasance by a co-Trustee or staff member, and upon making such revelation to the rest of the Board in a public meeting, shall be relieved of further individual responsibility of the actions of that co-Trustee or staff member.
- N. Consistent with state law, no proposed change in the rules affecting benefits of the system shall be adopted or submitted for a vote to the members or to the City without the actuarial impact of said proposed change being calculated and reported to all affected parties.
- O. The Board of Trustees shall appoint an Executive Director of the Fund who shall have demonstrated experience in the management of a governmental retirement plan and who shall supervise and be responsible to the Board for the administrative affairs of the Fund and to carry out the business of the Fund as directed by the Board. The Executive Director shall appoint all other employees of the Fund as he or she deems necessary for the efficient operation of the Fund. The Executive Director and such other employees shall be employees of the Retirement Fund. Unless otherwise delegated to the Executive Director, the Board shall have the ultimate authority to retain, classify, compensate, discipline, and terminate the employment of any person selected under this section. The Board shall have the power, by separate instrument, to adopt a retirement plan, insurance program, and other employee benefit arrangements for its employees. Any such retirement plan shall be managed by the Board of Trustees of the Fund and may be commingled for investment purposes with the Fund. All benefit programs established for employees of the Fund shall be consistent with the terms of the Internal Revenue Code and applicable state law. No provision of these rules is intended to create any expectation of continued employment unless otherwise provided in a written contract of employment, approved by the Board.

#### **1.104 Appointment of Actuary; Annual Valuation**

The Board shall appoint an Actuary, meeting the standards of an Enrolled Actuary as that term is defined in the Employee Retirement Income Security Act of 1974 (ERISA) for the purpose of providing an annual valuation of the Fund. The Actuary shall also serve as a technical advisor of the Fund. The Actuary shall also serve as a technical advisor to the Board and the Executive Director regarding the actuarial operations of the Fund. The actuarial assumptions and tables used by the Actuary shall assume costs, liabilities, rates of interest, mortality, turnover, and other factors as are reasonable, taking into account the experience of the Fund and reasonable expectations. All actuarial assumptions and methodologies shall be adopted by the Board upon the advice of the Actuary. At least thirty (30) days before the date that the Board adopts actuarial assumptions to be used by the Fund, the Board shall submit to the City Council the detailed report regarding the proposed actuarial assumptions. The report must include the fiscal impact of the proposed actuarial assumptions on the Fund.

### **1.105 Fund Management and Investments**

- A. The Fund is hereby established, pursuant to the authority granted by Texas law as an irrevocable trust into which all assets of the Fund of every kind of description shall be deposited.
- B. The actual custody and supervision of the Fund shall be vested in the Board. The Board shall keep accurate accounts of all assets in the Fund regarding the following:
  - 1. Current amounts of accumulated contributions of members, both on an individual and aggregate basis;
  - 2. Receipts and disbursements;
  - 3. Benefit payments;
  - 4. All contributions from the City;
  - 5. All interests, dividends, gains, and losses from investments; and
  - 6. Such other entries as may be required for a clear, complete financial report of the status of the Fund.
- C. The Fund shall establish a written investment policy with the advice and counsel of such investment advisors as the Board deems necessary. Said investment policy shall set forth the types of securities and other types of investments into which the assets of the Fund shall be placed. The policy shall further set forth appropriate limitations on those investments including, but not limited to, anticipated rate of return, quality of investment, class of investment, and acceptable risk. The Board shall have the sole authority to invest and reinvest the assets of the Fund in such securities or properties, real or personal, as the Board deems appropriate, provided the investment is consistent with the investment policy adopted by the Board. The Board shall give notice to the City of any proposed change in the investment policy within ten (10) business days from the meeting where such proposed changes were adopted by the Board.
- D. The Board may determine the percentage of each type of investment to be held.
- E. The Board shall be authorized to retain one (1) or more asset managers for the management of property held in the Fund and the Board shall convey property of the Fund to such money managers for investment or reinvestment in accordance with the terms of these rules and the investment policy established by the Board. Any such money manager contracting with the Board for the investment of its assets shall be deemed a fiduciary of the Fund.
- F. The Board shall have a continuing duty to observe and evaluate the performance of any money manager retained by the Board. The Board shall, in selecting a money manager or other investment counsel, exercise all judgment and care in the circumstances then prevailing with persons of prudence, discretion, and intelligence, exercise in the management under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a similar character and with similar aims.
- G. The Board shall require that any money manager agent who has custody or control of any property of the Fund keep accurate and detailed accounts of all investments, receipts, disbursements, and other transactions pertaining to such trust property, and the Board shall further require that all

accounts, books, and records pertaining thereto be open to inspection and audit at all reasonable times by the Board, the City, or their designees.

- H. The Board shall keep accurate and detailed accounts of all investments, receipts, disbursements, or other transactions relating to trust property and all accounts, books, and records pertaining thereto shall be open for inspection and audit at all reasonable times by the Board, the City, or their designees.
- I. The Board shall appoint a custodial institution for the purpose of holding in trust all assets of the Fund. The custodian appointed shall have demonstrated experience in the custody of public employee retirement plan assets. The custodian shall be responsible for the performance of all banking and trust duties, as assigned by the Board. The Board shall also be authorized to engage in a program of securities lending with the custodian. The custodian shall provide a monthly report of all transactions and shall further provide online access to the Fund to permit continuous review of Fund financial transactions. Within forty-five (45) days of the end of the Fund year, the custodian shall provide an annual report summarizing all transactions for the preceding twelve-month period.

**1.106 Compliance with the Internal Revenue Code**

- A. It is the intention of the Board that the Fund remain at all times a qualified plan, as that term is defined under the Internal Revenue Code. To the extent applicable to the Fund, the Code provisions set forth in this section shall govern.
- B. Notwithstanding any other provision of these rules, the annual benefit provided with respect to any Member may not exceed the benefits allowed for a governmental defined benefit plan qualified under Section 401 of the Code. The maximum benefits allowed under this section shall increase each year to the extent permitted by annual cost-of-living increase adjustments announced by the Secretary of the Treasury under Section 415(d) of the Code and the increased benefit limits shall apply to Members who have terminated employment, including Members who have commenced to receive benefits, before the effective date of the adjustment.
- C. Unless the Member is still employed with the City or the Fund, a Member's Retirement Benefit may not be delayed beyond the later of April 1 following the calendar year in which the Member attains age seventy and one-half (70-1/2), or such later date as may be set by terms of the Internal Revenue Code, or April 1 of the year following the calendar year in which the Member retires. When a distribution of Member's entire interest is not made in a lump sum, the distribution shall be made in one or more of the following ways:
  - 1. Over the life of the Member and designated Beneficiary;
  - 2. Over a period certain not extending beyond the life expectancy of the Member; or
  - 3. Over a period certain not extending beyond the joint life and last survivor expectancy of the Member and designated Beneficiary.
- D. If the distribution has commenced before the Member's death, the remaining interest will be distributed at least as rapidly as under the method of distribution being used as of the date of the Member's death.
- E. The method of distribution if the Member dies before distribution commences must satisfy the following requirements:

1. Any remaining portion of the Member's interest that is not payable to a Beneficiary designated by the Member will be distributed within five (5) years of Member's death; or
  2. Any portion of the Member's interest that is payable to a Beneficiary designated by the Member will be distributed either:
    - a. Within five (5) years after the Member's death; or
    - b. Over the life of the Beneficiary, or over a period certain not extending beyond the life expectancy of the Beneficiary, commencing not later than the end of the calendar year following the calendar year in which the Member died (or, if a designated Beneficiary is the Member's surviving spouse, commencing no later than the end of the calendar year following the calendar year in which the Member would have attained age seventy and one-half (70-1/2)).
- F. A distributee may elect, at the time and in the manner prescribed by the Board of Trustees, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. For purposes of this subsection:
1. An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include:
    - a. Any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made over the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated Beneficiary;
    - b. Any series of payments for a specified period of ten (10) years or more;
    - c. Any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; or
    - d. The portion of any distribution that is not includable in gross income (unless the distributee directs that the eligible rollover distribution be transferred directly to a qualified trust that is part of a defined contribution plan that agrees to separately account for the portion that is includable in gross income and the portion that is not, or to an individual retirement account or individual annuity).
  2. An "eligible retirement plan" is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, a qualified trust described in Section 401(a) of the Code, an eligible deferred compensation plan described in Section 457(b) which is maintained by an eligible employer described in Section 457(e)(1)(A) of the Code, or an annuity contract described in Section 403(b) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to a designated Beneficiary who is not the surviving spouse, or the spouse or former spouse under a qualified domestic relations order, an eligible retirement plan is an individual retirement account or individual retirement annuity only.

3. A “distributee” includes an employee or former employee. In addition, the employee or former employee’s surviving spouse or designated Beneficiary is a distributee, and the employee or former employee’s spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, is a distributee with regard to the interest of the spouse or the former spouse.
  4. A “direct rollover” is a payment by the retirement system to the eligible retirement plan specified by the distributee.
- G. If the combined benefits from two (2) or more defined benefit plans sponsored by the City would otherwise exceed the limits imposed by Rule 1.106(B) and Section 415(b) of the Code, the benefits provided under this Plan shall be reduced to the extent necessary to comply with those requirements.
- H. Except as otherwise provided herein, the actuarial assumptions used for this Plan shall be set forth in a separate schedule which shall be attached hereto and is incorporated by reference. Earnings and mortality assumptions shall be consistent with the requirements of Internal Revenue Service guidelines.
- I. Forfeitures resulting from a termination of employment or a withdrawal of a Member’s own contributions may not be used to increase benefits to remaining members. This shall not preclude an increase in benefits by amendment to the benefit formula made possible by favorable investment results or for any other reason.
- J. If a Member dies while performing qualified military service, the beneficiaries of the Member are entitled to any additional benefits (other than benefit accruals relating to the qualified military service) that would have been provided if the Member had returned from the military leave of absence and then terminated employment on account of death.
- K. In the case of public safety officers as defined in the Code, up to three thousand (\$3,000.00) dollars per year of distributions may be used for the payment of health care for the retiree, the retiree’s spouse, or dependents as provided by law. Such payment shall be made directly by the Fund to an insurer or health plan and shall not be deemed taxable income to the Member.

#### **1.107 Deferred Retirement Option Program**

- A. *General.* In lieu of the Standard Pension Benefit or the Alternative Pension Benefit, a Member who has attained his or her Normal Retirement Date may elect to remain in active service with the City or the Fund and to participate in the Deferred Retirement Option Program (“DROP”). By making an election to participate in DROP (DROP Election), the Member’s commencement of retirement pension benefits will be deferred until the Member’s actual separation from service and the Member will receive a lump sum payment (unless the Member elects installment payments pursuant to this section at the time of the Member’s actual separation from service). At the time of separation from service, the Member also has the option of converting part, or all, of the lump sum amount into an actuarially-equivalent lifetime monthly benefit. No interest or earnings shall be paid during the DROP accumulation. Once a Member makes a DROP Election and the DROP Election is approved by the Board, said election is irrevocable and is effective as long as the Member remains in active service. Distribution of a Member’s DROP Account will not be made, and distribution of the Member’s retirement pension benefits will not begin until the Member actually separates from service. DROP shall be administered in accordance with the provisions of this rule and such administrative procedures as the Board, in its discretion, shall



adopt. Such rules shall be uniform and non-discriminatory and shall be interpreted in a manner that is consistent with provisions of these rules and the applicable law. DROP is a benefit distribution methodology within the sole administration of the Board and is not a benefit as defined by these rules.

- B. *Procedure for DROP Election.* A DROP Election shall be made in accordance with the rules, procedures, and forms (including spousal consent, where applicable) as may be adopted by the Board. The election form adopted by the Board may be amended by the Board, and, except as otherwise provided by the Board, the election form in effect at the time the Member's DROP Election is effective and shall control all DROP benefits the Member may become entitled to receive upon retirement. A Member shall not be subject to any fees, charges, or any other similar expenses in connection with a DROP Election.
- C. *Timing and Irrevocability of DROP Election.* A Member may make a DROP Election at any time on or after the date that is sixty (60) days prior to the date that the Member will attain his or her Normal Retirement Date or special retirement date<sup>1</sup>. Once effective, a DROP Election is irrevocable, provided, however, that a Member's DROP Election shall not be effective until the Member attains his or her Normal Retirement Date or special retirement date.
- D. *The DROP Account.* A Member's DROP Account is an individual account established on behalf of the Member into which a monthly amount will be credited once the DROP Election is effective. The monthly amount credited to the Member's DROP Account will be equal to the monthly pension benefit that the Member would have received if the Member had separated from service and commenced receipt of pension benefits. Credit to a Member's DROP Account will continue to be made until the Member's actual separation from service, provided, however, that a Member may continue to participate in DROP and receive credits to the DROP Account for a maximum period of five (5) years. No withdrawals may be made from the DROP Account until actual separation from service. Upon separation from service, a Member may receive the DROP Account balance in a lump sum, in an actuarially-determined lifetime monthly benefit, in five (5) annual installments or by rollover to an eligible retirement plan in accordance with the provisions of the Internal Revenue Code, or any combination of the above methodologies. A Member may elect, in the year prior to the maximum period of DROP participation, to receive the proceeds of the DROP Account in a series of payments commencing at a date certain. During the period of DROP payout, the assets on deposit shall gain or lose net monthly earnings at the same rate as the Retirement Fund investment portfolio. Distribution of the DROP Account must commence no later than the date provided in Section 401(a)(9) of the Internal Revenue Code.
- E. [RESERVED]
- F. *Continued Contributions to the Fund.* Once a DROP Election is effective, both the Member and the City shall continue to make the same contributions to the Fund that would have been made if the Member had not made a DROP Election. Neither the Member's nor the City's contributions to the Fund will be credited to the Member's DROP Account and the additional contributions will not affect the Member's monthly pension upon actual retirement.
- G. *Monthly Pension and Cost of Living Adjustments.* Upon retirement following an effective DROP Election, the Member's base pension will be the monthly pension benefits that the Member had earned at the time the DROP Election became effective. Thus, the Member's Earnings and

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<sup>1</sup> This term is not defined in Chapter 2.5 of the Fort Worth City Code.

Credited Service following the DROP Election will not be included in calculating the Member's base pension and monthly pension benefits. If (and only if) a Member completes at least two (2) years of service with the City after his or her DROP Election is effective, then the monthly pension benefit that the Member initially receives upon retirement will be adjusted for intervening cost of living adjustments under Rule 1.108, as if the Member's monthly pension benefit had commenced at the time the DROP Election became effective. Further, such a Member shall receive a cost of living adjustment on the following January 1, regardless of whether the Member's pension benefits had commenced by September 30. Notwithstanding the preceding provisions of this Rule 1.107(G), when a Member's monthly pension is initially scheduled to commence at retirement or death, the Member's monthly pension (and base pension) shall be recalculated by adjusting the Member's Credited Service for the Member's then accumulated sick leave and major medical leave (if any) pursuant to Section 2.104(B).

- H. *DROP Election and Death Benefits.* If a Member dies while his or her DROP Election is in effect, the Member's DROP Account shall be paid to the Member's spouse, or if there is no spouse, to the designated Beneficiary, or if none, to the Member's estate. The person eligible to receive the DROP Account shall receive the DROP Account in a lump sum distribution, unless such person elects installment payments pursuant to Rule 1.107(K). The remaining portion of the Member's pension benefit shall be paid pursuant to the death benefit provisions of the Ordinance, with the amount determined as if the Member had died at the time of the DROP Election.
- I. *DROP Election and Disability Benefits.* If a Member makes a DROP Election, the Member will not be eligible to receive any disability benefits under these Administrative Rules. If a Member does become disabled following an effective DROP Election, the Member may retire from the City and receive the amount that has been credited to the Member's DROP Account in a lump sum or in installment payments pursuant to Section 1.107(K), and commence receipt of a monthly pension benefit, with the amount of the benefit calculated as if the Member had retired at the time the DROP Election became effective.
- J. *Alternative Pension Benefit.* A Member who has made a DROP Election shall not be eligible to elect an Alternative Pension Benefit.
- K. *Installment Payments.* Notwithstanding the preceding provisions of Section 1.107, a Member who is entitled to receive a lump sum payment of his or her DROP Account may elect to receive (on a form adopted by the Board) the DROP Account in five (5) substantially equal annual installment payments, an actuarially-determined lifetime monthly benefit, or by rollover to an eligible retirement plan in accordance with the provisions of the Internal Revenue Code, or any combination of the above methodologies. A Member may elect, in the year prior to the maximum period of DROP participation, to receive the proceeds of the DROP Account in a series of payments commencing at a date certain. During the period of DROP payout, the assets on deposit shall gain or lose net monthly earnings at the same rate as the Retirement Fund investment portfolio. Distribution of the DROP Account must commence no later than the date provided in Section 401(a)(9) of the Internal Revenue Code.
- L. *Actuarial Study.* The Board shall have the continuing responsibility to study the DROP program to ensure it is actuarially neutral. In the event that the Board determines that the DROP program is actuarially adverse to the Plan, the Board may alter the terms of the DROP on a prospective basis; provided, however, that no person then enrolled in the DROP shall be affected by such change.

- M. *Benefit Enhancements.* Any benefit enhancements that are adopted for the benefit of both active and retired members shall also apply to members of the DROP.

**1.108 Cost of Living Adjustment**

A. *History.* In 1999, City Council adopted Ordinance 13842, which established a guaranteed simple two (2) percent cost of living adjustment for all members. In 2007, City Council adopted Ordinance 17839-10-2007, which established an ad hoc cost of living adjustment for all City employees hired on or after December 31, 2007, and all members who were not vested as of December 31, 2007. All members who were vested as of December 31, 2007, all retired members, and all beneficiaries were allowed to make a selection to either stay with the two (2) percent simple cost of living adjustment or to receive the ad hoc cost of living adjustment. The members who did not make a selection were automatically defaulted into the two (2) percent cost of living adjustment. In 2011, City Council adopted Ordinance 19599-03-2011, which eliminated the cost of living adjustment for General Employees hired on or after July 1, 2011. According to the terms of this ordinance amendment, the cost of living adjustment is also eliminated for Group IV Members.

B. *Two (2) Percent Simple Cost of Living Adjustment.*

1. The two (2) percent cost of living adjustment is applicable to the following:
  - a. Members who were vested as of December 31, 2007, who selected the guaranteed two (2) percent cost of living adjustment during the 2007 selection process;
  - b. Members and beneficiaries (including those receiving disability retirement and survivors [including children]) receiving benefits on December 31, 2007, who elected the guaranteed two (2) percent cost of living adjustment in the election conducted pursuant to the 2007 selection process;
  - c. Vested members and beneficiaries who failed to make a selection during the 2007 selection process;
  - d. Credited Service earned or purchased on or after October 1, 2013, for Group III Members, who were subject to the ad hoc cost of living adjustment;
  - e. Credited Service earned or purchased on or after October 1, 2013, for Group I Members, who were subject to the ad hoc cost of living adjustment.
2. *2012 Selection Process.*
  - a. Group I Members and Group III Members, who are under the ad hoc cost of living adjustment and are not currently receiving a benefit from the Fund will be allowed to make a one (1) time selection of the two (2) percent guaranteed simple cost of living adjustment for all Credited Service earned prior to October 1, 2013. The two (2) percent cost of living adjustment will be based on base pension on the date of retirement.
  - b. Members and beneficiaries currently receiving benefits who are under the ad hoc cost of living adjustment will be allowed to make a one (1) time selection of the

guaranteed two (2) percent cost of living adjustment for future years of benefits. The two (2) percent guaranteed cost of living adjustment will be based on base salary on the date of retirement. Members and beneficiaries currently receiving benefits who select the two (2) percent cost of living adjustment during the 2012 selection process will retain the ad hoc cost of living adjustments previously received, but will waive their rights to future ad hoc cost of living adjustments. Instead, effective January 1, 2014, and annually thereafter, those members and beneficiaries will receive a two (2) percent cost of living adjustment by adding to the actual pension for that year, an amount equal to two (2) percent of his or her base pension. Active Firefighters, and those Firefighters who retired or separated from employment during the term of the April 13, 2010, Collective Bargaining Agreement between the City and the Fort Worth Professional Firefighters Association IAFF Local 440, are not eligible to participate in the 2012 selection, however, the City may permit a selection at the termination of the 2010 Collective Bargaining Agreement or by agreement in a subsequent Collective Bargaining Agreement.

3. *Calculation of the Two (2) Percent Simple Cost of Living Adjustment.* Upon retirement, on the first day of each January a cost of living adjustment shall be made on the base pension of a Member subject to the two (2) percent cost of living adjustment by increasing the amount of the actual pension by two (2) percent of the base pension, unless otherwise provided herein. To be eligible for a cost of living adjustment for a particular year, either the Member or any survivor must have been receiving benefits by September 30 of the prior year.

C. *Ad Hoc Cost of Living Adjustment.*

1. The ad hoc cost of living adjustment is applicable to the following:
  - a. Credited Service until September 30, 2013 for Group I Members who were not vested as of December 31, 2007, and are not currently receiving a benefit pursuant to this Article, and who did not select to receive the two (2) percent simple cost of living adjustment during the 2012 selection process;
  - b. Credited Service until September 30, 2013 for Group I Members who were vested as of December 31, 2007, who selected the ad hoc cost of living adjustment in the 2007 selection process, and are not currently receiving a benefit pursuant to this Article, and who did not select to receive the two (2) percent simple cost of living adjustment during the 2012 selection process;
  - c. Credited Service until September 30, 2013 for Group III Members who were not vested as of December 31, 2007, and are not currently receiving a benefit pursuant to this Article, and who did not select to receive the two (2) percent simple cost of living adjustment during the 2012 selection process;
  - d. Credited Service until September 30, 2013 for Group III Members who were vested as of December 31, 2007, who selected the ad hoc cost of living adjustment in the 2007 selection process, and are not currently receiving a benefit pursuant to this Article, and who did not select to receive the two (2) percent simple cost of living adjustment during the 2012 selection process;

- e. Firefighters who began service after December 31, 2007;
  - f. Firefighters hired prior to December 31, 2007, who were not vested as of December 31, 2007;
  - g. Firefighters who were vested as of December 31, 2007, who selected the ad hoc cost of living adjustment;
  - h. Members and beneficiaries [including those receiving disability retirement and survivors (including children)] receiving benefits under this Article who are under the ad hoc cost of living adjustment, and who did not elect to return to the guaranteed two (2) percent simple cost of living adjustment during the 2012 selection.
2. *Calculation of the Ad Hoc Cost of Living Adjustment.* Upon retirement, on the first day of each January thereafter, an ad hoc cost of living adjustment may be made on the pension of members who are subject to the ad hoc cost of living adjustment pursuant to Section 2.5-8(c) as follows:
- a. Prior to December 31 of each year, the Fund's Actuary shall make a written report to the Board certifying the amortization period required to pay off the unfunded actuarial accrued liability of the Fund. Based on the information provided by the Actuary, the Board shall:
    - i. Grant a compounded ad hoc cost of living adjustment of four (4) percent, if the Actuary certifies that the amortization period required to pay off the unfunded actuarial accrued liability of the Fund, after granting the four (4) percent cost of living adjustment, is eighteen (18) years or less;
    - ii. Grant a compounded ad hoc cost of living adjustment of three (3) percent, if the Actuary certifies that the amortization period required to pay off the unfunded actuarial accrued liability of the Fund, after granting the three (3) percent cost of living adjustment, is between eighteen and one-tenth (18.1) and twenty-four (24) years;
    - iii. Grant a compounded ad hoc cost of living adjustment of two (2) percent, if the Actuary certifies that the amortization period required to pay off the unfunded actuarial accrued liability of the Fund, after granting a two (2) percent cost of living adjustment, is between twenty-four and one-tenth (24.1) and twenty-eight (28) years;
    - iv. Grant no ad hoc cost of living adjustment if the Actuary certifies that the amortization period required to pay off the unfunded actuarial accrued liability of the Fund is twenty-eight and one-tenth (28.1) years or more.

