



# *Summary Plan Description First Tier*

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*April 2014*

*For persons whose participation date is  
before September 1, 2011*

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## ***Glossary of Selected Terms applicable to First Tier Participants***

<b><i>FEATURE</i></b>	<b><i>CONDITIONS</i></b>
<i>Participation</i>	<ul style="list-style-type: none"> <li>• <i>Automatic and mandatory for permanent full-time employees</i></li> <li>• <i>Optional for some others</i></li> </ul>
<i>Contribution</i>	<ul style="list-style-type: none"> <li>• <i>Deducted from your paycheck</i></li> <li>• <i>8.95% of pay by 2014, currently pre-tax</i></li> </ul>
<i>Final Wages</i>	<ul style="list-style-type: none"> <li>• <i>Greater of:</i> <ul style="list-style-type: none"> <li>- <i>average monthly gross earnings over prior three years</i></li> <li>- <i>average monthly base salary in prior year</i></li> <li>- <i>base salary for the month prior to retirement</i></li> </ul> </li> </ul>
<i>Normal Retirement</i>	<ul style="list-style-type: none"> <li>• <i>Earlier of Age 55 with 10 years of pension service credit, <b>or</b></i></li> <li>• <i>Age 60 with 7 years of pension service credit, <b>or</b></i></li> <li>• <i>Any age with 30 years of pension service credit</i></li> <li>• <i>2.5% of Final Wages times pension service credit</i></li> </ul>
<i>Early Retirement</i>	<ul style="list-style-type: none"> <li>• <i>Earlier of Age 40 with 10 years of pension service credit, <b>or</b></i></li> <li>• <i>Age 45 with 7 years of pension service credit</i></li> <li>• <i>Reduced retirement from Normal Retirement age</i></li> </ul>
<i>Non Job-Related Disability Retirement</i>	<ul style="list-style-type: none"> <li>• <i>Requires:</i> <ul style="list-style-type: none"> <li>- <i>7 years of pension service credit</i></li> </ul> </li> </ul>
<i>Job-Related Disability Retirement</i>	<ul style="list-style-type: none"> <li>- <i>Any amount of pension service credit</i></li> </ul>
<i>Deferred Retirement</i>	<ul style="list-style-type: none"> <li>• <i>Must be eligible for Early Retirement</i></li> <li>• <i>Payable at later age and benefit is larger</i></li> </ul>
<i>Refund of Contributions</i>	<ul style="list-style-type: none"> <li>• <i>Contributions without interest if pension service credit is less than 5 years</i></li> <li>• <i>Contributions with interest if pension service credit is greater than 5 years</i></li> </ul>
<i>Death Benefits</i>	<ul style="list-style-type: none"> <li>• <i>Qualified spouse's and children's benefits if eligible for retirement</i></li> <li>• <i>Depends on status</i> <ul style="list-style-type: none"> <li>- <i>active</i></li> <li>- <i>regular retiree</i></li> <li>- <i>early retiree</i></li> <li>- <i>deferred retiree</i></li> </ul> </li> <li>• <i>Depends on length of credited service, job or non-job related death</i></li> <li>• <i>Refund of contributions if not eligible for retirement</i></li> </ul>
<i>Minimum Vesting Requirements</i>	<ul style="list-style-type: none"> <li>• <i>Minimum age and service requirements to retire</i></li> <li>• <i>Requires</i> <ul style="list-style-type: none"> <li>- <i>at least 10 years of pension service credit and at least age 40, <b>or</b></i></li> <li>- <i>at least 7 years of pension service credit and at least age 45</i></li> </ul> </li> </ul>
<i>Proportionate Retirement Program</i>	<ul style="list-style-type: none"> <li>• <i>Retirement benefits begin when you become eligible to receive pensions from 2 or more participating systems, and you retire from the last participating system.</i></li> </ul>
<i>Benefit Limit</i>	<ul style="list-style-type: none"> <li>• <i>The IRS prescribed limit</i></li> </ul>

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## ***Introduction***

*The City of El Paso has created a comprehensive retirement plan for its employees. This plan is called the El Paso City Employees' Pension Fund ("the Plan"). This plan is the type that is commonly referred to as a "defined benefit plan." It is funded by contributions made by the City of El Paso and by the participants. For financial reporting purposes the Plan operates on the City's fiscal year which ends on August 31. This Summary Plan Description describes plan provisions for employees who become plan participants after August 31, 2011.*

*This booklet describes the Plan. It explains how you earn a pension and what steps you need to take to claim it. There is also a worksheet you can use to estimate your pension amount.*

*Most employees of the City of El Paso are either required or permitted to participate in the Plan. However, policemen and firemen covered by either the Policemen's or Firemen's Pension Fund may not participate in this plan. There are other special eligibility provisions which apply to certain groups, such as permanent part-time employees, grant-funded employees, and contract employees. If you have any questions regarding your eligibility, please refer to Section I of this booklet or contact a Benefits Specialist at 541-4260 or 541-4765, for a full description of the applicable provisions and benefits.*

