



**GENERAL EMPLOYEES'  
RETIREMENT PLAN**

**SUMMARY PLAN  
DESCRIPTION**

REVISED: October 2012

# **GENERAL EMPLOYEES' RETIREMENT PLAN**

**(Referred to as the "Plan")**

## **SUMMARY PLAN DESCRIPTION**

The General Employees' Retirement Committee presents this Plan Summary in simplified terms to avoid some of the technical language in the Plan. If, in our efforts to make the Summary easier to understand, we have omitted or misstated any of the provisions, the Plan, as the official document, remains as the final authority.

This Plan Summary is intended to help employees currently participating in the Plan determine their benefit eligibility as of the Plan restatement effective January 1, 2012. Former employees who participated in the Plan should consult the Plan as it was in effect on the date of their retirement or termination of employment, unless otherwise provided in the currently restated Plan.

# TABLE OF CONTENTS

TABLE OF CONTENTS.....	iii
------------------------	-----

INTRODUCTION.....	1
-------------------	---

PLAN HIGHLIGHTS .....	2
-----------------------	---

The General Employees' Retirement Plan, along with your personal savings, Social Security, the 457 Deferred Compensation Plan, and/or the 401(a) Money Purchase Plan can offer you financial security during your retirement years. This Plan is a "*Defined Benefit Plan*." Your *Final Average Monthly Compensation* and years of *Credited Service* are used to determine your benefit in most circumstances.

DEFINITIONS .....	3
-------------------	---

The terms defined here will help you understand the Plan. These defined terms are capitalized and italicized throughout this document. Terms that are capitalized but not italicized refer to defined terms in the Plan document.

PARTICIPATION AND COSTS .....	4
-------------------------------	---

You begin participating in the Plan on your first day of eligible employment. The City sets aside money during your working years to fund your Plan benefits.

NORMAL AND DELAYED RETIREMENT .....	4
-------------------------------------	---

Normal retirement age is 65, but you may continue working for the City and retire at a later date. A formula is used to calculate your benefit. You must notify Human Resources at least 30 days prior to the date of your first monthly retirement payment.

EARLY RETIREMENT BENEFITS .....	5
---------------------------------	---

With at least two years of *Credited Service*, you may retire as early as age 55 and receive a benefit payment from the Plan. If payments begin before age 65, your monthly benefits will be reduced (see chart on page 5).

FORMS OF BENEFIT PAYMENT.....	5
-------------------------------	---

When you retire, you will be asked to choose a form of benefit payment. The calculation of the retirement benefit amount on page 4 is based on your life only. Optional forms of benefit payments include a single lump sum benefit or three other forms of payment with survivor benefits. You have up to 30 days before your first benefit payment to change your form of payment. After that, you cannot change the form of benefit payment.

IF YOU LEAVE EMPLOYMENT .....	7
-------------------------------	---

If your employment ends, you may be entitled to a monthly benefit starting any time between the ages of 55 and 65. Another option for benefit payment at any age is in the form of a single lump sum, which can be paid directly to you or rolled into another tax deferred plan if the Internal Revenue Service regulations are followed.

**DISABILITY .....8**

If you are disabled, you may continue earning credit toward your retirement benefits. Retirement Benefit payments will begin when you are eligible to retire under the Plan, or when long-term disability payments end, whichever is later. Workers' Compensation disabilities are also addressed in this section.

**SURVIVOR BENEFITS..... 9**

If you left City employment or opted out of the Plan prior to January 1, 1994, death benefits (if any) shall be determined in accordance with the provisions of the Plan in effect as of the date you left the Plan. The provisions in this section apply to Plan Members who were employed on or after January 1, 1994.

**SOCIAL SECURITY BENEFITS..... 10**

During your working years, you and the City contribute to provide Social Security benefits for you and your dependents when you retire.

**ADDING IT ALL UP ..... 10**

Your Plan benefits, along with Social Security payments, the 457 Deferred Compensation Plan, and/or the 401(a) Money Purchase Plan will provide income when you retire. The table on page 10 shows some sample benefit payments assuming 20, 25, and 30 years of *Credited Service*.

**ADMINISTRATIVE INFORMATION..... 11**

This Plan is sponsored by the City of Fort Collins and is administered by the General Employees' Retirement Committee (the "Committee" or "GERC").

