

2016 Retirement Plan Procedures

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2016 Plan Procedures

Section I. Refund and Rollover—Terminated Non-Vested Participant--Applies to those participants who leave employment with the City prior to becoming vested in the 2016 Plan.

I. Refund and Rollover—Terminated Non-Vested Participant

- A. A participant covered by the 2016 Plan who leaves employment with the City without being vested (less than 10 years creditable service, and not age 65 with 5 years of service) must take a refund of his/her employee contributions to the plan, plus credited interest earned on those contributions.
 - a. An employee with 10 or more years of creditable service can either defer the retirement benefit until reaching an eligible retirement age (age 60), or;
 - b. Take a refund of employee contributions plus creditable earnings.
- B. When the participant resigns, s/he receives information as part of the offboarding process from Retirement/Disability about the options under the 2016 Plan.
 - a. A participant with less than 10 years of creditable service is not vested and must take an immediate refund of contributions plus earnings attributable to the participant's contributions in the participant's 401(a) DC and MBCB plans.
 - i. If the participant takes no action to receive a refund or rollover of the monies within 45 days, the City will refund the money directly to the participant within 60 days of his/her termination.
 - b. MBCB Account
 - i. Participants taking a refund will receive the total employee contributions plus creditable interest on the employee contributions, but their refund cannot be less than the total employee contributions to the account. The participant forfeits the employer contributions and creditable interest attributable to the employer contributions.
 - ii. The value of the MBCB account is maintained by the City and will state the total employee and employer contributions (as well as credited interest thereon from inception of the account to the last day of the immediately preceding Plan Year) during the participant's employment;
 - iii. For partial years, credited interest is calculated based on plan year year-to-date interest crediting rate through the second month preceding the month in which the refund occurs, less 1%;
 - 1. The 1% is not prorated for a partial year.
 - iv. The interest crediting rate is obtained from the Pension Fund Investment Manager;
 - 1. The interest crediting rate is obtained on a monthly basis to accommodate the retirements taking place each month;
 - 2. The interest crediting rate is based on the return on assets on the Pension System assets for which First Tennessee Bank is custodian, less 1%;

- 3. Payroll will be responsible for applying the 1% offset to the return on assets.
 - v. The value of the MBCB account is maintained by the City;
 - vi. The value of the MBCB account for Airport Authority participants in the City Plan is reported by the Airport Authority to MassMutual but a record of such account is maintained by the City.
 - vii. The value of the MBCB account for a participant’s refund cannot be less than the total employee contributions to the account; this is referred to as the “preservation of principal” provision.
- c. 401(a) DC Account
 - i. Payroll will use the MassMutual Plan-to-Plan Transfer form instructing MassMutual to wire to the City’s Pension System First Tennessee Trust account the amount of the participant’s 401(a) DC account balance;
 - ii. The participant is entitled to the 401(a) DC account balance attributable to the participant’s contributions and earnings/losses attributable to the participant’s contributions. The participant forfeits the employer contributions and earnings/losses attributable to the employer contributions. Payroll will look up the inception-to-date return and apply it to the participant’s contributions for their refund amount.
- d. Legacy Defined Benefit
 - i. Participants that are members of the 2016 Plan who have a frozen legacy defined benefit will receive a refund of the participant’s contributions to the legacy defined benefit with the applicable multiplier as of June 30, 2016.
 - ii. The applicable multiple is based on the employee’s pension creditable service on June 30, 2016:

Years of Service	Return Multiple
< 5	1.0
5	1.5
6	1.7
7	1.9

- C. Retirement/Disability will review the participant’s pension creditable service to determine if the participant is eligible for a refund of contributions or deferred retirement. Service credited in the 1978 Plan and 2016 Plan is aggregated to determine retirement eligibility.
- D. For those participants taking a refund of contributions, they may receive their refund directly (which is taxable) or roll the funds over to another fund or company (which may not be taxable).
- E. In order to receive a refund or rollover, the following forms must be completed and returned to Retirement/Disability:
 - a. Application for Refund of Member’s Contributions;
 - b. Tax Notice Receipt.
- F. Retirement/Disability will review the request for completeness, scan the documents and send them to Payroll.

- G. The participant must be terminated from Active Employment by his/her department and once Payroll receives a Separation Form, Payroll will move forward with the refund or rollover.
- H. Payroll will request the 401(a) DC account funds from MassMutual on the Plan-to-Plan Transfer form and MassMutual will wire the account balance to the City’s Pension System First Tennessee Trust Account.
- I. Payroll will calculate the amount due to the employee. The amount due will be:
 - a. The 401(a) DC account balance attributable to the participant’s contributions and earnings/losses attributable to the participant’s contributions; plus
 - b. The employee contributions to the participant’s MBCB account plus the interest crediting rate on the participant’s MBCB account in effect on the last day of the month 2 months prior to the date of termination less 1%;
 - i. For partial plan year interest, the Pension Investments Manager will provide Payroll the returns for the current plan year through the second month preceding the month in which the refund occurs, less 1% deducted from the return;
 - ii. The 1% deduction is not pro-rated for a partial year;
 - iii. The participant’s refund cannot be less than his or her contributions to the MBCB plan; plus
 - 1. Payroll is going to track the interest paid out of the MBCB in an information only element in Oracle so that information is readily available.
 - c. The participant’s legacy defined benefit employee contributions times the appropriate multiplier as of June 30, 2016, if applicable.

Years of Service	Return Multiple
< 5	1.0
5	1.5
6	1.7
7	1.9

- d. Employees choosing to withdraw or rollover funds from their City 457(b) account will receive a distribution kit when they terminate employment and must utilize MassMutual’s channels to roll over or take a distribution of the 457(b).
- J. Payroll will process the payment to the employee, designated fund or account of the 401(a) DC account, MBCB account, and legacy defined benefit plan refund. MassMutual will process any distribution from the 457(b) Plan.

Section II--Service Retirement Application and Section III--Deferred Retirement— Terminated and Vested apply to those participants who are vested in the 2016 Plan.

II. Service Retirement Application

- A. When an employee notifies his/her department or Retirement/Disability Department that s/he is applying for retirement, Retirement/Disability provides the employee with the 2016 Plan Retirement Application and answers any preliminary questions the employee has about the process.
 - a. The application includes the following documents:

- i. Retirement application;
 - ii. Authorization for direct deposit;
 - iii. Voided check for direct deposit;
 - iv. Retirement insurance benefit election form (to continue or discontinue health, dental, vision, voluntary life, etc.);
 - v. Life insurance retiree beneficiary change form;
 - vi. City of Memphis Beneficiary form;
 - vii. Marriage Certificate, if married;
 - viii. IRS Form W-4P;
 - ix. MassMutual Plan-to-Plan Transfer form (participant’s signature is only required if rolling 457(b) into annuity).
- B. Participants can generate estimates of their monthly benefit on MassMutual’s website by entering their respective account balances and/or contacting a MassMutual representative.
- C. Retirement/Disability should determine the participant’s retirement eligibility by reviewing the participant’s age and creditable service information in Oracle. Service credited in the 1978 Plan and 2016 Plan is aggregated to determine retirement eligibility.
- a. If only the Original Pension Date is populated, this is assumed to be the creditable pension service;
 - b. If there is an Adjusted Pension Date and an Original Pension Date, the Adjusted Pension Date is assumed to be the creditable pension service;
 - c. If neither the Adjusted Pension Date nor the Original Pension Date is populated, the employee does not have creditable pension service.
- D. Requirements for Service Retirement for employees hired **on or after** July 1, 2012:

General Employees	
Age	Years of Creditable Service
-	25
65	5

Police and Fire and Rescue Employees	
Age	Years of Creditable Service
-	25
55	10

Requirements for Service Retirement for employees hired **prior** to July 1, 2012:

General Employees	
Age	Years of Creditable Service
-	25
65	5
60	10

Police and Fire and Rescue Employees	
Age	Years of Creditable Service
-	25
55	10

Appointed/Elected Employees	
Age	Years of Creditable Service
-	12 (hired prior to 11/1/04 and first appointed prior to 2/17/10)