*We recommend that you take the time to read this booklet, so that you and your family will know what benefits are provided by the Plan and how they are determined. If you have any questions about the Plan or desire additional information on any point, do not hesitate to contact the Pension Administration Office. You may also contact any pension board member. The provisions of the Plan are available for review on our website at [www.eppension.org](http://www.eppension.org), or in the Pension Administration Office, 400 W. San Antonio Ave., Suite B, El Paso, TX 79901. Any claims regarding the Pension Fund should be addressed to the Pension Administrator who will present the issue to the Board of Trustees for possible resolution.*

***NOTE: THIS BOOKLET IS INTENDED TO PROVIDE GENERAL INFORMATION ABOUT THE PLAN TO PARTICIPANTS IN THE PLAN. IT IS NOT INTENDED TO BE A CONTRACT, AND IT DOES NOT PROVIDE ANY CONTRACTUAL RIGHTS OR IMPOSE ANY CONTRACTUAL OBLIGATIONS. IN THE EVENT OF ANY CONFLICT BETWEEN THE PROVISIONS OF THIS BOOKLET AND THE ACTUAL PLAN PROVISIONS, WHICH CAN BE FOUND IN CHAPTER 2.64 OF THE MUNICIPAL CODE AND TITLE 8, SECTION A OF THE TEXAS GOVERNMENT CODE, THE ACTUAL PROVISIONS OF THE PLAN, AND NOT THIS BOOKLET, WILL BE FOLLOWED.***

## **I. Participation and Contributions**

All employees of the City of El Paso are members of the Plan subject to the following conditions and exceptions:

1. Employees participating in either the Policemen's or Firemen's Pension Fund may not participate in the City employees' plan.
2. Seasonal or temporary employees are not eligible to participate. Permanent part-time employees have the option to participate, but they must sign an irrevocable election form regarding membership in the plan. Such irrevocable election will remain in effect for any subsequent employment period, unless a change in employment status makes participation in the Fund mandatory.
3. Employees whose salaries are paid in part or in whole by county, state, or federal grant funds are eligible to participate, but the employer contributions must be paid by the relevant grant budget, or if that is not allowed, by the employee.
4. Certain contract employees may elect to participate, but they must sign an irrevocable election form regarding membership in the plan. Such irrevocable election will remain in effect for any subsequent contract employment period.
5. Employees of any other participating entity shall participate on the same basis as all other employees.

If you have any questions concerning your eligibility to participate in the Plan, please contact our Benefits Specialist.

Also, if you previously terminated your service or retired, and then you are later rehired, special rules apply. See Section VI. on Reemployment.

Ordinarily, your membership begins when you are first employed by the City. If you are employed in a position for which participation is optional and are subsequently employed in a position where your participation is mandatory, your participation date will be the date you begin contributing to the Fund. In some cases, you will be permitted to make contributions for prior periods of service when you were not a member; please see the following section for more details.

While you are a member, contributions are deducted from your paycheck and will continue to be deducted as long as you are an active eligible employee. Both you and the City of El Paso make contributions to fund your pension. Your contribution is 8.95% of your total gross pay as of 9-1-14 on a pre-tax basis, and the City of El Paso contributes 14.05% as of 9-1-14 of your total gross pay.

If you are on an unpaid leave of absence, you may choose to make the contributions you and the City would have made if you were working during this period, based on your salary at the time your leave began. In this case you will receive service credit for the period of leave. Special rules apply to leaves for active military duty and Family Medical Leave. Please see the next section.

In certain circumstances (usually because you are absent from work due to an accident), payroll deduction of your contributions will not be possible. In such a case you will be required to make your contributions directly. Details will be supplied by the Pension Administration Office in such circumstances.

## **II. Credited Service**

Whether you receive a benefit and how much you receive depends in part on the amount of your Credited Service. You earn Credited Service whenever you contribute to the Plan. Unpaid time while suspended or on leave of absence is not included in Credited Service unless you make the contributions for both yourself and the City based on your last regular rate of pay. Military leave and family medical leaves are treated differently; see below.

Credited Service is counted in years and months. If you are a part-time employee, your service earned in a year is equal to the ratio of (a) your actual hours worked, to (b) full-time equivalent (2,080) hours. However, for the purpose of determining your eligibility for a benefit, you will receive one year of service for each year in which you earned 1,000 hours, and you will receive pro-rata eligibility service if you worked less than 1,000 hours.

At retirement, you will receive Credited Service for your unused sick leave at the rate of one month service credit for every 22 days of accrued sick leave. Please note that a maximum of six months of unused sick leave credit may be counted toward your eligibility for retirement, and may not be used concurrently towards Credited Service. For example, if you are below age 60, but have 34 years and seven months of service, plus fourteen months of accumulated sick leave, you may apply 5 months of your sick leave to meet the 35-year requirement for an unreduced benefit. The other nine months of your sick leave will be added to your credited service for benefit calculation purposes, giving you a total of 35 years and four months Credited Service.

If you are absent from work because of military active duty, you may receive Credited Service for your military time if you make up any contributions you would have made while you were on active duty. You will not be required to pay interest on this amount, and you will not be required to pay the City's contribution for this period. If you took a refund when you went on active duty, you will need to repay this, with interest, in order to receive credit for your previous service. If you are on leave for family medical reasons pursuant to the "Family Medical Leave Act," you

may purchase this time if you were not paid during this time, at any time until the date of retirement. You will not be required to pay interest on this amount or be required to pay the employees portion.

