



CITY of EL PASO
EMPLOYEES RETIREMENT TRUST

Trust in a secure future

Pre-Retirement Planning
Non-Uniformed

1039 Chelsea Street
El Paso, Texas, 79903
Phone: (915) 212-0112
Fax: (915) 212-0113

contact@eppension.org
www.eppension.org

Retirement Administration Staff

Robert B. Ash, M.B.A., J.D.
Executive Director & Legal Advisor

Adrian Sanchez
Deputy Executive Director

Karina Chavez
Administrative Assistant

David Garcia
*Pension Payroll/Accounts Payable
Specialist*

Alma R. Dueñas
Benefits/Budget Specialist

Emilia Avila
Retiree Coordinator / Data Entry Clerk

Esmeralda Aguirre
Benefits Technician

Pauline Castillo
Benefits Technician



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Helping the El Paso Economy

The City of El Paso Employees Retirement Trust pays millions of dollars in pension payments to over 3000 City retirees and their beneficiaries.



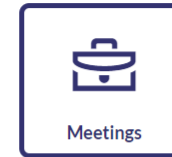

Benefits paid to retirees and their beneficiaries over the last fiscal year.



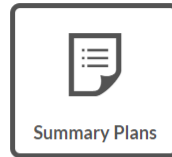

Benefits paid to retirees and their beneficiaries over the last 10 years.



Videos



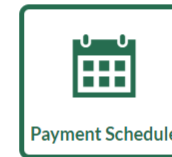
Meetings



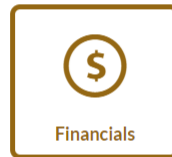
Summary Plans



Strategic Plan



Payment Schedule



Financials

Recent News



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Defined Benefit vs. Defined Contribution

The City of El Paso sponsors a “Defined Benefit” pension plan for most City employees.

Retirement benefits payable under a defined benefit plan are determined based on a benefit formula (years of retirement service credit x benefit multiplier x final wages).



Defined Benefit vs. Defined Contribution

Continued

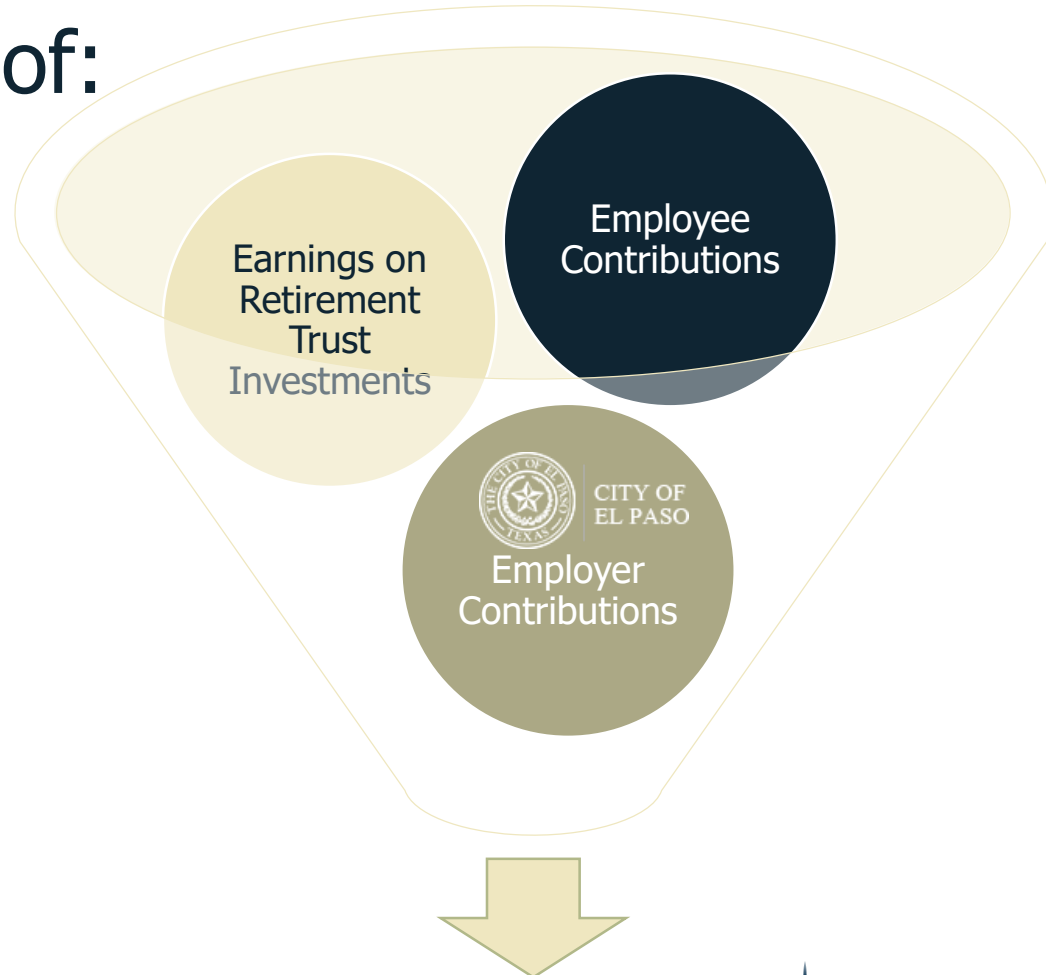
Unlike benefits under a defined contribution plan, e.g., the 457 - deferred compensation plan, where benefits are based on the amount the participant contributes, individual participants in defined benefit plans don't bear the market risk on investments.



