



**CITY of EL PASO**  
EMPLOYEES RETIREMENT TRUST

*Trust in a secure future*

Pre-Retirement Planning  
Non-Uniformed



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EMPLOYEES RETIREMENT TRUST

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1039 Chelsea Street  
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# Retirement Administration Staff

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

**Karina Chavez**  
*Administrative Assistant*

**Alma R. Dueñas**  
*Benefits/Budget Specialist*

**Esmeralda Aguirre**  
*Benefits Technician*

**Pauline Castillo**  
*Benefits Technician*

**Vacant**  
*Deputy Executive Director*

**David Garcia**  
*Pension Payroll/Accounts Payable  
Specialist*

**Vacant**  
*Retiree Coordinator / Data Entry Clerk*



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8:30AM - 12:00PM

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## Recent News

### Changes to the Executive Team

General

Pete Delgado, Deputy Executive Director, has promoted to a position outside of the Retirement Trust ...[Read More](#)

### Retirement Trust Office Relocated

General

Construction of the new facility is complete. The Retirement Trust Office has relocated to 1039 Chelsea Street ...[Read More](#)



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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*

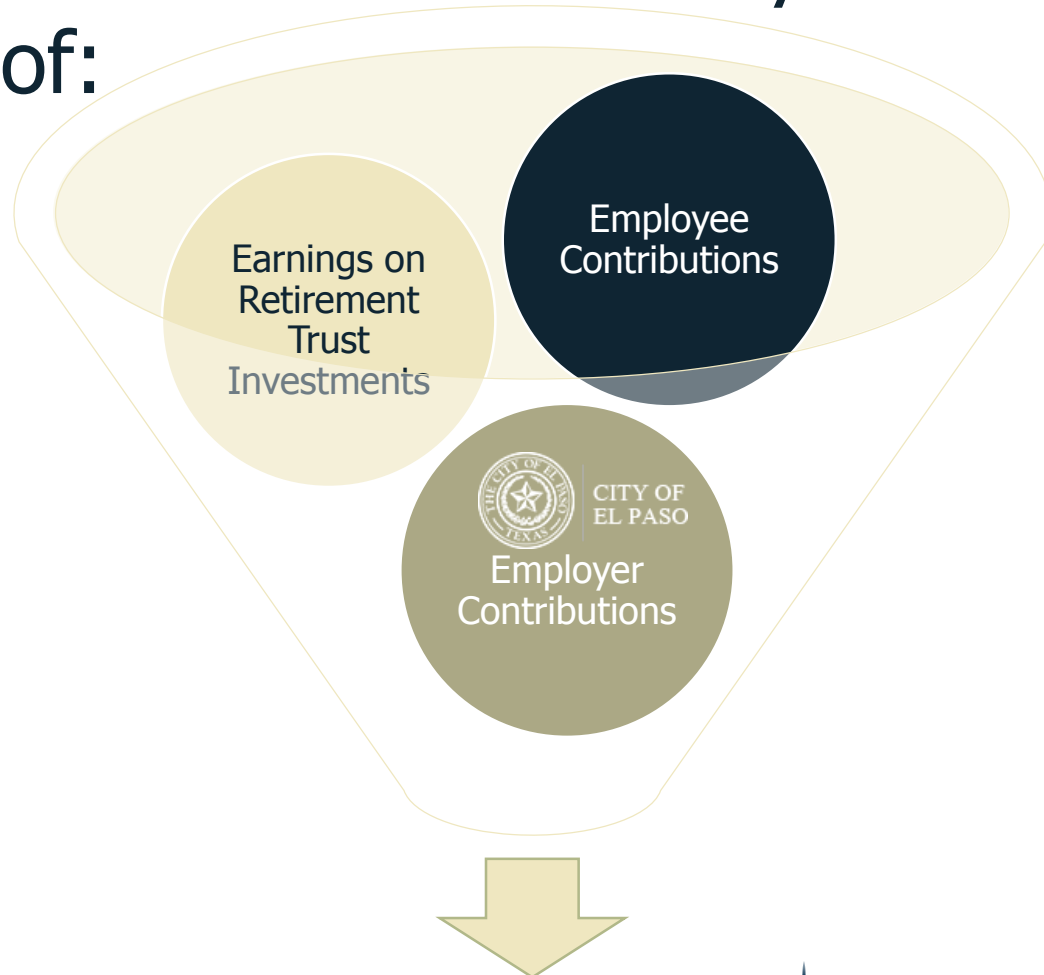
Unlike benefits under a defined contribution plan, e.g., the 457 - deferred compensation plan, where benefits are based on the amount the participant contributes, individual participants in defined benefit plans don't bear the market risk on investments.