- E. Once the employee returns the completed retirement application packet, Retirement/Disability reviews the following for completeness:
- a. Retirement application;
 - b. Authorization for direct deposit;
 - c. Voided check for direct deposit;
 - d. Retirement health insurance benefit election form (to continue or discontinue health, dental, vision, voluntary life, etc.);
 - e. Life insurance retiree beneficiary change form;
 - f. City of Memphis Beneficiary form;
 - g. IRS Form W-4P;
 - h. MassMutual Plan-to-Plan transfer form (only required if rolling 457(b) into annuity).
- F. Assuming the employee is eligible for a retirement benefit and returns the necessary paperwork, Retirement/Disability forwards copies of the following to Pension Payroll:
- a. Retirement application;
 - b. Authorization for direct deposit;
 - c. Voided check for direct deposit;
 - d. IRS Form W-4P;
 - e. MassMutual Plan-to-Plan transfer form (participant's signature is only required if rolling 457(b) into annuity).
- G. Payroll receives the application and accompanying documents after approval by the Pension Board.
- H. Payroll waits until the department has terminated the employee from Active Employment, and once the Separation Form is received from the department by Payroll, Payroll calculates the monthly retirement benefit based on the following participant variables:
- a. MBCB plan total balance, plus credited interest less 1%;
 - i. For partial years, credited interest is calculated based on plan year-to-date interest crediting rate through the second month preceding the month in which the annuity commencement date occurs, less 1%;
 1. The 1% is not prorated for a partial year;
 - ii. The interest crediting rate is obtained from the Pension Fund Investment Manager;
 1. The interest crediting rate is obtained on a monthly basis to accommodate the retirements taking place each month;
 2. The interest credit rate is based on the return on assets for the Pension System for which First Tennessee Bank is custodian;
 3. Payroll will be responsible for applying the 1% offset to the return on assets;
 - iii. The value of the MBCB account is maintained by the City;

- iv. The value of the MBCB account at a participant's retirement date cannot be less than the total contributions to the account, which is referred to as the "preservation of principal" provision.
- b. 401(a) DC account balance;
 - i. Payroll will send the MassMutual Fund-to-Fund Transfer form to MassMutual for them to wire the participant's 401(a) DC account balance to the City's Pension System First Tennessee Trust account.
 - ii. Based on the participant's total 401(a) DC account Payroll calculates the monthly retirement benefit attributable to the participant's 401(a) DC account.
- c. Legacy defined benefit;
 - i. Only 2016 Plan participants hired prior to July 1, 2016 will have a legacy defined benefit monthly retirement benefit, which was frozen as of June 30, 2016;
 - ii. The amount of the frozen benefit is added to the 2016 MBCB Plan and 401(a) DC Plan monthly retirement benefit calculation.
- d. 457(b)
 - i. Participants may roll all or part of their 457(b) deferred compensation accounts deferred during their employment with the City of Memphis into the 2016 Plan to increase their monthly retirement benefit payment;
 - ii. Participants choosing to roll all or part of their 457(b) funds into the annuity must sign the MassMutual Plan-to-Plan Transfer form and indicate if they wish to use their entire account balance or a smaller amount;
 - 1. Note that the participant is only eligible to roll the money from the 457(b) account attributable to contributions deferred while the participant is employed with the City; in other words, funds rolled into the City's 457(b) plan from another qualified retirement or deferred compensation plan are not eligible to be used in the City's monthly retirement benefit calculation.
 - iii. Payroll sends the MassMutual Plan-to-Plan Transfer form to MassMutual for processing and distribution of the elected rollover by MassMutual to the City of Memphis's Pension System First Tennessee Trust Account.
- I. Payroll calculates the monthly retirement benefit following the instructions included in the Excel calculator developed by PWC.
- J. Payroll schedules the retiree's first payment and generates a Pension Worksheet to send to Retirement/Disability.
- K. Retirement/Disability receives the Pension Worksheet and sets up any applicable retirement benefits deductions.

III. Deferred Retirement—Terminated Vested Participant

- A. A participant that is vested in the 2016 Plan (10+ years creditable service) and terminates employment prior to his/her normal retirement date will be eligible for a deferred monthly retirement benefit equal to his/her accrued benefit that commences the 1st of the month following the month the participant turns age 60. The monthly retirement benefit is calculated based on the full MBCB and 401(a) DC account balances at the benefit commencement date.

- B. When a vested participant leaves employment s/he will complete and submit to Retirement/Disability a Deferred Retirement Application.
- C. Retirement/Disability will verify the employee's eligibility to receive a deferred monthly retirement benefit commencing at age 60 and, if approved, will send the employee an approval letter.
- D. Retirement/Disability scans the application and approval letter and sends copies to Payroll for recordkeeping.
- E. 90 days prior to the date the participant will begin receiving his/her monthly deferred retirement benefit, Retirement/Disability will reach out to the participant to receive updated information, including:
 - i. Health Insurance Benefits Election Form;
 - ii. Form W-4P for income tax withholding;
 - iii. Direct Deposit Authorization;
 - iv. Marriage Certificate, if married;
 - v. Life Insurance Beneficiary Form;
 - vi. City of Memphis Beneficiary form;
 - vii. MassMutual Plan-to-Plan Transfer form (optional, only needs to be signed by the participant if s/he elects to roll 457(b) funds into the annuity).
- F. Once the documents listed above are completed, Retirement/Disability sends them to Payroll.
- G. Upon the participant's attainment of age 60 Payroll will follow the instructions included in the 2016 Plan calculator to determine the participant's benefit based on the applicable account balances:
 - i. MBCB plan total balance, plus credited interest less 1%;
 - 1. For partial years, interest is calculated based on plan year-to-date interest crediting rate through the second month preceding the month in which the annuity commencement date occurs, less 1%;
 - a. The 1% is not prorated for a partial year.
 - 2. The interest crediting rate is obtained from the Pension Fund Investment Manager;
 - a. The interest crediting rate is obtained on a monthly basis to accommodate the retirements taking place each month;
 - b. The interest crediting rate is based on the return on Pension Plan assets for which First Tennessee is custodian less 1%;
 - c. Payroll is responsible for applying the 1% offset to the return on assets.
 - 3. The value of the MBCB account is maintained by the City;
 - 4. The value of the MBCB account for Airport Authority employees who are participants in the City Plan is reported by the Airport Authority to MassMutual but a record of such account is maintained at the City.
 - 5. The value of the MBCB account at a participant's retirement date cannot be less than the participant's cumulative contributions to the account, which is referred to as the "preservation of principal" provision.
 - ii. 401(a) DC account;
 - 1. Payroll sends MassMutual the Plan-to-Plan transfer form to wire the participant's 401(a) DC account balance as of the participant's 60th birthday to the City's Pension System First Tennessee Trust account.

- iii. 457(b)
 - 1. Participants may roll all or part of their 457(b) deferred compensation accounts into the 2016 Plan to increase their monthly retirement benefit payment;
 - 2. If the participant chooses to roll all or part of the 457(b) account into the annuity calculation, s/he must sign the Plan-to-Plan Transfer form and indicate if s/he chooses to use the entire account balance or another smaller amount;
 - a. Note that the participant is only eligible to roll the money from the 457(b) account attributable to contributions deferred while the participant is employed with the City; in other words, funds rolled into the City’s 457(b) plan from another qualified retirement or deferred compensation plan are not eligible to be used in the City’s monthly retirement benefit calculation.
 - 3. Payroll sends the form to MassMutual for processing and distribution by MassMutual to the City of Memphis’s Pension System First Tennessee Trust Account.
- iv. Legacy Defined Benefit, if applicable;
 - 1. Only 2016 Plan participants hired prior to July 1, 2016 will have a legacy defined benefit monthly retirement benefit, which was frozen as of June 30, 2016;
 - 2. The legacy defined benefit is added to the MBCB Plan and 401(a) DC Plan monthly retirement benefit calculation.
- H. Payroll enters the participant into the Payroll System.
- I. Payroll sends Retirement/Disability the Pension Worksheet.
- J. Retirement/Disability enters the deductions for the retiree’s check based on elections made on the Retirement Insurance Benefits Election Form.
- K. The participant receives his/her first retirement check.

IV. Deferred Retirement Option Plan (DROP)

- A. Participants who have reached their normal retirement date and have at least 25 years of service may elect to participate in the Deferred Retirement Option Plan (DROP).
- B. By participating in the DROP, the participant’s and City’s contributions to the retirement plan cease and the monthly annuity the participant would have received if s/he had retired is credited to a “DROP account.”
- C. The monthly retirement benefit amount is based on the MBCB, 401(a) and any applicable transferred 457(b) balances at the date the participant enters the DROP.
- D. Participants can elect to participate in the DROP during certain enrollment months (March, June, September, December) and can elect to participate in DROP for 1, 2 or 3-year periods;

Enrollment Months	Effective Date
March	April 15

June	July 15
September	October 15
December	January 15

- E. When a participant applies for participation in the DROP:
- i. S/he will complete;
 1. Application for Service Retirement;
 2. DROP Election Form;
 3. MassMutual 457(b) Transfer Form if the participant is electing to include all or part of his/her 457(b) monies that have been deferred while employed with the City into the monthly retirement benefit;
 4. City of Memphis Beneficiary Form.
 - ii. Retirement/Disability verifies the applicant has 25 years of pension creditable service and is otherwise eligible to retire.
 - iii. Retirement/Disability goes into Oracle and date track to the DROP effective date and enters the DROP beginning and end dates on the SIT screen;
 - iv. Retirement/Disability sends copies of the participant's application to Pension Payroll to calculate the participant's monthly retirement benefit payment as close as possible to the date the participant elected participation in the DROP.
 1. Retirement/Disability should advise the participant that his/her 401(a) DC (and 457(b), if applicable) account(s) is subject to market conditions and could decrease by the time the monthly retirement benefit calculation is made, unless the funds were moved to the fixed interest fund.
 - v. The participant's employee and employer pension contributions from the time his/her monthly retirement benefit is calculated until his/her DROP effective date shall be credited to the participant's DROP account.
 - vi. The participant's election should be put on the next Pension Board meeting agenda for the month the DROP enrollment is effective.
 - vii. Once approved by the Board, Legal generates the retirement resolution for the Pension Board Secretary's signature, sending copies to Pension Payroll for recordkeeping.
- F. One month before the end of a DROP participant's DROP period, Retirement/Disability sends the individual a packet with the following forms to complete and return:
- i. Rollover of Distribution Election form for the money in the DROP account;
 - ii. W-4P Income Tax Withholding form;
 - iii. Direct Deposit form;
 - iv. Retiree Health Insurance Benefit Election form.
- G. Retirement/Disability sends copies of the above returned forms to Pension Payroll and input the DROP end date into Oracle on the Special Information Screen.