D. *DROP and Cost of Living Adjustment.*

- 1. If a Member elects the ad hoc cost of living adjustment and by December 31, 2007, the Member has completed at least two (2) years of service after making a DROP Election, the Member's initial pension benefit upon retirement will also receive a two (2) percent cost of living adjustment for the DROP period before the Member made the ad hoc cost

of living election. The ad hoc cost of living adjustments will apply for the Member's remaining DROP period.

2. If a Member elects the two (2) percent cost of living adjustment, and by December 31, 2007, the Member has completed at least two (2) years of service after making the DROP Election, the Member's initial pension benefit upon retirement will also receive cost of living adjustments for the entire DROP period.
3. A Member who makes a DROP Election but who does not complete at least two (2) years of service after making the DROP Election will only be eligible to receive a cost of living adjustment after the Member's retirement, based on whether the Member is entitled to a cost of living adjustment.

### **1.109 Commencement of Benefits**

Notwithstanding any other provision of these rules, monthly benefit payments to a Member shall commence no later than April 1 of the year following the year in which the Member attains age seventy and one-half (70-1/2) or, if later, April 1 of the year after the year in which the Member actually separates from service.

## RULE 2

### MEMBERSHIP; CONTRIBUTIONS; CREDITED SERVICE

#### **2.101 Membership**

- A. Membership in the Fund shall be based on the requirements set forth in Section 2.01 of Article 6243i of the Revised Civil Statutes, provided however, that membership in the Fund shall be a condition of employment for all employees who are eligible to be Members.
- B. If a Group I Member terminates employment with the City after vesting, takes a refund of contributions, and then returns to service with the City on or after July 1, 2011, then the Group I Member will be treated as if he or she was hired on or after July 1, 2011, even if the Member purchases Permissive Service Credits pursuant to Rule 2.104(C).
- C. If a Group I Member terminates employment with the City after vesting, does not take a refund of contributions, and then returns to service with the City on or after July 1, 2011, then the Group I Member will be treated as if he or she was hired prior to July 1, 2011.
- D. If a Group I Member terminates employment with the City prior to vesting, and then returns to service with the City on or after July 1, 2011, then the Group I Member will be treated as if he or she was hired on or after July 1, 2011, even if he or she purchases Permissive Service Credits pursuant to Rule 2.104(C), or failed to take a refund of contributions.
- E. For pension purposes, if a Group III Member, terminates employment with the City after vesting, takes a refund of contributions, and then returns to service with the City on or after January 1, 2013, then the Group III Member will be treated as if the Group III Member was hired on or after January 1, 2013, even if the Group III Member purchases Permissive Service Credits pursuant to Rule 2.104(C).
- F. For pension purposes, if a Group III Member terminates employment with the City after vesting, does not take a refund of contributions, and then returns to service with the City on or after January 1, 2013, then the Group III Member will be treated as if the Group III Member was hired prior to January 1, 2013.
- G. For pension purposes, if a Group III Member terminates employment with the City prior to vesting, and then returns to service with the City on or after January 1, 2013, the Group III Member will be treated as if the Group III Member was hired on or after January 1, 2013, even if the Group III Member purchases Permissive Service Credits pursuant to Rule 2.104(C), or failed to take a refund of contributions.

#### **2.102 Member Contributions**

- A. Commencing on the effective date of membership and continuing until the date of actual retirement the contribution rate for a Police Officer shall be eight and seventy-three one-hundredths (8.73) percent of Earnings. The contribution rate for all other Members of the Fund shall be eight and twenty-five one-hundredths (8.25) percent of Earnings. All contributions shall be picked up by the City rather than deducted and shall be deemed employer contributions as provided in Section 414(h)(2) of the Code. Such sums so picked up shall be counted as Earnings for the purpose of calculating benefits under these rules.

- B. If, following a Member's involuntary termination from employment, the Member is reinstated, the City shall cause there to be picked up from the Member's pay the amount of contributions which would have been made had the Member remained continuously employed, less interim Earnings, if any. The City shall have a continuing duty to inform the Fund of any personnel action affecting the accrual or payment of benefits, or the collection and transmission of contributions payable to the Fund.
- C. Contributions by Members reinstated following a military leave of absence are governed by the Uniformed Services Employment and Reemployment Rights Act, 38 U.S.C. §§4301-33, as provided for in Rule 2.104(A)(4). These contributions shall be made even if to do so would reduce a Member's net cash compensation below the minimum wage prescribed by law.
- D. By accepting employment with the City or the Fund, each Member shall be deemed to consent and agree to contributions being picked up through a reduction in the Member's compensation and payments of compensation, less the amount picked up, to all such members shall constitute a full and complete discharge of all claims and demands whatsoever for services rendered by such Member during the period covered by such payment, except as to benefits provided by the Fund.
- E. The contributions of Members may be raised at any time from the amount provided for in this section to a higher amount in accordance with the procedures provided by Article 6243i of the Texas Revised Civil Statutes.

### **2.103 City Contributions**

- A. For Group III and Group IV Members only, effective October 1, 2010, the City shall contribute to the Fund twenty and forty-six one hundredths (20.46) percent of their Earnings. For all other Members, effective October 1, 2010, the City shall contribute to the Fund nineteen and seventy-four one hundredths (19.74) percent of their Earnings. Notwithstanding the foregoing, City contribution to the Fund shall be reduced for each Fiscal Year by the amount of benefits paid by the City, if any, under the Supplemental Retirement Ordinance. Rule 2.102 shall not limit the right of the City, through its budget appropriation, to contribute an additional amount over and above the Member's contribution in accordance with Article 6243i of the Texas Revised Civil Statutes, as amended.
- B. If, following a Member's involuntary termination of employment, the City is required, as the direct result of an appeal or suit arising from the involuntary termination, to reinstate the Member's employment, the City shall make the contribution described in this section on any payment by the City to the Member as back pay, without reduction for the Member's interim Earnings, if any. In addition, the City shall, on behalf of the Member, make the Member's contribution described in Rule 2.102 above on any interim Earnings deducted from the back-pay award. Contributions made by the City on behalf of Members whose employment is reinstated following a military leave of absence are governed by the Uniformed Services Employment and Reemployment Rights Act, 38 U.S.C. §§4301-33, as provided for in Rule 2.104(A)(4).
- C. Effective for pay periods ending after April 1, 1999, the required Member contributions described in Rule 2.102 shall be picked up by the City and shall be treated as City contributions for federal income tax purposes. Such contributions, although designated as Member contributions, shall be paid by the City on behalf of the Members and in lieu of contributions by the Members. The Members shall not have the option of receiving such contributions directly instead of having such amounts paid by the City to the Fund.



- D. Retirement contributions made on behalf of the Members, as well as the City's contributions to the Fund, shall be paid by the City based on weekly workers compensation benefits (currently referred to as a temporary income benefits) paid to those Members, beginning for such amounts received by Members on or after January 1, 2006.
- E. Although effective October 1, 2013, overtime will not be included in the definition of Earnings for Group I and Group III Members, the City will continue to contribute its contribution on overtime for all Group I and Group III Members.

**2.104 Credited Service; Service Breaks; Permissive Service Credits**

A. *Service Breaks.* Pension credits shall be granted for all Credited Service for which a Member of the Fund receives employment compensation from the City, subject to the following regulations pertaining to service breaks:

1. Authorized service breaks of ninety (90) or less consecutive calendar days without pay shall not be deducted from Credited Service.
2. Except as provided below, periods of absence in excess of ninety (90) consecutive calendar days without pay shall be deducted from Credited Service, and no contributions shall be made by Members or by the City during such periods.
3. An absence of any period shall be permitted without loss of prior Credited Service, unless the Member receives a distribution of his or her total contributions, plus Regular Interest, and any period of absence shall cancel all prior Credited Service if the Member receives a distribution of the Member's total contributions, plus Regular Interest; however, if a Member is absent, the Member may regain prior Credited Service by repaying the total amount of all contributions withdrawn, plus Regular Interest thereon (at the Regular Interest rate in effect on the date of repayment), less the amount received in from the Member's Cash Balance Account, from the date of withdrawal to the date of repayment, pursuant to policies adopted by the Board under one (1) of the two (2) following options:
  - a. Repay in a single lump sum payment within ninety (90) days of reemployment, or
  - b. Repay through a payroll deduction pay-back plan which commences within ninety (90) days of reemployment, and provides that Regular Interest will be charged throughout the pay-back period and that the repayment period will not exceed seven (7) years.

A rehired Member who does not timely elect one (1) of these two (2) options and timely repay the prior contributions (plus Regular Interest) will waive his or her right to prior Credited Service. An existing rehired Member on the date this provision is added to the retirement ordinance shall have until October 31, 1999 to elect one (1) of the above repayment options or waive his or her right to prior Credited Service.

Members who received a refund of the proceeds in their Cash Balance Account are not required to repay that amount to regain Credited Service under this provision. A refund of the proceeds in the Cash Balance Account is irrevocable and the Member cannot pay back the amount received to restore their original Cash Balance Account.

4. Effective on or after December 12, 1994, any Member who is reemployed by the City upon completion of service in the uniformed services (within the time frame provided under the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended), shall be granted Credited Service for such uniformed service, provided the Member makes the contributions (with no interest) to the Fund that the Member would have been required to contribute if the Member had remained continuously employed by the City throughout the period of uniformed service. Such payment must be made during the period which commences with the date of reemployment by the City and which duration is three (3) times the period of the Member's service in the uniformed services, not to exceed five (5) years. If a reemployed Member makes such contributions, the City shall also make its corresponding contributions to the Fund. This provision shall be construed consistently with the requirements of the Uniformed Services Employment and Reemployment Act of 1994, as amended.
  5. Any Member whose employment was terminated involuntarily and was thereafter reinstated as the direct result of an appeal or suit arising from the involuntary termination shall be granted all service credits for the period of absence, provided the Member contributions defined in Rule 3.102 and the City contributions defined in Rule 3.103 are paid to the Fund for the period of absence from termination to reinstatement. If the required Member contributions and City contributions are not made, then the Member shall not be granted service credit for the period of absence. If, as a condition of reinstatement, the Member is awarded full or partial back pay for the period of absence, then the Member shall be granted service credit in proportion to the back pay awarded, provided the City picks up the required Member contributions and the City pays the required City contributions to the Fund on such awarded back pay.
- B. *Accumulated sick leave and major medical leave.* At retirement and in calculating a Vested Termination Pension, a Member shall have added to his or her Credited Service, subject to the provisions of this section, any hours of accumulated sick leave and/or unused major medical leave, as recorded in the official personnel records of the City, for which that employee has not received compensation. Notwithstanding the preceding sentence, accumulated sick leave and/or unused major medical leave shall not be taken into account to increase the pension of a Member receiving a line of duty disability pension. For Credited Service purposes, such accumulated sick leave hours and/or unused major medical leave for which a Member shall not receive compensation shall be converted into months using the following formula: total number of hours accumulated uncompensated sick leave and/or unused major medical leave divided by the Member's total scheduled hours of work for the year and multiplied by twelve (12). The resulting product represents the number of months in whole numbers and/or a decimal fraction of a month, and any whole number shall constitute that number of months to be added to Credited Service. If the resulting product contains a decimal value that is less than five-hundredths (0.50), then no addition to Credited Service shall be made with respect to such decimal value; however, if the resulting product contains a decimal value that is five-hundredths (0.50) or greater, then an additional month of Credited Service shall be provided for such decimal value. The addition of such accumulated sick leave and/or unused major medical leave to Credited Service shall not be applied toward determination of retirement eligibility, but only toward calculation of retirement benefits. Group I Members and Group III Members who have unused accumulated sick leave and major medical that was earned prior to October 1, 2013 will have the leave added to Credited Service earned or purchased prior to October 1, 2013. Unused accumulated sick leave and major medical earned on or after October 1, 2013 will be added to Credited Service earned or purchased after October 1, 2013. Group I Members and Group III Members who use their accumulated sick

leave and/or major medical leave prior to retirement will have the leave deducted from accumulated sick leave and major medical hours earned prior to October 1, 2013 first.

C. *Permissive Service Credits.*

1. *General.* Effective on or after October 1, 2002, a Member who has Earnings from the City for the then current year may elect to purchase Permissive Service Credits and have his or her period of Credited Service increased for purposes of calculating the Member's Retirement Benefit, pursuant to the provisions of this division. The Actuary shall prepare factors which shall be used to determine the voluntary additional contributions that a Member must make to purchase Permissive Service Credits, provided, however, that in no event shall a Member be required to contribute an amount that exceeds the amount necessary to Fund the benefit attributable to the additional Credited Service that is purchased.
2. *Limitations.* A Member may purchase up to five (5) years of Permissive Service Credits that are attributable to non-qualified service, and a Member cannot purchase any Permissive Service Credits for non-qualified service prior to completion of five (5) years of participation as a Member.
3. *Non-qualified service.* For purposes of this Rule 2.104(C), the term "non-qualified service" means service other than (i) service (including parental, medical, sabbatical, and similar leave) as an employee of the government of the United States, any state or political subdivision thereof, or any agency instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of the repayment described in Section 415(k)(3) of the Code), (ii) service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in clause (i) above) of an education organization described in Section 170(b)(1)(A)(ii) of the Code which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), as determined under state law, (iii) service as an employee of an association of employees who are described in clause (i) above, or (iv) military service (other than qualified military service under Section 414(u) of the Code) recognized by such governmental plan. In the case of service described in clauses (i), (ii), or (iii) above, such service will be non-qualified service if recognition of such service would cause a Member to receive retirement benefits for the same service under more than one (1) plan.
4. *Purchase of Permissive Service Credits.* A Member may purchase Permissive Service Credits pursuant to the rules, procedures and forms as may be adopted and amended by the Board in its complete discretion, which shall be uniform and nondiscriminatory and which shall be interpreted in a manner that is consistent with the provision of the retirement ordinance and applicable law. Permissive Service Credits may be purchased by a Member's direct payment to the trustee of the amount determined by the factors provided by the Actuary, or through a trustee to trustee transfer of such amount from the Member's account under an eligible deferred compensation plan (as defined in Code Section 457) or a qualified plan within the meaning of Code Section 401(a), including a 401(k) plan, or the Member's annuity contract meeting the requirements of Code Section 403(b).

### RULE 3

#### **PROVISIONS FOR GROUP III MEMBERS (POLICE OFFICERS HIRED PRIOR TO JANUARY 1, 2013)**

##### **3.101 Applicability**

This rule applies only to Group III Members as defined by Rule 1.101(FF).

##### **3.102 Earnings**

A. For Credited Service earned prior to October 1, 2013, Earnings shall mean the amount actually paid to a Group III Member by the City for services rendered to the City during the calendar year, plus overtime, acting, assignment, holiday, longevity, educational incentive, safety award, incentive and shift differential pay, as reported on the Group III Member's W-2 form. "Earnings" shall also include weekly workers' compensation benefits (currently referred to as temporary income benefits), beginning for such amounts received by Group III Members on or after January 1, 2006, so long as required by law. Regardless of the fact that the following payments may be shown on a Group III Member's W-2 form, Earnings shall not include:

1. Any non-salary allowance (such as uniform reimbursement, automobile allowance or mileage, etc.),
2. Lump sum payments received at time of termination for unused vacation leave, sick leave and personal leave,
3. Any award by a court, administrative body, or settlement agreement in excess of Earnings, and
4. Any amount paid to a Group III Member for which the City does not contribute to the Fund under Rule 2.103.

A Group III Member participating in a City-sponsored deferred compensation plan shall have the amount of any deferred compensation credited to that Group III Member during the calendar year added to Earnings reported on the Group III Member's W-2 form to arrive at total Earnings for Fund matters. Mandatory Group III Member contributions that are picked-up by the City and excluded from a Group III Member's W-2 form shall also be included as part of Earnings. Notwithstanding the foregoing, Earnings in excess of two hundred thousand (\$200,000.00) dollars, if any (or such other amounts as may be determined by taking into account the cost of living adjustment provided under Section 401(a)(17) of the Code) shall be disregarded for all purposes of this definition of Earnings. Notwithstanding the preceding provisions of this definition of Earnings, Earnings shall not include any amounts paid following a Group III Member's effective DROP Election.

B. For Credited Service earned on or after October 1, 2013, Earnings shall mean the amount actually paid to a Group III Member by the City for services rendered to the City during the calendar year, plus acting, assignment, holiday, longevity, educational incentive, safety award, incentive and shift differential pay, as reported on the Group III Member's W-2 form. "Earnings" shall also include weekly workers' compensation benefits (currently referred to as temporary income benefits), beginning for such amounts received by Group III Members on or after January 1, 2006, so long as required by law. Earnings shall not include any amount received as a result of

overtime. Regardless of the fact that the following payments may be shown on a Group III Member's W-2 form, Earnings shall not include:

1. Any non-salary allowance (such as uniform reimbursement, automobile allowance or mileage, etc.),
2. Lump sum payments received at time of termination for unused vacation leave, sick leave and personal leave,
3. Any award by a court, administrative body, or settlement agreement in excess of Earnings, and
4. Any amount paid to a Group III Member for which the City does not contribute to the Fund under Rule 2.103.

A Group III Member participating in a City-sponsored deferred compensation plan shall have the amount of any deferred compensation credited to that Group III Member during the calendar year added to Earnings reported on the Group III Member's W-2 form to arrive at total Earnings for Fund matters. Mandatory Group III Member contributions that are picked-up by the City and excluded from a Group III Member's W-2 form shall also be included as part of Earnings. Notwithstanding the foregoing, Earnings in excess of two hundred thousand (\$200,000.00) dollars, if any (or such other amounts as may be determined by taking into account the cost of living adjustment provided under Section 401(a)(17) of the Code) shall be disregarded for all purposes of this definition of Earnings. Notwithstanding the preceding provisions of this definition of Earnings, Earnings shall not include any amounts paid following a Group III Member's effective DROP Election.

### **3.103 Retirement Dates**

- A. *Normal Retirement Date.* A Group III Member shall be eligible for pension benefits on or after the Group III Member's Normal Retirement Date which shall be the last day of the month in which the earliest of the following occurs:
1. The Group III Member's years of age and years of Credited Service total eighty (80); or
  2. The later of (i) the date on which the Group III Member reaches age sixty-five (65) or (ii) the fifth anniversary of the date the Group III Member joined the Fund; or
  3. The last day of the month in which such Group III Member's years of Credited Service total twenty-five (25).
- B. *Vested Retirement Date.* A Vested Group III Member who is voluntarily or involuntarily separated from the service of the City shall be eligible for pension benefits on or after such Group III Member's Vested Termination Date which shall be the last day of the month in which the Group III Member reaches age fifty (50), or, if earlier, the last day of the month in which the Group III Member would have attained his or her Normal Retirement Date had the Group III Member remained employed by the City.

### **3.104 Compensation Base for Determining Benefits**

- A. *Compensation base for determining Group III Member benefits for Credited Service earned or*

*purchased prior to October 1, 2013.*

1. For Group III Members hired and vested prior to October 23, 2007 (*not subject to the 12% Earnings cap*), pension, death benefits, disability pension and Vested termination benefits for Credited Service earned or purchased prior to October 1, 2013, shall be based upon the Group III Member's Compensation Base which shall mean the average annual Earnings as defined by Rule 3.102 which were paid to the Group III Member by the City for employment with the City during any three (3) calendar years in which the Group III Member had the highest annual Earnings. If a Group III Member's last day of employment with the City is prior to January 1, 1999, "five" (5) shall be substituted for "three" (3) in the preceding sentence.
2. For Group III Members who were not vested by October 23, 2007, and for Group III Members hired after October 23, 2007, but prior to January 1, 2013 (*subject to the 12% Earnings cap*), pension, death benefits, disability pension and Vested termination benefits for Credited Service earned or purchased prior to October 1, 2013, shall be based upon the Group III Member's Compensation Base which shall mean the average annual Earnings, as defined by Rule 3.102 which were paid to the Group III Member by the City for employment with the City during any three (3) calendar years in which the Group III Member had the highest annual Earnings, subject to the following limitations:
  - a. The Fund shall determine the four (4) calendar years in which the Group III Member had the highest annual Earnings. Of such four (4) years, the year in which the Group III Member had the lowest annual Earnings shall serve as the base year. The base year shall not be included as one (1) of the three (3) calendar years for purposes of the Compensation Base calculation.
  - b. The first annual Earnings to be used in the calculation of the Group III Member's Compensation Base shall be the actual annual Earnings from the calendar year with the third highest annual Earnings of the four (4) calendar years identified in Rule 3.104(A)(2)(a), provided that if such annual Earnings are from a calendar year beginning on or after January 1, 2008, the amount to be used in the calculation of the Compensation Base for the first year shall not exceed one hundred twelve (112) percent of the annual Earnings for the base year.
  - c. The second annual Earnings to be used in the calculation of the Group III Member's Compensation Base shall be the actual annual Earnings from the calendar year with the second highest annual Earnings of the four (4) calendar years identified in Rule 3.104(A)(2)(a), provided that if such annual Earnings are from a calendar year beginning on or after January 1, 2008, the amount to be used in the calculation of the Compensation Base for the second year shall not exceed one hundred twelve (112) percent of the annual Earnings used that are attributable to the year described in Rule 3.104(A)(2)(b).
  - d. The third annual Earnings to be used in the calculation of the Group III Member's Compensation Base shall be the actual annual Earnings from the calendar year with the highest annual Earnings of the four (4) calendar years identified in Rule 3.104(A)(2)(a), provided that if such annual Earnings are from a calendar year beginning on or after January 1, 2008, the amount to be used in the calculation of the Compensation Base for the third year shall not exceed one hundred twelve (112) percent of the annual Earnings used that are attributable to

the year described in Rule 3.104(A)(2)(c).