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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



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# 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*



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# 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.

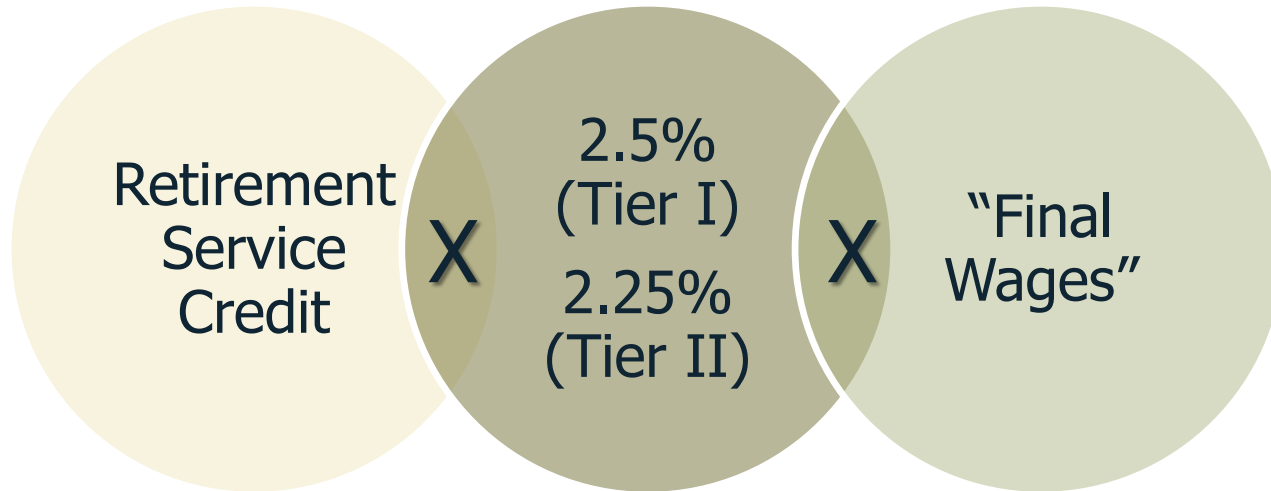


**CONDITION:** Totally and permanently disabled from your job with the City or any other job for which you are qualified by training and experience.

# 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



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# 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
- 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

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

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



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# 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**



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# Benefit Calculation



## Age & Service Retirement Tier II

### Example Continued

#### Retirement Calculation

**20** (years service credit) X **2.25%** (multiplier) X **\$3,000**  
(average final wages) =

**45% X \$3,000 = \$1,350 / month**

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



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# 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**





# 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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# Calculate Your Retirement

## BENEFITS CALCULATOR

### Instructions:

**Note: Minimum vesting requirements apply. Please refer to your Summary Plan Description.**

Please enter the applicable date, before September 1, 2011 or on or after September 1, 2011, which indicates when you began participating in the City of El Paso Employees Retirement Trust (the Trust). This may be different than the date you were hired. Enter your marital status. Enter the number of (whole) years of pension service credit in the "Years" field. Enter the number of additional months of pension service credit, if any, in the "Months" field. Enter your final monthly salary in whole dollars in the "Salary" field. Your benefit may be limited to 90% of the average of your last three years earnings. Enter your age (whole number) in the "Age at Retirement" field. Enter your spouse's age on the date you retire. Choose an optional settlement. Read the [disclaimer](#) and if you agree to its terms, click the "I AGREE" button to estimate your monthly pension benefit. Clicking the "I DISAGREE" button will return you to the home page.