V. Line of Duty Death

- A. When an employee dies while at work, City divisions have been instructed to report the death to Sedgwick CMS in addition to Human Resources.
- B. Sedgwick will open a claim and send the family of the deceased employee the required information for a line of duty death claim.

- C. OJI should be involved during the process of determining if the claim is a line of duty death, which is defined as the direct and proximate result of an accident sustained by the employee as a participant, while in the actual performance of duties for the City without willful negligence on his/her part.
- D. The beneficiary of a participant who suffers a line of duty death may be eligible for a pension benefit equal to the greater of:
 - i. 60% of the participant's average monthly compensation as stated in the 1978 Plan (highest 12 months for general employees and highest 36 months for police officers and firefighters); or
 - ii. The participant's accrued benefit as of the date of death.
 - 1. The accrued benefit would be calculated using the PWC Excel calculator based on annuitizing the participant's 401a, MLCB and Legacy defined benefit, if applicable.
- E. Eligible beneficiaries are defined as:
 - i. The current spouse;
 - ii. If there is no spouse, any dependent children under age 18, unmarried children up to age 25 if full-time students, and handicapped children are eligible to apply for the benefit;
 - 1. There may be multiple beneficiaries, requiring an equitable distribution of the benefit.
- F. If there are no beneficiaries, the participant's contributions to the 2016 Plan, plus credited interest thereon will be paid to the participant's estate.
- G. If there is a beneficiary, Retirement/Disability provides the beneficiary with the Surviving Spouse Packet, which includes the paperwork the beneficiary will need to complete to continue receiving benefits, including:
 - i. Dependent Allowance Affidavit;
 - ii. Retirement Health insurance benefit election form;
 - iii. Form W-4P;
 - iv. Authorization for Direct Deposit;
 - v. Claim form for Standard Insurance for non-contributory life insurance benefit;
 - vi. Claim form for Lincoln Financial, if the participant had contributory life insurance benefit.
- H. Additional documentation the beneficiary will need to provide is:
 - i. Copy of marriage license, if applying as a spouse;
 - ii. Copy of the certified death certificate;
 - iii. Photo identification;
 - iv. Voided check for direct deposit;
 - v. Copy of birth certificate and verification of being a full-time student, if a dependent child is applying as the beneficiary and is 18 years of age or older, for those applying as children;
 - 1. Legal Order Appointing Guardianship and copy of dependent's birth certificate if the applicant is a dependent child under age 18;
 - 2. There may be multiple beneficiaries, resulting in equal payments.
- I. The beneficiary returns the completed paperwork and documentation to Retirement/Disability for review and approval.
- J. Once approved, Retirement/Disability sends Payroll copies of the following documents to set up the beneficiary's benefit:
 - i. W-4P

- ii. Direct Deposit Authorization
 - iii. Dependent allowance affidavit;
 - iv. Marriage license;
 - v. Death certificate;
 - vi. Dependent's birth certificate and verification of being a full-time student, if the beneficiary is 18 years of age or older;
 - vii. Legal Order Appointing Guardianship and copy of dependent's birth certificate, if the beneficiary is less than 18 years old.
- K. Retirement/Disability sends Lincoln Financial and Standard Insurance copies of the following documents:
- i. Completed claim form;
 - ii. Death certificate;
 - iii. Marriage license;
 - iv. Beneficiary form on file with the City.
- L. Payroll sends Retirement/Disability the Pension Worksheet.
- M. Retirement/Disability enters the correct deductions based on the Benefits Election Form.
- i. If the beneficiary was covered by health insurance after 10/1/14, s/he can enroll in the City's health insurance.
 - ii. Regardless of previous coverage, the beneficiary can enroll in dental and vision coverage.
- N. If there is not a surviving spouse or dependent children, employee contributions made by the participant to the MBCB plan, plus credited earnings on the employee contributions in the participant's MBCB account, and the participant's 401(a) DC account attributable to the participant's employee contributions and earning/losses thereon, can go to the beneficiary designated by the participant. If no beneficiary is designated, they would be refunded to the employee's estate.
- O. The executor of the estate must complete and return to Retirement/Disability:
- i. Application for Refund of Member's Contributions;
 - ii. Form W-9;
 - iii. A true attest copy from the Probate Court of the Letters of Administration appointing the executor.
- P. Retirement/Disability sends copies of those documents to Payroll for processing of payment.

VI. Additional Line of Duty Death Benefits

- A. The following additional line of duty benefits are not paid out of the 2016 Plan, but are provided herein as additional information for staff.
- B. Beneficiaries
- i. The only beneficiaries of the benefit under section 25-251(a) shall be the participant's spouse, if married to the participant at the time of his or her death, or, if no such spouse, the participant's surviving child and handicapped child, as those terms are defined in 25-1(b).
- C. General employees
- i. Beneficiaries receive \$100,000 or five times the employee's base salary rounded up to the next thousand dollars, whichever is higher, not to exceed \$350,000.

- D. Police Officers and Firefighters
 - i. Beneficiaries receive \$100,000 or equal to five times the employee's base salary rounded up to the next thousand dollars, whichever is higher, not to exceed \$350,000.

VII. Active Employee Non-Line of Duty Death

- A. If an active participant dies and has 5 or more years of pension creditable service, a beneficiary may be eligible for a pension benefit equal to 75% of what the participant would have been entitled to, based on accrued benefits.
- B. If the participant had less than 5 years of creditable service, the participant's beneficiary or estate would receive a refund of employee contributions to the MBCB plan, plus credited earnings on the employee contributions in the participant's MBCB account, and the participant's 401(a) DC account attributable to the participant's 401(a) DC employee contributions and earnings/losses thereon.
 - i. The MBCB refund will never be less than the employee contributions.
- C. Eligible beneficiaries are:
 - i. The current spouse;
 - ii. If there is no spouse, any dependent children under age 18, unmarried children up to age 25 if full-time students, and handicapped children;
 - 1. There may be multiple beneficiaries, requiring an equitable distribution of the benefit.
- D. Employees may designate a beneficiary, which would apply if no spouse or dependent children existed, but if no beneficiary exists, the participant's contributions to the 2016 Plan, plus credited earnings on such employee contributions, would be paid to the participant's estate.
- E. If there is a beneficiary, Retirement/Disability provides the beneficiary with the Surviving Spouse Packet, which includes the paperwork the beneficiary will need to complete to continue receiving benefits, including:
 - i. Dependent Allowance Affidavit;
 - ii. Retirement Health insurance benefit election form;
 - iii. Form W-4P;
 - iv. Authorization for Direct Deposit;
 - v. Claim forms Standard Insurance for non-contributory life insurance.
 - vi. Claim form for Lincoln Financial if the participant had contributory life insurance
- F. Additional documentation the beneficiary will need to provide is:
 - i. Copy of marriage license, if applying as a spouse;
 - ii. Copy of the certified death certificate;
 - iii. Photo identification;
 - iv. Voided check for direct deposit;
 - v. Copy of birth certificate and verification of being a full-time student, if a dependent child is applying as the beneficiary and is 18 years of age or older, for those applying as children;
 - 1. Legal Order Appointing Guardianship and copy of dependent's birth certificate if the applicant is a dependent child under age 18.
- G. The beneficiary returns the completed paperwork and documentation to Retirement/Disability for review and approval.