- e. The average of the three (3) amounts determined in accordance with Rule 3.104(A)(2)(a) - Rule 3.104(A)(2)(d) will be the average annual Earnings for purposes of the Group III Member's Compensation Base.
- B. Compensation Base for determining benefits for Credited Service earned or purchased, on or after October 1, 2013: pension, death benefits, disability pension, and Vested termination benefits for Credited Service earned or purchased from October 1, 2013 to the date of termination shall be based upon the Group III Member's average annual Earnings as defined by Rule 3.102(B), which were paid to the Group III Member by the City for employment with the City during any five (5) calendar years in which the Group III Member had the highest annual Earnings. The Compensation Base for Credited Service earned or purchased on or after October 1, 2013, does not include overtime.
- C. If a Group III Member has less than three (3), or if applicable, five (5) calendar years of employment, the Group III Member's Compensation Base shall be determined by the Executive Director under uniform, non-discriminatory procedures that are consistently applied.
- D. For Compensation Base purposes, any lump sum payments of Earnings for any prior time period, whether awarded to the Group III Member by a court, administrative body or settlement agreement, shall be retroactively attributed to the calendar year in which it would otherwise have been received by the employee from the City for services rendered.
- E. For purposes of computing the Compensation Base for a Group III Member who has made an effective DROP Election, the Group III Member's Compensation Base shall be calculated using the Group III Member's Earnings prior to the effective date of the DROP Election.

### **3.105 Termination Benefits and Vesting**

- A. *Contribution refund prior to vesting.* Any Group III Member who is voluntarily or involuntarily separated from the service of the City before the Group III Member is vested shall be entitled to receive the amount of the Group III Member's contributions plus Regular Interest (at the Regular Interest rate in effect on the date of such payment) less any amount previously paid to the Group III Member from the Fund.
- B. *Vested Termination Pension.*
  - 1. A Vested Group III Member who is voluntarily or involuntarily separated from the service of the City shall be entitled to receive a Vested Termination Pension payable: (i) in full, pursuant to Rule 3.103(B) or (ii) in a reduced amount commencing on or after age fifty (50). A Group III Member must file a request for the commencement of the Vested Termination Pension by completing such forms and following such procedures as are established by the Board. A Vested Termination Pension shall be payable monthly on the first day of each month commencing with the month following approval of the Group III Member's Vested Termination Pension by the Board.
  - 2. A Vested Termination Pension shall be an annual life pension, the amount of which shall be the specified percentage of the Group III Member's Compensation Base multiplied by the Group III Member's total years of Credited Service to date of such voluntary or involuntary separation from the service of the City. For purposes of the preceding

sentence, the specified percentage of the Group III Member's Compensation Base shall be two and seventy-five one-hundredths (2.75) percent for all Credited Service earned or purchased prior to October 1, 2013, and two and twenty-five one-hundredths (2.25) percent for Credited Service earned or purchased on or after October 1, 2013, unless the Group III Member has attained his or her Normal Retirement Date or Vested Retirement Date prior to the date the Group III Member's pension payments begin, in which case the specified percentage shall be three (3) percent for all Credited Service earned or purchased prior to October 1, 2013 and shall be two and fifty one-hundredths (2.50) percent for all Credited Service earned or purchased on or after October 1, 2013. A Vested Termination Pension shall be calculated using the specified percentage and Compensation Base in effect at the time the Group III Member earned or purchased the Credited Service for all Credited Service earned or purchased after October 1, 2013.

3. In addition to the reduced multiplier described in Rule 3.105(B)(2), if a Group III Member has not attained his or her Normal Retirement Date or Vested Retirement Date prior to the date the Group III Member's Vested Termination Pension payments begin, the amount of reduction for commencement of a pension prior to the Group III Member's Normal Retirement Date or Vested Retirement Date shall be five-twelfths (5/12) percent for each month by which commencement of the pension antedates the Group III Member's Normal Retirement Date had the Group III Member remained employed by the City.

- C. *Contribution refund after vesting in lieu of Vested Termination Pension.* Any vested Group III Member who is voluntarily or involuntarily separated from the service of the City may elect to receive a refund of the Group III Member's contributions, plus Regular Interest (at the Regular Interest rate in effect on the date of such payment) less any amount previously paid to the Group III Member from the Fund, either at the date of such separation or at any time thereafter prior to commencement of retirement benefit, but by so doing, the Group III Member shall forfeit all rights under the Fund and thereafter be entitled to no further benefits hereunder.

### **3.106 Retirement Pension (Pension Benefits)**

- A. *Pensions commencing prior to October 1, 2013.*

1. A vested Group III Member who retires on or after the Group III Member's Normal Retirement Date and who requests commencement of the Group III Member's pension prior to October 1, 2013, or a Group III Member who terminates employment prior to October 1, 2013, and prior to the Group III Member's Normal Retirement Date and who waits until such Vested Retirement Date to apply for a pension, shall receive an annual life pension, the amount of which shall be three (3) percent of the Group III Member's applicable Compensation Base as defined by Rule 3.104(A)(1) or (A)(2), whichever is applicable, multiplied by the Group III Member's total years of Credited Service, payable monthly on the first day of each month commencing with the month following the Board's approval of the Group III Member's pension. This retirement pension shall be defined as the "**Group III Member's Standard Pension Benefit A.**"
2. *Alternative Pension Benefit.* In lieu of the Group III Member Standard Pension Benefit A, a Group III Member under this subsection may irrevocably elect with his or her spouse's consent (where applicable), in advance of his or her retirement and pursuant to regulations and requirements the Board in its discretion may adopt, to receive an "Alternative Pension Benefit" which shall be Actuarially Equivalent to the Group III



Member's Standard Pension Benefit A and which shall be payable in two (2) parts: (i) one (1) part in a lump sum amount not less than five (5) percent nor greater than twenty-five (25) percent of the Actuarial Equivalent of the Group III Member's pre-October 1, 2013 Standard Pension Benefit A, which lump sum shall be payable on the date benefits commence under (ii); and (ii) the remainder in an annual life pension, payable monthly on the first day of each month commencing with the month following the Board's approval of the Group III Member's Alternative Pension Benefit.

3. *Limitation on Alternative Pension Benefit.* Notwithstanding any other provision in this division to the contrary, the option to elect an Alternative Pension Benefit shall not be available for any disability pension under Rule 3.107, death benefit under Rule 3.108, or normal Vested Termination Pension under Rule 3.105, nor shall it be available to any Group III Member who is receiving pension benefits as of the effective date of the Alternative Pension Benefit provisions of this section, nor shall it be available upon re-retirement to any retired Group III Member who becomes re-employed by the City.

B. *Pensions commencing on or after October 1, 2013.*

1. *Pensions commencing upon Normal Retirement Date or Vested Retirement Date for Group III Members hired and vested prior to October 23, 2007, whose pensions commence on or after October 1, 2013 (not subject to the 12% Earnings cap).* A Vested Group III Member hired and vested prior to October 23, 2007, who retires on or after the Group III Member's Normal Retirement Date and requests commencement of the Group III Member's pension on or after October 1, 2013, or a Group III Member who terminates employment on or after October 1, 2013, and prior to the Group III Member's Normal Retirement Date and who waits until such Vested Retirement Date to apply for a pension, shall receive an annual life pension, the amount of which is calculated by adding the following:
  - a. Three (3) percent of the Group III Member's Compensation Base as defined by Rule 3.104(A)(1) multiplied by the Group III Member's years of Credited Service from date of hire until September 30, 2013; and
  - b. Two and fifty one-hundredths (2.50) percent of the Group III Member's Compensation Base as defined by Rule 3.104(B) multiplied by the Group III Member's years of Credited Service from October 1, 2013, until date of termination.
2. *Pensions commencing upon Normal Retirement Date for Group III Members hired prior to January 1, 2013 and not vested by October 23, 2007 (subject to the Earnings cap).* A Group III Member hired prior to January 1, 2013, who was not vested by October 23, 2007 who retires on or after the Group III Member's Normal Retirement Date and requests commencement of the Group III Member's pension, and whose pension commences on or after October 1, 2013, or who terminates employment on or after October 1, 2013, but prior to the Group III Member's Normal Retirement Date and who waits until such Vested Retirement Date to apply for a pension, shall receive an annual life pension, the amount of which is calculated by adding the following:
  - a. Three (3) percent of the Group III Member's Compensation Base as defined by Rule 3.104(A)(2) multiplied by the Group III Member's years of Credited Service from date of hire until September 30, 2013; and

- b. Two and fifty one-hundredths (2.50) percent of the Group III Member's Compensation Base as defined by Rule 3.104(B) multiplied by the Group III Member's years of Credited Service from October 1, 2013 until date of termination.
    3. The pension should be payable monthly on the first day of each month commencing with the month following the Board's approval of the Group III Member's pension benefit. This retirement pension shall be defined as the "Group III Member Standard Pension Benefit B."
- C. *Alternative Pension Benefit.* In lieu of the Group III Member Standard Pension Benefit A or B, a Group III Member may irrevocably elect with his or her spouse's consent (where applicable), in advance of his or her retirement and pursuant to regulations and requirements the Board in its discretion may adopt, to receive an "Alternative Pension Benefit" which shall be Actuarially Equivalent to the Group III Member's Standard Pension Benefit A or B and which shall be payable in two (2) parts: (i) one (1) part in a lump sum amount not less than five (5) percent nor greater than twenty-five (25) percent of the Actuarial Equivalent of the Group III Member's Standard Pension Benefit A or B, which lump sum shall be payable on the date benefits commence under (ii); and (ii) the remainder in an annual life pension, payable monthly on the first day of each month commencing with the month following the Board's approval of the Group III Member's pension.
- D. *Limitation on Alternative Pension Benefit.* Notwithstanding any other provision in this division to the contrary, the option to elect an Alternative Pension Benefit shall not be available for any disability benefits under Rule 3.107, death benefits under Rule 3.108, or Vested Termination Pension under Rule 3.105 nor shall it be available to any Group III Member who is receiving pension benefits hereunder as of the effective date of the Alternative Pension Benefit provisions of this section, nor shall it be available upon re-retirement to any retired Group III Member who becomes re-employed by the City.

### **3.107 Disability Pension**

- A. See Rule 9, for general provisions related to disability pension.
- B. *Disability in Line of Duty.* If a Group III Member, whether or not vested, becomes disabled as defined in Rule 9.101 while in Line of Duty, the Group III Member shall receive an annual life pension, the amount of which shall be the specified percentage of the Group III Member's Compensation Base multiplied by the Group III Member's total years of Credited Service which would have accrued if the Group III Member had worked to the Group III Member's Normal Retirement Date, but not less than two hundred fifty (\$250.00) dollars per month. For purposes of the preceding sentence, the specified percentage of the Group III Member's Compensation Base shall be two and seventy-five one-hundredths (2.75) percent, unless the Group III Member is already eligible to retire on or after his or her Normal Retirement Date, in which case the Group III Member shall receive the Standard Pension Benefit.
- C. *Disability not in Line of Duty for vested Group III Members whose disability pension commences prior to October 1, 2013.* If a Vested Group III Member becomes disabled as defined in Rule 9.101, while not in Line of Duty, and the Group III Member's pension commences prior to October 1, 2013, the Group III Member shall receive an annual life pension, the amount of which shall be the specified percentage of the Group III Member's Compensation Base, multiplied by the Group III Member's total years of Credited Service to date of actual retirement. For purposes

of the preceding sentence, the specified percentage of the Group III Member's Compensation Base shall be two and seventy-five one-hundredths (2.75) percent, unless the Group III Member is already eligible to retire on or after the Group III Member's Normal Retirement Date, in which case the specified percentage shall be three (3) percent.

D. *Disability not in Line of Duty for vested Group III Members whose disability pension commences on or after October 1, 2013.* If a Vested Group III Member becomes disabled as defined in Rule 9.101, while not in Line of Duty, and the Group III Member's pension commences on or after October 1, 2013, the Group III Member shall receive an annual life pension, the amount of which shall be determined by adding the following:

1. a specified percentage of the Group III Member's Compensation Base as defined by Rule 3.104(A)(1) for Group III Members hired and vested prior to October 23, 2007, or a specified percentage of the Group III Member's Compensation Base as defined by Rule 3.104(A)(2) for Group III Members who were hired prior to January 1, 2013, and were not vested by October 23, 2007, multiplied by the Group III Member's years of Credited Service from date of hire until September 30, 2013. For purposes of the preceding sentence, the specified percentage of the Group III Member's Compensation Base for Credited Service pursuant to this Rule 3.107(D)(1) shall be two and seventy-five one-hundredths (2.75) percent; and
2. a specified percentage of the Group III Member's Compensation Base as defined by Rule 3.104(B), multiplied by the Group III Member's years of Credited Service from October 1, 2013, until the date of disability. For purposes of the preceding sentence, the specified percentage of the Group III Member's Compensation Base for Credited Service pursuant to this Rule 3.107(D)(2) shall be two and twenty-five one-hundredths (2.25) percent.

E. *Disability not in Line of Duty for non-vested Group III Members.* If a Group III Member becomes disabled while not in Line of Duty before the Group III Member is vested, then such Group III Member shall be entitled to receive a contribution refund in accordance with Rule 3.105(A).

### **3.108 Death Benefit**

A. *While in Line of Duty.*

1. If a Group III Member dies before retirement while in Line of Duty and as a result of the performance of that Group III Member's duties, the surviving widow or widower shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group III Member's pension, based on the number of years of Credited Service that would have accrued had the Group III Member lived to the Group III Member's Normal Retirement Date, but not less than two hundred fifty (\$250.00) dollars.
2. Each dependent child of such Group III Member under eighteen (18) years of age shall be entitled to receive a monthly pension, the amount of which shall be one hundred (\$100.00) dollars, provided however, that if no surviving widow or widower shall be entitled to receive a monthly pension pursuant to the terms of this section, all such dependent children shall share equally a monthly pension, the amount of which shall be seventy-five (75) percent of the Group III Member's pension, based on the number of years of Credited Service that would have accrued had the Group III Member lived to the Group III Member's Normal Retirement Date, but not less than two hundred fifty

(\$250.00) dollars.

3. If a Group III Member dies while in Line of Duty and leaves no widow or widower or children eligible to receive a benefit hereunder, but is survived by a dependent parent or parents, such dependent parent(s) shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group III Member's accrued pension projected to the Group III Member's Normal Retirement Date, but not less than two hundred fifty (\$250.00) dollars.
4. The survivor's monthly pension benefit for a Group III Member who dies in Line of Duty under this subsection shall be calculated using a multiplier of three (3) percent.

B. *While not in Line of Duty.*

1. *Vested Group III Member who dies not in Line of Duty and Whose survivor's monthly pension begins prior to October 1, 2013:*
  - a. If a Vested Group III Member dies before retirement, while not in Line of Duty, and the survivor monthly pension benefit begins prior to October 1, 2013, then the surviving widow or widower shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group III Member's accrued pension but not less than one hundred fifty (\$150.00) dollars.
  - b. Each dependent child under eighteen (18) years of age of such Vested Group III Member shall be entitled to receive a monthly pension, the amount of which shall be one hundred (\$100.00) dollars, provided, however, that if no surviving widow or widower shall be entitled to receive a monthly pension pursuant to the terms of this subsection, all such dependent children shall share equally a monthly pension, the amount of which shall be seventy-five (75) percent of the Group III Member's accrued pension, but not less than one hundred fifty (\$150.00) dollars.
  - c. If a Vested Group III Member dies while not in Line of Duty and leaves no widow or widower or children eligible to receive a benefit under this subsection, but is survived by a dependent parent or parents, such dependent parent(s) shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group III Member's accrued pension, projected to the Group III Member's Normal Retirement Date, but not less than one hundred fifty (\$150.00) dollars.
  - d. For purposes of Rule 3.108(B)(1), a Group III Member's accrued pension shall be calculated using a multiplier of two and seventy-five one-hundredths (2.75) percent, unless the Group III Member had reached the Group III Member's Normal Retirement Date prior to death, in which event the multiplier shall be three (3) percent.
2. *Vested Group III Member who dies not in Line of Duty and whose survivor's monthly pension begins on or after October 1, 2013:*
  - a. If a Vested Group III Member dies before retirement, while not in Line of Duty, and the survivor pension begins on or after October 1, 2013, then the surviving widow or widower shall be entitled to receive a monthly pension, the amount of

which shall be seventy-five (75) percent of the Group III Member's accrued pension but not less than one hundred fifty (\$150.00) dollars. The accrued pension shall be calculated by adding the following:

1. a specified percentage of the Group III Member's Compensation Base as defined by Rule 3.104(A)(1) for Group III Members hired and vested prior to October 23, 2007, or a specified percentage of the Group III Member's Compensation Base as defined by Rule 3.104(A)(2) for Group III Members who were hired prior to January 1, 2013, and were not vested by October 23, 2007, multiplied by the Group III Member's years of Credited Service from date of hire until September 30, 2013. For purposes of the preceding sentence, the specified percentage of the Group III Member's Compensation Base for Credited Service for this time period shall be two and seventy-five one-hundredths (2.75) percent; and
  2. a specified percentage of the Group III Member's Compensation Base as defined by Rule 3.104(B), multiplied by the Group III Member's years of Credited Service from October 1, 2013, until the date of death. For purposes of the preceding sentence, the specified percentage of the Group III Member's Compensation Base for Credited Service for this time period shall be two and twenty-five one-hundredths (2.25) percent.
- b. Each dependent child under eighteen (18) years of age of such Vested Group III Member shall be entitled to receive a monthly pension, the amount of which shall be one hundred (\$100.00) dollars; provided, however, that if no surviving widow or widower shall be entitled to receive a monthly pension pursuant to the terms of this section, all such dependent children shall share equally a monthly pension, the amount of which shall be seventy-five (75) percent of the Group III Member's accrued pension, but not less than one hundred fifty (\$150.00) dollars.
  - c. If a Group III Member dies while not in Line of Duty and leaves no widow or widower or children eligible to receive a benefit hereunder, but is survived by a dependent parent or parents, such dependent parent(s) shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group III Member's accrued pension, but not less than one hundred fifty (\$150.00) dollars.
3. *Group III Member not vested at time of death.* If a Group III Member was not vested on the date of death, the surviving widow or widower shall be entitled to the return of all contributions which the Group III Member paid into the Fund during the Group III Member's life plus Regular Interest thereon (at the Regular Interest rate in effect on the date of any payment to the widow or widower). If there is not a surviving widow or widower, the contributions shall be paid to the estate of the Group III Member.

C. *After retirement.*

1. Upon the death of a retired Group III Member, the surviving widow or widower shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the pension being paid to the Group III Member, provided that the Group III Member and surviving widow or widower had been married for at least one (1) year

immediately prior to the Group III Member's retirement. Notwithstanding the preceding sentence, a surviving widow or widower who was not married to the deceased Group III Member for at least one (1) year immediately prior to the Group III Member's retirement shall be eligible to receive a monthly pension if the Group III Member has elected to receive a reduced monthly pension, on a form and subject to procedures developed by the Executive Director, within six (6) months after the Group III Member's completion of two (2) years of marriage to the Group III Member's spouse. The reduced monthly pension shall be actuarially determined in a manner that is actuarially neutral to the Fund, based on Actuarial Tables in effect on the date of the Group III Member's election to receive a reduced monthly pension. If such an election has been made, the surviving widow or widower shall receive a monthly pension for life equal to seventy-five (75) percent of the Group III Member's reduced monthly pension.

2. *Group III Members who are not married on date of retirement.* Upon the death of a retired Group III Member who was not married at retirement, a Beneficiary designated by the Group III Member at retirement may be eligible to receive a monthly pension if the Group III Member has elected to receive a reduced monthly pension, on a form and subject to procedures developed by the Executive Director. The Group III Member's reduced monthly pension shall be actuarially determined in a manner that is actuarially neutral to the Fund, based on Actuarial Tables in effect on the date of the Group III Member's election to receive a reduced monthly pension. The Group III Member can elect for his or her designated Beneficiary to receive either one hundred (100) percent, seventy-five (75) percent, fifty (50) percent, or twenty-five (25) percent of the Group III Member's reduced monthly pension. If a Group III Member who was not married at retirement and who selected a designated Beneficiary pursuant to this section later marries only the designated Beneficiary would be entitled to receive a lifetime monthly pension.
3. Each dependent child under eighteen (18) years of age of such retired deceased Group III Member shall be entitled to receive a monthly pension, the amount of which shall be one hundred (\$100.00) dollars, but shall cease upon the earliest of such child's death, marriage or attainment of age eighteen (18) pursuant to the terms of this Article.

D. *Death of Vested Terminated Group III Member prior to pension commencing.* If a terminated Group III Member entitled to a pension dies before the Group III Member's pension commences, the Group III Member's designated Beneficiary, or if none, the Group III Member's estate shall receive an amount equal to the Group III Member's total contributions to the Fund, plus Regular Interest. If the Vested Group III Member's years of age and years of Credited Service total at least sixty-five (65) as of the date of the Group III Member's termination, the Group III Member's eligible dependents shall receive the benefit specified under Rule 3.108(B), based on the pension to which the Group III Member would have been entitled as of the date of the Group III Member's death, in lieu of the payment of contributions plus Regular Interest. If the Group III Member's years of age and service did not total at least sixty-five (65) as of the date of the Group III Member's termination, the Group III Member's eligible dependents may choose between the refund of contributions, the payment of the survivor benefit at the date the Group III Member would have been eligible to draw the benefit, or an immediate benefit at an actuarially reduced rate.

E. *General Provisions.*

1. If a deceased Group III Member leaves no widow, widower, designated Beneficiary,

children or dependent parents eligible to receive a benefit hereunder, the Group III Member's total contributions plus Regular Interest (at the Regular Interest rate in effect on the date of any such payment) less any amount previously paid to him or her from the Fund, shall be paid to the Group III Member's estate.

2. Payments to a child shall be made whether or not a widow, widower, or designated Beneficiary survives and shall continue after the death of a widow, widower, or designated Beneficiary but shall cease upon the earliest of such child's death, marriage, or attainment of age eighteen (18). Payments to a dependent parent shall cease upon such parent's death. For purposes of this division, a parent will be deemed to be dependent if the Group III Member provides over one half of the parent's support. Payments to a widow, widower, or designated Beneficiary shall continue after remarriage, but shall cease upon the death of the widow, widower, or designated Beneficiary. Payments to a widow or widower forfeited due to remarriage, under prior provisions of this section will be reinstated upon written request by the widow or widower, but no retroactive payment can be made. After payments cease, any excess of the Group III Member's total contributions over and above disability and/or death benefits paid, plus Regular Interest at date of death shall be paid to the Group III Member's estate.
3. Except as provided in Rule 3.108(D), death benefit coverage during service breaks in excess of ninety (90) consecutive calendar days shall be limited to Group III Members who are absent due to service-connected injury incurred while in Line of Duty.
4. Benefits hereunder shall be payable on the first day of each month commencing with the month following the month in which the Group III Member's death occurs. The Board shall determine all questions of dependency, and its determination shall be final and conclusive on all parties. All unmarried, legitimate and legally adopted children under the age of eighteen (18) years, in the absence of determination to the contrary, shall be considered dependent.