**Contact Information:**

Human Resources Department

Website:

970-221-6535

[www.fcgov.com/cityclerk/retirement.php](http://www.fcgov.com/cityclerk/retirement.php)

## INTRODUCTION

It is important for you to plan for your retirement during your working years. The Plan is designed to help you accumulate part of the financial resources you will need for your retirement. Through the Plan, the City sets aside money during the time you are working in an eligible position to provide an income for you after you retire. You are not permitted to make additional contributions to the Plan.

The Plan is one source of dependable retirement income for you. When it is combined with Social Security, personal savings, the 457 Deferred Compensation Plan, and the 401(a) Money Purchase Plan you have built up over the years, you should have the financial protection that will help you enjoy your retirement.

This Plan Summary will give you a good idea of what benefits you can expect to receive from the Plan when you retire, how these benefits are calculated, and other information about your participation in the Plan.

The General Employees' Retirement Committee presents this Plan Summary in simplified terms to avoid some of the technical language in the Plan. If, in our efforts to make the Summary easier to understand, we have omitted or misstated any of the provisions, the Plan, as the official document, remains as the final authority.

If you wish, you may examine the legal document in the office of the City Clerk, in Human Resources, or on the City's intranet. The Plan described in this Plan Summary was adopted January 1, 1971, and was most recently restated effective January 1, 2012. There may be amendments to the Plan that have been adopted since the restatement date.



## PLAN HIGHLIGHTS\*

The Plan, along with your personal savings, Social Security, 457 Deferred Compensation Plan, and 401(a) Money Purchase Plans can offer you financial security during your retirement years. This Plan is a “Defined Benefit” plan. Your *Final Average Monthly Compensation* and years of *Credited Service* are used to determine your benefit in most circumstances.

With the Plan, you can choose from a number of options to put together the retirement package that is best for you.

### ■ First you decide when you want to retire:

- ✱ Normal Retirement begins at age 65, with a benefit based on your compensation and years of service.
- ✱ Early retirement, at reduced benefit levels, may be available from age 55 until age 65. If you wait until you reach age 65 to receive retirement benefit payments, the benefit payments will not be reduced.
- ✱ Delayed retirement, working past your normal retirement age, is another option; and *Credited Service* will continue to accrue.

### ■ Second, you choose one retirement benefit option:

- ✱ A formula (see page 4) is used to calculate your monthly benefit at normal retirement age (which is age 65) payable for your life only.

OR

- ✱ If you wish, you can choose from a number of reduced monthly payment options with survivor benefits.

OR

- ✱ You can choose to receive a single lump sum payment.

### ■ Third, if you die or leave the City before retirement, the Plan has provisions to protect your benefits:

- ✱ If you leave employment with the City before becoming eligible for retirement, you are eligible to receive a single lump sum payment (see page 6) or you may be eligible for a monthly benefit as early as age 55.
- ✱ If you die before retirement, the Plan will pay a survivor benefit (see page 9).
- ✱ If you become disabled, you may continue to earn *Credited Service* toward your retirement benefit (see page 8).

\*Applicable details, formulas and restrictions are detailed in this Plan Summary.

## DEFINITIONS

The terms defined here will help you understand the Plan. The terms are italicized and capitalized throughout this document.

**Credited Service** is the period of employment used to determine your eligibility for, and the amount of, your retirement benefit. You begin earning service toward your pension benefit from your first day of eligible employment with the City. The accrual of *Credited Service* is pro-rated for part-time Covered Employment (see page 5).

You may continue to earn *Credited Service* during periods of disability that are covered under the City's Long-Term Disability Plan, Social Security, or Workers' Compensation insurance (see page 8).

A **Defined Benefit Plan**, such as the General Employees' Retirement Plan, is based on your level of salary and years of service and guarantees a monthly benefit beginning at your date of retirement and continuing for your lifetime. The investment of General Employees' Retirement Plan funds is overseen by the General Employees' Retirement Committee and administered by the City's Finance Department. The Plan funds are invested in a diversified portfolio appropriate to the Plan.

**Defined Contribution Plans**, such as the 457 Deferred Compensation and 401(a) Money Purchase Plans, provide a single lump sum (and other forms of benefit payment as specified in the plan) at retirement equal to the accumulation of employer and employee contributions and earnings over your career. The employer usually contributes a fixed percentage of compensation or matches a portion of the employee's contributions. The amount of the benefit payment is not guaranteed. Allocation of funds, within plan guidelines, is the responsibility of individual participants.