### **Proportionate Retirement Program**

The Board of Trustees of the El Paso City Employees' Pension Fund has elected to participate in the Proportionate Retirement Program authorized by Chapter 803 of the Texas Government Code. The Fund's participation was effective July 1, 2000. The Proportionate Retirement Program allows, under certain circumstances, employees who have active service credit in one or more of the retirement funds that participate under Chapter 803, to combine that service credit in order to become vested and meet service retirement eligibility in the El Paso City Employees' Pension Fund and the other participating funds. The retirement benefit would be paid separately from each fund, based only on the service credit earned in that fund.

In order to retain service credit in a participating fund, you must not have withdrawn your contributions from the retirement fund. If you withdraw your contributions, your service credit can only be combined under the Proportionate Retirement Program by paying the actuarially determined value of the benefit you will receive due to reestablishing your service credit. Payment to reestablish previously withdrawn service credit may only be made at the time of termination or retirement from a subsequent participating retirement system.

*Your decision to participate in the Proportionate Retirement Program by leaving your accumulated contributions in the El Paso City Employees' Pension Fund must be made on or before the time that your contributions to the El Paso City Employees' Pension Fund cease.*

*There are special rules with regards to salary and payroll balances at the time your contributions to the City Employees' Pension Fund cease that apply in determining your retirement benefits under the Proportionate Retirement Program.*

The plans that currently participate under Chapter 803 are:

- ◆ 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
- ◆ El Paso City Employees' Pension Fund (effective July 1, 2000)
- ◆ El Paso Firemen and Policemen's Pension Funds (effective July 1, 2000)



### **III. Purchasing Prior Pension Service Credit**

If you did not become a participant when you first began working for the City, you may be eligible to buy back your earlier service. To do this, you will have to make up the contributions you would have paid if you had been a member during this period, plus interest. The City will pay its contributions for this period, but you will be required to pay interest on the City's contribution if you are buying more than five years of service credit. "Buy-backs" of prior pension service credit are paid on a post-tax basis, and must be done in one lump sum payment.

Grant-funded employees will receive credit for service periods only if (i) the grant provides for the required employer contribution, or (ii) the employee pays this amount. The same rules about paying interest on the employer contribution described in the preceding paragraph above apply to grant-funded employees. Please also see Section VI. Reemployment.

### **IV. Types of Retirement**

**In order to comply with the pension plan's requirements, it is mandatory to apply for retirement within thirty days of termination of employment.**

You can receive a pension in one of four ways.

#### ***1. Normal Retirement***

You can retire any time on or after you reach either (i) age 55 and 10 years of Credited Service, or (ii) age 60 and 7 years of Credited Service, or (iii) 30 years of Credited Service regardless of age. You will receive an unreduced pension amount in monthly payments beginning immediately upon your retirement.

#### ***2. Early Retirement***

If you have at least 10 years of Credited Service, you can retire as early as age 40, or with at least 7 years of Credited Service at age 45. Your pension amount will be reduced to reflect your younger age. The younger you are when you retire, the more your pension will be reduced. (Refer to pages 12 and 13 for the early retirement reduction factors.) Your monthly payments begin immediately upon your retirement.

#### ***3. Disability Retirement***

You are considered totally and permanently disabled if the Board determines that you cannot perform the duties connected with your job or any other job for which you are qualified by training and experience and which does not result in a significant reduction in pay and benefits,

due to (i) an injury or illness incurred in the line of duty, or (ii) an injury or illness arising through no fault of your own.

There is no minimum age, nor service requirement for a job-related disability retirement. If the injury or illness was not incurred in the course and scope of your employment, you must have at least ten (7) years of pension service credit to be eligible for disability retirement.

The disability retirement benefit amount is based on your pension service credit, regardless of your age. However, if your disability is job-related, you will not receive less than \$250 per month. Your monthly payments begin immediately.

If your disability is not job-related and you have less than 7 years of Credited Service, you will only be entitled to a refund of your contributions (without interest unless you have at least 5 years of Credited Service).

#### ***4. Deferred Retirement***

If you are eligible for Early Retirement but do not wish to begin receiving your benefits immediately, you may instead elect to defer receiving your pension. Your deferred benefit can begin at any age up until you reach age 55 if you have at least 10 years of pension service credit or age 60 if you have at least 7 years of pension service credit but less than 10 years, (or, if earlier, the date as of which you would have completed 30 years of Credited Service had you remained with the City). To receive this pension you must leave your contributions in the Plan. Choosing to participate in the Proportionate Retirement Program by combining pension service credit in two or more participating systems can also be considered a form of deferred retirement.

## **V. Withdrawing Your Contributions**

If you terminate your service prior to completing 5 years of Credited Service, your contributions will be refunded without interest. If you leave employment with at least 5 years of Credited Service, but are not age 40 with at least 10 years of Credited Service, or age 45 with at least 7 years of Credited Service, your contributions will be refunded with interest, compounded annually at 5.5%. You are not entitled to a refund of the employer's contributions. If you terminate your service after attaining your early retirement age, you may elect to (i) withdraw your contributions with interest, (ii) receive a deferred monthly pension commencing at your normal retirement age, or (iii) receive an Early Retirement benefit with reduced payments at an earlier age.