- H. Once approved, Retirement/Disability sends Payroll copies of the following:
 - i. W-4P;
 - ii. Direct Deposit Authorization;
 - iii. Dependent allowance affidavit;
 - iv. Marriage license, if applying as spouse;
 - v. Death certificate;
 - vi. Dependent's birth certificate and verification of being a full-time student, if the beneficiary is 18 years of age or older;
 - 1. Legal Order Appointing Guardianship and copy of dependent's birth certificate, if the beneficiary is less than 18 years old.
- I. Retirement/Disability sends Lincoln Financial and Standard Insurance copies of the following documents (see **Wages of a Deceased Employee** for specific life insurance instructions):
 - i. Completed claim form;
 - ii. Death certificate;
 - iii. Marriage license, if applicable;
 - iv. Dependent's birth certificate and verification of being a full-time student, if the beneficiary is 18 years of age or older, if applicable;
 - 1. Legal Order Appointing Guardianship and copy of dependent's birth certificate, if the beneficiary is younger than 18 years old.
 - v. Beneficiary form on file with the City.
- J. Payroll sends Retirement/Disability the Pension Worksheet.
- K. Retirement/Disability enters the correct deductions based on the Benefits Election Form.
 - i. If the beneficiary was covered by health insurance after 10/1/14, he can enroll in the City's health insurance.
 - ii. Regardless of previous coverage, the beneficiary can enroll in dental and vision coverage.
- L. If there is not a surviving spouse or dependent children, the employee's contributions, plus earnings credited on such employee contributions, are payable to the participant's estate.
- M. The executor of the estate must complete and return to Retirement/Disability:
 - i. Application for Refund of Member's Contributions
 - ii. Form W-9
- N. A true attest copy from the Probate Court of the Letters of Administration appointing the executor
- O. Retirement/Disability sends copies of those documents to Payroll for processing of payment.

VIII. Wages of a Deceased Employee

- A. The City provides benefits in the event of the death of a regular, full-time employee in an active pay status. These benefits may include accruals, wages for time worked, as well as life insurance. The employee must hold a position covered by the City's retirement system or the Social Security Act.
- B. In the event of an active employee death, the beneficiary designated in the employee's Benefits file, the Division of Human Resources file, or as designated by law will receive the following:

- i. An amount equal to the employee's pay for accrued sick leave, not to exceed 75 days;
 - 1. Note: An employee can only be paid out for accrued sick leave once, so if an employee was paid out accrued sick leave when leaving employment with the City at an earlier point in time, he is not eligible to receive a payout for accrued sick leave a second time.
 - ii. All accrued wages due, including allowances for unpaid holidays, vacation leave, bonus days and an amount equal to the employee's regular wages for one month, minus any legally required deductions;
 - iii. Payment of death benefit provision (non-contributory life insurance) in the amount of \$10,000 for active employees;
 - iv. Payment of any contributory (optional) group life insurance benefits in which the employee was properly enrolled.
- C. The deceased employee's department should immediately notify Payroll and Retirement/Disability, respectively, about the employee's death.
- D. If the department has received any paper checks for the employee, it should be returned to Payroll.
- E. Retirement/Disability is responsible for being the point of contact for the family of the deceased and providing them with necessary paperwork;
 - i. The beneficiary must complete and return a W-9 form to receive the payment;
 - ii. If the beneficiary for the wages is beneficiary for other benefits (i.e., life insurance), efforts should be made to provide the beneficiary with all necessary information and claims forms for any other applicable life insurance.
- F. Retirement/Disability will work with the employing department to calculate and prepare the Wage Payments Owed to Deceased Employee form and send it to Payroll.
- G. Payment will be made by vendor check, not payroll or direct deposit.
 - i. A W-9 form is required from the beneficiary receiving the funds and s/he will also receive a Form 1099-MISC;
 - 1. If payment is made jointly to two or more children of the deceased, as permitted by statute, the tax identification number of one child will be used.
 - ii. Wages can be paid to a beneficiary designated by the employee in writing, it does not necessarily have to be a spouse or child (TCA §30-2-103).
 - iii. If no beneficiary is designated, the City can pay an amount not to exceed \$10,000 as follows:
 - 1. To the surviving spouse of the deceased;
 - 2. If no surviving spouse, to the surviving children of the deceased as tenants in common;
 - 3. If someone entitled to receive payment is a minor, the payment shall be paid to the guardian or custodian for the minor's benefit.
 - iv. Wages not payable under the above provisions, such as there are no surviving spouse or children, can be paid as follows:
 - 1. "To the estate of..." the deceased employee. The W-9 form must contain the name of the estate as well as the Tax Identification Number of the Estate.
 - a. The tax identification number of the deceased employee or any other person should not be used.

2. Paid to a party or parties as directed by a legal court order, the W-9 should contain the tax identification number of the party being paid.

IX. Death of a Retiree

- A. In the event that a retiree dies, a beneficiary may be eligible for a benefit equal to 75% of what the retiree was receiving.
- B. Beneficiaries are considered:
 - i. The current spouse;
 - ii. If there is no spouse, any dependent children under age 18, unmarried children up to age 25 if full-time students, and handicapped children;
 1. There may be multiple beneficiaries, requiring an equitable distribution of the benefit.
 - iii. If no spouse or dependent children exist, the employee could have designated another beneficiary.
- C. If no beneficiary exists, any remaining employee contributions or the participant to the 2016 Plan, plus credited earnings on such employee contributions to the MBCB plan and earnings/losses attributable to the participant's employee contributions in the 401(a) DC plan, would be paid to the participant's estate.
 - i. The MBCB will never be less than the employee contributions.
- D. Assuming there is a beneficiary, Retirement/Disability provides the beneficiary with the Surviving Spouse Packet, which includes the paperwork the beneficiary will need to complete to continue receiving benefits, including:
 - i. Dependent Allowance Affidavit;
 - ii. Retirement Health insurance benefit election form;
 - iii. Form W-4P;
 - iv. Authorization for Direct Deposit;
 - v. Claim form for Standard Insurance for non-contributory life insurance (more information about life insurance for retirees is in sections XI and XII below);
 - vi. Claim form for Lincoln Financial, if the participant had contributory life insurance.
- E. Additional documentation the beneficiary will need to provide is:
 - i. Copy of marriage license, if applying as a spouse;
 - ii. Copy of the certified death certificate;
 - iii. Photo identification;
 - iv. Voided check for direct deposit;
 - v. Copy of birth certificate and verification of being a full-time student, if a dependent child is applying as the beneficiary and is 18 years of age or older, for those applying as children;
 1. Legal Order Appointing Guardianship and copy of dependent's birth certificate if the applicant is a dependent child under age 18.
- F. The beneficiary returns the completed paperwork and documentation to Retirement/Disability for review and to ensure documentation is in order.
- G. Once reviewed, Retirement/Disability sends Payroll copies of the following:
 - i. W-4P
 - ii. Direct Deposit Authorization
 - iii. Dependent allowance affidavit;
 - iv. Marriage license, if applicable;

- v. Death certificate;
- vi. Dependent's birth certificate and verification of being a full-time student, if the beneficiary is 18 years of age or older, if applicable;
 - 1. Legal Order Appointing Guardianship and copy of dependent's birth certificate, if the beneficiary is less than 18 years old.
- H. Retirement/Disability sends Standard Insurance and, if applicable, Lincoln Financial, copies of the following documents:
 - i. The completed claim form;
 - ii. Death certificate;
 - iii. Marriage license, if applicable;
 - iv. Dependent's birth certificate and verification of being a full-time student, if the beneficiary is 18 years of age or older, if applicable;
 - 1. Legal Order Appointing Guardianship and copy of dependent's birth certificate, if the beneficiary is less than 18 years old.
 - v. Beneficiary form on file with the City.
- I. Payroll sends Retirement/Disability the Pension Worksheet showing the new benefit.
- J. Retirement/Disability enters the correct deductions based on the Benefits Election Form.
 - i. If the beneficiary was covered by health insurance after 10/1/14, he can enroll in the City's health insurance.
 - ii. Regardless of previous coverage, the beneficiary can enroll in dental and vision coverage.
- K. If there is not a surviving spouse or dependent children, any remaining pension contributions are payable to a beneficiary designated by the retiree, but if no beneficiary exists, the remaining contributions would go to the retiree's estate.
- L. The executor of the estate must complete and return the following to Retirement/Disability:
 - i. Application for Refund of Member's Contributions
 - ii. Form W-9
 - iii. A true attest copy from the Probate Court of the Letters of Administration appointing the executor
- M. Retirement/Disability sends copies of those documents to Accounts Payable for processing.