**Final Average Monthly Compensation** ("**FAMC**") is used in calculating your retirement benefit, except in cases of disability. It is determined by taking 1/60th of your total base compensation during the 60 consecutive, highest-paid calendar months in your last 10 years of eligible employment with the City. If you have less than five years of service, your *Final Average Monthly Compensation* will be the average of your monthly compensation over your period of eligible service as a participant. In the event that you have been employed on a part-time basis during any portion of the period of time used to calculate the *FAMC* and have received part-time *Credited Service* during that period, your compensation for that period of time will be converted to its full-time equivalent for the purposes of calculating *FAMC*.

Your total base compensation is all income reported on your annual W-2 form from the City, plus any base compensation that you elected to have deferred under a Deferred Compensation Program, but excluding bonuses, overtime, lump sum payment for accrued vacation, compensatory time recorded as additional hours, workers compensation, or other extra pay.

The **Plan Year** is January 1 through December 31.

**Vesting** is the process of earning service credit to determine the portion of retirement benefit you will be eligible to receive. You have a vested interest in the Plan after completing two years of *Credited Service*. You will be fully (100%) *Vested* after completing five years of *Credited Service*. (See chart on page 7 for the *Vesting* schedule.)

## PARTICIPATION AND COSTS

### Plan Participation

You began participation in the General Employees' Retirement Plan on your first day of eligible employment. The City sets aside money during your working years to fund your Plan benefits. On January 1, 1999 this Plan was closed to new Members.

### Cost of the Plan

The City sets aside money in a trust fund during your working years to provide you with the benefits of this Plan. An independent actuarial consultant advises the City regarding contributions to the Plan for future benefits. The trust fund money is invested for future growth and earnings. The money in this trust is used for the sole purpose of paying benefits and other expenses of the Plan.

## NORMAL AND DELAYED RETIREMENT

Normal retirement age is 65, and your normal retirement date is the first day of the month on or following your 65th birthday. You may elect to continue working after you reach normal retirement age. In this case, your retirement date is the first day of the month on or following the date you actually retire. Internal Revenue Service regulations require that a Member begin taking a minimum distribution from the Plan beginning on April 1 of the calendar year following the later of the calendar year in which the Member reaches age 70½ or the calendar year in which the Member retires from employment with the City.

### Calculating your Normal or Delayed Retirement Benefit Amount

With a *Defined Benefit Plan*, a formula is used to calculate your monthly benefit at normal retirement age, which is age 65, payable for your life only. The formula uses your years of *Credited Service* under the Plan and your *Final Average Monthly Compensation* ("FAMC") to determine your benefit. See page 3 for definitions of these terms. For optional forms of benefit payment, see page 6.

The formula for calculating your monthly benefit at age 65 or older is:

$$1\frac{1}{2}\% \times \text{Final Average Monthly Compensation} \times \text{Years of Credited Service} \times \text{Vesting}$$

#### **Example: (Here is a specific example of how the formula works for full-time employment.)**

Don retires at age 65 with 30 years of *Credited Service* with the City. His salary increased steadily over the past 10 years, and in the last five years he earned \$48,400, \$49,400, \$50,400, \$51,400, and \$52,400, respectively. He added these figures together and divided by 60 months to get his *Final Average Monthly Compensation (FAMC)* of \$4,200. Don's monthly retirement benefit is:

0.015	x	\$ 4,200	x	30 years	=	\$1,890
(1½%)		<i>Final Average Monthly Compensation*</i>		<i>Credited Service*</i>		Normal Monthly Retirement Benefit

\*See page 3 for definitions.



**Example:** (Here is a specific example of how the formula works for part-time employment-.75 FTE for last 5 years.)

Don retires at age 65 as in the example above. For the first 25 years he worked full time giving him 25 years of credited service. For the last 5 years he worked .75 FTE giving him an additional 3.75 years of credited service ( $5 \times 0.75 = 3.75$ ), and total credited service of 28.75. As with the previous example his salary increased steadily over the past 10 years and working at 0.75 FTE his salary for the final five years would be \$36,300, \$37,050, \$37,800, \$38,550, and \$39,300. The GERP Plan states if you work less than 1.0 FTE your salary will be annualized for any period worked less than full time. To annualize the salary he would need to take the pay and divide it by the FTE. Don's annualized salary for this example would be \$48,400 ( $\$36,300/.75$ ), \$49,400 ( $\$37,050/.75$ ), \$50,400 ( $\$37,800/.75$ ), \$51,400 ( $\$38,550/.75$ ), and \$52,400 ( $\$39,300/.75$ ), respectively. Don would add up the last five years fulltime annualized salaries (again he was not paid the full amount but the full time annualized salary is used for the calculation), which were \$48,400, \$49,400, \$50,400, \$51,400, and \$52,400, respectively. After adding these figures together and dividing by 60 months he would get his *Final Average Monthly Compensation (FAMC)* of \$4,200 (same as example one above). \*Notice by working less than full time the credited service is affected, but pay is calculated at the full time equivalent.\*

