

# Class B Employee FAQs

## Who are Class B employees?

Class A employees are members of the Fire and Police Departments not including clerical employees. Class B employees are all other members.

## How is my average final compensation calculated?

For AFSCME Local 1343 employees hired after June 7, 2011, IBEW Local 300 employees hired after October 30, 2012 or any employees hired on or after January 1, 2018, Average Final Compensation (AFC) is the average of the five highest years of base earnings. For all others, AFC is the average of the three highest years of base earnings.

## What is the amount of my normal retirement benefit?

For AFSCME and Non-union employees hired before January 1, 2006, IBEW employees hired on or before May 4, 2008, and all other Class B employees hired before July 1, 2006, 1.60% of AFC times creditable service not in excess of 25 years plus 0.50% of AFC times creditable service in excess of 25 years. For AFSCME and Non-union employees hired on or after January 1, 2006, IBEW employees hired after May 4, 2008, and all other Class B employees hired on or after July 1, 2006, 1.40% of AFC times creditable service not in excess of 25 years plus 0.50% of AFC times creditable service in excess of 25 years.

## How is my benefit protected from the effects of inflation?

Benefits increase annually by changes in the Consumer Price Index of more than 1%. The System provides for Cost of Living Adjustments (COLAs) matching the Consumer Price Index up to 2.75% (5% for certain current retirees). The benefit described in the section above is provided with a full COLA payable. At the time of retirement you have three COLA choices. However, an AFSCME or Non-union employee hired on or after January 1, 2006, an IBEW employee hired after May 4, 2008 or any other Class B employee hired on or after July 1, 2006 may only select a full COLA benefit.

At the time of retirement, instead of the benefit with full COLA described in the section above, if you are an eligible employee, you may choose either (i) an accrual rate of 1.90% for all years of service prior to June 30, 2006 (on or before May 4, 2008 for IBEW) for the first 25 years, an accrual rate of 1.80% for all years of service commencing July 1, 2006 (after May 4, 2008 for IBEW) for the first 25 years, plus an accrual of 0.50% for creditable service in excess of 25 years, and a COLA equal to one-half of the COLA detailed above, or (ii) an accrual rate of 2.20% for all years of service prior to June 30, 2006 (on or before May 4, 2008 for IBEW) for the first 25 years, an accrual rate of 2.00% for all years of service commencing July 1, 2006 (after May 4, 2008 for IBEW) for the first 25 years, plus an accrual of 0.50% for creditable service in excess of 25 years, and no COLA.

## How much do I contribute?

You are required to contribute to the pension plan. For most Class B participants, the contribution rate for the year ending June 30, 2020 is 4.2% of base pay on a before-tax basis. This amount can vary, so consult your collective bargaining agreement or policy.

**What is eligibility for normal retirement?**

You can retire with an unreduced benefit at age 65 with 5 years of creditable service.

**What if I work beyond age 65?**

Your benefit will be increased by using all creditable service, or by using creditable service at age 65 and an actuarial increase, whichever results in the larger benefit.

**When am I eligible to retire?**

You can retire at age 55 with 5 years of creditable service.

**How much is my benefit reduced for early retirement?**

Except for employees detailed below, prior to age 65, the normal retirement benefit is reduced by 2% for each year that retirement precedes age 65. For IBEW employees hired before May 4, 2008 who elect a contribution rate of 4%, the normal retirement benefit is reduced by 2% for each year the retirement precedes age 65. For IBEW employees hired before May 4, 2008 who elect a contribution rate of 3%, the normal retirement benefit is reduced by a factor which varies with age. The factor equals 1 at 65 and 0.4 at 55.

For IBEW employees hired after May 4, 2008, the normal retirement benefit is reduced by a factor which varies by age. The factor equals 1 at 65 but is equal to 0.356 at age 55.

For AFSCME Local 1343 employees hired before January 1, 2006 that meet the Rule of 82 by December 7, 2011 but retire later than December 7, 2011, the normal retirement benefit is reduced by 4% per year at ages 55 to 59 for each year under age 65, and the standard 2% per year reduction for ages 60 to 65. For other AFSCME Local 1343 employees retiring after December 7, 2011, there will be full actuarial reduction from ages 55 to 59 and the standard 2% per year reduction for ages 60 to 65.

**What does vested mean?**

The amount you are vested is the percentage of your earned benefit that you are entitled to. Employees that are currently active will become 100% vested after five years of creditable service.

**What will I receive if I am not entitled to a vested benefit?**

If you separate from service with no vested benefits under the plan, you are entitled to a refund of your accumulated contributions with interest. Interest accrues on the contributions at a rate of 5.5% until December 31, 2017 and 2.0% thereafter.

You may elect to receive this return of your accumulated contributions with interest as a direct rollover into an IRA or qualified plan, or as a lump sum payment made to you (less any mandated tax withholding).

**What happens if I die while a City employee?**

If you have a legal spouse at the time of your death, a survivor's benefit in the amount of 30% of your basic monthly earnings will be paid until the earlier of your spouse's death, second anniversary of remarriage or attainment of age 62. Upon the spouse's attainment of age 62, if not remarried, a benefit based on the 50% Joint and Survivor form of payment will be paid to the spouse for life.

**What if I become disabled?**

If you meet the definition of disability, you may be eligible for the disability benefit which is wage continuation at 66 2/3% for AFSCME employees. The wage continuation is 66 2/3% for IBEW employees hired after October 30, 2012. The wage continuation is 75% for all others. The benefit may begin 90 days after the onset of disability, which is defined as the first day you did not work. If applicable, the benefit is offset by workers' compensation and Social Security disability payments. The time that you are totally disabled is counted as service credit toward an eventual service retirement.

**How will my benefit be paid?**

If you retire and are entitled to a vested benefit, your normal form of benefit is a 10 year certain & life annuity (if not married) or a 50% joint and survivor annuity (if married). You will have the option to receive your benefit as a straight life annuity, 10 year certain & life annuity, 100% joint and survivor annuity, 50% joint and survivor annuity, 100% joint and survivor pop-up annuity, 50% joint and survivor pop-up annuity. There will be an actuarial adjustment reflected if the benefit is not payable as a 10 year certain & life annuity.