X. Line of Duty Disability Retirement

- A. Retirement/Disability provides the participant with the Line of Duty Disability Application and Summary Sheet, which includes an overview of the process and the application form.
 - i. The participant is required to return to Retirement/Disability the completed Application for Line of Duty Disability Retirement Benefits, a letter from a physician stating what the disability is and that the employee is totally and permanently disabled from performing the duties of the position.
 - ii. If the disability was not reported to OJI, the participant is required to provide the applicable medical file from the treating physician.
 - iii. If the disability was reported to OJI, Retirement/Disability contacts OJI for medical records related to the injury;

- B. Retirement/Disability forwards the information and documentation, including a position description, to Genex for case management.
- C. The case manager reviews the application, records, and contacts the employee to coordinate doctors' appointments.
- D. The case manager will schedule 2 doctors' appointments for the employee to be evaluated (independent medical evaluations-IME). One of the doctors may be an OJI physician if the OJI physician found the applicant to be permanently and totally disabled due to his job.
- E. The case manager will forward the medical history to the doctors in advance of the employee's appointment.
- F. The doctors will review the records and perform a medical exam of the employee.
- G. Following the respective exams, the doctors will submit their medical opinion about the disability to the case manager based on the records and medical exam.
- H. As long as both reports are in agreement that the applicant is disabled or not disabled, the reports are sent to the Retirement/Disability Programs Manager for review.
 - i. If the doctors are not in agreement on the disability or whether or not it is job-related, additional medical opinions are sought by the case manager.
- I. The Retirement/Disability Programs Manager reviews the application and opinions of the medical professionals to make a preliminary determination on the application under the requirements and definitions described in Title 4 of the City Code of Ordinances.
- J. The Retirement/Disability Programs Manager shall make the application materials, including the records from the reviewing physicians, available to the applicant for review to ensure that all factual information underlying the application and the physicians' opinions is correct.
- K. The applicant has 14 days from the date the application materials are made available to notify the Retirement/Disability Programs Manager in writing if any factual information contained therein is incorrect, obsolete or materially incomplete.
- L. The Retirement/Disability Programs Manager will consider any corrective notice provided by the applicant and, in his or her discretion, determine whether further review and/or consideration of the application by the reviewing physicians are necessary.
- M. If the Retirement/Disability Programs Manager determines an applicant is **ELIGIBLE** under the Ordinances, the matter is placed on the Pension Board's monthly meeting agenda and the Retirement/Disability Programs Manager submits his or her findings to the Pension Board for review, with a full, written explanation of how the applicant meets the eligibility requirements.
 - i. When presented with an application recommended for approval by the Retirement/Disability Programs Manager, the Board shall review the Retirement/Disability Programs Manager's written explanation, as well as the underlying application and application materials, and it shall certify the Retirement/Disability Programs Manager's decision to grant the recommended benefits unless it finds there is a clear error in the Retirement/Disability Programs Manager's review of the application and/or the preliminary determination; a decision to certify the report of the Retirement/Disability Programs Manager to grant the benefits sought by the applicant shall be deemed to be a final order of the Board.

1. If the Board determines an error has been made, it shall remand the application to the Retirement/Disability Programs Manager for reconsideration.
- N. If the Retirement/Disability Programs Manager's preliminary determination finds the applicant is **NOT ELIGIBLE** for the benefits requested, the Retirement/Disability Programs Manager shall submit a full written explanation of how the applicant fails to meet the eligibility requirements to both the Board and the applicant, which shall state the application is being denied.
- i. The Board shall not review a determination of ineligibility on the merits until the applicant has had the opportunity to appeal the denial.
- O. An applicant who receives notice from the Retirement/Disability Programs Manager that his or her application has been denied has 30 calendar days to request in writing that s/he wishes to appeal the denial.
- i. If the applicant does not respond in writing within the 30-day period, the applicant shall be foreclosed from appealing and the denial shall be submitted to the Board for final review and disposition.
- P. Upon receipt of a request for appeal, the Retirement/Disability Programs Manager, or designee, will coordinate an administrative hearing to be held before an Administrative Law Judge.
- i. The Retirement/Disability Programs Manager shall send the applicant notice of the scheduled hearing within 30 days of the request for appeal and shall inform the applicant of his or her right to an attorney at the administrative hearing.
 - ii. The Administrative Law Judge shall issue a final order on the case within 90 days of the hearing.
- Q. If an application for benefits is denied by the Retirement/Disability Programs Manager and that decision is appealed and an administrative hearing is held, the Board shall not review the decision of the Administrative Law Judge on the merits; rather, it shall affirm the decision and direct the Retirement/Disability Programs Manager to comply.
- R. Any party aggrieved of the decision by the Administrative Law Judge has the right to appeal by filing a Petition for Judicial Review with the Shelby County Chancery Court; the Board shall not hear appeals of the administrative hearings.
- S. If an application for benefits is denied by the Retirement/Disability Programs Manager and the applicant fails to initiate an appeal of that decision, or withdraws an appeal before a hearing can be held, the application and the application materials shall be submitted to the Board with a written explanation for the denial.
- i. The Board shall review the Retirement/Disability Programs Manager's written explanation, as well as the underlying application and application materials, and it shall certify the Retirement/Disability Programs Manager's decision to deny the recommended benefits, unless it finds there is a clear error in the Retirement/Disability Programs Manager's review, at which point it shall remand the application back to the Retirement/Disability Programs Manager for reconsideration.
- T. For applications that are approved and benefits are to be paid out, Retirement/Disability, if not previously done, provides the following forms for the participant to complete and return:
- i. Authorization for direct deposit;

- ii. Voided check for direct deposit;
 - iii. Retirement health insurance benefit election form;
 - iv. Life insurance retiree beneficiary change form;
 - v. IRS Form W-4P.
- U. The date of disability retirement is either the date indicated on the application or, if not completed, the date of the disability retirement application.
- V. The following forms are forwarded to Pension Payroll once completed and received:
- i. Disability Retirement Application;
 - ii. Documentation that the disability retirement application was approved;
 - iii. Authorization for direct deposit;
 - iv. Voided check for direct deposit;
 - v. Retirement health insurance benefit election form;
 - vi. IRS Form W-4P.
- W. Payroll calculates the annuity benefit and generates a Pension Worksheet to send to Retirement/Disability.
- i. The benefit shall be the greater of 60% of the participant's average monthly compensation as stated in the 1978 Plan (highest 12 months for general employees and highest 36 months for police officers and firefighters); or
 - ii. The accrued benefit as of the date of disability based on the disability mortality table.
- X. Once Retirement/Disability receives the Pension Worksheet, they set up the appropriate deductions for the retiree's benefits.
- Y. The participant would begin receiving retirement payments from Payroll.

XI. Ordinary Disability

- A. Participants in the 2016 Plan receive a long-term disability insurance policy paid by the plan (represented by the 1% of returns deducted from the MBCB).
- B. When a participant chooses to apply for an ordinary disability benefit, he or she contacts Retirement/Disability and receives the information/paperwork to file an ordinary disability retirement application with the Pension Board and a long-term disability (LTD) claim with Standard Insurance.
- C. Pension Board Ordinary Disability Retirement Application
- a. Retirement/Disability provides the participant with the Ordinary Disability Retirement Application Summary Sheet, which includes an overview of the process and the application form.
 - b. In addition to the application, the participant submits a letter from his/her physician stating s/he is totally and permanently disabled from performing the duties of the current position and what the disability is.
 - c. The participant also needs to submit a copy of his/her medical file related to the disability from the doctor.
 - d. Retirement/Disability forwards the information and documentation, including a position description, to Genex for case management.
 - e. The case manager reviews the application and records, and contacts the employee to coordinate 2 independent medical evaluations (IME's).

- f. The case manager will schedule 2 doctors' appointments for the employee with physicians who have no prior knowledge of the case.
- g. The case manager will forward the medical history to the doctors in advance of the employee's appointment.
- h. The doctors will review the records and perform a medical exam of the employee.
- i. Following the respective exams, the doctors will submit their medical opinions about the disability to the case manager based on the records and the medical exam.
- j. If both doctors are in agreement as to the applicant's disability status, the reports will be sent to the Retirement/Disability Programs Manager for review.
 - i. If the doctors are not in agreement, a third evaluation is scheduled.
- k. The Retirement/Disability Programs Manager reviews the application and opinions of the medical professionals to make a preliminary determination on the application under the requirements and definitions described in Title 4 of the City Code of Ordinances.
- l. The Retirement/Disability Program Manager shall make the application materials, including the records from the reviewing physicians, available to the applicant for review to ensure that all factual information underlying the application and the physicians' opinions is correct.
- m. The applicant has 14 days from the date the application materials are made available to notify the Retirement/Disability Programs Manager in writing if any factual information contained therein is incorrect, obsolete or materially incomplete.
- n. The Retirement/Disability Programs Manager will consider any corrective notice provided by the applicant and, in his or her discretion, determine whether further review and/or consideration of the application by the reviewing physicians are necessary.
- o. If the Retirement/Disability Programs Manager determines an applicant is **ELIGIBLE** under the Ordinances, the matter is placed on the Pension Board's monthly meeting agenda and the Retirement/Disability Programs Manager submits his or her findings to the Pension Board for review, with a full, written explanation of how the applicant meets the eligibility requirements.
 - i. When presented with an application recommended for approval by the Retirement/Disability Programs Manager, the Board shall review the Retirement/Disability Programs Manager's written explanation, as well as the underlying application and application materials, and it shall certify the Retirement/Disability Programs Manager's decision to grant the recommended benefits unless it finds there is a clear error in the Retirement/Disability Programs Manager's review of the application and/or the preliminary determination; a decision to certify the report of the Retirement/Disability Programs Manager to grant the benefits sought by the applicant shall be deemed to be a final order of the Board.