Remember that if you have attained age 40 with at least 10 years of Credited Service, or age 45 with at least 7 years of Credited Service and you want to receive a Deferred Benefit, you must leave your contributions in the Plan. Also, if reemployment is a possibility, you should first consider the repayment rules that may take effect upon reemployment if you want to have your

Credited Service restored. Please also see Section VI. Reemployment below.

You must make a refund application with the Pension Administration Office in order to process your refund of contributions.

## **VI. Reemployment**

If you withdraw your contributions when you leave your job, you lose your Credited Service. In some cases, you can have your Credited Service restored when you return to work. To have it restored you must repay any contributions you withdrew, plus interest from the date of withdrawal to the date of repayment. Interest is currently computed at a rate of 7½% compounded annually. If you received a refund of contributions prior to September 1, 2011 and were reemployed before September 1, 2011 you may purchase your prior pension service credit anytime before you finally retire and combine your pension service periods. If you received a refund prior to September 1, 2011 and are rehired and participate in the plan, there are mandatory notice and time constraints which must be followed in order to reestablish your prior pension service credit. Specific time constraints are specified in Chapter 2.64 of the City Code and provide that a written “Declaration of Intent to Purchase Prior Pension Service Credit” must be made in the Pension Office within 30 days from the date of reemployment. You have 90 days from the date of reemployment to repay, on a post tax basis, in one lump sum, with interest, the amount required to reestablish your prior service credit. The notice and time constraints must be strictly followed or you will forfeit your right to reestablish your prior pension service credit which may result in the loss of a valuable benefit. If you decide not to reestablish your prior pension service credit or fail to comply with the requirements to reestablish prior pension service, a new service period will begin and no prior service period(s) may be combined.

If you retire and later return to work, you may reenter the plan. You will be required to have your original pension benefit suspended and begin making contributions again. You will be permitted to reimburse the Pension Fund for all pension benefits received during your period of separation from City service in one lump sum payment together with interest on the total, computed according to the Pension Fund’s actuarial reimbursement analysis on the date of reimbursement. All repayments are made on a post-tax basis. If you retired before September 1, 2011 and were reemployed prior to September 1, 2011 then you may reestablish your pension service credit at anytime until you retire and receive the benefits in effect prior to September 1, 2011. If you choose not to reimburse the Fund, your final retirement benefit will be equal to (i) your original benefit, plus (ii) a new benefit based on your second period of service only.

If you retired before September 1, 2011 and are reemployed on or after September 1, 2011 you may be eligible to repay the retirement benefits you previously received and combine your pension service periods. You will be required to have your original pension benefit suspended and begin making contributions again. However, in order to combine your service periods you must follow certain notice and time constraints pursuant to Chapter 2.64 of the City Code. You must file a written “Declaration of Intent to Purchase Prior Pension Service Credit” in the Pension Office within 30 days of reemployment. You have 90 days from the date of

reemployment to repay in one lump sum with interest, on a post tax basis, the amount required to reestablish your prior service credit. The notice and time constraints must be strictly followed or you will forfeit your right to reestablish your prior pension service which may result in the loss of a valuable benefit. If you reestablish your prior service credit your retirement benefits will be calculated based upon the benefit provisions in effect prior to September 1, 2011.

If you decide not to reestablish your pension service credit you will begin a new service period and if the vesting requirements are met you may receive a new second retirement based only on your second period of service in addition to the retirement earned from your first service period.

## **VII. Final Wages**

Your Final Wages are defined as the greatest of (i) your average monthly gross earnings over the three years prior to retirement, (ii) your average monthly base salary pay during the year immediately prior to retirement, or (iii) your base pay for the month immediately prior to retirement.

## **VIII. Normal Retirement**

Your **Normal Retirement Date** is the date you reach age 55 and have completed 10 years of Credited Service, or, the date you reach age 60 with 7 years of Credited Service, or, if earlier, the date you complete 30 years of Credited Service.

**Normal Retirement Benefit:** If you retire on or after your Normal Retirement Date, you will receive a monthly benefit equal to the following:

**2.5% X Years of Credited Service (including any fraction)**

**multiplied by**

**your Final Wages**

Your minimum monthly benefit is \$75.

The following is a sample Normal Retirement calculation. Also included is a worksheet for your own use in calculating your normal retirement benefit.

Suppose you choose to retire at age 60 with 25 years and 5 completed months of Credited Service. Let's assume your Final Wages are \$2,000 per month. Here is how your worksheet would look:

SAMPLE NORMAL RETIREMENT

a.	Credited Service	25.417	
b.	Final Wages .....		\$ 2,000.00
c.	Normal Retirement Benefit (not less than \$75) (.025 times Item a. times Item b., or .025 x 25.417 x 2,000.00) .....		\$ 1,270.85

You would therefore be entitled to a monthly income of \$1,270.85 for as long as you live. In addition your spouse, assuming you are married at the time of retirement, would be entitled to certain death benefit protection based on 2/3 of this amount. You can also elect other forms of payment; see Section XII.

NORMAL RETIREMENT WORKSHEET

a.	Credited Service .....	_____
b.	Final Wages.....	\$ _____
c.	Normal Retirement Benefit (not less than \$75) (.025 times Item a. times Item b., but not less than \$75).....	\$ _____

**IX. Early Retirement**

You are eligible for an Early Retirement benefit if you terminate your service with the City after age 40 and after completing at least 10 years of Credited Service or after age 45 with at least 7 years of Credited Service.