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Funding

Retirement Benefits are funded by a combination of:



Funding



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Contributions



Employee

- As of 9/1/2014, the pension contribution rate is **8.95%** of biweekly gross earnings.
- Employee contributions are taken on a pre-tax basis.



Employer

- As of 9/1/2014, the pension contribution rate is **14.05%** of biweekly gross earnings.

Authority

- The City of El Paso Employees Retirement Trust is governed by the Pension Ordinance which is Chapter 2.64 of the Municipal Code.
- The Pension Ordinance can only be amended by City Council.



Board of Trustees

Ordinance provides for Trust administration by a Board of Trustees – 9 members

4 Elected Employees

- Employees eligible to participate in the Trust
- Elected by secret ballot

1 Retiree

- Appointed by Mayor

2 Members of City Council

- Appointed by Mayor
- Mayor may serve on the Board

2 Citizens of the City

- Appointed by Mayor



Tier I & II

Tier I

Employees
whose
pension
participation
date is **prior**
to Sept. 1,
2011

Tier II

Employees
whose
pension
participation
date is **on** or
after Sept.
1, 2011



Minimum Vesting Requirements

Minimum Vesting Requirements for Receiving Retirement Benefits (other than for job-related disability retirement)

- Age **40** with **10** years of retirement service credit (Tier I)

OR

- Age **45** with **7** years of retirement service credit (Tier I & II)

Reduced retirement from Normal Retirement age



Forms of Retirement



Age & Service

- Normal Retirement



Early

- A reduction factor is applied



Deferred

- Defer receiving payments to reduce or eliminate the reduction factor





Age & Service Retirement Tier I

Forms of Retirement Continued

The earliest of:

- Age **55** with **10** years of retirement service credit, **OR**
- Age **60** with **7** years of retirement service credit, **OR**
- Any age with **30** years of retirement service credit





Age & Service Retirement Tier II

Forms of Retirement Continued

The earliest of:

- Age **60** with **7** years of retirement service credit, **OR**
- Any age with **35** years of retirement service credit





Early Retirement Tier I

Forms of Retirement Continued

The earlier of:

- Age **40** with **10** years of retirement service credit, **OR**
- Age **45** with **7** years of retirement service credit

A reduction factor is applied.





Early Retirement Tier II

Forms of Retirement Continued

Age **45** with **7** years of retirement service credit

A reduction factor is applied.



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Early Retirement

Forms of Retirement Continued

There are advantages and disadvantages to taking your benefit before your full retirement age.

An advantage is that you collect benefits for a longer period of time.

A disadvantage is that your benefit is permanently reduced.

Each person's situation is different.





Deferred Retirement

Forms of Retirement Continued

Having met the requirements for **early retirement**, you may defer receiving payments until your normal retirement age, or a date closer to it, in order to reduce or eliminate the early retirement reduction factor.



Disability Retirement Options

Forms of Retirement Continued



Job-related

- No minimum age or service requirement
- Benefit based on retirement service credit
- Minimum \$250 per month