## RULE 4

### PROVISIONS APPLICABLE TO GROUP IV MEMBERS (POLICE OFFICERS HIRED ON OR AFTER JANUARY 1, 2013)

#### **4.101 Applicability**

This division shall apply to Group IV Members as defined by Rule 1.101(GG)

#### **4.102 Earnings**

- A. Earnings shall mean the amount actually paid to a Group IV Member by the City for services rendered to the City during the calendar year, plus acting, assignment, holiday, longevity, educational incentive, safety award, incentive and shift differential pay, as reported on the Group IV Member's W-2 form. "Earnings" shall also include weekly workers' compensation benefits (currently referred to as temporary income benefits), beginning for such amounts received by Group IV Members on or after January 1, 2006, so long as required by law. Earnings do not include any amount received as a result of overtime. Regardless of the fact that the following payments may be shown on a Group IV Member's W-2 form, Earnings shall not include:
1. any non-salary allowance (such as uniform reimbursement, automobile allowance or mileage, etc.),
  2. lump sum payments received at time of termination for unused vacation leave, sick leave and personal leave,
  3. any award by a court, administrative body, or settlement agreement in excess of Earnings,
  4. any payment received from the City's Wellness Program,
  5. any amount received from the City's vacation sell-back program, and
  6. any amount paid to a Group IV Member for which the City does not contribute to the Fund under Rule 2.103.

A Group IV Member participating in a City-sponsored deferred compensation plan shall have the amount of any deferred compensation credited to that Group IV Member during the calendar year added to Earnings reported on the Group IV Member's W-2 form to arrive at total Earnings for Fund matters. Mandatory Group IV Member contributions that are picked-up by the City and excluded from a Group IV Member's W-2 form shall also be included as part of Earnings. Notwithstanding the foregoing, Earnings in excess of two hundred thousand (\$200,000.00) dollars, if any (or such other amounts as may be determined by taking into account the cost of living adjustment provided under Section 401(a)(17) of the Code) shall be disregarded for all purposes of this definition. Notwithstanding the preceding provisions, Earnings shall not include any amounts paid following a Group IV Member's effective DROP Election.

#### **4.103 Retirement Dates**

- A. *Normal Retirement Date.* A Group IV Member shall be eligible for pension benefits on or after the Normal Retirement Date which shall be the last day of the month in which the earliest of the



following occurs:

1. The Group IV Member's years of age and years of Credited Service total eighty (80); or
2. The later of (i) the date on which the Group IV Member reaches age sixty-five (65) or (ii) the fifth anniversary of the date the Group IV Member joined the Fund; or
3. The last day of the month in which such Group IV Member's years of Credited Service total twenty-five (25).

- B. *Vested terminated retirement date.* A Vested Group IV Member who is voluntarily or involuntarily separated from the service of the City shall be eligible for pension benefits on or after such Group IV Member's Vested Termination Date which shall be the last day of the month in which the Group IV Member reaches age fifty (50), or, if earlier, the last day of the month in which the Group IV Member's age when added to his or her Credited Service totals eighty (80).

#### **4.104 Compensation Base for Determining Benefits**

- A. Pension, death, disability, and vested termination benefits shall be based upon the Group IV Member's Compensation Base which shall mean the average annual Earnings which were paid to the Group IV Member by the City for employment with the City during any five (5) years. If a Group IV Member has less than five (5) calendar years of employment, the Group IV Member's Compensation Base shall be determined by the Executive Director under uniform, non-discriminatory procedures that are consistently applied.
- B. For Compensation Base purposes, any lump sum payments of Earnings for any prior time period, whether awarded to the Group IV Member by a court, administrative body or settlement agreement, shall be retroactively attributed to the calendar year in which it would otherwise have been received by the Group IV Member from the City for services rendered.
- C. For purposes of computing the Compensation Base for a Group IV Member who has made an effective DROP Election, the Group IV Member's Compensation Base shall be calculated using the Group IV Member's Earnings prior to the effective date of the DROP Election.

#### **4.105 Termination Benefits and Vesting**

- A. *Contribution refund prior to vesting.* A Group IV Member who is voluntarily or involuntarily separated from the service of the City before the Group IV Member is vested shall be entitled to receive the amount of the Group IV Member's contributions plus Regular Interest (at the Regular Interest rate in effect on the date of such payment) less any amount previously paid to the Group IV Member from the Fund.
- B. *Vested Termination Pension.*
1. A vested Group IV Member who is voluntarily or involuntarily separated from the service of the City shall be entitled to receive a Vested Termination Pension payable: (i) in full, pursuant to Rule 4.103(B) or (ii) in a reduced amount commencing on or after age fifty (50). A Group IV Member must file a request for the commencement of the Vested Termination Pension by completing such forms and following such procedures as are established by the Board. A Vested Termination Pension shall be payable monthly on the first day of each month commencing with the month following approval of the Vested

Termination Pension by the Board.

2. A Vested Termination Pension shall be an annual life pension, the amount of which shall be the specified percentage of the Group IV Member's Compensation Base multiplied by his or her total years of Credited Service to date of such voluntary or involuntary separation from the service of the City. For purposes of the preceding sentence, the specified percentage of the Group IV Member's Compensation Base shall be two and twenty-five one-hundredths (2.25) percent, unless the Group IV Member has attained his or her Normal Retirement Date or Vested Retirement Date prior to the date that pension payments begin, in which case the specified percentage shall be two and fifty one-hundredths (2.50) percent. A Vested Termination Pension shall be calculated using the specified percentage and Compensation Base in effect at the time the Group IV Member's earned the Credited Service.
  3. If a Group IV Member has not attained his or her Normal Retirement Date or vested retirement date prior to the date the Vested Termination Pension payments begins, the amount of reduction for commencement of a pension prior to the Group IV Member's Normal Retirement Date or Vested Retirement Date [in addition to the specified percentage of two and twenty-five one-hundredths (2.25) percent], shall be five-twelfths (5/12) percent for each month by which commencement of the pension antedates the Group IV Member's Normal Retirement Date had he or she remained employed by the City.
- C. *Contribution refund after vesting in lieu of Vested Termination Pension.* Any Vested Group IV Member who is voluntarily or involuntarily separated from the service of the City may elect to receive a refund of the Group IV Member's contributions, plus Regular Interest (at the Regular Interest rate in effect on the date of such payment) less any amount previously paid to the Group IV Member from the Fund, either at the date of such separation or at any time thereafter prior to commencement of the Retirement Benefit, but by so doing, the Group IV Member shall forfeit all rights under the Fund and thereafter be entitled to no further benefits hereunder.

**4.106 Retirement Pension (Benefits)**

- A. *Pensions commencing upon Normal Retirement Date.* A Vested Group IV Member under this Division who retires on or after the Group IV Member's Normal Retirement Date and requests commencement of the Group IV Member's pension, or a Group IV Member who terminates employment prior to the Group IV Member's Normal Retirement Date and who waits until such Vested Retirement Date to apply for a pension, shall receive an annual life pension, the amount of which shall be two and fifty one-hundredths (2.50) percent of the Group IV Member's Compensation Base multiplied by the Group IV Member's total years of Credited Service, payable monthly on the first day of each month commencing with the month following the Board's approval of the Group IV Member's pension. This pension benefit shall be called the "Group IV Member's Standard Pension Benefit."
- B. *Alternative Pension Benefit.* In lieu of the Standard Pension Benefit, a Group IV Member may irrevocably elect with his or her spouse's consent (where applicable), in advance of his or her retirement and pursuant to regulations and requirements the Board in its discretion may adopt, to receive an "Alternative Pension Benefit" which shall be Actuarially Equivalent to the Group IV Member's Standard Pension Benefit and which shall be payable in two (2) parts: (i) one (1) part in a lump sum amount not less than five (5) percent nor greater than twenty-five (25) percent of the Actuarial Equivalent of the Group IV Member's Standard Pension Benefit, which lump sum

shall be payable on the date benefits commence under (ii); and (ii) the remainder in an annual life pension, payable monthly on the first day of each month commencing with the month following the Board's approval of the Group IV Member's pension.

- C. *Limitation on Alternative Pension Benefit.* Notwithstanding any other provision in this division to the contrary, the option to elect an Alternative Pension Benefit shall not be available for any disability pension under Rule 4.107, death benefit under Rule 4.108, or normal Vested Termination Pension under Rule 4.105, nor shall it be available to any retired Group IV Member who is receiving pension benefits hereunder as of the effective date of the Alternative Pension Benefit provisions of this section, nor shall it be available upon re-retirement to any retired Group IV Member who becomes re-employed by the City.

#### **4.107 Disability Pension**

- A. See Rule 9 for General Provisions related to Disability Pension.
- B. *Disability in Line of Duty.* If a Group IV Member, whether or not vested, becomes disabled as defined in Rule 9.101 while in Line of Duty, the Group IV Member shall receive an annual life pension, the amount of which shall be the specified percentage of the Group IV Member's Compensation Base multiplied by the total years of Credited Service which would have accrued if the Group IV Member had worked to Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00) per month. For purposes of the preceding sentence, the specified percentage of the Group IV Member's Compensation Base shall be two and twenty-five one-hundredths (2.25) percent, unless the Group IV Member is already eligible to retire on or after his or her Normal Retirement Date, in which case the specified percentage shall be two and fifty one-hundredths (2.50) percent.
- C. *Disability Not in Line of Duty for Vested Group IV Members.* If a Vested Group IV Member becomes disabled, as defined in Rule 9.101, while not in Line of Duty, the Group IV Member shall receive an annual life pension, the amount of which shall be the specified percentage of the Group IV Member's Compensation Base multiplied by the Group IV Member's total years of Credited Service to date of actual retirement. For purposes of the preceding sentence, the specified percentage of the Group IV Member's Compensation Base shall be two and twenty-five one-hundredths (2.25) percent, unless the Group IV Member is already eligible to retire on or after the Group IV Member's Normal Retirement Date, in which case the specified percentage shall be two and fifty one-hundredths (2.50) percent.
- D. *Disability Not in Line of Duty for Non-Vested Group IV Members.* If a Group IV Member becomes disabled while not in Line of Duty before the Group IV Member is Vested, then such Group IV Member shall be entitled to receive a contribution refund in accordance with Rule 4.105(A).

#### **4.108 Death Benefit**

- A. *While in Line of Duty.*
1. If a Group IV Member dies before retirement while in Line of Duty and as a result of the performance of that Group IV Member's duties, the surviving widow or widower shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group IV Member's pension, based on the number of years of Credited Service that would have accrued had the Group IV Member lived to the Group IV

Member's Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00).

2. Each dependent child of such Group IV Member under eighteen (18) years of age shall be entitled to receive a monthly pension, the amount of which shall be one hundred dollars (\$100.00), provided however, that if no surviving widow or widower shall be entitled to receive a monthly pension pursuant to the terms of this division, all such dependent children shall share equally a monthly pension, the amount of which shall be seventy-five (75) percent of the Group IV Member's pension, based on the number of years of Credited Service that would have accrued had the Group IV Member lived to the Group IV Member's Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00).
3. If a Group IV Member dies while in Line of Duty and leaves no widow or widower or children eligible to receive a benefit hereunder, but is survived by a dependent parent or parents, such dependent parents or the surviving dependent parent shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group IV Member's accrued pension projected to his or her Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00).
4. The survivor's monthly pension benefit for a Group IV Member who dies in Line of Duty shall be calculated using a multiplier of two and fifty one-hundredths (2.50) percent.

B. *While Not in Line of Duty.*

1. *Vested Group IV Member.*
  - a. If a Vested Group IV Member dies before retirement, while not in Line of Duty, the surviving widow or widower shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group IV Member's accrued pension but not less than one hundred fifty dollars (\$150.00).
  - b. Each dependent child under eighteen (18) years of age of such Vested Group IV Member shall be entitled to receive a monthly pension, the amount of which shall be one hundred dollars (\$100.00); provided, however, that if no surviving widow or widower shall be entitled to receive a monthly pension pursuant to the terms of this Division, all such dependent children shall share equally a monthly pension, the amount of which shall be seventy-five (75) percent of the Group IV Member's accrued pension, but not less than one hundred fifty dollars (\$150.00).
  - c. If a Group IV Member dies while in not in Line of Duty and leaves no widow or widower or children eligible to receive a benefit hereunder, but is survived by a dependent parent or parents, such dependent parents or the surviving dependent parent shall he entitled to receive a monthly pension, the amount of which shall he seventy-five (75) percent of the Group IV Member's accrued pension, projected to the Group IV Member's Normal Retirement Date, but not less than one hundred fifty dollars (\$150.00).
  - d. The survivor's monthly pension benefit for a Vested Group IV Member who dies not in Line of Duty shall be calculated using a multiplier of two and twenty-five one-hundredths (2.25) percent.

2. *Group IV Member Not Vested at Time of Death.* If a Group IV Member was not Vested on the date of death, the surviving widow or widower shall be entitled to the return of all contributions which the Group IV Member paid into the Fund during the Group IV Member's life plus Regular Interest thereon (at the Regular Interest rate in effect on the date of any payment to the widow or widower). If there is not a surviving widow or widower, the contributions shall be paid to the estate of the Group IV Member.

C. *After Retirement.*

1. *Group IV Members Who are Married at Retirement.* The surviving spouse of a Group IV Member who dies after retirement would be eligible to receive a monthly pension if the Group IV Member elected to receive a reduced monthly pension prior to retirement, on a form and subject to procedures developed by the Executive Director of the Fund. The Group IV Member's reduced monthly pension shall be determined in a manner that is actuarially neutral to the Fund, based on Actuarial Tables in effect on the date of the Group IV Member's election to receive a reduced monthly pension. Notwithstanding the preceding, a surviving spouse who was not married to the deceased Group IV Member at the time of his or her retirement shall be eligible to receive a monthly pension if the Group IV Member has elected to receive a reduced monthly pension, on a form and subject to procedures developed by the Executive Director, within six (6) months after the Group IV Member's completion of two (2) years of marriage to his or her spouse. The reduced monthly pension shall be actuarially determined in a manner that is actuarially neutral to the Fund, based on Actuarial Tables in effect on the date of the Group IV Member's election to receive a reduced monthly pension. The Group IV Member can elect for his or her surviving spouse to receive either one hundred (100) percent, seventy-five (75) percent, fifty (50) percent, or twenty-five (25) percent of the Group IV Member's reduced monthly pension.
2. *Group IV Members Who Are Not Married on Date of Retirement.* Upon the death of a retired Group IV Member, who was not married at retirement, a Beneficiary designated by the Group IV Member at retirement may be eligible to receive a monthly pension if the Group IV Member has elected to receive a reduced monthly pension, on a form and subject to procedures developed by the Executive Director. The Group IV Member's reduced monthly pension shall be actuarially determined in a manner that is actuarially neutral to the Fund, based on Actuarial Tables in effect on the date of the Group IV Member's election to receive a reduced monthly pension. The Group IV Member can elect for his or her designated Beneficiary to receive either one hundred (100) percent, seventy-five (75) percent, fifty (50) percent, or twenty-five (25) percent of the Group IV Member's reduced monthly pension. If a Group IV Member who was not married at retirement and who selected a designated Beneficiary pursuant to this subsection later marries, only the designated Beneficiary would be entitled to receive a lifetime monthly pension.
3. Each dependent child under eighteen (18) years of age of such retired deceased Group IV Member shall be entitled to receive a monthly pension, the amount of which shall be one hundred dollars (\$100.00), but shall cease upon the earliest of such child's death, marriage or attainment of age eighteen (18) pursuant to the terms of this Article.

- D. *Death of Vested Terminated Group IV Member Prior to Pension Commencing.* If a terminated Group IV Member entitled to a pension dies before his or her pension commences, the Group IV Member's designated Beneficiary, or if none, the Group IV Member's estate shall receive an

amount equal to the Group IV Member's total contributions to the Fund, plus Regular Interest. If the Vested Group IV Member's years of age and years and Credited Service total at least sixty-five (65) as of the date of the Group IV Member's termination, the Group IV Member's eligible dependents shall receive the benefit specified under Rule 4.108(B) based on the pension to which the Group IV Member would have been entitled as of the date of the Group IV Member's death, in lieu of the payment of contributions plus Regular Interest. If the Group IV Member's years of age and service did not total at least sixty-five (65) as of the date of the Group IV Member's termination, the Group IV Member's eligible dependents may choose between the refund of contributions, the payment of the survivor benefit at the date the Group IV Member would have been eligible to draw the benefit, or an immediate benefit at an actuarially reduced rate.

E. *General Provisions.*

1. If a deceased Group IV Member leaves no widow, widower, designated Beneficiary, children or dependent parents eligible to receive a benefit hereunder, the Group IV Member's total contributions plus Regular Interest (at the Regular Interest rate in effect on the date of any such payment) less any amount previously paid to him or her from the Fund, shall be paid to the Group IV Member's estate.
2. Payments to a child shall be made whether or not a widow, widower, or designated Beneficiary survives and shall continue after the death of a widow, widower, or designated Beneficiary but shall cease upon the earliest of such child's death, marriage, or attainment of age eighteen (18). Payments to a dependent parent shall cease upon such parent's death. For purposes of this division, a parent will be deemed to be dependent if the Group IV Member provides over one half of the parent's support. Payments to a widow, widower, or designated Beneficiary shall continue after remarriage, but shall cease upon the death of the widow, widower, or designated Beneficiary. Payments to a widow or widower forfeited due to remarriage, under prior provisions of this Section will be reinstated upon written request by the widow or widower, but no retroactive payment can be made. After payments cease, any excess of the Group IV Member's total contributions over and above disability and/or death benefits paid, plus Regular Interest at date of death shall be paid to the Member's estate.
3. Except as provided in Rule 4.108(D), death benefit coverage during service breaks in excess of ninety (90) consecutive calendar days shall be limited to Group IV Members who are absent due to service-connected injury incurred while in Line of Duty.
4. Benefits hereunder shall be payable on the first day of each month commencing with the month following the month in which the Group IV Member's death occurs. The Board shall determine all questions of dependency, and its determination shall be final and conclusive on all parties. All unmarried, legitimate and legally adopted children under the age of eighteen (18) years, in the absence of determination to the contrary, shall be considered dependent.

## RULE 5

### PROVISIONS APPLICABLE TO GROUP I MEMBERS (GENERAL EMPLOYEES HIRED PRIOR TO JULY 1, 2011)

#### **5.101      Applicability**

This Division shall apply to Group I Members as defined by Rule 1.101(DD).

#### **5.102      Earnings**

A. For Credited Service earned prior to October 1, 2013, Earnings shall mean the amount actually paid to a Group I Member by the City for services rendered to the City during the calendar year, plus overtime, acting, assignment, holiday, longevity, educational incentive, safety award, incentive and shift differential pay, as reported on the Group I Member's W-2 form. "Earnings" shall also include weekly workers' compensation benefits (currently referred to as temporary income benefits), beginning for such amounts received by Group I Members on or after January 1, 2006, so long as required by law. Regardless of the fact that the following payments may be shown upon a Group I Member's W-2 form, Earnings shall not include:

1. Any non-salary allowance (such as uniform reimbursement, automobile allowance or mileage, etc.),
2. Lump sum payments received at time of termination for unused vacation leave, sick leave and personal leave,
3. Any award by a court, administrative body, or settlement agreement in excess of Earnings, and
4. Any amount paid to a Group I Member for which the City does not contribute to the Fund under Rule 2.103.

A Group I Member participating in a City-sponsored deferred compensation plan shall have the amount of any deferred compensation credited to that Group I Member during the calendar year added to Earnings reported on the Group I Member's W-2 form to arrive at total Earnings for Fund matters. Mandatory Group I Member contributions that are picked-up by the City and excluded from a Group I Member's W-2 form shall also be included as part of Earnings. Notwithstanding the foregoing, Earnings in excess of two hundred thousand dollars (\$200,000.00), if any (or such other amounts as may be determined by taking into account the cost of living adjustment provided under Section 401(a)(17) of the Code) shall be disregarded for all purposes of this definition. Notwithstanding the preceding provisions, Earnings shall not include any amounts paid following a Group I Member's effective DROP Election.

B. For Credited Service earned on or after October 1, 2013, Earnings shall mean the amount actually paid to a Group I Member by the City for services rendered to the City during the calendar year, plus acting, assignment, holiday, longevity, educational incentive, safety award, incentive and shift differential pay, as reported on the Group I Member's W-2 form. "Earnings" shall also include weekly workers' compensation benefits (currently referred to as temporary income benefits), beginning for such amounts received by Group I Members on or after January 1, 2006, so long as required by law. Earnings does not include overtime. Regardless of the fact that the following payments may be shown upon a Group I Member's W-2 form, Earnings shall not

include:

1. Any non-salary allowance (such as uniform reimbursement, automobile allowance or mileage, etc.),
2. Lump sum payments received at time of termination for unused vacation leave, sick leave and personal leave,
3. Any award by a court, administrative body, or settlement agreement in excess of Earnings, and
4. Any amount paid to a Group I Member for which the City does not contribute to the Fund under Rule 2.103.

A Group I Member participating in a City-sponsored deferred compensation plan shall have the amount of any deferred compensation credited to that Group I Member during the calendar year added to Earnings reported on the Group I Member's W-2 form to arrive at total Earnings for Fund matters. Mandatory Group I Member contributions that are picked-up by the City and excluded from a Group I Member's W-2 form shall also be included as part of Earnings. Notwithstanding the foregoing, Earnings in excess of two hundred thousand dollars (\$200,000.00), if any (or such other amounts as may be determined by taking into account the cost-of-living adjustment provided under Section 401(a)(17) of the Code) shall be disregarded for all purposes of this definition. Notwithstanding the preceding provisions, Earnings shall not include any amounts paid following a Group I Member's effective DROP Election.

#### **5.103 Retirement Dates for Group I Members**

- A. *Normal Retirement Date.* A Group I Member shall be eligible for pension benefits on or after the Group I Member's Normal Retirement Date which shall be the last day of the month in which the earliest of the following occurs:
1. The Group I Member's years of age and years of Credited Service total eighty (80); or
  2. The later of (i) the date on which the Group I Member reaches age sixty-five (65) or (ii) the fifth anniversary of the date the Group I Member joined the Fund; or
- B. *Vested Terminated Retirement Date.* A Vested Group I Member who is voluntarily or involuntarily separated from the service of the City shall be eligible for pension benefits on or after such Group I Member's Vested termination retirement date which shall be the last day of the month in which the Group I Member reaches age fifty (50), or, if earlier, the last day of the month in which the Group I Member would have attained his or her Normal Retirement Date had the Group I Member remained employed by the City.

#### **5.104 Compensation Base for Determining Benefits**

- A. Compensation Base For Determining Group I Member Benefits For Credited Service Earned or Purchased Prior to October 1, 2013:
1. For Group I Members hired and Vested prior to October 23, 2007 (not subject to the 12% cap), pension, death benefits, disability pension and Vested termination benefits shall be based upon the Group I Member's Compensation Base which shall mean the average



annual Earnings, as defined by Rule 5.102(A) which were paid to the Group I Member by the City for employment with the City during any three (3) calendar years in which he or she had the highest annual Earnings. If a Group I Member's last day of employment with the City is prior to January 1, 1999, "five (5)" shall be substituted for "three (3)" in the preceding sentence.