To calculate your Early Retirement Benefit, follow the steps used to calculate your Normal Retirement Benefit, using your Credited Service and Final Wages at the time you retire. Then multiply this benefit by the factor that corresponds to your age at retirement. (See the Early Retirement Reduction Factors at the end of this section). The \$75 minimum benefit does not apply to Early Retirement benefits.

The following is a sample Early Retirement calculation. Also included is a worksheet for your own use in calculating your early retirement benefit.

Suppose you choose to retire at age 48 with 28 years of Credited Service. Again, let's assume your Final Wages are equal to \$2,000 per month. Here is how your worksheet would look:

#### SAMPLE EARLY RETIREMENT

a.	Credited Service .....		28.000
b.	Final Wages .....	\$	2,000.00
c.	Normal Retirement Age (55, or if earlier, the age at which you would have reached 30 years of Credited Service) .....		50
d.	Early Retirement Reduction Factor corresponding to retirement age .....		.8451
e.	Early Retirement Benefit (.025 times Item a. times Item b. times Item d., or $.025 \times 28.000 \times 2,000.00 \times .8451$ ) .....	\$	1,183.14

#### EARLY RETIREMENT WORKSHEET

a.	Credited Service .....		
b.	Final Wages .....	\$	
c.	Normal Retirement Age (55, or if earlier, the age at which you would have reached 30 years of Credited Service) .....		
d.	Early Retirement Reduction Factor corresponding to retirement age .....		
e.	Early Retirement Benefit (.025 times Item a. times Item b. times Item d) .....	\$	

**Note: This benefit would need to be adjusted further, depending on the form of payment elected.**

Early Retirement

**Table 4**  
**El Paso City Employees' Pension Fund**  
**Early Retirement Reduction Factors for a Benefit Paid in the Form of Life Only**

Early Retirement Age	Normal Retirement Age							
	<u>45</u>	<u>46</u>	<u>47</u>	<u>48</u>	<u>49</u>	<u>50</u>	<u>51</u>	<u>52</u>
20	0.1475	0.1360	0.1253	0.1154	0.1061	0.0976	0.0896	0.0822
21	0.1588	0.1464	0.1349	0.1242	0.1143	0.1051	0.0965	0.0885
22	0.1711	0.1577	0.1453	0.1338	0.1231	0.1131	0.1039	0.0953
23	0.1843	0.1699	0.1565	0.1441	0.1326	0.1219	0.1119	0.1027
24	0.1985	0.1830	0.1686	0.1552	0.1428	0.1313	0.1206	0.1106
25	0.2139	0.1972	0.1817	0.1673	0.1539	0.1414	0.1299	0.1192
26	0.2305	0.2125	0.1958	0.1802	0.1658	0.1524	0.1400	0.1284
27	0.2484	0.2290	0.2110	0.1942	0.1787	0.1643	0.1509	0.1384
28	0.2678	0.2468	0.2274	0.2094	0.1926	0.1771	0.1626	0.1492
29	0.2887	0.2661	0.2452	0.2257	0.2077	0.1909	0.1753	0.1609
30	0.3113	0.2870	0.2644	0.2434	0.2240	0.2059	0.1891	0.1735
31	0.3358	0.3095	0.2852	0.2626	0.2416	0.2220	0.2039	0.1871
32	0.3622	0.3339	0.3077	0.2833	0.2606	0.2396	0.2200	0.2019
33	0.3909	0.3604	0.3320	0.3057	0.2812	0.2585	0.2374	0.2178
34	0.4219	0.3890	0.3584	0.3299	0.3035	0.2790	0.2563	0.2351
35	0.4555	0.4199	0.3869	0.3562	0.3277	0.3012	0.2767	0.2539
36	0.4919	0.4535	0.4178	0.3847	0.3539	0.3253	0.2988	0.2741
37	0.5314	0.4899	0.4514	0.4156	0.3823	0.3514	0.3228	0.2962
38	0.5743	0.5294	0.4878	0.4491	0.4132	0.3798	0.3488	0.3200
39	0.6208	0.5724	0.5273	0.4855	0.4466	0.4106	0.3771	0.3460
40	0.6714	0.6190	0.5703	0.5250	0.4830	0.4440	0.4078	0.3742
41	0.7264	0.6697	0.6170	0.5680	0.5226	0.4804	0.4412	0.4048
42	0.7862	0.7248	0.6678	0.6148	0.5656	0.5200	0.4775	0.4382
43	0.8514	0.7849	0.7232	0.6658	0.6125	0.5631	0.5171	0.4745
44	0.9225	0.8504	0.7835	0.7214	0.6636	0.6100	0.5603	0.5141
45	1.0000	0.9219	0.8494	0.7820	0.7194	0.6613	0.6074	0.5573
46		1.0000	0.9213	0.8482	0.7804	0.7173	0.6588	0.6045
47			1.0000	0.9207	0.8470	0.7786	0.7151	0.6561
48				1.0000	0.9200	0.8457	0.7767	0.7126
49					1.0000	0.9192	0.8442	0.7746
50						1.0000	0.9184	0.8427
51							1.0000	0.9175
52								1.0000
53								
54								
55								
56								
57								
58								
59								
60								