Non job-related

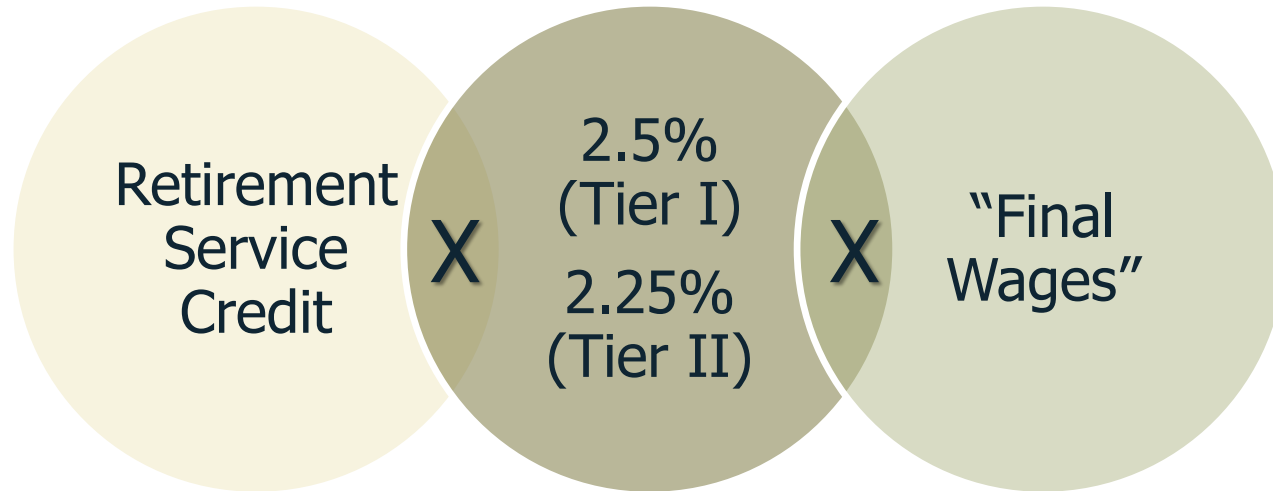
- No minimum age requirement
- At least 7 years retirement service credit.

CONDITION: Totally and permanently disabled from your job with the City or any other job for which you are qualified by training and experience.

Benefit Calculation



Age & Service Retirement



Unused Sick Leave

Additional retirement service credit is given for unused sick leave (22 days = 1 month credit.) Up to 6 months credit can be used toward meeting the minimum service requirements.

Final Wages Tier I

Greater of Three Different Calculations:

1. Average monthly gross earnings over prior three years, **OR**
2. Average monthly base salary in prior year, **OR**
3. Base salary for the month prior to retirement

Benefit Limit

IRS Prescribed limit



Benefit Calculation



Age & Service Retirement Tier I

Example

An employee has **20 years retirement service credit** when he terminates employment at **age 55** with **final wages of \$3,000 per month**.

Retirement Calculation

$$\begin{aligned} & \mathbf{20} \text{ (years service credit)} \times \mathbf{2.5\%} \text{ (multiplier)} \times \mathbf{\$3,000} \\ & \text{(final wages)} = \\ & \mathbf{\$1,500 / month} \end{aligned}$$



Benefit Calculation



Early Retirement Tier I

Example

An employee has **20 years retirement service credit** when he terminates employment at **age 45** with **final wages of \$3,000 per month**.

Retirement Calculation

20 (years service credit) X **2.5%** (multiplier) X **\$3,000**
(final wages) X **0.4359** (early reduction factor) =

50% X \$3,000 = \$1,500 X 0.4359 = **\$653.85 / month**



Final Wages Tier II

Average monthly gross earnings over prior three years

Benefit Limit

Not more than 90% of 3-year average of final pay



Benefit Calculation



Age & Service Retirement Tier II

Example

An employee has **20 years retirement service credit** when he terminates employment at **age 60** with average **final wages of \$3,000 per month**.

Calculating Final Wages and Maximum Benefit Limit

Average monthly gross earnings:

Year 1 \$2,900

Year 2 \$3,000

Year 3 \$3,100

\$3,000 **3-Year Average
Final Wages**

Maximum Benefit:

\$3,000 X 90% (Benefit Limit) =

\$2,700



Benefit Calculation



Age & Service Retirement Tier II

Example Continued

Retirement Calculation

$$\begin{aligned} & \mathbf{20} \text{ (years service credit)} \times \mathbf{2.25\%} \text{ (multiplier)} \times \mathbf{\$3,000} \\ & \text{(average final wages)} = \\ & \mathbf{\$1,350 / month} \end{aligned}$$

The benefit of \$1,350 does not exceed the 90% Maximum Benefit Limit of \$2,700.



Benefit Calculation



Early Retirement Tier II

Example

An employee has **20 years retirement service credit** when he terminates employment at **age 45** with average **final wages of \$3,000 per month**.

Retirement Calculation

20 (years service credit) X **2.25%** (multiplier) X **\$3,000**
(average final wages) X **0.2796** (early reduction factor) =
45% X **\$3,000** = **\$1,350** X **0.2796** = **\$377.46 / month**



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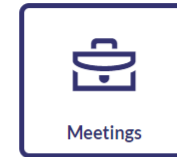
Benefits paid to retirees and their beneficiaries over the last fiscal year.