Don's monthly retirement benefit now is:

0.015	x	\$ 4,200	x	28.75	=	\$1,811.25
(1½%)		<i>Final Average Monthly Compensation*</i>		<i>Credited Service*</i>		Normal Monthly Retirement Benefit

\*See page 3 for definitions.

## EARLY RETIREMENT BENEFITS

With at least two years of *Credited Service*, you may retire between ages 55 and 65 and may be eligible to receive a monthly benefit or lump sum payment from the Plan. If monthly payments begin before age 65, your benefits will be reduced, because payments are made over a longer period of time. If you retire between ages 55 and 65 and receive a monthly benefit from the Plan, the formula for calculating your early retirement benefit begins the same as the normal retirement benefit formula described on the previous page, using your actual *Credited Service* at your retirement date. However, your benefit will then be reduced for early payment (see table below). Also, if you have less than five years of *Credited Service*, your benefit will be further reduced according to the *Vesting* schedule on page 7.

### Calculating Your Early Retirement Benefit Payment

The reduction factor is  $6\frac{2}{3}\%$  for each year you will receive payment between the ages of 60 and 65, and  $3\frac{1}{3}\%$  for each year between age 55 and prior to age 60. The percentages of benefits payable if you retire before age 65 are shown in the following table:

Percentage of Benefits Payable Before Age 65										
Age	64	63	62	61	60	59	58	57	56	55
Percentage	$93\frac{1}{3}$	$86\frac{2}{3}$	80	$73\frac{1}{3}$	$66\frac{2}{3}$	$63\frac{1}{3}$	60	$56\frac{2}{3}$	$53\frac{1}{3}$	50
Example:										
<p>Suppose you elect to retire early at age 60 with 27 years of <i>Credited Service</i>. You want to begin receiving monthly benefits right away. Your monthly retirement benefit payable at age 65 is calculated to be \$1,500. Your monthly benefit beginning at age 60 is \$1,000 (<math>\\$1,500 \times 66\frac{2}{3}\%</math>). If you had been age 55 instead of 60 and started payments immediately, your benefit would have been \$750 (<math>\\$1,500 \times 50\%</math>) per month.</p>										

## When Payments Begin

In most cases, your retirement date is the first day of the month on or following your last day of employment. Your first retirement benefit payment will be issued during the last week of the month. For example, if you are at least 55 years of age and your last day of employment is February 15, your retirement date is March 1; and your check will be issued the last week in March.

You must notify Human Resources at least 30 days prior to the date of the first monthly payment.

## FORMS OF BENEFIT PAYMENT

When you retire, you will choose a form of benefit payment. You can change your form of benefit, but it becomes final 30 days before the first payment. The calculation of the retirement benefit amount on page 4 is based on your life only. Optional forms of benefit payments with survivor benefits or a single lump sum benefit are available. Once you have selected a benefit option and it becomes final, the selection cannot be changed.

### Normal Monthly Retirement Benefit (Life Only)

The Normal Monthly Retirement Benefit provides monthly payments for your life only. **Payments end when you die. With this option, there are no survivor benefits.**

### Optional Forms of Payment

If you prefer a form of payment which provides survivor benefits or a single lump sum payment, you may elect an optional form of payment described below.

- **120 Months Certain & Life:** Monthly payments are made to you for your lifetime. However, if you die before receiving 120 payments, your beneficiary or estate will receive the remainder of the 120 payments. For example, if 55 payments have been made at the time you die, the remaining 65 payments (120 minus 55) will be made to your beneficiary or estate.
- **50% Joint & Survivor:** This option pays a monthly benefit for your lifetime and continues to pay 50% of that amount to your beneficiary after your death. Payments cease upon the death of your beneficiary. If your beneficiary pre-deceases you, you will not be able to designate a new beneficiary.