2. For Group I Members who were hired prior to July 1, 2011, but not vested by October 23, 2007 (subject to the 12% cap), pension, death benefits, disability pension and Vested termination benefits shall be based upon the Group I Member's Compensation Base which shall mean the average annual Earnings, as defined by Rule 5.102(A) which were paid to the Group I Member by the City for employment with the City during any three (3) calendar years in which he or she had the highest annual Earnings, subject to the following limitations:
  - a. The Fund shall determine the four (4) calendar years in which the Group I Member had the highest annual Earnings. Of such four (4) years, the year in which the Group I Member had the lowest annual Earnings shall serve as the base year. The base year shall not be included as one (1) of the three (3) calendar years for purposes of the Compensation Base calculation.
  - b. The first annual Earnings to be used in the calculation of the Group I Member's Compensation Base shall be the actual annual Earnings from the calendar year with the third highest annual Earnings of the four (4) calendar years identified in Rule 5.104(A)(2)(a), provided that if such annual Earnings are from a calendar year beginning on or after January 1, 2008, the amount to be used in the calculation of the Compensation Base for the first year shall not exceed one hundred twelve (112) percent of the annual Earnings for the base year.
  - c. The second annual Earnings to be used in the calculation of the Group I Member's Compensation Base shall be the actual annual Earnings from the calendar year with the second highest annual Earnings of the four (4) calendar years identified in Rule 5.104(A)(2)a., provided that if such annual Earnings are from a calendar year beginning on or after January 1, 2008, the amount to be used in the calculation of the Compensation Base for the second year shall not exceed one hundred twelve (112) percent of the annual Earnings that are attributable to the year described in Rule 5.104(A)(2)b.
  - d. The third annual Earnings to be used in the calculation of the Group I Member's Compensation Base shall be the actual annual Earnings from the calendar year with the highest annual Earnings of the four (4) calendar years identified in Rule 5.104(A)(2)a., provided that if such annual Earnings are from a calendar year beginning on or after January 1, 2008, the amount to be used in the calculation of the Compensation Base for the third year shall not exceed one hundred twelve (112) percent of the annual Earnings that are attributable to the year described in Rule 5.104(A)(2)c.
  - e. The average of the three (3) amounts determined in accordance with Rule 5.104(A)(2)a. through Rule 5.104(A)(2)d. will be the average annual Earnings for purposes of the Group I Member's Compensation Base.

B. Compensation Base for determining Group I Member benefits for Credited Service earned or

purchased on or after October 1, 2013: For Group I Members, Credited Service earned or purchased on or after October 1, 2013 shall be based upon average annual Earnings, as defined by Rule 5.102(B) which were paid to the Group I Member by the City for employment with the City during any five (5) calendar years in which the Group I Member had the highest annual Earnings. The Compensation Base for Credited Service earned or purchased on or after October 1, 2013, does not include overtime.

- C. If a Group I Member has less than five (5) [or if applicable, three (3)] calendar years of employment, the Group I Member's Compensation Base shall be determined by the Executive Director under uniform, non-discriminatory procedures that are consistently applied.
- D. For Compensation Base purposes, any lump sum payments of Earnings for any prior time period, whether awarded to the Group I Member by a court, administrative body or settlement agreement, shall be retroactively attributed to the calendar year in which it would otherwise have been received by the Group I Member from the City for services rendered.
- E. For purposes of computing the Compensation Base for a Group I Member who has made an effective DROP Election, the Group I Member's Compensation Base shall be calculated using the Group I Member's Earnings prior to the effective date of the DROP Election.

#### **5.105 Termination Benefits and Vesting**

- A. *Contribution Refund Prior to Vesting.* Any Group I Member who is voluntarily or involuntarily separated from the service of the City before the Group I Member is vested shall be entitled to receive the amount of the Group I Member's contributions plus Regular Interest (at the Regular Interest rate in effect on the date of such payment) less any amount previously paid to the Group I Member from the Fund.
- B. *Vested Termination Pension.*
  - 1. A Vested Group I Member who is voluntarily or involuntarily separated from the service of the City shall be entitled to receive a Vested Termination Pension payable: (i) in full, pursuant to Rule 5.103(B) or (ii) in a reduced amount commencing on or after age fifty (50). A Group I Member must file a request for the commencement of the Vested Termination Pension by completing such forms and following such procedures as are established by the Board. A Vested Termination Pension shall be payable monthly on the first day of each month commencing with the month following approval of the Group I Member's Vested Termination Pension by the Board.
  - 2. A Vested Termination Pension shall be an annual life pension, the amount of which shall be the specified percentage of the Group I Member's Compensation Base multiplied by the Group I Member's total years of Credited Service to date of such voluntary or involuntary separation from the service of the City. For purposes of the preceding sentence, the specified percentage of the Group I Member's Compensation Base shall be two and seventy-five one-hundredths (2.75) percent for all Credited Service earned or purchased prior to October 1, 2013, and two and twenty-five one-hundredths (2.25) percent for Credited Service earned or purchased on or after October 1, 2013, unless the Group I Member has attained his or her Normal Retirement Date or Vested Retirement Date prior to the date the Group I Member's pension payments begin, in which case the specified percentage shall be three (3) percent for all Credited Service earned or purchased prior to October 1, 2013 and shall be two and fifty one-hundredths (2.50)

percent for all Credited Service earned or purchased on or after October 1, 2013. A Vested Termination Pension shall be calculated using the specified percentage and Compensation Base in effect at the time the Group I Member earned or purchased the Credited Service for all Credited Service earned or purchased on or after October 1, 2013.

3. In addition to the reduced multiplier describe in Rule 5.105(B)(2), if a Group I Member has not attained his or her Normal Retirement Date or Vested Retirement Date prior to the date the Group I Member's Vested Termination Pension payments begin, the amount of reduction for commencement of a pension prior to the Group I Member's Normal Retirement or Vested Retirement Date shall be five-twelfths (5/12) percent for each month by which commencement of the pension antedates the Group I Member's Normal Retirement Date had the Group I Member remained employed by the City.

## **5.106 Retirement Pension (Benefits)**

### **A. Pensions Commencing Prior to October 1, 2013.**

1. A Vested Group I Member who retires on or after the Group I Member's Normal Retirement Date and who requests commencement of the Group I Member's pension prior to October 1, 2013, or a Group I Member who terminates employment prior to October 1, 2013, and prior to the Group I Member's Normal Retirement Date and who waits until such Vested Retirement Date, to apply for a pension, shall receive an annual life pension, the amount of which shall be three (3.0) percent of the Group I Member's applicable Compensation Base as defined by Rule 5.104(A)(1) or (A)(2), whichever is applicable, multiplied by the Group I Member's total years of Credited Service, payable monthly on the first day of each month commencing with the month following the Board's approval of the Group I Member's pension. This retirement pension shall be defined as the "**Group I Member's Standard Pension Benefit A.**"
2. *Alternative Pension Benefit.* In lieu of the Group I Member Standard Pension Benefit A, a Group I Member under this subsection may irrevocably elect with his or her spouse's consent (where applicable), in advance of his or her retirement and pursuant to regulations and requirements the Board in its discretion may adopt, to receive an "Alternative Pension Benefit" which shall be Actuarially Equivalent to the Group I Member's Standard Pension Benefit A and which shall be payable in two (2) parts: (i) one (1) part in a lump sum amount not less than five (5) percent nor greater than twenty-five (25) percent of the Actuarial Equivalent of the Group I Member's Pre-October 1, 2013 Standard Pension Benefit A, which lump sum shall be payable on the date benefits commence under (ii); and (ii) the remainder in an annual life pension, payable monthly on the first day of each month commencing with the month following the Board's approval of the Group I Member's Alternative Pension Benefit.
3. *Limitation on Alternative Pension Benefit.* Notwithstanding any other provision in this Division to the contrary, the option to elect an Alternative Pension Benefit shall not be available for any disability pension under Rule 5.107, death benefit under Rule 5.108, or Vested Termination Pension under Rule 5.105, nor shall it be available to any Group I Member who is receiving pension benefits as of the effective date of the Alternative Pension Benefit provisions of this Section, nor shall it be available upon re-retirement to any retired Group I Member who becomes re-employed by the City.

### **B. Pensions Commencing On or After October 1, 2013.**

1. *Pensions Commencing Upon Normal Retirement Date for Group I Members Hired and Vested prior to July 1, 2011, Whose Pension Commences On or After October 1, 2013 (not subject to the Earnings cap):* A Vested Group I Member hired and vested prior to October 23, 2007, who retires on or after the Group I Member's Normal Retirement Date and requests commencement of the Group I Member's pension on or after October 1, 2013, or a Group I Member who terminates employment on or after October 1, 2013 and prior to the Group I Member's Normal Retirement Date and who waits until such Vested Retirement Date to apply for a pension, shall receive an annual life pension, the amount of which shall be calculated by adding the following:
    - a. Three (3.0) percent of the Group I Member's Compensation Base as defined by Rule 5.104(A)(1) multiplied by the Group I Member's years of Credited Service from date of hire until September 30, 2013; and
    - b. Two and fifty one-hundredths (2.50) percent of the Group I Member's Compensation Base as defined by Rule 5.104(B) multiplied by the Group I Member's years of Credited Service from October 1, 2013 until date of termination.
  2. *Pensions Commencing Upon Normal Retirement Date for Group I Members Who Were Hired Prior to July 1, 2011 and Were Not Vested by October 23, 2007 and Whose Pension Commences On or After October 1, 2013 (subject to the Earnings cap):* A Group I Member hired prior to July 1, 2011, and not vested by October 23, 2007, who retires on or after the Group I Member's Normal Retirement Date and requests commencement of the Group I Member's pension, and whose pension commences on or after October 1, 2013, or who terminates employment on or after October 1, 2013, but prior to his or her Normal Retirement Date and who waits until such Vested Retirement Date to apply for a pension shall receive an annual life pension, the amount of which shall be calculated by adding the following:
    - a. Three (3.0) percent of the Group I Member's Compensation Base as defined by Rule 5.104(A)(2) multiplied by the Group I Member's years of Credited Service from date of hire until September 30, 2013; and
    - b. Two and fifty one-hundredths (2.50) percent of the Group I Member's Compensation Base as defined by Rule 5.104(B) multiplied by the Group I Member's years of Credited Service from October 1, 2013 until date of termination.
  3. The pension should be payable monthly on the first day of each month commencing with the month following the Board's approval of the Group I Member's pension. This retirement pension shall be defined as the "**Group I Member Standard Pension Benefit B.**"
- C. *Alternative Pension Benefit.* In lieu of the Group I Member Standard Pension Benefit B, a Group I Member may irrevocably elect with his or her spouse's consent (where applicable), in advance of his or her retirement and pursuant to regulations and requirements the Board in its discretion may adopt, to receive an "Alternative Pension Benefit" which shall be Actuarially Equivalent to the Group I Member's Standard Pension Benefit B and which shall be payable in two (2) parts: (i) one (1) part in a lump sum amount not less than five (5) percent nor greater than twenty-five (25) percent of the Actuarial Equivalent of the Group I Member's Standard Pension Benefit,

which lump sum shall be payable on the date benefits commence under (ii); and (ii) the remainder in an annual life pension, payable monthly on the first day of each month commencing with the month following the Board's approval of the Group I Member's pension.

- D. *Limitation on Alternative Pension Benefit.* Notwithstanding any other provision in this Division to the contrary, the option to elect an Alternative Pension Benefit shall not be available for any disability benefit under Rule 5.107, death benefit under Rule 5.108, or normal Vested Termination Pension under Rule 5.105, nor shall it be available to any retired employee who is receiving pension benefits hereunder as of the effective date of the Alternative Pension Benefit provisions of this Division, nor shall it be available upon re-retirement to any retired Group I Member who becomes re-employed by the City.

#### **5.107 Disability Pension**

- A. See Rule 9 for General Provisions related to disability pension.
- B. *Disability in Line of Duty.* If a Group I Member, whether or not Vested, becomes disabled as defined in Rule 9.101, while in Line of Duty, the Group I Member shall receive an annual life pension, the amount of which shall be the specified percentage of the Group I Member's Compensation Base multiplied by the Group I Member's total years of Credited Service which would have accrued if the Group I Member had worked to the Group I Member's Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00) per month. For purposes of the preceding sentence, the specified percentage of the Group I Member's Compensation Base shall be two and seventy-five one-hundredths (2.75) percent, unless the Group I Member is already eligible to retire on or after the Group I Member's Normal Retirement Date, in which case the specified percentage shall be three (3.0) percent.
- C. *Disability Not in Line of Duty for Vested Group I Members Whose Disability Pension Commences Prior to October 1, 2013.* If a Vested Group I Member becomes disabled as defined in Rule 9.101, while not in Line of Duty, and the Group I Member's pension commences prior to October 1, 2013, the Group I Member shall receive an annual life pension, the amount of which shall be the specified percentage of the Group I Member's Compensation Base, multiplied by the Group I Member's total years of Credited Service to date of actual retirement. For purposes of the preceding sentence, the specified percentage of the Group I Member's Compensation Base shall be two and seventy-five one-hundredths (2.75) percent, unless the Group I Member is already eligible to retire on or after the Group I Member's Normal Retirement Date, in which case the specified percentage shall be three (3.0) percent.
- D. *Disability Not in Line of Duty for Vested Group I Members Whose Disability Pension Commences On or After October 1, 2013.* If a Vested Group I Member becomes disabled as defined in Rule 9.101, while not in Line of Duty, and the Group I Member's pension commences on or after October 1, 2013, the Group I Member shall receive an annual life pension, the amount of which shall be determined by adding the following:
1. a specified percentage of the Group I Member's Compensation Base as defined by Rule 5.104(A)(1) if hired and vested prior to October 23, 2007, or a specified percentage of the Group I Member's Compensation Base as defined by Rule 5.104(A)(2) if hired prior to July 1, 2011 and not vested by October 23, 2007, multiplied by the Group I Member's years of Credited Service from date of hire until September 30, 2013. For purposes of the preceding sentence, the specified percentage of the Group I Member's Compensation Base for Credited Service pursuant to this subsection shall be two and seventy-five one-

hundredths (2.75) percent; and

2. a specified percentage of the Group I Member's Compensation Base as defined by Rule 5.104(B) multiplied by the Group I Member's years of Credited Service from January 1, 2013<sup>2</sup>, until the date of disability. For purposes of the preceding sentence, the specified percentage of the Group I Member's Compensation Base for Credited Service pursuant to this subsection shall be two and twenty-five one-hundredths (2.25) percent.

E. *Disability Not in Line of Duty for Non-Vested Group I Members.* If a Group I Member becomes disabled while not in Line of Duty before the Group I Member is vested, then such Group I Member shall be entitled to receive a contribution refund in accordance with Rule 5.105(A).

## **5.108 Death Benefit**

A. *While in Line of Duty.*

1. If a Group I Member dies before retirement while in Line of Duty and as a result of the performance of that Group I Member's duties, the surviving widow or widower shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group I Member's standard pension, based on the number of years of Credited Service that would have accrued had the Group I Member lived to the Group I Member's Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00).
2. Each dependent child under eighteen (18) years of age of such Group I Member shall be entitled to receive a monthly pension, the amount of which shall be one hundred dollars (\$100.00), provided however, that if no surviving widow or widower shall be entitled to receive a monthly pension pursuant to the terms of this Division, all such dependent children shall share equally a monthly pension, the amount of which shall be seventy-five (75) percent of the Group I Member's pension, based on the number of years of Credited Service that would have accrued had the Group I Member lived to the Group I Member's Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00).
3. If a Group I Member dies while in Line of Duty and leaves no widow or widower or children eligible to receive a benefit hereunder, but is survived by a dependent parent or parents, such dependent parent(s) shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group I Member's accrued pension projected to the Group I Member's Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00).
4. The survivor's monthly pension benefit for a Group I Member who dies in Line of Duty shall be calculated using a multiplier of three (3.0) percent.

B. *While Not in Line of Duty.*

1. *Vested Group I Member Who Dies Not in Line of Duty and Whose Survivor's Monthly Pension Begins Prior to October 1, 2013:*

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<sup>2</sup> Section 2.5-46(d)(2) has January as the month as indicated. The date should be *October* 1, 2013, since that is the date this portion of the Retirement Ordinance takes effect.

- a. If a Vested Group I Member dies before retirement, while not in Line of Duty, and the survivor monthly pension benefits begin prior to October 1, 2013, then the surviving widow or widower shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group I Member's accrued pension but not less than one hundred fifty dollars (\$150.00).
  - b. Each dependent child under eighteen (18) years of age of such Vested Group I Member shall be entitled to receive a monthly pension, the amount of which shall be one hundred dollars (\$100.00); provided, however, that if no surviving widow or widower shall be entitled to receive a monthly pension pursuant to the terms of this subsection, all such dependent children shall share equally a monthly pension, the amount of which shall be seventy-five (75) percent of the Group I Member's accrued pension, but not less than one hundred fifty dollars (\$150.00).
  - c. If a Vested Group I Member dies while not in Line of Duty and leaves no widow or widower or children eligible to receive a benefit under this subsection, but is survived by a dependent parent or parents, such dependent parents of the surviving dependent parent shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group I Member's accrued pension, projected to the Group I Member's Normal Retirement Date, but not less than one hundred fifty dollars (\$150.00).
  - d. For purposes of Rule 5.108(B)(1), a Group I Member's accrued pension shall be calculated using a multiplier of two and seventy-five one-hundredths (2.75) percent, unless the Group I Member had reached the Group I Member's Normal Retirement Date prior to death, in which event the multiplier shall be three (3.0) percent.
2. *Vested Group I Member Who Dies Not In Line of Duty and Whose Survivor's Monthly Pension Begins On or After October 1, 2013:*
- a. If a Vested Group I Member dies before retirement, while not in Line of Duty, and the survivor pension begins on or after October 1, 2013, then the surviving widow or widower shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group I Member's accrued pension but not less than one hundred fifty dollars (\$150.00). The accrued pension shall be calculated by adding the following:
    - i. A specified percentage of the Group I Member's Compensation Base as defined by Rule 5.104(A)(1) if hired and vested prior to October 23, 2007, or a specified percentage of the Group I Member's Compensation Base as defined by Rule 5.104(A)(2) if hired prior to July 1, 2011 and not vested by October 23, 2007, multiplied by the Group I Member's years of Credited Service from date of hire until September 30, 2013. For purposes of the preceding sentence, the specified percentage of the Group I Member's Compensation Base for Credited Service for this time period shall be two and seventy-five one-hundredths (2.75) percent; and
    - ii. a specified percentage of the Group I Member's Compensation Base as defined by Rule 5.104(B), multiplied by the Group I Member's years of Credited Service from October 1, 2013, until the date of death. For

purposes of the preceding sentence, the specified percentage of the Group I Member's Compensation Base for Credited Service for this time period shall be two and twenty-five one-hundredths (2.25) percent.

- b. Each dependent child under eighteen (18) years of age of such Vested Group I Member shall be entitled to receive a monthly pension, the amount of which shall be one hundred dollars (\$100.00); provided, however, that if no surviving widow or widower shall be entitled to receive a monthly pension pursuant to the terms of this Section, all such dependent children shall share equally a monthly pension, the amount of which shall be seventy-five (75) percent of the Group I Member's accrued pension, but not less than one hundred fifty dollars (\$150.00).
  - c. If a Group I Member dies while not in Line of Duty and leaves no widow or widower or children eligible to receive a benefit hereunder, but is survived by a dependent parent or parents, such dependent parent(s) shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group I Member's accrued pension, but not less than one hundred fifty dollars (\$150.00).
3. *Group I Member Not Vested at Time of Death.* If a Group I Member was not vested on the date of death, the surviving widow or widower shall be entitled to the return of all contributions which the Group I Member paid into the Fund during the Group I Member's life plus Regular Interest thereon (at the Regular Interest rate in effect on the date of any payment to the widow or widower). If there is not a surviving widow or widower, the contributions shall be paid to the estate of the Group I Member.

C. *After Retirement.*

1. Upon the death of a Group I Member, the surviving widow or widower shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the pension being paid to the Group I Member, provided that the Group I Member and surviving widow or widower had been married for at least one (1) year immediately prior to the Group I Member's retirement. Notwithstanding the preceding sentence, a surviving widow or widower who was not married to the deceased Group I Member for at least one (1) year immediately prior to the Group I Member's retirement shall be eligible to receive a monthly pension if the Group I Member has elected to receive a reduced monthly pension, on a form and subject to procedures developed by the Executive Director, within six (6) months after the Group I Member's completion of two (2) years of marriage to the Group I Member's spouse. The reduced monthly pension shall be actuarially determined in a manner that is actuarially neutral to the Fund, based on Actuarial Tables in effect on the date of the Group I Member's election to receive a reduced monthly pension. If such an election has been made, the surviving widow or widower shall receive a monthly pension for life equal to seventy-five (75) percent of the Group I Member's reduced monthly pension.
2. Upon the death of a Group I Member who was not married at retirement, a Beneficiary designated by a Group I Member at retirement may be eligible to receive a monthly pension if the Group I Member has elected to receive a reduced monthly pension, on a form and subject to procedures developed by the Executive Director. The Group I Member's reduced monthly pension shall be actuarially determined in a manner that is actuarially neutral to the Fund, based on Actuarial Tables in effect on the date of the



Group I Member's election to receive a reduced monthly pension. If such an election has been made, the Group I Member's designated Beneficiary shall receive a monthly pension for life equal to one hundred (100) percent, seventy-five (75) percent, fifty (50) percent, or twenty-five (25) percent of the Group I Member's reduced monthly pension. If a Group I Member who was not married at retirement and who selected a designated Beneficiary pursuant to this subsection later marries only the designated Beneficiary would be entitled to receive a lifetime monthly pension.

3. Each dependent child under eighteen (18) years of age of such deceased Group I Member shall be entitled to receive a monthly pension, the amount of which shall be one hundred dollars (\$100.00) but shall cease upon the earliest of such child's death, marriage or attainment of age eighteen (18); provided, however, that if no surviving widow, widower, or designated Beneficiary shall be entitled to a monthly pension pursuant to the terms of this Division, all such dependent children shall share equally a monthly pension, the amount of which shall be seventy-five (75) percent of the pension being paid to the Group I Member at the time of his or her death.

- D. *Death of Vested Terminated Group I Member Prior to Pension Commencing.* If a terminated Group I Member entitled to a pension under the provisions of Rule 5.105 dies before the Group I Member's pension commences, the Group I Member's designated Beneficiary, or if none, the Group I Member's estate shall receive an amount equal to the Group I Member's total contributions to the Fund, plus Regular Interest (at the Regular Interest rate in effect on the date of such payment). If the Vested Group I Member's years of age and years of Credited Service total at least sixty-five (65) as of the date of the Group I Member's termination, the Group I Member's eligible dependents shall receive the benefit specified under Rule 5.108(B), based on the pension to which the Group I Member would have been entitled as of the date of the Group I Member's death, in lieu of the payment of contributions plus Regular Interest. If the Group I Member's years of age and Credited Service did not total at least sixty-five (65) as of the date of the Group I Member's termination, the Group I Member's eligible dependents may choose between the refund of contributions, the payment of the survivor benefit at the date the Group I Member would have been eligible to draw the benefit, or an immediate benefit at an actuarially reduced rate.

## RULE 6

### **PROVISIONS FOR GROUP II MEMBERS (GENERAL EMPLOYEES HIRED ON OR AFTER JULY 1, 2011)**

#### **6.101      Applicability**

This Division applies to Group II Members as defined by Rule 1.101(EE).