**Interest Rate:** 7.50%

**Mortality Table:** RP2000 Combined Healthy with 2 year set forward projected to 2017 with Scale AA (65% male / 35% female for participant mortality and 35% male/65% female for joint pensioner mortality)

**Table 4**  
**El Paso City Employees' Pension Fund**  
**Early Retirement Reduction Factors for a Benefit Paid in the Form of Life Only**

Early Retirement Age	Normal Retirement Age							
	<u>53</u>	<u>54</u>	<u>55</u>	<u>56</u>	<u>57</u>	<u>58</u>	<u>59</u>	<u>60</u>
20	0.0754	0.0690	0.0631	0.0576	0.0526	0.0479	0.0435	0.0395
21	0.0811	0.0743	0.0679	0.0621	0.0566	0.0515	0.0469	0.0425
22	0.0874	0.0800	0.0732	0.0668	0.0610	0.0555	0.0505	0.0458
23	0.0941	0.0862	0.0788	0.0720	0.0657	0.0598	0.0544	0.0494
24	0.1014	0.0928	0.0849	0.0775	0.0707	0.0644	0.0586	0.0532
25	0.1093	0.1000	0.0915	0.0835	0.0762	0.0694	0.0631	0.0573
26	0.1177	0.1078	0.0986	0.0900	0.0821	0.0748	0.0680	0.0617
27	0.1269	0.1162	0.1062	0.0970	0.0885	0.0806	0.0733	0.0665
28	0.1368	0.1252	0.1145	0.1046	0.0954	0.0869	0.0790	0.0717
29	0.1475	0.1350	0.1235	0.1128	0.1029	0.0937	0.0852	0.0773
30	0.1590	0.1456	0.1331	0.1216	0.1109	0.1010	0.0918	0.0834
31	0.1715	0.1570	0.1436	0.1312	0.1196	0.1089	0.0991	0.0899
32	0.1850	0.1694	0.1549	0.1415	0.1291	0.1175	0.1069	0.0970
33	0.1997	0.1828	0.1672	0.1527	0.1393	0.1268	0.1153	0.1047
34	0.2155	0.1973	0.1804	0.1648	0.1503	0.1369	0.1245	0.1130
35	0.2327	0.2130	0.1948	0.1779	0.1623	0.1478	0.1344	0.1220
36	0.2513	0.2301	0.2104	0.1922	0.1753	0.1596	0.1451	0.1317
37	0.2715	0.2485	0.2273	0.2076	0.1893	0.1724	0.1568	0.1423
38	0.2934	0.2686	0.2456	0.2243	0.2046	0.1863	0.1694	0.1538
39	0.3171	0.2904	0.2655	0.2425	0.2212	0.2014	0.1832	0.1663
40	0.3430	0.3140	0.2872	0.2623	0.2392	0.2179	0.1981	0.1798
41	0.3711	0.3397	0.3107	0.2838	0.2588	0.2357	0.2143	0.1945
42	0.4016	0.3677	0.3363	0.3071	0.2801	0.2551	0.2320	0.2106
43	0.4349	0.3982	0.3642	0.3326	0.3033	0.2763	0.2512	0.2280
44	0.4712	0.4314	0.3945	0.3603	0.3287	0.2993	0.2722	0.2470
45	0.5108	0.4677	0.4277	0.3906	0.3563	0.3245	0.2950	0.2678
46	0.5541	0.5073	0.4639	0.4237	0.3865	0.3520	0.3200	0.2905
47	0.6014	0.5506	0.5036	0.4599	0.4195	0.3820	0.3474	0.3153
48	0.6532	0.5981	0.5469	0.4995	0.4556	0.4149	0.3773	0.3425
49	0.7100	0.6501	0.5945	0.5430	0.4952	0.4510	0.4101	0.3723
50	0.7724	0.7072	0.6467	0.5907	0.5388	0.4907	0.4461	0.4050
51	0.8410	0.7700	0.7042	0.6432	0.5866	0.5342	0.4858	0.4409
52	0.9166	0.8392	0.7675	0.7010	0.6393	0.5822	0.5294	0.4806
53	1.0000	0.9156	0.8373	0.7647	0.6975	0.6352	0.5776	0.5243
54		1.0000	0.9145	0.8352	0.7618	0.6938	0.6308	0.5726
55			1.0000	0.9133	0.8330	0.7586	0.6898	0.6262
56				1.0000	0.9121	0.8306	0.7553	0.6856
57					1.0000	0.9107	0.8281	0.7517
58						1.0000	0.9093	0.8254
59							1.0000	0.9077
60								1.0000

Interest Rate: 7.50%

Mortality Table: RP2000 Combined Healthy with 2 year set forward projected to 2017 with Scale AA (65% male / 35% female for participant mortality and 35% male/65% female for joint pensioner mortality)



## **X. Disability Retirement**

If you become disabled as an active employee either in the line of duty or due to an illness or injury for which you are not at fault, you may apply for **Disability Retirement**. To be considered disabled, you must provide medical proof, satisfactory to the Board of Trustees, that you cannot perform the duties connected with your job or any other job for which you are qualified by training and experience and which does not result in a significant reduction in pay.