- **100% Joint & Survivor:** This option pays a monthly benefit for your lifetime and continues to pay the same amount to your beneficiary after your death. Payments cease upon the death of your beneficiary. If your beneficiary pre-deceases you, you will not be able to designate a new beneficiary.
- **Single Lump Sum:** This option pays a lump sum benefit that is equal to the normal retirement benefit with an adjustment based on your average life expectancy and the time-value of money. This single sum may be rolled into another tax-deferred plan if the Internal Revenue Service regulations are followed. Once the single lump sum is paid, there are no further benefits from the Plan.

If you choose a form of payment that has survivor benefits, your monthly benefit payment will be smaller than if you received payments for your life only, because payments are expected to be made over a longer period of time. If your designated beneficiary is ten or more years younger than you, the 100% & Joint Survivor option is not available. The following chart uses actuarial tables to give you a comparison of these benefit reductions.

<b>Effect on Benefit Amount if Optional Payment Chosen</b>				
(This chart assumes Normal Monthly Retirement Benefit = \$1,000 per month).				
<b>Ages at Retirement</b>	<b>Normal Monthly Retirement Benefit</b>	<b>120 Months Certain &amp; Life</b>	<b>50% &amp; Joint Survivor</b>	<b>100% &amp; Joint Survivor</b>
Employee 65	\$1,000	\$954	\$928	\$864
Beneficiary 65	0	954*	464	864
Employee 65	1,000	954	908	830
Beneficiary 60	0	954*	454	830
Employee 65	1,000	954	888	800
Beneficiary 55	0	954*	444	800
Employee 65	1,000	954	944	898
Beneficiary 70	0	954*	472	898
* Beneficiary receives balance, if any, of 120 monthly payments.				

### **Benefit Amounts of Less Than \$100 per Month**

If your monthly retirement benefit payment is calculated to be less than \$100, the payment of your entire retirement benefit will be made in a single lump sum payment in lieu of any other benefit. The amount of the single lump sum is based on the basic Normal Retirement Benefit with an adjustment based on your average life expectancy and the time-value of money.

### **Accrued Benefit Value of Less than \$1,000**

If the value of your accrued retirement benefit is less than \$1,000, a payment of this value will be made to you as a single lump sum payment in lieu of any other benefit.

### **Naming a Beneficiary**

If you choose a benefit payment option that has a beneficiary benefit, you must name as a beneficiary someone who will receive your benefit when you die. Your beneficiary may be your spouse or you may designate any other person with your spouse's consent. If you choose one

of the joint & survivor options, you may only change your beneficiary up to 30 days prior to your first benefit payment. You may not change your beneficiary after that point. In some cases, Internal Revenue Service regulations may limit the choice of a beneficiary because of a large disparity between the age of the Member and the age of the non-spouse beneficiary.

## Spousal Consent

If you are married, spousal consent is necessary anytime you select a beneficiary other than your spouse. You may contact Human Resources for the necessary contents of the consent.

## IF YOU LEAVE EMPLOYMENT

### Deferred Vested Retirement Benefit

If your Covered Employment with the City ends, you will be entitled to receive a deferred vested retirement benefit. The amount of your benefit will be calculated in the same way as the normal, early, or delayed retirement benefit described on pages 4 and 5. It will be based on your *Credited Service* and *Final Average Monthly Compensation* as of your date of termination, and will be subject to the following *Vesting* schedule:

<i>Vesting Schedule</i>					
Your Years of <i>Credited Service</i>	<2	2	3	4	5
Vested % of Your Earned Benefit	0	40	60	80	100

### If You Are Rehired

Unless you ended Covered Employment to undertake Qualified Military Service, you are not eligible to re-enter the Plan upon being rehired by the City.

If you ended Covered Employment and either received a single lump sum benefit or began receiving a monthly benefit, you would not be required to give back the single-lump sum benefit or stop receiving the monthly benefit if you were rehired by the City. The exception to this rule is if your termination and rehiring were prearranged with the City for the purpose of obtaining a distribution of your retirement benefit.

If your re-employment with the City (in any position) commences before the single lump sum payment or first monthly benefit payment is made, you would not receive the benefit and your benefits would be deferred until you again ended employment with the City.

## DISABILITY

If you become Disabled while employed in Covered Employment with the City, you may be eligible for *Credited Service* during your period of Disability and for a more favorable calculation of your Retirement Benefit if you continue to be Disabled at the time of Normal Retirement (age 65).