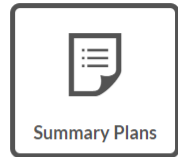
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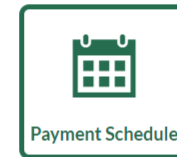
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CEPERT Retirement Estimate Calculator

Clear Calculator

Participation Date: ?

Fecha de Participacion

Before September 1, 2011 (Tier I) ▾

Service Time: ?

Tiempo de Servicio

Years

20

Months

0

Month Salary: ?

Sueldo Mensual

3000

Age at Retirement: ?

Edad de Jubilacion

55

Marital Status: ?

Estado Civil

Single *Soltero*

Married *Casado*

Spouse's Age at Retirement: ?

Edad de Conyugue a su Retiro

55

Optional Settlement: ?

Liquidacion Facultativa

Joint & 2/3 (Normal Form) ?

Joint & 100% ?

Joint & 50% ?

Life Only ?

Estimated Monthly Benefit:

Beneficio Mensual Estimado

\$1,500.00

Qualified Spouse Estimated Monthly Benefit:

Pension Mensual Estimada del Conyugue Calificado

\$1,000.50

Do not use a dollar sign (\$) in the monthly salary field and do not use decimal places in any field.

No use el simbolo de dolar (\$) en el campo de Sueldo Mensual y tampoco use decimales en ningun campo.

Disclaimer



CEPERT Retirement Estimate Calculator

Clear Calculator

Participation Date: ?

Fecha de Participacion

Before September 1, 2011 (Tier I)

Service Time: ?

Tiempo de Servicio

Years

20

Months

0

Month Salary: ?

Sueldo Mensual

3000

Age at Retirement: ?

Edad de Jubilacion

45

Marital Status: ?

Estado Civil

Single *Soltero*

Married *Casado*

Spouse's Age at Retirement: ?

Edad de Conyugue a su Retiro

45

Optional Settlement: ?

Liquidacion Facultativa

Joint & 2/3 (Normal Form) ?

Joint & 100% ?

Joint & 50% ?

Life Only ?

Estimated Monthly Benefit:

Beneficio Mensual Estimado

\$669.73

Qualified Spouse Estimated Monthly Benefit:

Pension Mensual Estimada del Conyugue Calificado

\$446.71

Do not use a dollar sign (\$) in the monthly salary field and do not use decimal places in any field.

No use el simbolo de dolar (\$) en el campo de Sueldo Mensual y tampoco use decimales en ningun campo.

Disclaimer

Survivors' Benefits



Qualified Beneficiaries

- Your Widow (must have been your spouse at the time of your retirement) who has not remarried
- Your unmarried children under the age of 19



Survivors' Benefits

Continued



Qualified Beneficiaries

- Your incapacitated child who is over the age of 19
 - The incapacitation is determined by the Retirement Board
 - Payments may be discontinued at any time by the Board on proof that the child is not incapacitated



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Optional Settlements

What is best for ME?

- There is no “one-size-fits-all” solution.
- We hope to provide information you will need to make your selection at retirement based on your unique situation.



Optional Settlements

Continued

Life Only

- Payment for retiree's life, and no survivor's benefit
- The Life Only option is the maximum benefit a retiree can elect for his/her lifetime.
- In the case of a married employee, selection of this option requires spousal consent.



Optional Settlements

Continued

Normal / Joint and 2/3

- Payment for retiree's life, and upon retiree's death, payment of 66.7% of that amount to qualified surviving spouse
- There is no adjustment made to the benefit formula for the Normal / Joint and 2/3 Option



Optional Settlements

Continued

Joint and 100%

- Payment for retiree's life, and upon retiree's death, payment of 100% of that amount to qualified surviving spouse
- There is an actuarial factor applied to adjust the benefit formula
- Retiree amount is less than Normal, and survivor amount is greater



Optional Settlements

Continued

Joint and 50%

- Payment for retiree's life, and upon retiree's death, payment of 50% of that amount to qualified surviving spouse
- There is an actuarial factor applied to adjust the benefit formula.
- Retiree amount is greater than Normal and survivor amount is less



Optional Settlements

Continued

There are a few general principals no matter which option you choose.

- Your retirement payment continues for your lifetime.
- You cannot change your choice after your application has been approved by the Retirement Board. (This holds true even if your circumstances change.)
- If you choose a joint & survivor option, and your spouse dies before you, your reduced benefit continues for your life.