1. If the Board determines an error has been made, it shall remand the application to the Retirement/Disability Programs Manager for reconsideration.
- p. Upon approval, the participant begins receiving his/her accrued monthly benefit from the Pension Board.
- i. The accrued monthly benefit is the monthly retirement benefit using the IRS mortality table, assuming 5% interest on the balances of the following accounts:
 1. MCB
 2. 401(a)
 3. Any amount the participant elected to rollover from his/her 457(b) plan account, if applicable.
- q. Also upon approval of the ordinary disability application, Retirement/Disability provides the participant with Standard Insurance Company's information to file a claim for Long-Term Disability (LTD) insurance.
- i. Standard Insurance will provide LTD coverage that will supplement the City's pension payment to the participant to get the total amount to 60% of the participant's pre-disability income.
 - ii. There is a 180-day waiting period before the LTD benefit takes effect.
 - iii. The maximum monthly benefit from Standard is \$5,000 and the minimum monthly benefit from Standard is \$100.
 - iv. The benefit is provided for up to 2 years for the occupation the participant worked in pre-disability.
 - v. After 2 years, the LTD coverage would only apply if the participant were permanently disabled from doing any work.
 1. LTD coverage for qualifying participants could last until the participant reaches age 65.
- D. Standard Insurance Company LTD Claims Process
- a. The participant will file their claim by phone.
 - b. Retirement/Disability will be feeding demographic and coverage information through a file transfer on a regular basis (ex: every 2 weeks) to expedite the participant's claims process.
- E. Standard Insurance will serve as the case manager for the claim once it is approved for Ordinary Disability;
- a. Standard will offer the participant the option to participate in the Workplace Possibilities Program, which is intended to get the participant back to work in any job.
- F. If the Retirement/Disability Programs Manager's preliminary determination finds the applicant is **NOT ELIGIBLE** for the benefits requested, the Retirement/Disability Programs Manager shall submit a full written explanation of how the applicant fails to meet the eligibility requirements to both the Board and the applicant, which shall state the application is being denied.

- a. The Board shall not review a determination of ineligibility on the merits until the applicant has had the opportunity to appeal the denial.
- G. An applicant who receives notice from the Retirement/Disability Programs Manager that his or her application has been denied has 30 calendar days to request in writing that s/he wishes to appeal the denial.
 - a. If the applicant does not respond in writing within the 30-day period, the applicant shall be foreclosed from appealing and the denial shall be submitted to the Board for final review and disposition.
- H. Upon receipt of a request for appeal, the Retirement/Disability Programs Manager, or designee, will coordinate an administrative hearing to be held before an Administrative Law Judge.
 - a. The Retirement/Disability Programs Manager shall send the applicant notice of the scheduled hearing within 30 days of the request for appeal and shall inform the applicant of his or her right to an attorney at the administrative hearing.
 - b. The Administrative Law Judge shall issue a final order on the case within 90 days of the hearing.
- I. If an application for benefits is denied by the Retirement/Disability Programs Manager and that decision is appealed and an administrative hearing is held, the Board shall not review the decision of the Administrative Law Judge on the merits; rather, it shall affirm the decision and direct the Retirement/Disability Programs Manager to comply.
- J. Any party aggrieved of the decision by the Administrative Law Judge has the right to appeal by filing a Petition for Judicial Review with the Shelby County Chancery Court; the Board shall not hear appeals of the administrative hearings.
- K. If an application for benefits is denied by the Retirement/Disability Programs Manager and the applicant fails to initiate an appeal of that decision, or withdraws an appeal before a hearing can be held, the application and the application materials shall be submitted to the Board with a written explanation for the denial.
 - a. The Board shall review the Retirement/Disability Programs Manager's written explanation, as well as the underlying application and application materials, and it shall certify the Retirement/Disability Programs Manager's decision to deny the recommended benefits, unless it finds there is a clear error in the Retirement/Disability Program Manager's review, at which point it shall remand the application back to the Retirement/Disability Programs Manager for reconsideration.
- L. For applications that are approved and benefits are to be paid out, Retirement/Disability, if not previously done, provides the following forms for the participant to complete and return:
 - a. Authorization for direct deposit;
 - b. Voided check for direct deposit;
 - c. Retirement insurance benefit election form;
 - d. Life insurance retiree beneficiary form;

- e. City of Memphis beneficiary form
- f. IRS Form W-4P.
- M. The date of disability retirement is either the date indicated on the application or, if not completed, the date of the disability retirement application.
- N. The following forms are forwarded to Pension Payroll once completed and received:
 - a. Disability Retirement Application
 - b. Documentation that the disability retirement application was approved;
 - c. Authorization for direct deposit;
 - d. Voided check for direct deposit;
 - e. Retirement insurance benefit election form;
 - f. City of Memphis beneficiary form
 - g. IRS Form W-4P.
- O. Payroll calculates the annuity benefit and generates a Pension Worksheet to send to Retirement/Disability.
- P. Once Retirement/Disability receives the Pension Worksheet, they set up the appropriate deductions for the retiree's health insurance benefits.
- Q. The participant would begin receiving payment from Payroll.

XII. Appeals

- A. All appeals of benefit claims under the Retirement System, Divisions 1, 2, and 3 as applicable, are delegated to and shall be heard by an administrative law judge sitting alone and acting under the applicable provisions of Tenn. Code Ann. §4-5-301 et seq.

XIII. Non-Contributory Life Insurance

- A. The City of Memphis's non-contributory death benefit is available to all full-time employees and other affiliates who are eligible to participate in the City's retirement plan.
 - i. This benefit is provided at no cost to employees.
 - ii. The amount of coverage is \$10,000 for active employees.
 - 1. \$5,000 of this benefit is paid by Standard;
 - 2. \$5,000 of this benefit is paid by the City Of Memphis.
 - iii. The amount of coverage for retired employees is:
 - 1. \$2,000 for retirees who also have contributory life insurance;
 - 2. \$5,000 for retirees who do not have contributory life insurance.
- B. Enrollment
 - i. All participants must complete a beneficiary form, indicating beneficiaries' social security numbers, address and telephone number, relationship, and percentages paid to each beneficiary.
 - ii. Retirement/Disability updates the beneficiary information in Oracle and scans the original to Application Xtender.
- C. Filing a Claim
 - i. Upon notification of death, Retirement/Disability will verify the person's status as either Active or Retired to determine the amount of the benefit.

- ii. Retirement/Disability searches Application Xtender to find the most recent enrollment/change form to locate the beneficiary.
 - 1. If no beneficiary is named, refer to subsection XII(D) of this policy below (No Beneficiary).
 - iii. Retirement/Disability contacts the beneficiary (ies) listed on the enrollment/update form. Only the beneficiary (ies) is (are) given benefits information and the information needed to claim benefits of the deceased person.
 - iv. If the deceased is an Active employee, inform the beneficiary that s/he will file a claim with Standard, but they will also receive a benefit directly from the City.
 - v. Complete the employer section of the Standard claim form and sign as the authorized representative for the City Of Memphis.
 - vi. Generate the employee death claim letter to be sent to the beneficiary (ies).
 - vii. Scan a copy of the claim form and letter indicated in the two previous steps, and scan them into the NEW-Death folder Application Xtender.
 - viii. Send the completed Standard claim form and the beneficiary form along with the death claim letter to the beneficiary (ies).
 - ix. The death claim packet will instruct the beneficiary to mail the claim form along with the required documentation and identification (e.g., driver's license, marriage license, passport, etc.) and death certificate directly to Standard.
 - 1. If the claim is for a deceased Active employee, the packet will instruct the beneficiary to also mail copies of the same documents to Retirement/Disability.
 - 2. Upon receipt of the requested documents, Retirement/Disability will complete a check request form to include the department in which the employee worked, and forward it along with the documents to the Retirement/Disability Programs Manager for first-level approval to pay the \$5,000 benefit from the City, noting on the request form for the check to be sent back to Retirement/Disability.
 - x. Standard will process the claim and, if approved, pay the beneficiary directly.
 - xi. Standard will notify the City through a confirmation advising that the claim was approved and is being paid to the beneficiary (ies).
 - xii. Retirement/Disability scans the confirmation notice from Standard and a copy of the City's check into the NEW-Death folder in Application Xtender and mails the City's check(s) that was being held to the beneficiary (ies).
 - xiii. The file is considered closed after all steps are completed.
- D. No Beneficiary Procedure (Standard Insurance)
- i. If no beneficiary is listed or the beneficiary has died and there is no contingent beneficiary named, benefits will be paid in equal shares in the following order;
 - 1. Spouse
 - 2. Children
 - 3. Parents
 - 4. Brothers and sisters
 - 5. Estate

- ii. In the case the beneficiary is the estate, an executor has to be named for the estate of the deceased.
- E. Minor or Disabled Beneficiary (Standard Insurance)
 - i. If the beneficiary listed is a minor or is disabled, the person acting on behalf of the minor or disabled person must obtain a court order to make decisions regarding the life insurance benefit of the deceased.
 - ii. The court order must specifically grant conservatorship and/or guardianship (which may or may not be a parent) to the person acting on behalf of the beneficiary in order for them to proceed with the death claim.
 - 1. Individuals seeking executor designee or conservatorship/guardianship will need to contact the probate division of the circuit court in their local county or speak with an attorney of their choice. The local probate office in Memphis is Shelby County Probate Office, 140 Adams Avenue, Memphis, TN 38103.
- F. Funeral Assignment Procedures
 - i. The beneficiary or the funeral home may request an assignment of the death benefit to cover funeral expenses.
 - ii. Retirement/Disability should direct the funeral home to work with Standard and/or the beneficiary to set up the benefit assignment.