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

**Pension Participation Date:**

--select-- ▼

**Marital Status:**

--select-- ▼

**Years:**

**Months:**

**Monthly Salary:**

**Your Age At Retirement:**

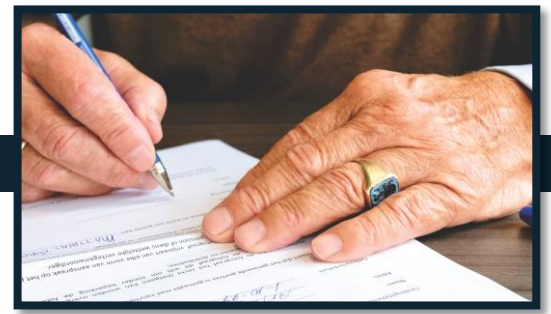
**Disclaimer:** You are preparing to gain access to a hypothetical retirement benefits calculator. It will allow you to calculate an unofficial projection of your Trust retirement benefits. This is not an official Trust estimate and is not linked to your Trust data file. You should use this calculator as a tool to understand the Trust benefits. This calculator is intended as a tool for you to estimate your future benefits. The accuracy of the estimate will depend on how closely the data you enter matches your actual data in the future. There is no guarantee that you will receive these amounts. You should not make decisions based on this estimate alone. The actual benefit you receive from the Trust must be calculated under the provisions of [Chapter 2.64 of The City of El Paso Municipal Code](#). This information is not intended as a substitute for such laws. Neither the Trust, nor any of its officers, employees, or agents, shall be liable for any improper or incorrect use of the information contained herein and assumes no responsibility for anyone's use of the information. No estimate produced by this calculator shall in any way be binding on the Trust. Although the Trust attempts to insure the information provided is reliable, no warranty is made regarding accuracy, completeness, legality, reliability or usefulness of any information. The Trust provides this information on an "as is" basis. All warranties of any kind, expressed or implied, are disclaimed.

I have read this disclaimer. To agree to these terms and access the retirement calculator click below.

I AGREE

I DISAGREE

# 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.



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# 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.



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# 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.



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# 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.



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# 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.

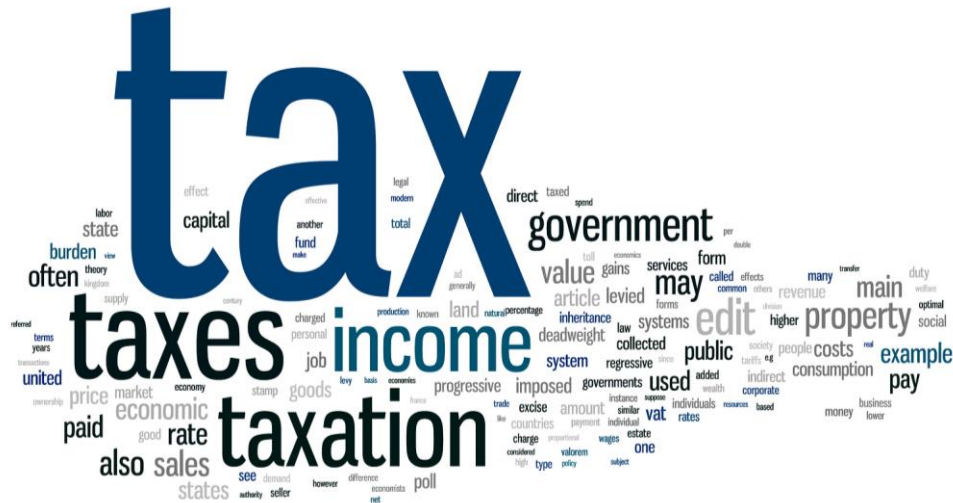


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# Is Your Benefit Taxable?

Part of your retirement (the portion that exceeds your post-tax contributions to the Trust) will be subject to income tax.

Your post-tax contributions are credited for tax purposes over your life-expectancy.



# 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	<b>\$1,166.67</b>
Annual Taxable Retirement Amount	<b>\$18,833.33</b>



# 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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# 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



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# Application Process

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

Schedule an appointment with a Benefits Technician, Esmeralda Aguirre or Pauline Castillo (915) 212-1791 or (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 his/her understanding of the optional settlement you've selected.



You will be required to sign a W4-P 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 direct deposit and withholding for income tax should be reported to the Retirement Administration Office.



# Questions?



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