#### **6.102      Earnings**

A.      For Credited Service earned prior to October 1, 2013, Earnings shall mean the amount actually paid to a Group II Member by the City for services rendered to the City during the calendar year, plus overtime, acting, assignment, holiday, longevity, educational incentive, safety award, incentive and shift differential pay, as reported on the Group II Member's W-2 form. "Earnings" shall also include weekly workers' compensation benefits (currently referred to as temporary income benefits), beginning for such amounts received by Group II Members on or after January 1, 2006, so long as required by law. Regardless of the fact that the following payments may be shown upon a Group II Member's W-2 form, Earnings shall not include:

1.      Any non-salary allowance (such as uniform reimbursement, automobile allowance or mileage, etc.);
2.      Lump sum payments received at time of termination for unused vacation leave, sick leave and personal leave;
3.      Any award by a court, administrative body, or settlement agreement in excess of Earnings;
4.      Any payment received from the City's Wellness Program;
5.      Any amount received from the City's vacation sell-back program; and
6.      Any amount paid to a Group II Member for which the City does not contribute to the Fund under Rule 2.103.

A Group II Member participating in a City-sponsored deferred compensation plan shall have the amount of any deferred compensation credited to that Group II Member during the calendar year added to Earnings reported on the Group II Member's W-2 form to arrive at total Earnings for Fund matters. Mandatory Group II Member contributions that are picked-up by the City and excluded from a Member's W-2 form shall also be included as part of Earnings. Notwithstanding the foregoing, Earnings in excess of two hundred thousand dollars (\$200,000.00), if any (or such other amounts as may be determined by taking into account the cost-of-living adjustment provided under Section 401(a)(17) of the Code) shall be disregarded for all purposes of this definition. Notwithstanding the preceding provisions, Earnings shall not include any amounts paid following a Group II Member's effective DROP Election.

B.      For Credited Service earned on or after October 1, 2013, Earnings shall mean the amount actually paid to a Group II Member for services rendered to the City during the calendar year, plus acting, assignment, holiday, longevity, educational incentive, safety award, incentive and shift differential pay, as reported on the Group II Member's W-2 form. "Earnings" shall also include

weekly workers' compensation benefits (currently referred to as temporary income benefits), beginning for such amounts received by Group II Members on or after January 1, 2006, so long as required by law. Earnings does not include overtime. Regardless of the fact that the following payments may be shown upon a Group II Member's W-2 form, Earnings shall not include:

1. Any non-salary allowance (such as uniform reimbursement, automobile allowance or mileage, etc.);
2. Lump sum payments received at time of termination for unused vacation leave, sick leave and personal leave;
3. Any award by a court, administrative body, or settlement agreement in excess of Earnings;
4. Any payment received from the City's Wellness Program;
5. Any amount received from the City's Vacation sell-back program; and
6. Any amount paid to a Group II Member for which the City does not contribute to the Fund under Rule 2.103.

A Group II Member participating in a City-sponsored deferred compensation plan shall have the amount of any deferred compensation credited to that Group II Member during the calendar year added to Earnings reported on the Group II Member's W-2 form to arrive at total Earnings for Fund matters. Mandatory Group II Member contributions that are picked-up by the City and excluded from a Member's W-2 form shall also be included as part of Earnings. Notwithstanding the foregoing, Earnings in excess of two hundred thousand dollars (\$200,000.00), if any (or such other amounts as may be determined by taking into account the cost-of-living adjustment provided under Section 401(a)(17) of the Code) shall be disregarded for all purposes of this definition. Notwithstanding the preceding provisions, Earnings shall not include any amounts paid following a Group II Member's effective DROP Election.

### **6.103 Retirement Dates**

- A. *Normal Retirement Date.* A Group II Member hired on or after July 1, 2011, shall be eligible for pension benefits on or after the Group II Member's Normal Retirement Date which shall be the last day of the month in which the Group II Member reaches age fifty-five (55), and in which the earliest of the following occurs:
  1. The Group II Member's years of age (minimum age of fifty-five [55]) and years of Credited Service total eighty (80); or
  2. The later of (1) the date on which the Group II Member reaches age sixty-five (65) or (2) the fifth anniversary of the date the Group II Member joined the Fund.
- B. *Vested Retirement Date.* A Vested Group II Member hired on or after July 1, 2011, who is voluntarily or involuntarily separated from the service of the City prior to their Normal Retirement Date shall be eligible for pension benefits on or after such Group II Member's Vested Termination Date which shall be the last day of the month in which the Group II Member reaches age fifty-five (55), and in which the Group II Member's years of age [minimum age of fifty-five (55)] and years of service total eighty (80).

#### **6.104 Compensation Base for Determining Benefits for Group II Members**

- A. For a Group II Member, pension, death, disability and Vested termination benefits shall be based upon the Group II Member's Compensation Base which shall mean the average annual Earnings, excluding overtime, which were paid to the Group II Member by the City for employment with the City during any five (5) calendar years in which he or she had the highest annual Earnings (excluding overtime).
- B. If a Group II Member has less than five (5) calendar years of employment, the Group II Member's Compensation Base shall be determined by the Executive Director under uniform, non-discriminatory procedures that are consistently applied.
- C. For Compensation Base purposes, any lump sum payments of Earnings for any prior time period, whether awarded to the Group II Member by a court, administrative body or settlement agreement, shall be retroactively attributed to the calendar year in which it would otherwise have been received by the Group II Member from the City for services rendered. For purposes of computing the Compensation Base for a Group II Member who has made an effective DROP Election, the Group II Member's Compensation Base shall be calculated using the Group II Member's Earnings (excluding overtime) prior to the effective date of the DROP Election.
- D. For the time period from July 1, 2011, through September 30, 2013, both City contributions and Group II Member contributions "picked up" by the City on overtime will be placed in a Cash Balance Account for each Group II Member to be administered by the Fund. A Group II Member will be eligible to receive the proceeds in the Cash Balance Account plus Regular Interest (at the Regular Interest rate in effect on the date of such payment) upon Termination of Employment from the City. However, a Group II Member who retires from the City under a normal retirement, special retirement<sup>3</sup>, disability retirement, or early retirement is entitled to receive a dollar-for-dollar match of the proceeds in the Cash Balance Account plus a dollar-for-dollar match of the Regular Interest (at the Regular Interest rate in effect on the date of such payment) on the proceeds in the Cash Balance Account upon retirement. A Group II Member who retires from the City under a Vested termination retirement is entitled to receive a dollar-for-dollar match of the proceeds in the Group II Member's Cash Balance Account, and a dollar-for-dollar match of the Regular Interest on the cash balance up until the date of the Group II Member's Termination of Employment with the City. However, the Group II Member is not entitled to any interest on the Cash Balance Account after the date of the Group II Member's Termination of Employment with the City. An eligible surviving widow or widower, dependent child or children, or dependent parent or parents of a Group II Member who dies prior to retirement would also be entitled to receive a dollar-for-dollar match of the proceeds in the Cash Balance Account plus a dollar-for-dollar match of the Regular Interest (at the Regular Interest rate in effect on the date of such payment) on the proceeds in the Cash Balance Account.
- E. Overtime is not included in the definition of Earnings for Credited Service earned or purchased on or after October 1, 2013.

#### **6.105 Termination Benefits and Vesting**

- A. *Contribution Refund Prior to Vesting.* Any Group II Member hired on or after July 1, 2011, who is voluntarily or involuntarily separated from the service of the City before the Group II Member

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<sup>3</sup> This term is not defined in Chapter 2.5 of the Fort Worth City Code.

is vested shall be entitled to receive the amount of the Group II Member's contributions, plus Regular Interest (at the Regular Interest rate in effect on the date of such payment) including any proceeds in the Group II Member's Cash Balance Account, less any amount previously paid to the Group II Member from the Fund.

B. *Vested Termination Pension.*

1. A Vested Group II Member, who is voluntarily or involuntarily separated from the service of the City shall be entitled to receive a Vested Termination Pension payable: (i) in full pursuant to Rule 6.105(B)(2) or (ii) in a reduced amount commencing on or after age fifty-five (55). A Group II Member must file a request for the commencement of the Vested Termination Pension by completing such forms and following such procedures as are established by the Board. A Vested Termination Pension shall be payable monthly on the first day of each month commencing with the month following approval of the Group II Member's Vested Termination Pension by the Board.
2. A Vested Termination Pension shall be an annual life pension, the amount of which shall be the specified percentage of the Group II Member's Compensation Base multiplied by the Group II Member's total years of Credited Service to date of such voluntary or involuntary separation from the service of the City. For purposes of the preceding sentence, the specified percentage of the Group II Member's Compensation Base shall be two and twenty-five one-hundredths (2.25) percent, unless the Group II Member has attained his or her Normal Retirement Date prior to the date the Group II Member's pension payments begin, in which case the specified percentage shall be two and fifty one-hundredths (2.50) percent. A Vested Termination Pension shall be calculated using the "multiplier" ("specified percentage") in effect at the time the Credited Service is earned or purchased.
3. In addition to the reduced multiplier described in Rule 6.105(B)(1), the amount of reduction for early commencement of a Vested Termination Pension prior to the Group II Member's Normal Retirement Date shall be five-twelfths (5/12) percent for each month by which commencement of the pension antedates the Group II Member's Normal Retirement Date had the Group II Member remained employed by the City.

C. *Contribution Refund After Vesting in Lieu of Vested Termination Pension.* Any Vested Group II Member who is voluntarily or involuntarily separated from the service of the City may elect to receive a refund of the Group II Member's contributions, plus Regular Interest (at the Regular Interest rate in effect on the date of such payment) including any proceeds in the Group II Member's Cash Balance Account less any amount previously paid to the Group II Member from the Fund, either at the date of such separation or at any time thereafter prior to commencement of Retirement Benefit, but by so doing, the Group II Member shall forfeit all rights under the Fund and thereafter be entitled to no further benefits hereunder.

**6.106 Retirement Pension (Benefits)**

- A. Pensions Commencing upon Normal Retirement Date. A Vested Group II Member who retires on or after the Group II Member's Normal Retirement Date and requests commencement of the Group II Member's pension, or a Group II Member who terminates employment prior to the Group II Member's Normal Retirement Date and who waits until such Vested Retirement Date to apply for a pension, shall receive an annual life pension, the amount of which shall be two and fifty one-hundredths (2.50) percent of the Group II Member's Compensation Base multiplied by

the Group II Member's total years of Credited Service, payable monthly on the first day of each month commencing with the month following the Board's approval of the Group II Member's Retirement Benefit. This Retirement Benefit shall be called the "Group II Member Standard Pension Benefit."

- B. *Alternative Pension Benefit.* In lieu of the Group II Member Standard Pension Benefit, a Group II Member may irrevocably elect with his or her spouse's consent (where applicable), in advance of his or her retirement and pursuant to regulations and requirements the Board in its discretion may adopt, to receive an "Alternative Pension Benefit" which shall be Actuarially Equivalent to the Group II Member's Standard Pension Benefit and which shall be payable in two (2) parts: (i) one (1) part in a lump sum amount not less than five (5) percent nor greater than twenty-five (25) percent of the Actuarial Equivalent of the Group II Member's Standard Pension Benefit, which lump sum shall be payable on the date benefits commence under (ii); and (ii) the remainder in an annual life pension, payable monthly on the first day of each month commencing with the month following the Board's approval of the Group II Member's pension.
- C. *Limitation on Alternative Pension Benefit.* Notwithstanding any other provision in this Division to the contrary, the option to elect an Alternative Pension Benefit shall not be available for any disability benefit under Rule 6.107, death benefit under Rule 6.108, or normal Vested Termination Pension under Rule 6.105, nor shall it be available to any retired employee who is receiving pension benefits hereunder as of the effective date of the Alternative Pension Benefit provisions of this Division, nor shall it be available upon re-retirement to any retired employee who becomes re-employed by the City.

#### **6.107 Disability Pension**

- A. See Rule 9, for General Provisions related to disability pension.
- B. *Disability in Line of Duty.* If a Group II Member hired on or after July 1, 2011, whether or not vested, becomes disabled as above defined while in Line of Duty, the Group II Member shall receive an annual life pension, the amount of which shall be the specified percentage of the Group II Member's Compensation Base multiplied by the Group II Member's total years of Credited Service which would have accrued if the Group II Member had worked to the Group II Member's Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00) per month. For purposes of the preceding sentence, the specified percentage of the Group II Member's Compensation Base shall be two and twenty-five one hundredths (2.25) percent, unless the Group II Member is already eligible to retire on or after the Group II Member's Normal Retirement Date, in which case the specified percentage shall be two and fifty one-hundredths (2.50) percent.
- C. *Disability Not in Line of Duty for Vested Group II Members.* If a Vested Group II Member as defined by Rule 9.101 becomes disabled as above defined while not in Line of Duty, the Group II Member shall receive an annual life pension, the amount of which shall be the specified percentage of the Group II Member's Compensation Base multiplied by the Group II Member's total years of Credited Service to date of actual retirement. For purposes of the preceding sentence, the specified percentage of the Group II Member's Compensation Base shall be two and twenty-five one-hundredths (2.25) percent, unless the Group II Member is already eligible to retire on or after the Group II Member's Normal Retirement Date, in which case the specified percentage shall be two and fifty one-hundredths (2.50) percent.

- D. *Disability Not in Line of Duty for Non-Vested Group II Members.* If a Group II Member becomes disabled while not in Line of Duty before the Group II Member is Vested, then such Group II Member shall be entitled to receive a contribution refund in accordance with Rule 6.105(A).

#### **6.108 Death Benefit**

A. *In Line of Duty.*

1. If a Group II Member dies before retirement while in Line of Duty and as a result of the performance of that Group II Member's duties, the surviving widow or widower shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group II Member's pension, based on the number of years of Credited Service that would have accrued had the Group II Member lived to the Group II Member's Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00). The surviving widow or widower shall also be entitled to the proceeds in the Group II Member's Cash Balance Account and a dollar-for-dollar match of the proceeds in the Group II Member's Cash Balance Account plus a dollar-for-dollar match of the Regular Interest (at the Regular Interest rate in effect on the date of such payment) on the proceeds in the Cash Balance Account, if applicable.
2. Each dependent child of such Group II Member under age eighteen (18) shall be entitled to receive a monthly pension, the amount of which shall be one hundred dollars (\$100.00), provided however, that if no surviving widow or widower shall be entitled to receive a monthly pension pursuant to the terms of this Division, all such dependent children shall share equally a monthly pension, the amount of which shall be seventy-five (75) percent of the Group II Member's pension, based on the number of years of Credited Service that would have accrued had the Group II Member lived to the Group II Member's Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00), plus the proceeds in the Group II Member's Cash Balance Account, and a dollar-for-dollar match of the proceeds in the Group II Member's Cash Balance Account plus a dollar-for-dollar match of the Regular Interest (at the Regular Interest rate in effect on the date of such payment) on the proceeds in the Cash Balance Account, if applicable.
3. If a Group II Member dies while in Line of Duty and leaves no widow or widower or children eligible to receive a benefit hereunder, but is survived by a dependent parent or parents, such dependent parents or the surviving dependent parent shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group II Member's accrued pension projected to the Group II Member's Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00), plus the proceeds in the Group II Member's Cash Balance Account, and a dollar-for-dollar match of the proceeds in Group II Member's Cash Balance Account plus a dollar-for-dollar match of the Regular Interest (at the Regular Interest rate in effect on the date of such payment) on the proceeds in the Cash Balance Account, if applicable.
4. The survivor's monthly pension benefit for a Group II Member who dies in Line of Duty shall be calculated using a multiplier of two and fifty one-hundredths (2.5) percent.

B. *While Not in Line of Duty.*

1. Vested Group II Member.

- a. If a Vested Group II Member dies before retirement, while not in Line of Duty, the surviving widow or widower shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group II Member's accrued pension but not less than one hundred fifty dollars (\$150.00), plus the proceeds in the Group II Member's Cash Balance Account, and a dollar-for-dollar match of the proceeds in the Group II Member's Cash Balance Account plus a dollar-for-dollar match of the Regular Interest (at the Regular Interest rate in effect on the date of such payment) on the proceeds in the Cash Balance Account, if applicable.
  - b. Each dependent child under eighteen (18) years of age of such Vested Group II Member shall be entitled to receive a monthly pension, the amount of which shall be one hundred dollars (\$100.00); provided, however, that if no surviving widow or widower shall be entitled to receive a monthly pension pursuant to the terms of this Division, all such dependent children shall share equally a monthly pension, the amount of which shall be seventy-five (75) percent of the Group II Member's accrued pension, but not less than one hundred fifty dollars (\$150.00), plus the proceeds in the Group II Member's Cash Balance Account, and a dollar-for-dollar match of the proceeds in Group II Member's Cash Balance Account plus a dollar-for-dollar match of the Regular Interest (at the Regular Interest rate in effect on the date of such payment) on the proceeds in the Cash Balance Account, if applicable.
  - c. If a Group II Member dies while not in Line of Duty and leaves no widow or widower or children eligible to receive a benefit hereunder, but is survived by a dependent parent or parents, such dependent parents or the surviving dependent parent shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Group II Member's accrued pension, but not less than one hundred fifty dollars (\$150.00), plus the proceeds in the Group II Member's Cash Balance Account, and a dollar-for-dollar match of the proceeds in Group II Member's Cash Balance Account plus a dollar-for-dollar match of the Regular Interest (at the Regular Interest rate in effect on the date of such payment) on the proceeds in the Cash Balance Account, if applicable.
  - d. The survivor's monthly pension benefit for a Vested Group II Member who dies not in Line of Duty shall be calculated using a multiplier of two and twenty-five one-hundredths (2.25) percent.
2. *Group II Member Not Vested At Time of Death.* If a Group II Member was not Vested on the date of death, the surviving widow or widower shall be entitled to the return of all contributions which the Group II Member paid into the Fund during the Group II Member's life plus Regular Interest thereon (at the Regular Interest rate in effect on the date of any payment to the widow or widower). If there is no surviving widow or widower, the contributions shall be paid to the estate of the Group II Member.

C. *After Retirement.*

1. *Group II Members Who are Married at Retirement.* Upon the death of a retired Group II Member, the surviving spouse of the Group II Member may be eligible to receive a monthly pension if the Group II Member has elected to receive a reduced monthly pension, on a form and subject to procedures developed by the Executive Director. The



Group II Member's reduced monthly pension shall be actuarially determined in a manner that is actuarially neutral to the Fund, based on Actuarial Tables in effect on the date of the Group II Member's election to receive a reduced monthly pension. Notwithstanding the preceding, a surviving spouse who was not married to the deceased Group II Member at the time of the Group II Member's retirement shall be eligible to receive a monthly pension if the Group II Member has elected to receive a reduced monthly pension, on a form and subject to procedures developed by the Executive Director, within six (6) months after the Group II Member's completion of two (2) years of marriage to the Group II Member's spouse. The reduced monthly pension shall be actuarially determined in a manner that is actuarially neutral to the Fund, based on Actuarial Tables in effect on the date of the Group II Member's election to receive a reduced monthly pension. The Group II Member can elect for his or her surviving spouse to receive either one hundred (100) percent, seventy-five (75) percent, fifty (50) percent, or twenty-five (25) percent of the Group II Member's reduced monthly pension.

2. *Group II Members Who Are Not Married on Date of Retirement.* Upon the death of a retired Group II Member who was not married at retirement, a Beneficiary designated by the Group II Member at retirement may be eligible to receive a monthly pension if the Group II Member has elected to receive a reduced monthly pension, on a form and subject to procedures developed by the Executive Director. The Group II Member's reduced monthly pension shall be actuarially determined in a manner that is actuarially neutral to the Fund, based on Actuarial Tables in effect on the date of the Group II Member's election to receive a reduced monthly pension. The Group II Member can elect for his or her designated Beneficiary to receive either one hundred (100) percent, seventy-five (75) percent, fifty (50) percent, or twenty-five (25) percent of the Group II Member's reduced monthly pension. If a Group II Member who was not married at retirement and who selected a designated Beneficiary pursuant to this Section later marries, only the designated Beneficiary would be entitled to receive a lifetime monthly pension.
  3. Each dependent child under eighteen (18) years of age of such deceased Group II Member shall be entitled to receive a monthly pension, the amount of which shall be one hundred dollars (\$100.00), but shall cease upon the earliest of such child's death, marriage or attainment of age eighteen (18) pursuant to the terms of this Division.
- D. If a terminated Group II Member entitled to a pension under the provisions of this Division dies before the Group II Member's pension commences, the Group II Member's designated Beneficiary, or if none, the Group II Member's estate shall receive an amount equal to the Group II Member's total contributions to the Fund, plus Regular Interest (at the Regular Interest rate in effect on the date of such payment), including any proceeds in the Group II Member's Cash Balance Account, if applicable. If the Vested Group II Member's years of age and years of Credited Service total at least sixty-five (65) as of the date of the Group II Member's termination, the Group II Member's eligible dependents shall receive the benefit specified under Rule 6.108(B), based on the pension to which the Group II Member would have been entitled as of the date of the Group II Member's death, in lieu of the payment of contributions plus Regular Interest. If the Group II Member's years of age and Credited Service did not total at least sixty-five (65) as of the date of the Group II Member's termination, the Group II Member's eligible dependents may choose between the refund of contributions, the payment of the survivor benefit at the date the Group II Member would have been eligible to draw the benefit, or an immediate benefit at an actuarially reduced rate.

## **RULE 7**

### **PROVISIONS APPLICABLE TO FIREFIGHTERS ONLY**

#### **7.101 Earnings**

- A. Earnings shall mean the amount actually paid to a Firefighter by the City for services rendered to the City during the calendar year, plus overtime, acting, assignment, holiday, longevity, educational incentive, safety award, incentive and shift differential pay, as reported on a Firefighter's W-2 form. "Earnings" shall also include weekly workers' compensation benefits (currently referred to as temporary income benefits), beginning for such amounts received by Firefighters on or after January 1, 2006, so long as required by law. Regardless of the fact that the following payments may be shown upon a Firefighter's W-2 form, Earnings shall not include:
1. Any non-salary allowance (such as uniform reimbursement, automobile allowance or mileage, etc.),
  2. Lump sum payments received at time of termination for unused vacation leave, sick leave and personal leave,
  3. Any award by a court, administrative body, or settlement agreement in excess of Earnings, and
  4. Any amount paid to a firefighter for which the City does not contribute to the Fund under this Section.<sup>4</sup>

A Firefighter participating in a City-sponsored deferred compensation plan shall have the amount of any deferred compensation credited to that Firefighter during the calendar year added to Earnings reported on the Firefighter's W-2 form to arrive at total Earnings for Fund matters. Mandatory Firefighter contributions that are picked-up by the City and excluded from a Firefighter's W-2 form shall also be included as part of Earnings. Notwithstanding the foregoing, Earnings in excess of two hundred thousand dollars (\$200,000.00), if any (or such other amounts as may be determined by taking into account the cost of living adjustment provided under Section 401(a)(17) of the Code) shall be disregarded for all purposes of this definition. Notwithstanding the preceding provisions of this definition of Earnings, Earnings shall not include any amounts paid following a Firefighter's effective DROP Election.