Please contact the Pension Administration Office to obtain a copy of “Procedures for Applying for Disability Retirement.” If you have completed at least 7 years of Credited Service or if your disability is job-related, your monthly disability benefit is calculated in the same manner as your Normal Retirement Benefit, regardless of your age, but based on your current Credited Service. The \$75 per month minimum benefit applies, but if your disability is job-related, your monthly disability income will not be less than \$250 per month.

You will not be eligible for a disability pension if your disability is a result of:

1. Excessive and habitual use of drugs, intoxicants, or narcotics;
2. Injury or disease sustained while willfully and illegally participating in fights, riots, civil insurrections or while committing a felony;
3. Injury or disease sustained while serving in the armed forces;
4. Injury or disease diagnosed or discovered after termination of service with the City;
5. Injury or disease sustained as a result of an act of war, whether or not declared; or
6. Injuries sustained through attempted suicide.

If you have less than 7 years of Credited Service and your disability is not job-related, you will be entitled to a refund of your contributions (with interest if you have at least 5 years of Credited Service).

## **XI. Deferred Benefits**

If you are eligible for Early Retirement but do not want to begin receiving your benefits yet, you may defer your benefits until as late as age 60. However, you may not defer your benefits beyond your Normal Retirement Date.

Your monthly benefit will be equal to 2.5% of your Final Wages times your years and months of

Credited Service at your date of termination, times the Early Retirement Reduction Factor based on your age when you start receiving your benefits. In other words, your deferred benefit is calculated just like an Early Retirement benefit, but with the Early Retirement Reduction Factor based on your later age. If you wait until your Normal Retirement Date, there will be no Early Retirement reduction applied.

In order to receive this benefit, you must leave your contributions in the Plan. Withdrawal of your contributions will result in the forfeiture of all monthly benefits.

Choosing to participate in the Proportionate Retirement Program (PRP) by combining pension service credit in two or more participating systems can also be considered a form of deferred retirement. In order to qualify for participation in the PRP you must qualify under Chapter 803 of the Texas Government Code, as well as the El Paso City Employees' Pension Fund's provisions regarding PRP.

## **XII. Death Benefits**

In the event of your death, the Plan may pay a benefit to your dependents, beneficiary, or estate. If you are eligible for Early or Normal Retirement when you die, or if you die as the result of an accident which occurs in the course of your employment, and you have a qualified spouse and/or children under age 19, they will receive regular pension payments as long as they remain qualified. If you do not have a qualified spouse and/or children under age 19, or if you are not eligible for retirement and your death is not due to a job-related accident, a lump-sum amount will be paid to your beneficiary or to your estate. The lump-sum amount will include only your contributions to the Plan (plus interest if you have at least 5 years of Credited Service at your death).

When you die, whoever will be claiming the death benefit will need to notify Pension Administration and will have to provide a death certificate. If your spouse is claiming the benefit, he or she may also need to furnish a copy of a marriage certificate.

The plan considers the following as a qualified spouse or child:

### **A Qualified Spouse:**

- Has not remarried,  
AND
- married you before your retirement.

**A Qualified Child:**

- Is not married,  
AND
- is less than age 19, or
- is substantially physically or mentally disabled.

Stepchildren are considered qualified if they meet the following additional requirements:

- Stepchild was a legal member of the employee's family when the employee died,  
and
- Stepchild was supported by the employee.

**Eligibility for Survivor Pension Payments**

A regular pension will be paid to your qualified spouse and/or children if you die while you are (i) an active member with at least 7 years of Credited Service, (ii) a retired member currently receiving a pension, or (iii) a member who is eligible for a deferred pension but not yet receiving it.

**Payments Begin:**

- Immediately if you were an active member eligible for retirement.
- Immediately if you were already receiving a pension.
- If you were eligible for but not yet receiving a Deferred Benefit, payments may begin immediately or may be deferred at your survivor's option. Payments may not be deferred beyond your normal retirement age.

**Amount**

The amount of the Survivor's pension is based on your accrued pension amount and whether or not your death was job-related. Your accrued pension amount is based on your Credited Service and Final Wages as of your date of death. The amount of the benefit and the division, if any, will depend on whether there is both a widow and eligible children, or only a widow, or only a child or children.

**Death From Job-Related Accident**

If you are an active employee and you die as a result of a job-related accident, your qualified spouse and/or children will receive the greater of:

- \$550 per month, or
- the monthly amount they would have been entitled to receive under the next subsection if you had been employed by the City for 30 years and if you had been age 70 at your death.

**Death From Other Causes**

If you are an active employee who is eligible for retirement, and you die from a cause other than a job-related accident, your qualified spouse and/or children will receive the following amount:

- If you have a qualified spouse, but no qualified children...
  - your spouse receives the greater of (i) two-thirds of your accrued pension amount, or (ii) the amount payable under the joint and 100% contingent option (see Option Settlement 2 in Section XII).
- If you have qualified children but no qualified spouse...
  - your children share equally an amount that is equal to the greater of (i) two-thirds of your accrued pension amount, or (ii) the amount payable under the joint and 100% contingent option (see Option Settlement 2 in Section XII).
- If you have both a qualified spouse and qualified children...
  - your spouse will receive for the joint benefit of his/herself and such qualified child or children an amount equal to the full amount of your accrued pension amount,
  - once your children are no longer qualified, your spouse will receive the greater of (i) two-thirds of your accrued pension amount, or (ii) the amount payable under the joint and 100% contingent option (see Option Settlement 2 in Section XII).