## ***Credited Service May Continue to Accrue***

If you sustain a work-related permanent partial Disability as determined by the City's designated workers' compensation doctor, an administrative law judge, or court, you may be entitled to a maximum of two years of *Credited Service* during your period of Disability.

If you sustain a work-related or non work-related total Disability as determined by the City's designated workers' compensation doctor, the City's long-term disability insurance company, or the federal Social Security Administration, you may be entitled to *Credited Service* during your period of disability.

If you are employed on a part-time basis at the time of your Disablement, *Credited Service* will accrue at a pro rata rate.

## **More Favorable Calculation of Retirement Benefit**

As explained earlier, a Member's Normal Retirement Benefit amount is in part based upon the Member's *Final Average Monthly Compensation (FAMC)*. Because the *FAMC* would be based on pre-disablement salaries that could be many years out of date, the Plan provides for the Normal Retirement Benefit to be based on the annualized rate of Compensation as of the date of Disablement instead of the *FAMC* if the Member remains Disabled until the Normal Retirement Date (age 65). This minimizes the effect of averaging the Member's salary over a 60 consecutive month period prior to the Disablement and allows for considering the usually higher salary that the Member was making at the time of Disablement.

## **Early Retirement While Disabled**

If you are Disabled, have terminated Covered Employment, and would otherwise be eligible for an Early Retirement Benefit or a single lump sum benefit, you may choose to forego the accrual of *Credited Service* while Disabled and the more favorable calculation of Normal Retirement Benefits (described above) by requesting an Early Retirement benefit (page 5) or a single lump sum benefit (page 6).

## **If You Recover Prior to Your Normal Retirement Date (age 65)**

If you recover from your Disability prior to reaching your Normal Retirement Date (age 65), you will stop receiving *Credited Service* based on your Disability and you will no longer be eligible to the more favorable calculation of your Normal Retirement Benefit. The calculation instead will be based on your *Final Average Monthly Compensation* as of the time of Disablement.

## **Effect of Lump Sum Settlements with Insurance Plans or Social Security**

Sometimes, a Member may choose to receive a lump sum disability benefit payment instead of ongoing payments from the workers' compensation insurance plan, the City's long-term disability insurance company, or federal Social Security. The receipt of the lump sum disability payment from one of these sources may limit the amount of *Credited Service* the Member can receive while disabled. In this case, the Plan provides that *Credited Service* will accrue for the period of entitlement which provided the basis for calculation of the lump sum amount.

For example, if you were totally Disabled and entitled to a \$500 monthly long-term disability insurance payment, but negotiated with the long-term disability insurance company for a lump

sum payment of \$24,000 instead of the monthly benefit, you would only be entitled to 4 years of *Credited Service*. At the end of the 4 years, you would not be entitled to any further *Credited Service* based on your Disability and would therefore not be considered Disabled under the terms of the Plan, regardless of your physical or mental condition.

## **SURVIVOR BENEFITS**

If you left City employment or opted out of the General Employees' Retirement Plan prior to January 1, 1994, death benefits (if any) shall be determined in accordance with the provisions of the Plan in effect as of the date you left the Plan. The following provisions in this section apply to Plan Members who were employed on or after January 1, 1994.

### **Death Before Retirement Benefit Payments Begin**

If you die while actively employed in Covered Employment or while earning *Credited Service* for a disability, or while you are retired but before receiving retirement benefits, the Plan will pay a benefit to your surviving spouse, beneficiary, or estate. (An employee who dies is considered to be fully *Vested*, regardless of the number of years of *Credited Service*.)

Your spouse may choose payment of this amount, either as a single lump sum or as a monthly benefit payment, with payment(s) beginning after you would have reached age 55. If the survivor benefit monthly payment is calculated to be less than \$100 or if the accrued retirement benefit is less than \$1,000, the General Employees' Retirement Committee will direct that your entire survivor benefit be paid within 90 days in a single lump-sum payment. The single lump sum benefit will be equal to 47% of the Actuarial Equivalent value of the Normal Monthly Retirement Benefit (life annuity) which would have been paid to you had you quit Covered Employment at the earlier of the actual date of separation or death, survived until the earliest retirement age, and retired with a life annuity.

### **Death After Retirement Benefit Payments Begin**

If you die after retirement benefit payments begin, any survivor benefit payments will be determined by the retirement benefit payment option you chose prior to retirement.