XIV. Contributory Life Insurance

- A. Overview
 - i. Active full-time employees may elect to be insured under a City Of Memphis Contributory Life Insurance plan administered by Lincoln Financial for a benefit amount that is equal to 1.5 times the employee's salary, rounded to the nearest hundred.
- B. Enrollment
 - i. Active full-time employees may enroll during their initial eligibility period, during the annual Open Enrollment period, or if there is a qualifying life event.
 - ii. The employee must submit a written application for coverage and designate a beneficiary.
 - iii. An evidence of insurability (EOI) form is required and the policy is subject to approval by Lincoln Financial underwriters.
- C. Benefit in Retirement
 - i. For employees enrolled in the plan who retire from the City Of Memphis, their benefit amount decreases to \$3,000.
 - ii. The retiree no longer pays the premium for the coverage as the City begins paying the premiums for this coverage when the employee retires.
 - iii. Upon the retiree's death, the benefit is paid to the designated beneficiary.
- D. Filing a Claim
 - i. Upon notification of death, Retirement/Disability will verify the person's status as either Active or Retired to determine the amount of the benefit.
 - ii. Verify in Oracle that the salary and benefit amount is calculated correctly.
 - iii. Retirement/Disability searches Application Xtender to find the most recent enrollment/change form to locate the beneficiary.

1. If no beneficiary is named, refer to this policy's "No Beneficiary" section below (section E).
 - iv. Retirement/Disability contacts the beneficiary (ies) listed on the enrollment/update form. Only the beneficiary (ies) is/are given benefits information and the information needed to claim benefits of the deceased person.
 - v. Retirement/Disability completes the employer section of the Lincoln Financial claim form and signs as the authorized representative for the City of Memphis.
 - vi. Retirement/Disability generates the appropriate (employee or retiree) death claim letter to send to the beneficiary (ies).
 - vii. Retirement/Disability scans a copy of the claim form and death claim letter into the NEW-Death folder Application Xtender.
 - viii. Retirement/Disability sends the Standard claim form with the employer portion completed and the beneficiary form along with the death claim letter to the beneficiary (ies).
 - ix. The death claim letter instructs the beneficiary to mail the claim form along with the required documentation and identification (e.g., driver's license, marriage license, passport, etc.) and death certificate directly to Lincoln Financial.
 - x. Lincoln will process the claim and, if approved, pay the beneficiary directly.
 - xi. Lincoln will send the City a confirmation advising about the claims decision.
 - xii. Retirement/Disability scans the confirmation notice into the NEW-Death folder in Application Xtender.
 - xiii. File is considered closed after all steps completed.
- E. No Beneficiary Procedure (Lincoln Financial)
- i. If no beneficiary is listed or the beneficiary has died and there is no contingent beneficiary named, benefits will be paid in equal shares in the following order;
 1. Spouse
 2. Children
 3. Parents
 4. Brothers and sisters
 5. Estate
 - ii. In the case the beneficiary is the estate, an executor has to be named for the estate of the deceased.
- F. Minor or Disabled Beneficiary (Lincoln Financial)
- i. If the beneficiary listed is a minor or is disabled, the person acting on behalf of the minor or disabled person must obtain a court order to make decisions regarding the death benefit of the deceased.
 - ii. The court order must specifically grant conservatorship and/or guardianship (which may or may not be a parent) to the person acting on behalf of the beneficiary in order for them to proceed with the death claim.
 1. Individuals seeking executor designee or conservatorship/guardianship will need to contact the probate division of the circuit court in their local county or speak with an attorney of their choice. The local probate office in Memphis is Shelby County Probate Office, 140 Adams Avenue, Memphis, TN 38103.

G. Funeral Assignment Procedures

- i. The beneficiary or the funeral home may request an assignment of the death benefit to cover funeral expenses.
- ii. Retirement/Disability can verify the coverage but will need to direct the funeral home to work with Lincoln Financial and the beneficiary to set up the benefit assignment.

XV. Domestic Relations Order

- A. When a participant is getting divorced and inquires about a Plan Approved Domestic Relations Order (PADRO), sometimes referred to as a Qualified Domestic Relations Order (QDRO), the person should be provided with a Domestic Relations Order (DRO) packet by Retirement/Disability.
- B. The packet includes:
 - i. The City's DRO procedures
 - ii. Participant information request/authorization form
 - iii. Model DRO
- C. The participant or his/her legal counsel can complete the DRO and submit it to Retirement/Disability.
- D. The packet should be forwarded to legal counsel for a qualifying determination, with copies also sent to the city attorney's office and payroll.
- E. When HR and/or payroll receives a DRO, the benefits should be put on hold until the DRO is qualified by legal counsel.
- F. Once the DRO is approved, the agreement should be on file in the Retirement/Disability and Pension Payroll for future payment to the alternate payee.
- G. The City will then create separate accounts for the participant and the alternate payee in the MBCB plan and 401(a) plan.
 - i. The alternate payee's accounts will not receive additional contributions, but they will receive attributable earnings and the alternate payee will be able to direct his/her investments in the 401(a);
 - ii. The alternate payee is able to receive a refund/rollover of employee contributions or begin receiving a monthly retirement benefit only when the participant takes a refund/rollover or retires and begins receiving an annuity benefit.
 - iii. If receiving a monthly retirement benefit, the alternate payee's benefit shall be a single life annuity, even if the alternate payee is married, and the monthly retirement benefit is calculated based on the alternate payee's age.

XVI. Payroll Reporting to MassMutual for Landing Page

- A. Market-Based Cash Balance (MBCB) Plan
 - i. Payroll will feed to MassMutual on or as soon as practicable following each payroll date the total inception to date employee and employer contributions to the participant's MBCB plan account for that pay period. For Airport Authority employees who participate in the City Pension System the Airport Authority will feed MassMutual the total inception to date Airport Authority employee and employer contributions to the Airport Authority's participant's MBCB plan account for that pay period and forward a copy to the City.

- ii. This feed will appear to the participant on the MassMutual landing page as one total balance.
 - iii. MassMutual will update the participant's landing page balance for the MBCB plan with that amount so that the participant's MBCB plan balance on the MassMutual landing page includes the aggregate "inception to most recent payroll date" balance of employee and employer contributions to the participant's MBCB plan account.
 - iv. MassMutual will be including earnings on the participant's MBCB plan account once each year, after the close of the plan year.
 - 1. At the end of each plan year (June 30) the City will determine the earnings to be credited to each participant's MBCB plan account (return on assets less 1%) and will feed MassMutual the annual earnings to include in the MBCB plan account balance on the participant's MassMutual landing page.
 - 2. Once those earnings are communicated to MassMutual, a participant's MBCB account balance will include (the aggregate inception to current year end plus the applicable inception to date earnings credit on the participant's aggregate employee and employer contributions).
 - v. The City will be maintaining records showing the employee and employer contributions to the MBCB plan.
 - vi. The participant will have access to a URL to the MBCB account information on the MassMutual Landing Page.
- B. 401(a) DC Plan
- i. Payroll sends a feed of 401(a) DC contributions to MassMutual as soon as practicable following each payroll date including the total employee and employer contributions to the participant's 401(a) DC account. For Airport Authority employees who participate in the City's Pension System the Airport Authority will feed the 401(a) DC contributions to MassMutual for the Airport Authority participant and send a copy to the City.
 - ii. The feed will be shown on MassMutual landing page as one total balance.
 - iii. MassMutual will update earnings (losses) on a daily basis so the 401(a) DC plan will have an aggregate inception to date daily balance on the MassMutual landing page.
 - iv. The City will maintain records of employee and employer contributions to the 401(a) DC plan.
- C. 457(b) Plan
- i. Payroll sends a feed of 457(b) contributions to MassMutual as soon as practicable following each payroll date including the total employee contributions to the participant's 457(b) account. The Airport Authority maintains its own independent 457(b) plan with MassMutual for its Airport Authority employees.
 - ii. The 457(b) account shows up on the MassMutual landing page as one total account balance.
 - iii. MassMutual updates earnings (losses) daily on the participant's 457(b) account that is visible on the MassMutual landing page.
- D. Legacy Defined Benefit Plan
- i. City and Airport Authority employees who participated in the Legacy DB Plan will see their frozen monthly retirement benefit as of June 30, 2016 on

- the MassMutual landing page.
- ii. The participant will have access to a url link on the MassMutual Landing Page to the Legacy DB plan monthly retirement benefit information.