The total amount payable to qualified spouses and/or children is subject to a minimum of \$75.00 per month.

If you were receiving monthly benefit payments at the date of your death, and you did not select one of the Settlement Options described in Section XIII, your qualified spouse will receive the following amount:

- 2/3 of the amount you were receiving prior to your death.

If you elected one of the settlement options, your qualified spouse will receive the benefit called for under the option. However, if your spouse is deceased and you still have qualified children, their benefits will be computed without regard to the Settlement Option elected.

The total amount payable to qualified spouses and/or children is subject to a minimum of \$75.00 per month.

### **Eligibility for Lump-Sum Payment**

If you are an active employee when you die, but (i) you are not eligible for Early Retirement and your death is not the result of a job-related accident, or (ii) you do not have a qualified spouse or children, a refund of your contributions (with interest if you have at least 5 years of Credited Service) will be paid to your beneficiary or to your estate.

## **XIII. Optional Forms of Income**

Before your pension payments begin, you may choose one of the following optional forms of payment in lieu of the normal form of income:

Normal: You will receive a monthly income payable for your lifetime, and if your spouse survives you, he or she will receive 2/3 of that monthly income until his or her death or remarriage. This option is available only to married participants.

Option Settlement 1: You will receive a monthly income payable for your lifetime, and if you die before you have received at least the amount of your contributions, the balance of your contributions will be paid to your beneficiary or your estate. This option is available only to single participants.

Option Settlement 2: You will receive a monthly income payable for your lifetime, and if your spouse survives you, he or she will receive 100% of that monthly income until his or her death or remarriage. This option is available only to married participants.

Option Settlement 3: You will receive a monthly income payable for your lifetime, and if your spouse survives you, he or she will receive 50% of that monthly income until his or her death or remarriage. This option is available only to married participants.

Option Settlement 4: You will receive a monthly income payable for your lifetime. This option is available only to married employees, and requires written consent of the participants spouse.

Employees who choose deferred retirement must make an election regarding the optional settlements for survivor's benefits at the time they apply for retirement.

Please note that you may not change the option you elected once your application for retirement has been approved by the Board.

Also note that these options change the death benefit available to your spouse after retirement. However, they do not change the benefit available to your unmarried minor children, if any.

## **XIV. Questions and Answers on Other Topics**

**1. *How do I apply for a benefit when I am ready to retire?***

Submit your retirement application to the Pension Administration office before leaving employment or within 30 days of your termination of employment with the City. (The pension administration office recommends that you make your application at least 30 days in advance of your projected retirement date.)

**2. *How do I prove that I am disabled?***

Come to the Pension Administration Office to obtain a copy of “Procedures for Applying for Disability Retirement”. You are responsible for supplying the supporting medical documentation from your doctor(s).

**3. *Do I receive credit for unused sick leave?***

Yes. While in active employment, you accrue sick leave credit. At retirement, you will receive pension service credit for any sick leave you have not used. However, see Section II for certain restrictions on how this service can be used.

**4. *Do I receive credit for military service?***

It depends. If you paid contributions to the Plan during your absence, then that period of military service is recognized as credited service for pension purposes. If you did not pay contributions, you do not receive pension service credit during your absence. You may elect to receive service credit for your military service that was for active duty, by repaying your employee contributions (without interest).

**5. *Can I withdraw from the Plan and rely on my own savings for retirement?***

No. Once you begin participation in the plan you may not withdraw.

Please note that if you terminate your employment after becoming eligible for an Early Retirement benefit, and you choose to withdraw your contributions from the Plan, you will forfeit your right to a deferred benefit under the plan.

**6. *Can I borrow money against my contributions to the pension fund?***

No. You may not obtain loans using your contributions to the plan.

**7. *Is my pension taxable?***

Yes. Generally you must pay federal income taxes on your pension payments, but not on the portion that can be attributed to your own post-tax contributions. Employees who were participants in the Pension Plan prior to May 1, 2007 made contributions on a post-tax basis. All pension deductions beginning with the first full pay-period after May 1, 2007 were taken before taxes, and are therefore taxable when distributed. You should discuss the taxability of your benefits with your professional tax advisor.

**8. *Does the return on the Plan's investments affect the size of my benefit?***

No. Your benefit is determined according to the benefit formula described in this booklet. The interest earned by the investments does not affect the amount of the benefit.

**9. *Who administers the Plan?***

The Board of Trustees is composed of two district representatives appointed by the City Council, one City retiree appointed by the Mayor, four City employees elected by members of the Fund, and two other mayoral appointees who are not officers or employees of the City. The Board, in turn, appoints committees to oversee the Plan's investments and actuarial valuations. Each elected member serves a three-year term, and each appointed member serves a two-year term. Trustees receive no compensation for their work on the Board.

The Board hires administrative personnel, as needed, including a Pension Administrator and staff.

**10. *What happens to my retirement benefits upon divorce?***

If retirement benefits are divided, you must submit a copy of your divorce decree including a Qualified Domestic Relations Order once your divorce becomes final.



## *Notes*

## *Notes*