Post-Tax Contributions

Example

Annual Retirement \$20,000

Post Tax Retirement Contributions \$35,000

Annual Retirement	\$20,000
Total Post-Tax Contributions	\$35,000
Life Expectancy Factor	30
Annual Tax-exempt amount	\$1,166.67
Annual Taxable Retirement Amount	\$18,833.33



Cost of Living Increases

- The City Employees Retirement Trust does not provide automatic cost of living increases.
- The Trust commissions an actuarial valuation (review of the funded status of the plan) at least once every two years.
- As a part of this process the Retirement Board of Trustees considers the affordability of granting an ad-hoc (this time only) type of increase.



Divorce

How are a member's retirement benefits an issue in his/her divorce?

Whether a member is currently receiving a retirement benefit from the City of El Paso Employees Retirement Trust, or will receive one in the future, a member's retirement benefit is considered a marital asset under Texas law, and is subject to division as marital property in a divorce.



Domestic Relations Order

What is a domestic relations order?

A domestic relations order (DRO) is a judgment, decree or order of a court, made pursuant to the Texas State domestic relations law, that sets forth how a person's retirement benefits are to be divided between parties who are divorcing or already divorced.



Qualified Domestic Relations Order

What is a qualified domestic relations order?

Under the Texas State Domestic Relations Statute, the Executive Director has the authority to determine, based on very specific criteria, whether a domestic relations order issued by a court relating to a division of retirement benefits is a qualified domestic relations order (QDRO).

A domestic relations order must be “qualified” in order to be honored by the Retirement Trust.



Qualified Domestic Relations Order

Continued

QDRO for Child Support Arrearages

Recent legislation also allows the Texas Attorney General's Office to obtain QDRO for child support arrearages.



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EMPLOYEES RETIREMENT TRUST

Proportionate Retirement Program

Effective July 1, 2000, the City of El Paso Employees Retirement Trust participates in the Proportionate Retirement Program (PRP).

What is the Proportionate Retirement Program?

The PRP is a plan pursuant to state law that:

- allows for the transfer of service credit from one participating pension fund to another
- is limited to service credit towards meeting vesting requirements in participating funds



Proportionate Retirement Program

Continued

PRP Participating Systems

- Employees Retirement System of Texas
- Teacher Retirement System of Texas
- Judicial Retirement System of Texas Plan One
- Judicial Retirement System of Texas Plan Two
- Austin Employees' Retirement System
- Austin Police Retirement System
- **City of El Paso Employees Retirement Trust**
- El Paso Firemen & Policemen's Pension Funds



CITY of EL PASO
EMPLOYEES RETIREMENT TRUST

Application Process

To ensure an efficient retirement, begin the retirement process at least 60 days in advance.

Schedule an appointment with a Benefits Technician

Esmeralda Aguirre
(915) 212-1791

Pauline Castillo
(915) 212-1790.



By starting the process early you can verify that:

Personnel records, and pension data are consistent with your records

Any questions regarding your accrued retirement service credit due to a break in service, or leave without pay periods are answered

You can review your personnel file and/or request an audit of your service time from the Human Resources Department's Payroll Section.

Don't wait until the last minute to resolve issues!



You must complete your application within **30 days** of your termination of employment, or you will be required to go before the Retirement Board and establish good cause for failure to file your application timely.



Documents Required for Retirement Application

For You

- Your Birth Certificate
- Your Social Security Card

If Married:

- Your Marriage Certificate
- Your Spouse's Birth Certificate
- Your Spouse's Social Security Card

If you have Children under age 19, or who are incapacitated and dependent on you:

- Children's Birth Certificates
- Children's Social Security Cards

For Direct Deposit:

- A voided check, or bank letter specifying account #, routing #, type of account and account holder's name.

Retirement Application Steps



Call to request an estimate. Retirement Administration will prepare an estimate of all of your options and answer any questions you may have. You will be given a copy of the estimate and will have to make a decision regarding any options before completing the Retirement Application.



Make an appointment to complete the Retirement Application. If you are married, your spouse is required to sign the application indicating their understanding of the optional settlement you've selected.



You will be required to sign a W4-P form for income tax withholding.



Retirement Application Steps

Continued



You will be required to complete a form for direct deposit of your retirement payment.



Provide notice of termination to the appropriate person in your Department indicating the date that you intend to retire.



You will be directed to the Benefit Services Department to discuss continuing as a Retiree any insurance coverage you have with the City.



Retirement Payments

- Retirement payments are made normally on the last working day of the month.
- Any change in your mailing address must be made in writing to the Retirement Administration Office.
- Any request to change your withholding for income tax should be reported to the Retirement Administration Office.



Questions?



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