#### **7.102 Retirement Dates**

- A. *Normal Retirement Date.* A Firefighter shall be eligible for a Standard Pension Benefit or an Alternative Pension Benefit on or after the Firefighter's Normal Retirement Date which shall be the last day of the month in which the earliest of the following occurs:
1. The Firefighter's years of age and years of Credited Service total eighty (80); or

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<sup>4</sup> Section 2.5-61(a)(4) of the Fort Worth City Code, which this Rule is based on, references to "this Section" in this portion. This appears to be incorrect based on similar language in other sections. The correct citation (modified to fit the Administrative Rules) should be Rule 2.103.

2. The later of (i) the date on which the Firefighter reaches age sixty-five (65) or (ii) the fifth anniversary of the date the Firefighter joined the Fund.

B. *Vested Terminated Retirement Date.* A Vested Firefighter who is voluntarily or involuntarily separated from the service of the City shall be eligible for pension benefits on or after such Firefighter's Vested Termination Date which shall be the last day of the month in which the Firefighter reaches age fifty (50), or, if earlier, the last day of the month in which the Firefighter would have attained his or her Normal Retirement Date had the Firefighter remained employed by the City.

### **7.103 Compensation Base for Determining Benefits**

A. For Firefighters Hired and Vested before October 23, 2007 (Not Subject to Earnings Cap).

Normal retirement pension, death pension, disability pension and Vested Termination Pension shall be based upon the Firefighter's Compensation Base which shall mean the average annual Earnings which were paid to the Firefighter by the City for employment with the City during any three (3) of five (5) calendar years in which the Firefighter had the highest annual Earnings. If a Firefighter's last day of employment with the City is on or after January 1, 1999, "three (3)" shall be substituted for "five (5)" in the preceding sentence. If a Firefighter has less than five (5) [or if applicable, three (3)] calendar years of employment, the Firefighter's Compensation Base shall be determined by the Executive Director under uniform, non-discriminatory procedures that are consistently applied. For Compensation Base purposes, any lump sum payments of Earnings for any prior time period, whether awarded to the Firefighter by a court, administrative body or settlement agreement, shall be retroactively attributed to the calendar year in which it would otherwise have been received by the Firefighter from the City for services rendered. For purposes of computing the Compensation Base for a Firefighter who has made an effective DROP Election, the Firefighter's Compensation Base shall be calculated using the Firefighter's Earnings prior to the effective date of the DROP Election.

B. For Firefighters Not Vested by October 23, 2007 or Hired On or After October 23, 2007 (Subject to Earnings Cap).

For a Firefighter who was not vested by October 23, 2007 or was hired on or after October 23, 2007 and whose last day of employment with the City is on or after January 1, 1999, and whose benefits commence on or after December 31, 2008, the Firefighter's Compensation Base shall be calculated as follows:

1. The Fund shall determine the four (4) calendar years in which the Firefighter had the highest annual Earnings. Of such four (4) years, the year in which the Firefighter had the lowest annual Earnings shall serve as the base year. The base year shall not be included as one (1) of the three (3) calendar years for purposes of the Compensation Base calculation.
2. The first annual Earnings to be used in the calculation of the Firefighter's Compensation Base shall be the actual annual Earnings from the calendar year with the third highest annual Earnings of the four (4) calendar years identified in Rule 7.103(B)(1)<sup>5</sup>. provided

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<sup>5</sup> The citation in the Fort Worth City Code for this paragraph is Section 2.5-63(b)(1) a, which does not exist. The correct citation is set forth in the Administrative Rules.

that if such annual Earnings are from a calendar year beginning on or after January 1, 2008, the amount to be used in the calculation of the Compensation Base for the first year shall not exceed one hundred twelve (112) percent of the annual Earnings for the base year.

3. The second annual Earnings to be used in the calculation of the Firefighter's Compensation Base shall be the actual annual Earnings from the calendar year with the second highest annual Earnings of the four (4) calendar years identified in Rule 7.103(B)(1)<sup>6</sup>, provided that if such annual Earnings are from a calendar year beginning on or after January 1, 2008, the amount to be used in the calculation of the Compensation Base for the second year shall not exceed one hundred twelve (112) percent of the annual Earnings used that are attributable to the year described in Rule 7.103(B)(2)<sup>7</sup>.
4. The third annual Earnings to be used in the calculation of the Firefighter's Compensation Base shall be the actual annual Earnings from the calendar year with the highest annual Earnings of the four (4) calendar years identified in Rule 7.103 (B)(1),<sup>8</sup> provided that if such annual Earnings are from a calendar year beginning on or after January 1, 2008, the amount to be used in the calculation of the Compensation Base for the third year shall not exceed one hundred twelve (112) percent of the annual Earnings used that are attributable to the year described in Rule 7.103(B)(3)<sup>9</sup>.
5. The average of the three (3) amounts determined in accordance with Rule 7.103(B)(1)<sup>10</sup> through (B)(4) will be the average annual Earnings for purposes of the Firefighter's Compensation Base.

#### **7.104 Termination Benefits and Vesting**

- A. *Contribution Refund Prior to Vesting.* Any Firefighter who is voluntarily or involuntarily separated from the service of the City before the Firefighter is vested shall be entitled to receive the amount of the Firefighter's contributions plus Regular Interest (at the Regular Interest rate in effect on the date of such payment) less any amount previously paid to the Firefighter from the Fund.
- B. *Vested Termination Pension.*
  1. A Vested Firefighter who is voluntarily or involuntarily separated from the service of the City shall be entitled to receive a Vested Termination Pension payable: (i) in full, pursuant to Rule 7.104(B)(2) or (ii) in a reduced amount commencing on or after age fifty (50). A Firefighter must file a request for the commencement of the Vested Termination Pension by completing such forms and following such procedures as are established by the Board. A Vested Termination Pension shall be payable monthly on the first day of

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<sup>6</sup> *Id.*

<sup>7</sup> The citation in the Fort Worth City Code for this paragraph is Section 2.5-63(b)(1) b, which does not exist. The correct citation is set forth in the Administrative Rules.

<sup>8</sup> The citation in the Fort Worth City Code for this paragraph is Section 2.5-63(b)(1) a, which does not exist. The correct citation is set forth in the Administrative Rules.

<sup>9</sup> The citation in the Fort Worth City Code for this paragraph is Section 2.5-63(b)(1) c., which does not exist. The correct citation is set forth in the Administrative Rules.

<sup>10</sup> The citation in the Fort Worth City Code for this paragraph is Section 2.5-63(b)(1) a, which does not exist. The correct citation is set forth in the Administrative Rules.

each month commencing with the month following approval of the Firefighter's Vested Termination Pension by the Board.

2. A Vested Termination Pension shall be an annual life pension, the amount of which shall be the specified percentage of the Firefighter's Compensation Base multiplied by the Firefighter's total years of Credited Service to date of such voluntary or involuntary separation from the service of the City. For purposes of the preceding sentence, the specified percentage of the Firefighter's Compensation Base shall be two and seventy-five one-hundredths (2.75) percent unless the Firefighter has attained his or her Normal Retirement Date or Vested terminated retirement date prior to the date the Firefighter's pension payments begin, in which case the specified percentage shall be three (3) percent. A Vested Termination Pension shall be calculated using the multiplier ("specified percentage") in effect at the time the Vested Termination Pension commences (rather than at the time the Firefighter's employment with the City terminates).
3. In addition to the reduced multiplier described in Rule 7.104(B)(2), if a Firefighter has not attained his or her Normal Retirement Date or Vested terminated retirement date prior to the date the Firefighter's Vested Termination Pension payments begins, the amount of reduction for commencement of a pension prior to the Firefighter's Normal Retirement or Vested Retirement Date shall be five-twelfths (5/12) percent for each month by which commencement of the pension antedates the Firefighter Normal Retirement Date had the Firefighter remained employed by the City.

- C. *Contribution Refund after Vesting in Lieu of Vested Termination Pension.* Any Vested Firefighter who is voluntarily or involuntarily separated from the service of the City may elect to receive a refund of the Firefighter's contributions, plus Regular Interest (at the Regular Interest rate in effect on the date of such payment) less any amount previously paid to the Firefighter from the Fund, either at the date of such separation or at any time thereafter prior to commencement of Retirement Benefit, but by so doing, the Firefighter shall forfeit all rights under the Fund and thereafter be entitled to no further benefits.

## **7.105 Retirement Pension for Firefighters**

### **A. Pensions Commencing upon Normal Retirement Date.**

1. *Standard Pension Benefit.* A Vested Firefighter who retires on or after the Firefighter's Normal Retirement Date and requests commencement of the Firefighter's pension, or a Firefighter who terminates employment prior to the Firefighter's Normal Retirement Date and who waits until such Vested Retirement Date to apply for a pension, shall receive an annual life pension, the amount of which shall be three (3.0) percent of the Firefighter's Compensation Base multiplied by the Firefighter's total years of Credited Service, payable monthly on the first day of each month commencing with the month following the Board's approval of the Firefighter's pension. This Retirement pension shall be defined as the "Firefighter Standard Pension Benefit."
2. *Alternative Pension Benefit.* In lieu of the Standard Pension Benefit, a Firefighter may irrevocably elect with his or her spouse's consent (where applicable), in advance of his or her retirement and pursuant to regulations and requirements the Board in its discretion may adopt, to receive an "Alternative Pension Benefit" which shall be Actuarially Equivalent to the Firefighter's Standard Pension Benefit and which shall be payable in two (2) parts: (i) one (1) part in a lump sum amount not less than five (5) percent nor

greater than twenty-five (25) percent of the Actuarial Equivalent of the Firefighter's Standard Pension Benefit, which lump sum shall be payable on the date benefits commence under (ii); and (ii) the remainder in an annual life pension, payable monthly on the first day of each month commencing with the month following the Board's approval of the Firefighter's Alternative Pension Benefit.

3. *Limitation on Alternative Pension Benefit.* Notwithstanding any other provision in this Division to the contrary, the option to elect an Alternative Pension Benefit shall not be available for any disability pension under Rule 7.106, death pension under Rule 7.107 or normal Vested Termination Pension under Rule 7.104, nor shall it be available to any Firefighter who is receiving pension benefits as of the effective date of the Alternative Pension Benefit provisions of this Division, nor shall it be available upon re-retirement to any retired Firefighter who becomes re-employed by the City.

### **7.106 Disability Pension**

- A. See Rule 9, for General Provisions related to Disability Pension.
- B. *Disability in Line of Duty.* If a Firefighter, whether or not vested, becomes disabled as defined in Rule 9.101 while in Line of Duty, the Firefighter shall receive an annual life pension, the amount of which shall be the specified percentage of the Firefighter's Compensation Base multiplied by the Firefighter's total years of Credited Service which would have accrued if the Firefighter had worked to the Firefighter's Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00) per month. For purposes of the preceding sentence, the specified percentage of the Firefighter's Compensation Base shall be two and seventy-five one-hundredths (2.75) percent, unless the Firefighter is already eligible to retire on or after the Firefighter's Normal Retirement Date, in which case the specified percentage shall be three (3.0) percent.
- C. *Disability not in Line of Duty for Vested Firefighters.* If a Vested Firefighter becomes disabled defined in Rule 9.101 while not in Line of Duty, the Firefighter shall receive an annual life pension, the amount of which shall be the specified percentage of the Firefighter's Compensation Base multiplied by the Firefighter's total years of Credited Service to date of actual retirement. For purposes of the preceding sentence, the specified percentage of the Firefighter's Compensation Base shall be two and seventy-five one-hundredths (2.75) percent, unless the Firefighter is already eligible to retire on or after the Firefighter's Normal Retirement Date, in which case the specified percentage shall be three (3.0) percent.
- D. *Disability Not in Line of Duty for Non-Vested Firefighters.* If a Firefighter becomes disabled while not in Line of Duty before the Firefighter is vested, then such Firefighter shall be entitled to receive a contribution refund in accordance with Rule 7.104(A).

### **7.107 Death Benefits for Firefighters**

- A. *While In the Line of Duty.*
  1. If a Firefighter dies before retirement while in Line of Duty and as a result of the performance of that Firefighter's duties, the surviving widow or widower shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Firefighter's pension, based on the number of years of Credited Service that would have accrued had the Firefighter lived to the Firefighter's Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00).

2. Each dependent child under eighteen (18) years of age of such Firefighter shall be entitled to receive a monthly pension, the amount of which shall be one hundred dollars (\$100.00), provided however, that if no surviving widow or widower shall be entitled to receive a monthly pension pursuant to the terms of this Division, all such dependent children shall share equally a monthly pension, the amount of which shall be seventy-five (75) percent of the Firefighter's pension, based on the number of years of Credited Service that would have accrued had the Firefighter lived to the Firefighter's Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00).
3. If a Firefighter dies while in Line of Duty and leaves no widow or widower or children eligible to receive a benefit hereunder, but is survived by a dependent parent or parents, such dependent parent(s) shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Firefighter's accrued pension projected to the Firefighter's Normal Retirement Date, but not less than two hundred fifty dollars (\$250.00).
4. The survivor's monthly pension benefit for a Firefighter who dies in Line of Duty shall be calculated using a multiplier of three (3.0) percent.

B. *While Not in Line of Duty.*

1. *Vested Firefighter.*
  - a. If a Vested Firefighter dies before retirement, while not in the Line of Duty, the surviving widow or widower shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Firefighter's accrued pension but not less than one hundred fifty dollars (\$150.00).
  - b. Each dependent child under eighteen (18) years of age of such Vested Firefighter shall be entitled to receive a monthly pension, the amount of which shall be one hundred dollars (\$100.00); provided, however, that if no surviving widow or widower shall be entitled to receive a monthly pension pursuant to the terms of this Division, all such dependent children shall share equally a monthly pension, the amount of which shall be seventy-five (75) percent of the Firefighter's accrued pension, but not less than one hundred fifty dollars (\$150.00).
  - c. If a Vested Firefighter dies while not in Line of Duty and leaves no widow or widower or children eligible to receive a benefit hereunder, but is survived by a dependent parent or parents, such dependent parent(s) shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the Firefighter's accrued pension, but not less than one hundred fifty dollars (\$150.00).
2. *Firefighter Not Vested At Time of Death.* If a Firefighter was not vested on the date of death, the surviving widow or widower shall be entitled to the return of all contributions which the Firefighter paid into the Fund during the Firefighter's life plus Regular Interest thereon (at the Regular Interest rate in effect on the date of any payment to the widow or widower). If there is no surviving widow or widower, the contributions shall be paid to the estate of the Firefighter.

C. *After Retirement.*

1. Upon the death of a retired Firefighter, the surviving widow or widower shall be entitled to receive a monthly pension, the amount of which shall be seventy-five (75) percent of the pension being paid to the Firefighter, provided that the Firefighter and the surviving widow or widower had been married for at least one (1) year immediately prior to the Firefighter's retirement. Notwithstanding the preceding sentence, a surviving widow or widower who was not married to the deceased Firefighter for at least one (1) year immediately prior to the Firefighter's retirement shall be eligible to receive a monthly pension if the Firefighter has elected to receive a reduced monthly pension, on a form and subject to procedures developed by the Executive Director, within six (6) months after the Firefighter's completion of two (2) years of marriage to the Firefighter's spouse. The reduced monthly pension shall be actuarially determined in a manner that is actuarially neutral to the Fund, based on Actuarial Tables in effect on the date of the Firefighter's election to receive a reduced monthly pension. If such an election has been made, the surviving widow or widower shall receive a monthly pension for life equal to seventy-five (75) percent of the Firefighter's reduced monthly pension.
2. *Firefighters Who Are Not Married on Date of Retirement.* Upon the death of a retired Firefighter who was not married at retirement, a Beneficiary designated by the Firefighter at retirement may be eligible to receive a monthly pension if the Firefighter has elected to receive a reduced monthly pension, on a form and subject to procedures developed by the Executive Director. The Firefighter's reduced monthly pension shall be actuarially determined in a manner that is actuarially neutral to the Fund, based on Actuarial Tables in effect on the date of the Firefighter's election to receive a reduced monthly pension. The Firefighter can elect for his or her designated Beneficiary to receive either one hundred (100) percent, seventy-five (75) percent, fifty (50) percent, or twenty-five (25) percent of the Firefighter's reduced monthly pension. If a Firefighter who was not married at retirement and who selected a designated Beneficiary pursuant to this Section later marries only the designated Beneficiary would be entitled to receive a lifetime monthly pension.
3. Each dependent child under eighteen (18) years of age of such retired deceased Firefighter shall be entitled to receive a monthly pension, the amount of which shall be one hundred dollars (\$100.00), but shall cease upon the earliest of such child's death, marriage or attainment of age eighteen (18) pursuant to the terms of the ordinance.

- D. *Death of Vested Terminated Firefighter Prior to Pension Commencing.* If a terminated Firefighter entitled to a pension dies before the Firefighter's pension commences, the Firefighter's designated Beneficiary, or if none, the Firefighter's estate shall receive an amount equal to the Firefighter's total contributions to the Fund, plus Regular Interest. If the Vested Firefighter's years of age and years and Credited Service total at least sixty-five (65) as of the date of the Firefighter's termination, the Firefighter's eligible dependents shall receive the benefit specified under Rule 7.107, based on the pension to which the Firefighter would have been entitled as of the date of the Firefighter's death, in lieu of the payment of contributions plus Regular Interest. If the Firefighter's years of age and service did not total at least sixty-five (65) as of the date of the Firefighter's termination, the Firefighter's eligible dependents may choose between the refund of contributions, the payment of the survivor benefit at the date the Firefighter would have been eligible to draw the benefit, or an immediate benefit at an actuarially reduced rate.



## **RULE 8**

### **PAYMENTS TO MINORS; REEMPLOYMENT OF RETIRED MEMBERS; ROLLOVER DISTRIBUTIONS**

#### **8.101 Payments to Minors**

In the event that payments provided for under this Plan are due to be paid to a minor, or to a person who has been legally determined to lack legal capacity to deal with his or her own affairs, or to an individual whom the Board has actual knowledge is incapable of accepting and providing of receipt for monies paid, the Board shall make payments to the guardian of such person's estate upon presentation of proper proof of guardianship. In the absence of a duly appointed guardian, the Board shall have the authority to withhold payments and to make application to a court of competent jurisdiction for the appointment of a guardian for such person. Prior to the withholding of any payments, the Board shall give written notice of its intent to withhold and shall provide a meaningful opportunity for the person whose payments are being withheld to establish entitlement and capacity to said benefits.

#### **8.102 Suspension of Payments Upon Reemployment**

In the event that a retired employee in receipt of benefits from the Fund is reemployed by the City as an employee in a covered position, that person's pension benefits shall be suspended upon the date of reemployment. The Member shall again become an active Member of the Plan and shall earn Credited Service for the period of reemployment. Such additional Credited Service shall be added to service accrued during the prior period of employment, and upon final separation from the City, a new pension benefit shall be calculated taking into account the Member's total years of Credited Service. The Compensation Base shall be recalculated taking into account compensation paid during the period of reemployment. A Member who was entitled to the Cash Balance Account upon retirement will be entitled to begin a new Cash Balance Account upon reemployment but not reinstatement of the previous Cash Balance Account. In no event shall the Member's monthly pension benefit be reduced due to periods of reemployment.

#### **8.103 Distributee of an Eligible Rollover Distribution**

If the distributee of an eligible rollover distribution as defined in the Internal Revenue Code elects to have such distribution paid directly to an eligible retirement plan and specifies prior to the distribution being made on a form acceptable to the Board the name of the eligible retirement plan to which such distribution is to be made, the distribution shall be made in the form of a direct trustee-to-trustee transfer to the eligible retirement plan so specified. The Board shall be the sole judge of the eligibility of the receiving plan to receive a rollover distribution and the eligibility of a distributee for a rollover distribution.

## **RULE 9**

### **DISABILITY PENSIONS**

#### **9.101 Definitions**

- A. A Member is disabled (or continues to be disabled) if, because of bodily injury, disease, or mental illness, the Member is permanently and totally incapable, in spite of reasonable accommodations by the City, from regularly and continuously performing the essential functions of the:
1. Trade, profession, or occupation in the Member's classification in which the Member was employed by the City when the Member suffered the bodily injury, disease, or mental illness, and
  2. Any other position in the City within the Member's classification which the Board determines to be reasonably comparable to the position held by the Member taking into account the Member's education, qualifications, experience, salary, and other factors which the Board deems appropriate. A reasonably comparable position in the City does not have to be a vacant position.
- B. The term "regularly and continuously" as used in this definition shall not require that a Member be able to perform all of the duties set forth in his or her job description.

#### **9.102 Preexisting Conditions**

No physical or mental condition existing at the time of entry into the Fund shall form a basis for a disability retirement prior to vesting.

#### **9.103 General Provisions**

- A. Such disability must exist for at least ninety (90) consecutive days prior to application for a disability pension.
- B. Such disability must not have been contracted, suffered, or incurred while the Member was engaged in, or did not result from the Member having engaged in, a criminal enterprise, or from habitual drunkenness, addiction to narcotics, self-inflicted injury, or from voluntary or involuntary service in the Armed Forces of the United States (including the United States Merchant Marine), any of its allies, or any other foreign country.
- C. Notwithstanding the provisions of Rule 9.105, no disability pension shall, at the time of commencement, exceed the Member's rate of Earnings.
- D. To assist the Board in making disability determinations, the City shall provide the Executive Director with City job descriptions and qualifications, related salary ranges, and other appropriate information as requested.
- E. Continuation of a disability pension, whether granted before or after the enactment of this section, shall be subject to all the provisions of this Rule 9.103, including review and determination of the Member's eligibility for a disability pension.

#### **9.104 Qualification for Disability Pension**

- A. A Member shall not qualify for a disability pension as hereinafter provided unless one (1) or more duly licensed and practicing physician(s) appointed by the Executive Director has determined that the Member is not capable of performing the essential functions of the positions identified under Rule 9.101. Determination of the existence of disability shall not be made until ninety (90) days after the date such disability is alleged to have commenced, and benefits shall not commence before the first day of the month following the month in which such ninety (90) day period ends.
- B. The Executive Director shall have the appointed physician(s) conduct an annual medical examination after a disability pension has been granted (unless deemed not necessary by the Executive Director due to the Member's medical condition) and at any other time deemed necessary by the Board in order to determine whether the disability is continuing. The Fund will pay the expenses for medical examinations directed by the Executive Director or Board. To continue to receive a disability pension, the Member shall submit to any medical examination required by the Executive Director or Board.
- C. If at any time the Board is in reasonable doubt as to whether the Member is disabled as above defined, it may suspend the disability pension until the doubt is resolved, which shall occur within a reasonable time. Any disability pension shall be terminated upon the Board's determination that the Member is not disabled as defined in this Rule.
- D. No disability pension coverage shall be provided during a service break in excess of ninety (90) consecutive days unless the service break was caused by sickness or accident leading to total disability.
- E. The disability pension specified herein shall not be payable during any period for which wages are received from the City, the State of Texas, or any other division of government while performing the duties of a fire fighter or peace officer.
- F. Falsification or omission on any part of the employment application of prior conditions or injuries for which a disability pension is or has been sought, falsification or omission on any part of the disability pension application, or falsification or omission in connection with the continuation of a disability pension shall constitute grounds for denial of a disability pension or for revocation of any disability pension previously granted.
- G. The Board's determination on all matters concerning the granting, refusing, or revoking of a disability pension shall be final and conclusive on all parties, and no appeal can be made there from. A Member is entitled to a reasonable hearing (at which the Member may appear in person, with or by a representative, or in writing) before the Board makes its determination.
- H. No disability pension shall be granted (or continued) while the Member is working for the City; provided however, a Member may be granted a disability pension if the Executive Director or the Board has been informed by the City that the Member's employment is about to be terminated by the City because of the Member's inability to perform the essential functions of the Member's position. Any such disability pension granted under this section shall not become effective until the month after the Member has stopped working for the City.
- I. Except as otherwise provided by law, the Board may consider a Member's failure to comply with the medical recommendations (including rehabilitation therapy and treatment) as prescribed by the Member's treating physician(s) and/or the Texas Rehabilitation Commission in the Board's

determination as to whether a Member qualifies for a disability pension. To be eligible to continue receiving a disability pension, a Member must comply with the medical recommendations (including rehabilitation therapy and treatment) as prescribed by the Member's treating physician(s), the physician(s) appointed by the Executive Director, and/or the Texas Rehabilitation Commission.