XVII. Annual Participant Benefit Statement

- A. Following the end of each Plan Year the City will distribute to each participant that participant's Annual Participant Benefit Statement. That Statement will include the projected monthly benefit commencing at the participant's normal retirement date.

XVIII. Airport Authority

- A. 401(a)
 - i. The Airport Authority transfers money and participant information directly to MassMutual each payroll.
- B. MBCB
 - i. Airport Authority maintains participants' MBCB plan account balances.
 - ii. Airport Authority sends inception-to-date balances, employee and employer, to MassMutual each payroll to post on MassMutual's landing page.
 - iii. The City will provide the Airport Authority with the annual interest crediting rate to be applied to participants' accounts following the close of each fiscal year.
 - iv. The Airport Authority will wire MBCB contributions to the City's pension fund trust account each pay period, providing appropriate documentation to Finance.
 - v. The Airport Authority will provide Finance with a file quarterly showing MBCB account balances as an additional safeguard.
 - vi. Even when an Airport Authority employee terminates, the Airport Authority should keep sending account balances to MassMutual to show on the landing page.

XIX. 2016 Plan Calculator

- A. The calculator's mortality table should be updated in November of each year.
- B. The calculator does not determine retirement eligibility, so each participant's age and years of service should be reviewed to determine their eligibility for a retirement benefit.
- C. The "Asset Return on the Retirement System from DCBA to Two-Months Prior to the DOBC" includes the -1%, so this does not need to be subtracted by staff using the calculator.
- D. When calculating death and disability benefits, HR and Finance staff must compare the calculated benefit to 60% of income to ensure the beneficiaries receive the correct amount; the calculator will not determine the higher of the two.
- E. In preparation for using the calculator, the following information will be needed.

- Type of Calculation ¹
- Name

- Employee #
- Date of Birth (DOB)
- Beneficiary Date of Birth (BDOB)
- Date of Hire (DOH)
- Date of Termination (DOT) or Date of Disability/Death (DOD)
- Date of Benefit Commencement (DOBC)
- Plan Name when Hired
- Employee Type
- Years of Creditable Service at DOT or DOD
Semi-Monthly Accrued Benefit earned as of June 30, 2016 under the 1978/2012 Plan at DOT or DOD ²
- Date of Cash Balance Account (DCBA) ³
- Cash Balance Account (adjusted with interest) at DCBA - Employee Allocations ³
- Cash Balance Account (adjusted with interest) at DCBA - City Allocations ³
Cash Balance Account (without interest) at DCBA - Employee Allocations (Preservation of Principal) ⁴
- Cash Balance Account (without interest) at DCBA - City Allocations (Preservation of Principal) ⁴
- Asset Return on the Retirement System from DCBA to Two-Months Prior to the DOBC ⁵
- City Allocations to the Cash Balance Account from DCBA to DOT or DOD
- Employee Allocations to the Cash Balance Account from DCBA to DOT or DOD
- 401(a) Account Balance at DOBC - Employee Allocations
- 401(a) Account Balance at DOBC - City Allocations
- 457 Account Balance at DOBC
- Line-of-Duty or Non Line-of-Duty Disability/Death

XX. Definitions

2016 Plan-The City of Memphis's hybrid retirement plan that began July 1, 2016, comprised of the Market-Based Cash Balance Plan and the 401(a) Defined Contribution Plan.

401(a) Defined Contribution Plan Account-A participant account which shall be credited with the participant's defined contribution plan contributions (6% of salary) and the City's contribution to the participant's defined contribution plan (1.5% of salary). The participant manages the investments of the defined contribution plan account.

457(b) Deferred Compensation Plan-A nonqualified, tax-advantaged deferred compensation retirement plan available to governmental, and some non-governmental, employers. An employer provides the plan and a participant defers compensation into the plan on a pre-tax basis.

Roth 457(b) Plan-A nonqualified deferred compensation retirement plan available to governmental, and some non-governmental, employers. An employer provides the plan and a participant defers compensation into the plan on an after-tax basis.

Accrued Benefit-A monthly benefit accrued as of the annuity commencement date for a participant, payable semimonthly, equal to the actuarial equivalence of the sum of (i) the participant's cash balance account, (ii) the participant's defined contribution plan account, (iv) any Rollover Account of the participant (Sec. 25-210) plus (iv) the participant's legacy defined benefit monthly retirement benefit amount as of June 30, 2016, if applicable.

Beneficiary-A participant's beneficiary under the 2016 Plan shall be the participant's spouse, if married to the participant at the time of his/her death, or, if no such spouse, the participant's surviving child and handicapped child (Sec. 25-251(b))

Creditable Service-Service with the City of Memphis, measured in years, months and days, that counts towards a participant's retirement benefits, such as vesting. Service credited in the 1978 Plan is aggregated with the 2016 Plan.

Deferred Retirement-When a vested participant (10+ years of credited service) leaves employment with the City and can begin receiving a retirement benefit when s/he reaches age 60.

Joint Benefit (sometimes referred to as a Joint Annuity)-A fixed sum of money to be paid to a pair of recipients each year as long as at least one of them is alive. This benefit is paid monthly to the participant during his/her lifetime with a continuing annuity to the survivor. The joint benefit is 75% of the calculated single life annuity.

Qualified Domestic Relations Order (QDRO) (also sometimes referred to as a Plan Approved Domestic Relations Order [PADRO])-A judgment, decree or order for a retirement plan to pay child support, alimony or marital property rights to a spouse, former spouse, child or other dependent of a participant. A spouse or former spouse who receives QDRO benefits from a retirement plan reports the payments received as if he or she were a plan participant. The spouse or former spouse is allocated a share of the participant's benefit based on the terms of the QDRO

Legacy Defined Benefit Plan-The City of Memphis's defined benefit pension plan that existed prior to July 1, 2016. Participants with less than 7 ½ years of creditable service as of June 30, 2016 were transferred from into the 2016 Plan and have a frozen benefit calculated as of June 30, 2016.

Long-Term Disability Insurance-An insurance policy that protects the policyholder from loss of income in the event s/he is unable to work due to an illness, injury or accident for a period of time. The City of Memphis provides long-term disability (LTD) coverage as part of the 2016 Plan to supplement a participant's ordinary disability benefit.

Market-Based Cash Balance Plan Account-A participant account which shall be credited with the participant's employee cash balance plan contributions (2% of salary), the City's cash balance plan allocations (3%-16% of salary, depending on years' of service and position), and the interest credits for the plan year. The City manages the investments of the market-based cash balance plan account. The City makes an employer contribution each payroll based on the employee's service at the end of that payroll period. The actual allocation to the plan is based on an employee's years of service at the end of the plan year (June 30).

Monthly Retirement Benefit (sometimes referred to as an annuity)-A fixed sum of money to

be paid to a recipient each year. The City pays retirees semi-monthly. The monthly retirement benefit is calculated based on the balances in the market-based cash balance plan, the 401(a) defined contribution plan, funds from the 457(b) plan if the participant chooses to include them, plus the frozen legacy defined monthly retirement benefit amount, if applicable. For purposes of the market-based cash balance plan, 401(a) defined contribution plan and 457(b) plan if applicable; the calculation uses the IRS mortality table and assumes 5% interest.

Plan Year-The plan year for herein purposes is July 1 to June 30.

Record Keeper-The company responsible for tracking how much participants have invested and where those monies are invested. MassMutual is the record keeper for the City's 401(a) Defined Contribution Plan and the 457(b) Deferred Compensation Plan. The City of Memphis is the record keeper for the MBCB plan.

Refund of Employee Contributions-A participant that is not entitled to a retirement benefit under the 2016 Plan whose employment with the City terminates with less than 10 years of credited service shall receive an amount equal to his/her total participant employee cash balance plan contributions plus the interest crediting rate on such contributions, and defined contribution account balance attributable to the participant's contributions paid within 2 months of the date the termination of his/her employment occurs or is deemed to have occurred (Sec. 25-243).

Retirement Date-A participant's first day as a City retiree, and the date the City will use to calculate a participant's monthly retirement benefit.

Rollover-Transferring the holdings of one retirement plan to another retirement plan without suffering tax consequences of taking a withdrawal. The 2016 Plan also allows participants the option to directly rollover their City 457(b) account to be combined with the participant's cash balance account and defined contribution account to provide additional monthly benefits to the participant. Terminated employees can rollover their Plan refunds to other retirement accounts.

Termination Date-A participant's last day as an active employee with the City.

Transferred Participant-Participants who had less than 7 ½ years of service as of June 30, 2016 and were subsequently transferred from the City of Memphis's defined benefit pension to the 2016 Plan.

Vesting-The process by which a participant accrues non-forfeitable rights over employer contributions made to the participant's qualified retirement plan account. A participant is vested in the 2016 Plan once they have 10 or more years of creditable service. A vested participant is eligible to receive a retirement benefit once s/he has met the age requirements of the plan.