

## 2016 Hybrid Plan Frequently Asked Questions (FAQs)

### What is the 2016 Hybrid Plan?

The 2016 Hybrid Plan is a retirement plan funded with both employee contributions and employer contributions. The 2016 Hybrid Plan has two components, the Cash Balance Plan and the Defined Contribution Plan.

### What is the Cash Balance Plan?

A cash balance plan is a pension plan under which the City credits a participant's account with 2% of his or her pensionable earnings plus interest charges. Your pensionable earnings include base pay, shift differential, college incentive, hazard pay and longevity pay, etc. This does not include overtime. A cash balance pension plan is a defined-benefit plan.

### What is the Defined Benefit Plan?

A company pension plan in which an employee's pension payments are calculated according to their pension creditable service and the pensionable earnings at the time of retirement.

### What is the Defined Contribution Plan 401(a)?

A defined contribution plan does not promise a specific amount of benefits at retirement. In these plans, the employee contributes 6% and the City contributes 3-16% of their salary (based on years of pension creditable service and position) to the employee's individual account. The contribution amounts, eligibility, and vesting schedule are determined by the City of Memphis.

### Who is eligible to participate in the 2016 Hybrid Plan?

All regular full-time employees in a pension position hired on or after July 1, 2016. All regular full-time employees who paid into the pension plan and had less than 7½ years of pension creditable service with the City as of July 1, 2016.

### What is the City's contribution under the 2016 Hybrid Plan?

CITY'S CONTRIBUTION		
YEARS of PENSION CREDITABLE SERVICE	GENERAL EMPLOYEES	COMMISSIONED OFFICERS
Less than 5	3%	6%
5 to less than 10	5%	8%
10 to less than 15	7%	10%
15 to less than 20	10%	13%
20+	13%	16%

### **At what age can I retire under the 2016 Hybrid Plan?**

For participants hired on or after July 1, 2012 normal retirement date is the following:

- A. For general employees:
  - 1. Age 65 and completion of five pension creditable service; or
  - 2. Twenty-five pension creditable service but if you retire prior to age 62 the retirement benefit is reduced by five percent per year for each year that your retirement date precedes age 62.
- B. For police and fire hired on or after July 1, 2012
  - 1. Age 55 and completion of ten years of pension creditable service; or
  - 2. Twenty-five years of pension creditable service but if you retire prior to age 52 the retirement benefit is reduced by five percent per year for each year that your retirement date precedes age 52.

For participants hired between 2009 and 2012 normal retirement date is the following:

- A. For general employees hired between 2009 and 2012:
  - 1. Age 60 and completion of ten (10) years of pension creditable service; or
  - 2. Age 65 and completion of five (5) years of pension creditable service; or
  - 3. Completion of twenty-five (25) years of pension creditable service
- B. For police and fire hired between 2009 and 2012:
  - 1. Completion of 25 years of pension creditable service; or
  - 2. Age 55 and completion of ten (10) years of pension creditable service.

### **Under the 2016 Hybrid Plan will I receive a cost of living adjustment?**

When you retire, cost of living adjustments for retirees are recommended by the Mayor and approved by the City Council each year.

### **Will I be eligible for Social Security when I retire?**

City employees who pay into pension do not pay into Social Security. Any employment the person had outside of the City and or any social security position they had with the City for which they paid into social security is subject to the Windfall Elimination when they receive social security benefits. The Windfall Elimination goes into effect once you start to receive your retirement from the City of Memphis.

### **What happens to the money that I have already paid into the 1978 Legacy Plan?**

Your contributions to the 1978 Legacy Plan is frozen and calculated to be a part of your semimonthly payments upon your retirement date.

**If I resigned and transferred my pension to an Individual Retirement Account and returned to the City of Memphis employment as a pension employee, when can I put my money back in to the pension plan to get my years of pension creditable service time adjusted?**

Participants hired prior to July 1, 2009 who remained in the 1978 Plan when the 2016 Hybrid Plan was adopted retains the rights and features they had in 2009 in the 1978 Plan. You must be employed in a pension position for two years or more to participate in the buyback.

**I worked as a part time employee at the library since November 2008 and became a full-time employee with benefits in July 2010. Will my part-time employment count toward the 7.5 years so I can keep the old plan?**

Temporary, part time (except for part-time attorneys and other employees specially included by a Plan amendment) and employees who contribute to Social Security are excluded from the City of Memphis Pension Benefits. Pension Benefits begin when you become a regular full-time pension employee of the City of Memphis.

**How does line of duty work under the Hybrid Plan?**

If it is determined that you have incurred a Line-of-Duty disability, then you will be entitled to receive a disability retirement benefit equal to 60% of your average monthly compensation or your accrued benefit as of the date of disability.

**How will ordinary disability work under the Hybrid Plan?**

If it is determined you have incurred a disability that was not in the line of duty (ordinary disability) and was not a result of willful misconduct, you will receive a disability benefit equal to your accrued benefit at the date of your disability. The long-term disability policy pays the difference up to the 60% benefit.

**If I have pension related questions, who do I contact?**

For questions regarding the 2016 Hybrid Plan contact the City of Memphis at (901) 636-6800 or email [retirementquestions@memphistn.gov](mailto:retirementquestions@memphistn.gov). For one-on-one assistance contact Austin Maness at (901) 864-8211 or email [austin.maness@empower.com](mailto:austin.maness@empower.com).