**9.105 Calculation of Disability Pension.**

A. The calculation for disability pension can be found in the following Rules:

1. Rule 3.107 for a Group III Member;
2. Rule 4.107 for a Group IV Member;
3. Rule 5.107 for a Group I Member;
4. Rule 6.107 for a Group II Member;
5. Rule 7.106 for a Firefighter.

**9.106 [Reserved]**

**9.107 Recovery from Disability**

If the Board determines that a disabled Member receiving a disability pension hereunder is no longer disabled as above defined, the Member's disability pension shall immediately cease. If such Member is reemployed by the City immediately following such determination by the Board, the Member's Fund membership shall be reinstated as of the date of such reemployment, with full Credited Service to the date of disability. The Member shall receive no additional Credited Service for the period of disability, provided however, that such period of disability shall be used to determine attainment of Normal Retirement Date and special retirement date.<sup>11</sup> If such Member is not reemployed by the City immediately following certification of recovery, the Member shall be considered as a terminated Fund Member and shall have no further interest in the Fund other than a refund of any excess of the Member's total contributions, plus Regular Interest (at the Regular Interest rate in effect on the date of any refund), less the amount already received from the Member's Cash Balance Account, if applicable, over the total of disability payments made to the Member; provided, however, that if such Member had a vested interest in pension credits as of the date of which the Member was certified disabled, the Member shall receive Vested Termination Pension from the later of the date of certification of recovery or attainment of the Vested Retirement Date under Rules 3.105, 4.105, 5.105, 6.105, or 7.104 whichever is applicable, equal to the amount which would have been payable under the provisions of this Section had the Member terminated employment on the date the disability pension began. Any death benefits thereafter shall be determined in accordance with these Rules.

**9.108 Report of Earned Income or Net Earnings from Self-Employment During Period of Disability**

Any disabled Member who has not attained Normal Retirement Date or Special Retirement Date and who is receiving a disability pension shall submit to the Executive Director prior to May 1 of each year

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<sup>11</sup> This term is not defined in Chapter 2.5 of the Fort Worth City Code.

following disability retirement, a copy of the Member's signed income tax return filed for the preceding year, with all attachments thereto, along with all tax returns and attachments for all of the Member's affiliated entities, including, but not limited to, partnerships, corporations, or other entities in which the Member, or any relative, owns any interest, including community or separate property, and for which the Member performs any services, whether compensated or not, as proof of the Member's earned income and net earnings from self-employment for that year obtained from any occupation or employment. At the end of the first year of disability retirement and by May 1 of each subsequent year, a disabled Member shall also submit to the Executive Director an affidavit on the Executive Director's approved form swearing that the Member's earned income and net earnings from self-employment are fully disclosed on the tax returns provided to the Executive Director and that the disabled Member has not received any other compensation, directly or indirectly, for services rendered by the disabled Member, nor performed any services for which the Member received no compensation except as disclosed in the affidavit, including amounts paid to other affiliated entities for the benefit of the disabled Member or to any relative of the disabled Member. If the Internal Revenue Service has approved an extension to file a tax return and the tax return has not been filed by May 1, the Member shall provide the Executive Director with a copy of the extension by May 1, and a copy of the tax return with all attachments and the related affidavit, within two (2) weeks after the tax return has been filed.

If the Member's total receipt of earned income, net earnings from self-employment, and City disability retirement benefits exceed the annualized base hourly rate of pay the Member would have made during that same tax year had he or she remained employed by the City in the same position, then, as soon as practicable, the Board shall reduce the amount of disability benefits to be paid to the Member. In reducing a Member's disability pension due to such excess earnings, the Board shall consider the Member's then current Earnings, and attempt to recover the cumulative excess earnings and preclude excess earnings in the future. In the event that a Member's disability pension is reduced in excess of the amount required, the Board shall pay such excess to the Member. For purposes of this section, base hourly rate of pay shall not include overtime, acting, assignment, holiday, longevity, educational incentive, safety award, incentive, shift differential, or any other special or premium pay.

The Board shall withhold a Member's disability pension upon the Member's failure to submit on a timely basis the required income tax returns with all attachments thereto and related documents. If the Member subsequently provides the required documentation by the end of the calendar year in which the return was due, the Board shall cause the Member's disability pension to be reinstated, subject to the other provisions of these Rules and including the payment of any previously withheld amounts, without interest. If the Member fails to provide the required documentation by the end of the calendar year in which the return was due, the Member's disability pension shall be terminated and the Member shall not be entitled to any payment for the period during which the documentation was not provided.

For purposes of this section, any amounts paid to a Member's affiliated entity in connection with the performance of services by the Member shall constitute "earned income," and any attempt to circumvent the limitations under these Rules on earned income and net earnings from self-employment through the use of affiliated entities shall be grounds for the Board to terminate the Member's disability pension.

**RULE 10**

**(RESERVED)**

## RULE 11

### CODE OF ETHICS

#### **11.101 General**

The Board adopted this Code of Ethics for individual Board and staff members in order to comply with applicable state laws and to make sure that the highest ethical standards in the public retirement industry are followed. This policy is based upon the duty of loyalty that all Trustees, as fiduciaries, owe to the members and retirees of the Fund. It also demonstrates the Board's commitment to fairness, openness, and transparency in the governance of the Fund. It is important to the Board that it preserves the confidence of the membership, the City, local and state government officials, and the general public.

In adopting this Code of Ethics the Board recognizes that compliance with any ethics policy may, at times, be confusing because ethical matters can be complex. The Board also recognizes that not all situations involving ethical dilemmas can be specifically addressed in this policy. Because of this, Trustees and staff members are strongly encouraged to seek the advice of the Fund's fiduciary counsel whenever there is uncertainty about compliance with this rule.

This Code of Ethics will be thoroughly discussed with new Trustees during orientation and will be reviewed annually during a regular meeting of the Board. It will be updated and revised as needed.

#### **11.102 Definitions**

As used in these rules, unless the context otherwise requires:

- A. "Business" means a corporation, partnership, sole proprietorship, trust, or foundation, or any other individual or organization carrying on a business, whether or not operated for profit.
- B. "Compensation" means any money, thing of value, or economic benefit conferred on or received by any person in return for services rendered or to be rendered by himself or another.
- C. "Financial Interest" means a substantial interest held by an individual which is:
  - 1. An ownership interest in a business;
  - 2. A creditor interest in an insolvent business;
  - 3. An employment or prospective employment for which negotiations have begun;
  - 4. An ownership interest in real or personal property;
  - 5. A loan or other debtor interest; or
  - 6. A directorship or officership in a business.
- D. "Official Act" or "Official Action" means a vote, decision, recommendation, approval, disapproval, or other action, including inaction, which involves the use of discretionary authority.

### **11.103 Rules of Conduct**

A Board member or employee shall not:

- A. Disclose or use confidential information acquired in the course of his official duties in order to further substantially his personal financial interests; or
- B. Accept a gift of substantial value or a substantial economic benefit tantamount to a gift of substantial value:
  - 1. Which would tend to improperly influence a reasonable person in his position to depart from the faithful and impartial discharge of his public duties; or
  - 2. Which he knows or which a reasonable person in his position should know under the circumstances is primarily for the purpose of rewarding him for official action he has taken; or
- C. Engage in a substantial financial transaction for his private business purposes with a person whom he inspects or supervises in the course of his official duties; or
- D. Assist any person for a fee or other compensation in obtaining a contract, claim, license, or other economic benefit from the Fund; or
- E. Assist any person for a contingent fee in obtaining a contract, claim, license, or other economic benefit from any City agency or department; or
- F. Perform an official act which may have a direct economic benefit on a business or other undertaking in which the Board member has a direct or substantial financial interest, or is engaged as counsel, consultant, representative, or agent; or
- G. Initiate contact with any entity under consideration in final stages of a search process until the business is awarded. During this “no-contact” period, Board members and staff who are contacted by these entities for anything other than routine information should immediately inform them of the “no-contact” rule, and that any further contact could disqualify them from further consideration.

### **11.104 Limitations and Exceptions**

- A. An economic benefit tantamount to a gift of substantial value includes without limitation a loan at a rate of interest substantially lower than the commercial rate then currently prevalent for similar loans and compensation received for private services rendered at a rate substantially exceeding the fair market value of such services.
- B. The following shall not be considered gifts of substantial value or gifts of substantial economic benefit tantamount to gifts of substantial value for purposes of Rule 11.103(B):
  - 1. An occasional nonpecuniary (non-financial) gift, insignificant in value;
  - 2. A nonpecuniary award publicly presented by a nonprofit organization in recognition of public service;
  - 3. Payment of or reimbursement for actual and necessary expenditures for travel and subsistence for attendance at a convention or other meeting at which the Trustee or



employee is scheduled to participate, including educational conferences sponsored by independent educational organizations and business meetings conducted by Fund managers;

4. Reimbursement for or acceptance of an opportunity to participate in a social function or meeting which is offered to the Trustee or employee which is not extraordinary when viewed in light of the Trustee's or employee's position; or
  5. Items of perishable or nonpermanent value including, but not limited to, meals or tickets to sporting, recreational, educational, or cultural events.
- C. Notwithstanding the exceptions in Rule 11.104(B), a Trustee or employee shall not solicit any gift, regardless of value, and including those items set forth in Rule 11.104(B), from any person doing business with the Fund, or seeking to do business with the Fund.

### **11.105 Disclosure Requirements**

Trustees must promptly disclose any conflict of interest or potential conflict of interest with respect to their fiduciary responsibility to the Fund. They must also refrain from voting or attempting to influence the vote on any matter involving a conflict.

Additionally, each Trustee and senior staff member shall annually file with the Fund a Conflict of Interest Disclosure in a form prescribed by the Fund. The form shall require disclosure of any relationships or situation which may impinge on the Trustee's or employee's fiduciary duty, if any, and the public trust.

### **11.106 Ethical Principles**

- A. A Trustee or employee should not acquire or hold an interest in any business or undertaking which he has reason to believe may be directly and substantially affected to its economic benefit by official action to be taken by the Fund.
- B. A Trustee or employee should not, during the term of his office or employment, obtain employment in which he will take direct advantage, unavailable to others, of matters with which he was directly involved during his term of membership or employment. These matters include rules, other than rules of general application, which he actively helped to formulate, and applications, claims, or contested cases in the consideration of which he was an active participant.
- C. A Trustee who becomes employed with a service provider during or after his or her service on the Board shall not, either during or for a year following the end of Board service, solicit any business from the Retirement Fund.
- D. A Trustee or employee should not perform an official act directly and substantially affecting a business or other undertaking to its economic detriment when he has a substantial financial interest in a competing firm or undertaking.
- E. A Trustee, during and within 12 months following the termination of his office, shall be ineligible for employment as a member of the Fund staff.

## 11.107 Special Rules Governing Contracts and Claims

- A. Trustees or employees shall not be interested in any contract made by them in their official capacity or by the Fund.
- B. A former employee may not, within six (6) months following the termination of his employment, contract, or be employed by an employer who contracts with the Fund involving matters with which he was directly involved during his employment.
- C. Trustees or employees shall not be vendors at any purchase made by them in their official capacity.

### Appendix to the Code of Ethics

To assist with the application of the Code of Ethics and Standards of Professional Conduct, the Board has considered certain specific activities and expenses which might arise in the course of dealing with third parties with whom the Fund does business or might do business in the future.

This Appendix sets forth guidelines concerning the appropriateness of those activities and expenses. This list is not intended to be complete or all-inclusive. Rather, the following are examples of appropriate and inappropriate activities and expenses. If questions arise about activities and expenses which are not included in this Appendix, the following examples should be used if possible for guidance as to whether an activity or expense is appropriate or not.

- A. Dealing with third parties with whom the Fund currently does business.
  - 1. Appropriate activities and expenses:
    - a. In general, it is permissible for Trustees, including members of their immediate families, to accept or participate in “reasonable entertainment,” which would include, among other things, an occasional meal, a ticket to a sporting event or the theater, or comparable entertainment, which is neither so frequent nor so excessive as to raise any question of propriety; attended by the person or company providing the entertainment, meal, or tickets; and not more frequent than once per quarter.
    - b. Acceptance of inexpensive gifts with a value under \$25.00.
    - c. Covering of reasonable expenses (lodging and meals) at business meetings conducted by the third party.
    - d. Also appropriate are trips for educational purposes, including international trips, offered by independent educational groups and funded by investment managers with whom the Fund may or may not currently be doing business.
  - 2. Inappropriate activities and expenses:
    - a. Solicitation of any recreational activity or gift of any kind.
    - b. Acceptance of any gift of substantial value offered by the third party.
- B. Dealing with third parties with whom the Fund does not do business.

1. It is inappropriate to solicit or accept any activity or gift from a third party with whom the Fund does not do business. Any expenses (e.g. coffee or a meal) incurred in meeting with such third parties, if infrequent and reasonable, are permissible.
2. Notwithstanding the foregoing, it is not a violation of this policy for a Board member or employee to attend a group meal or other group event of a social nature which is held in conjunction with an educational conference or seminar and which is sponsored by one or more persons who are not doing business with the Fund.

## RULE 12

### AMENDMENTS; CHANGES IN BENEFITS

#### **12.101 Amendments Increasing Benefits**

Before taking effect, any amendment to the administrative rules proposed by the Board that increases the benefits provided by the Fund must be reviewed and approved by the City Council.

#### **12.102 Amendments Reducing Benefits**

- A. Only the City Council may adopt an amendment to the administrative rules that reduces a benefit provided by the Fund.
- B. At least ninety (90) days before the date the City Council is scheduled to vote on an amendment to the administrative rules that would reduce a benefit provided by the Fund, the City Council must give notice to the Board of Trustees of the City Council's intention to consider and vote on the amendment.

#### **12.103 Rule Amendments Adopted by the Board of Trustees**

- A. Except as otherwise provided by law, the Board of Trustees may adopt amendments to the administrative rules if:
  - 1. A qualified Actuary performs an actuarial analysis on the fiscal impact of the proposed amendment and determines that the amendment will not impact the actuarial soundness of the Retirement Fund;
  - 2. The proposed amendment is placed on the agenda of the Board of Trustees for at least two (2) consecutive meetings of the Board that are not less than thirty (30) days apart for the purpose of giving participating members of the Fund an opportunity to comment on the proposed amendments; and
  - 3. The proposed amendment is approved by a majority vote of the full membership of the Board of Trustees.
- B. An amendment to the administrative rules adopted in accordance with this section becomes effective immediately unless otherwise provided by the amendment.

#### **12.104 Emergency, Routine, or Statutorily Required Amendments by the Board**

Unless an amendment to the administrative rules requires adoption in accordance with Rule 12.101, the Board of Trustees may adopt emergency or routine amendments to the administrative rules for amendments that are required by federal or state law that the Board of Trustees, by unanimous vote of the members present and voting, agrees that the proposed amendment is an emergency, routine, or statutorily required amendment and further approves the proposed amendment. Any such rule shall automatically be placed on the agenda for the next regular meeting of the Board and is subject to review, amendment, or repeal at that meeting.

**12.105 Amendments concerning contributions by the City.**

- A. An amendment to the administrative rules governing municipal contributions, including an amendment to the rate or manner of making contributions, may be made only if:
1. A qualified Actuary performs an actuarial analysis of the fiscal impact of the proposed amendment;
  2. The Board of Trustees or the governing body, by majority vote, calls a special election of all participating members to approve the amendment;
  3. The amendment is approved by a majority of the participating members eligible to vote in the special election; and
  4. The amendment is approved by a majority vote of:
    - a. The Board of Trustees, if the City Council called the special election; or
    - b. The City Council, if the Board of Trustees called the special election.
  5. The Board of Trustees or the City Council, as applicable, shall approve or reject the proposed amendment by the 90th day after the date the votes of the special election are canvassed.
  6. The pension office shall conduct a special election by secret ballot. The Board of Trustees shall canvass the vote.
  7. A person who is a participating member on the date of the special election is eligible to vote in the special election.
  8. Unless otherwise provided by the proposed amendment, an amendment to the administrative rules becomes effective on approval by the Board of Trustees or the City Council.
  9. Notwithstanding Subsections (1) through (5) of this section, only the City Council may adopt an amendment to the administrative rules that increases municipal contributions.
- B. Amendments by the City in event of a fiscal emergency.
1. Notwithstanding Rule 3.103(E), in the event the City has a fiscal emergency that requires an amendment to the administrative rules governing municipal contributions, the City may amend the administrative rules to address the emergency if the City:
    - a. Determines that the emergency exists and approves the proposed amendment by the unanimous vote of all members of the City Council; and
    - b. Provides written notice to the Executive Director of the Retirement Fund at least five (5) business days before the date the proposed amendment takes effect.

2. On the 90th day after the date an amendment under this section takes effect and for each subsequent 90-day period while the amendment is in effect, the City Council shall determine whether the emergency continues to exist. If the City Council does not determine by a unanimous vote that the emergency continues to exist or if the City Council fails to vote on whether the emergency exists as required by this subsection, the amendment automatically expires on the date the vote is taken or on the date the vote should have been taken, as applicable.

## RULE 13

### EXEMPTION OF BENEFITS FROM JUDICIAL PROCESS

#### **13.101 Indemnification From the City**

The City, pursuant to its policies, programs, and applicable laws, shall indemnify and hold harmless the Board and its individual Trustees against any and all loss, damage, and expense, including court costs and attorney's fees, resulting from or arising out of the actions and inactions of the Board and its Trustees in connection with the performance of their duties under the Ordinance, provided, however, that such obligation of the City to indemnify and hold harmless shall not apply to any Trustee of the Board to the extent that the loss, damage, or expense is attributable to such Trustee's gross negligence or willful misconduct.

#### **13.102 Court Orders Regarding the Fund**

- A. No portion of this Fund shall, at any time before or after its disbursement, be held, seized, taken, subjected to, detained, or levied upon by virtue of any execution, attachment, garnishment, assignment, injunction, or other writ, order, or decree, or any process or proceedings whatsoever issued out of or by any court for the payment or satisfaction, in whole or in part, of any debt, damage, claim, demand, or judgment against any person entitled to a benefit from this Fund, nor shall the Fund, or any claim thereto, be directly or indirectly, assigned or transferred, and any attempt to transfer or assign same shall be void; provided that (1) nothing in this section shall prevent the deduction of the spouse's insurance premiums from the Fund for the purpose of paying same, on behalf of the spouse, to the health and life insurance carrier for the City only, and (2) nothing shall prevent the Fund from dividing a Member's pension benefit between the Member and a former spouse and/or children or other dependents of the Member according to the terms of a valid court order from a court of competent jurisdiction.
- B. The court order must be a "qualified domestic relations order" within the meaning of Section 414(p) of the Code. The maximum pension benefit that can be paid to a former spouse is fifty (50%) percent of the Member's pension benefit. The order must state a specific amount payable monthly or a percentage of the Member's pension benefit to be divided between the Member and the former spouse. Except as otherwise provided below with respect to the return of the Member's contributions, no single sum payment shall be made to a former spouse.
1. Upon the Member's death, no further monthly pension benefit shall be paid to the former spouse. If, however, at the time of the Member's death, the Member and the former spouse had not yet received pension benefits from the Fund in excess of the Member's total contributions to the Fund (plus Regular Interest), the Member's remaining contributions (plus Regular Interest) shall be divided between the Member and the former spouse according to (i) the ratio of the pension benefit payable to the former spouse divided by the pension benefit payable to the Member but for the divorce, or (ii) the percentage used to calculate the pension benefit payable to the Member and the former spouse. The former spouse shall receive his or her portion of the remaining contributions (plus Regular Interest) in a single sum distribution.
  2. If such deceased Member died with no dependent child (or children), dependent parent (or parents), or surviving spouse to whom the Member had been married for at least the one (1) year immediately prior to the Member's retirement, the Member's portion of the remaining contributions (plus Regular Interest) shall be paid in a single sum to the

Member's estate. If the deceased Member died with a dependent child (or children), dependent parent (or parents), or a surviving spouse to whom the Member had been married for at least the one (1) year immediately prior to the Member's retirement, such person(s) shall be entitled to a monthly benefit under the terms of these Rules, but adjusted as provided below. Upon a single sum payment to the former spouse, such monthly pension benefit shall be reduced according to the following methodology:

- a. Create a fraction, the numerator of which is the single sum amount paid to the former spouse and the denominator of which is the sum of the Member's contributions (plus Regular Interest) and the City's contributions on behalf of the Member;
  - b. Multiply that fraction by the monthly pension benefit which would otherwise be payable to the dependent child (or children), parent (or parents), or surviving spouse; and
  - c. The difference between the result of the second step and the monthly pension benefit which would otherwise be payable to the dependent child (or children), dependent parent (or parents), or surviving spouse is the monthly pension benefit which should be paid to the dependent child (or children), dependent parent (or parents), or surviving spouse.
3. Since any pension benefit payable to a former spouse is derived from the Member's pension, a former spouse's pension benefit shall not commence until the Member's pension benefit commences.
  4. If a Member with respect to whom a former spouse has obtained a domestic relations order purporting to be a qualified domestic relations order terminates employment with the City and receives a return of contributions (plus Regular Interest) rather than a pension benefit, the former spouse shall not receive a pension benefit, but shall instead receive a percentage (or fixed dollar amount) of the returned contributions (plus Regular Interest).
- C. No court order shall be honored if it:
1. Provides for any form of benefit or option not otherwise provided by this rule;
  2. Requires the Fund to provide increased benefits determined on the basis of actuarial value; or
  3. Requires the payment of benefits to a former spouse that are required to be paid to another former spouse.

### **13.103 Reduction of Pensions**

Unless otherwise expressly provided for in these Rules, the Board shall not reduce an individual pension.



### **13.104 Fund Corpus Shall Not Revert Back to the City**

No part of the corpus or income of the Fund shall ever revert to the City or be used for, or diverted to, any purpose other than for the exclusive purpose of providing benefits to Members and their Beneficiaries in accordance with the terms of these Rules.