

City of Memphis Pension Plans

- Less taxpayer risks
- More earning potential for new employees
- No pension changes for vested or retired city employees



HYBRID RETIREMENT PLAN PROPOSAL

Two retirement earning opportunities rolled into one:

A Market Based Cash Balance Plan & 401(a) Plan.

NOTE: The City of Memphis also encourages employees to further grow their retirement options by contributing an additional 4% or more of their salary to either the 457 plans or a personal savings.

Contributions	Legacy Plan	Hybrid Retirement Plan	
		Market Based Plan	401 (a) Plan
Employee Contribution	8% of salary	2% of salary	6% of salary
City Contribution	6% of salary	3-16% of salary (depends on years of service and position)	1.5% of salary
Options	(457) Cashed out at retirement		(457) May be rolled over into an annuity
Management	No employee involvement	Professionally Managed Fund	Employee Directed Investments

DEFINED BENEFIT PLAN

The Defined Benefit Plan is the legacy pension plan. Retirees and employees with at least 7.5 years of full-time employment with the City of Memphis (as of June 30, 2016) who participated in the City of Memphis retirement plan will remain under the Defined Benefits Plan and see NO CHANGE in pension benefits.

- Employee contributions remain at 8% of salary
- The City of Memphis will continue to contribute 6% of salary
- Management includes a 457 Cash Out Lump Sum option at retirement

Employees with 10 or more consecutive years of full-time service with the City of Memphis (as of June 30, 2016) who participate in the City of Memphis Retirement plan are fully vested.

HYBRID BENEFIT PLAN

Employees with less than 7.5 years of service will have their pension benefits calculated at retirement by combining benefits earned before June 30, 2016 on the previous Defined Benefit Plan with benefits earned after June 30, 2016 under the new Hybrid Plan.

- Pension benefits accrued before June 30, 2016 are calculated by years of service multiplied by 2.5% multiplied by ending salary. This amount is preserved until retirement.
- Any contributions made after June 30, 2016 are calculated based on the new Hybrid Plan, which includes the following changes:
 - Employee contributions will be a combination of 2% of salary in a Market Based Plan and 6% of salary in a 401 (a) Plan. The total contribution is the same as the previous plan at 8%.
 - The City of Memphis will contribute between 3% and 16% of the participating employee's salary depending on the years of service and position. Additionally, the City of Memphis will contribute 1.5% of employee's salary to the 401(a) Plan, which is employee directed after signing up.
 - The Market-based Plan is professionally managed. At retirement, employees have the option of 457 Cash Out or rolling the fund over into an annuity.

For questions regarding the Hybrid Benefits Plan contact the Benefits Department at the phone number listed below.

SOCIAL SECURITY PLAN

457 (b) Contributions for certain AFSCME and social security only employees. Since July 1, 1995, the City of Memphis has funded a deferred compensation plan for City employees who are not eligible for the City's pension plan due to social security coverage. Under the Social Security Plan, the City contributes the difference between its contribution to the regular pension plan and the its contribution to social security based on the employee's salary at a rate of 2.35% of the employee's salary. ... *Continued on page 31*

The Social Security Plan is a supplemental benefit for AFSCME Solid Waste employees and other non-pension employees who receive Social Security payments and as their primary retirement benefits upon retirement.

401(A) MATCHING RETIREMENT BENEFIT

Last year it was announced that all full-time City of Memphis employees covered by Social Security would be eligible to participate in a new 401(a) matching retirement benefits. We are pleased to inform you that this program is now live. Kick your retirement savings into high gear!

WHO IS ELIGIBLE

Full-time City of Memphis employees covered by Social Security.

HOW IT WORKS

For every dollar (eligible up to 3% of salary) an eligible employee contributes to the City's 457(b) plan, the City will make a matching contribution to a 401(a) account. The amount of the matching contribution is based on the employee's years of service.

Years of Service	Matching Contribution
0-15	\$.50 City match for every \$1.00 employee contribution (1.5% max)
15-20	\$1.00 City match for every \$1.00 employee contribution (3% max)
20+	\$1.50 City match for every \$1.00 employee contribution (4.5% max)

HOW TO GET STARTED

If you already make contributions to the 457(b) plan administered by Mass Mutual, you will automatically begin receiving the match. If you are not already making contributions to the 457(b) plans or you want to increase your contributions, contact Mass Mutual to enroll and start saving for your retirement.

Mass Mutual Customer Service: 888-526-6905
Mass Mutual Retirement Education Specialist:
David Bennett - davidbennett@massmutual.com

This is an exciting program, and the City looks forward to you participating and growing your retirement savings. ***More information can be found on BenefitsMemphis.com**

City of Memphis 457(b) Deferred Compensation Plan



Eligibility: All full-time employees may join the plan. Independent contractors and part-time employees are excluded.

Enrollment: Employees may begin participating in the plan immediately.

EMPLOYEE CONTRIBUTIONS

Pre-tax contributions - Through payroll deduction, you may make pre-tax contributions up to the IRS maximum contribution limit. Traditional pre-tax contributions are deducted from your paycheck before tax calculations occur. You may contribute up to the IRS maximum contribution limit. The maximum annual contribution limit is \$18,000 for the current plan year.

Roth contributions - Through payroll deduction, you may make Roth contributions up to the IRS maximum contribution limit. Roth contributions are deducted from your paycheck on an after-tax basis. The earnings on your Roth contributions grow tax-deferred and such earnings may be distributed tax free if certain conditions are met. Read your Summary Plan Description for more details.

CATCH-UP CONTRIBUTIONS

50+ catch-up - Employees age 50 or older by the end of the plan year may be able to contribute catch-up contributions. The IRS limit for catch-up contributions is \$6,000 for the current plan year. Catch-up contributions will not be considered as catch-up unless the IRS maximum contribution limit has been reached first.

Pre-retirement catch-up - The pre-retirement catch-up provision allows you to make additional contributions during the three years prior to, but not including, the year in which you will reach normal retirement age based upon the total amount of contributions that you could have made in prior years, but did not.

Contact MassMutual

For one-on-one Plan assistance and questions, contact your MassMutual Retirement Education Specialist:

David Bennett - davidbennett@massmutual.com 901-389-8503