## SOCIAL SECURITY BENEFITS

During your working years, you and the City contribute to provide Social Security benefits for you and your dependents when you retire. Social Security benefits add to your retirement plan benefits to provide income for your retirement years. Throughout your working career, you and the City contribute annual amounts set by federal law to provide Social Security benefits when you retire. You may wish to check periodically with the Social Security Administration (1-800-772-1213) that your records and earnings history are correct and complete.

Social Security law can change at any time. Updated and detailed information about monthly payments, spouse and survivor benefits, and Medicare coverage is available from your local Social Security office.

## ADDING IT ALL UP

Your General Employees' Retirement Plan, along with Social Security, the 457 Deferred Compensation Plan, and the 401(a) Money Purchase Plan will provide income when you retire. The table below shows sample benefits payments at 20, 25, and 30 years of *Credited Service*. The figures illustrate how the Plan and Social Security work together for an employee retiring in 2004 and earning \$4,229 per month at retirement (*Final Average Monthly Compensation* is \$4,200). The Social Security benefit assumes the employee was continuously covered by Social Security during all years of employment.

The "Percentage of Pre-Retirement Compensation" column shows how the total amount of the combined Plan benefits and Social Security benefits compares with the sample employee's pre-retirement compensation. Many financial planners recommend replacing at least 80% of your pre-retirement income when you retire. You may wish to check with Human Resources about other savings options, such as the Roth IRA.

Estimated Monthly Retirement Benefit at Age 65				
<i>Final Average Monthly Compensation = \$4,200 Per Month</i>				
<u>Years of Eligible City Service</u>	<u>Plan Benefit*</u>	<u>Social Security Benefit**</u>	<u>Total</u>	<u>Percentage of Pre-Retirement Compensation</u>
20	\$ 1,260	\$ 1,355	\$ 2,615	62%
25	1,575	1,355	2,930	70%
30	1,890	1,355	3,245	77%
* Your monthly benefit payment amount under the Normal Monthly Retirement Benefit using the formula shown on page 4.				
** Social Security benefits are based on current benefit levels at time of publication and may change in the future.				



## **ADMINISTRATIVE INFORMATION**

This Plan is sponsored by the City of Fort Collins and is administered by the General Employees' Retirement Committee (the "Committee" or "GERC").

### **Control and Administration**

The City of Fort Collins sponsors the City of Fort Collins General Employees' Retirement Plan, which first became effective January 1, 1971, and was restated effective January 1, 2012. There may be subsequent amendments to the Plan.

The Plan is administered by the six-member Committee, which includes the City's Chief Financial Officer and five members appointed by City Council. The Committee oversees the normal operations of the Plan and has full authority to interpret the Plan on all issues such as benefit amounts and *Credited Service*.

### **Plan Permanence**

The City intends to continue the Plan indefinitely, but continuance of the Plan is not assumed as a contractual obligation of the City. The City Council reserves the right to alter, amend, or terminate the Plan or any part thereof. No alteration or amendment to the Plan shall permit any part of the Plan assets to revert to or be recoverable by the City or to be used for or diverted to purposes other than for the exclusive benefit of Members, Retired Members, Vested Members, or Beneficiaries under the Plan, except, in the case of Plan termination, for excess funds due solely to erroneous actuarial assumptions.

### **Effect on Employment**

The Plan in no way guarantees you continued employment with the City. If your employment ends, or if you are discharged, the Plan does not give you any right to any benefit or interest in the funds in the retirement trust, except as specifically provided in the Plan. Terminated or retired employees (receiving or continuing to receive retirement benefits, if eligible under the Plan), may obtain employment with another employer without affecting earned retirement benefits with the City of Fort Collins.

### **Assignment of Benefits**

The Plan is intended to pay benefits to you or your beneficiaries only. Your benefits cannot be used as collateral for loans or be assigned in any other way, except as required under a court order or as required by law.

### **Retirement Process**

- ✿ Notify your supervisor in writing of your intended retirement date.
- ✿ Supervisor will initiate separation form.
- ✿ Choose your form of benefit and notify the Human Resources Department at least 30 days prior to when you plan to receive your first monthly payment.
- ✿ Schedule and meet with the Human Resources Department for an exit interview.
- ✿ Meet with ICMA Retirement Corporation representatives to establish a benefit payment plan for your 401(a) Money Purchase Plan and 457 Deferred Compensation Plan.