



PUBLIC SAFETY PENSION SPECIAL ENROLLMENT FREQUENTLY ASKED QUESTIONS

Q1. Why are we offering a pension special enrollment?

An amendment to Chapter 25 of the Pension and Retirement System Ordinance allows eligible fire and police participants to elect to participate in the 1978 or 2016 Hybrid Pension Plan. This special enrollment period is a one-time election for eligible employees to choose between the 1978 Pension Plan and the Hybrid Pension Plan.

Q2. Who are the eligible participants?

Full time Commissioned Police Officers, Firefighters, Police Dispatchers, Fire Dispatchers, Fire Alarm Operators and Paramedics.

Q3. What are the eligibility requirements to participate during the election period?

There are three categories:

1. Eligible participants hired on or after July 1, 2023, can elect at their hire date to participate in the 1978 or the 2016 Hybrid Pension Plan.
2. Eligible participants hired on or after July 1, 2016, but on or before July 1, 2023, who currently participate in the 2016 Hybrid Pension plan can transfer to the 1978 Pension Plan or remain in the 2016 Hybrid Pension Plan.
3. Eligible participants who terminated employment under the 1978 Pension Plan and rehired in the 2016 Hybrid Pension Plan on or after 7/1/2016 can transfer to the 1978 Pension Plan or remain in the 2016 Hybrid Pension Plan. You can also return your pension refund with interest to the 1978 Pension System and participate in the 1978 Pension Plan rather than the 2016 Hybrid Pension Plan.

Note: Participants hired prior to July 1, 2016, or who were in a previous election period are not eligible to participate in this election period.

Q4. What do I need to do to make my election?

You must complete a Pension Election Form in Oracle to signify whether you elect to remain in the 2016 Hybrid Pension Plan or move to the 1978 Pension Plan.

Q5. Can I make a change later if I am not satisfied with my election?

No, your election is irrevocable after the election period ends. It is important to note that this election period is a one-time retirement benefits election opportunity. Once you make the election you **cannot** change it even if at retirement you discover you may have had a larger benefit had you selected differently.

Q6. When is the election period?

The Pension Plan Special Election Period dates are October 7, 2023 through November 3, 2023.

Q7. What is the difference between the plans?

The 1978 Pension Plan is a Defined Benefit Plan. In this plan, public safety employees contribute between 6.5% to 8% of their salary depending on their date of hire and the City makes a matching contribution of no less than 6% of the public safety employee's salary. When you retire, you are entitled to receive a semi-monthly benefit, based on a fixed formula of your years of service x your average monthly pay x a benefit accrual factor. The results of this formula can be up to 72.5% of your salary.

The 2016 Hybrid Plan is a combination of a Defined Benefit Plan and a Defined Contribution Plan. The portion of the Hybrid Plan that is the City's Defined Benefit Plan is also known as a Market-Based Cash Balance Plan. In the Market-Based Cash Balance Plan, public safety employees contribute 2% of their salary and the City will contribute between 3% and 16% of a public safety employee's salary, based on your years of service.

The Defined Contribution Plan portion of the 2016 Hybrid Plan is called a 401(a) Defined Contribution (DC) Plan. In the 401(a) DC Plan, the public safety employee contributes 6% of their salary and the City will contribute up to 1.5% for a total contribution of 7.5% of the public safety employee's salary. You, the public safety employee, decide how your 401(a) DC contributions are invested.

COMPARISON CHART

	1978 Pension Plan	2016 Hybrid Plan			
Components	Defined Benefit Plan	Defined Benefit Plan Market Based Cash Balance			Defined Contribution Plan 401(a)
Employee Contribution	8% of employee salary	2% of employee salary			6% of employee salary
Memphis Contribution/Allocation	Not less than 6% of employee salary	Market Based General Less than 5 Years 3% 5 – 10 years 5% 10 – 15 years 7% 15 – 20 years 10% 20+ years 13%		Market Based Commissioned Less than 5 Years 6% 5 – 10 years 8% 10 – 15 years 10% 15 – 20 years 13% 20+ years 16%	401(a) 1.50% of employee salary
Who Manages the Funds?	City of Memphis	City of Memphis			Employee
Monthly Retirement Benefits	Benefit is based on a Fixed Formula: Years of Service x Average Monthly Compensation x Benefit Accrual Percentage	Accumulated principal and investment return from Cash Balance and 401(a) DC Plan are combined for a lifetime annuity converted using a 5% interest rate and the current IRS Mortality Table at time of retirement			
Payment	Lifetime Annuity, if single DROP Eligible	Lifetime Annuity, if single Option to Elect up to 25% Lump Sum of Account Balance			
What Happens After Death?	Single – Annuity Stops Married – Spouse 75% of Annuity	Single – Annuity Stops Married – Spouse 75% of Annuity			
Ordinary Disability	Accrued benefit at the time of disability retirement	Accrued benefit at the time of disability retirement based on the Disability Mortality Table			
Line of Duty Death/Disability Benefits	Greater of 60% of your Average Monthly Compensation, or your accrued benefit as of the date of your disability	Greater of 60% of your Average Monthly Compensation, or your accrued benefit as of the date of your disability			

Q8. What resources are available to assist me with making the right decision for me?

Should you have any questions or need additional information, our Total Rewards Team will gladly assist you. You may contact them at 901-636-6800 or email retirementquestions@memphistn.gov. You can also access the most up-to-date information on your election options on our Total Rewards website at www.totalrewards@memphistn.gov. Empower and the City of Memphis Retirement Department will offer one-on-one consultations and we will be hosting group informational sessions.

Q9. When can I retire?

1978 Pension Plan	
General	Commissioned
Hired Before 7/1/2012 <ul style="list-style-type: none"> 25 years of pension service, or Age 60 with 10 years of pension service, or Age 65 with 5 years of pension service. 	Hired Before 7/1/2012 <ul style="list-style-type: none"> 25 years of pension service, or Age 55 with 10 years of pension service. Hired on or after 7/1/2012 <ul style="list-style-type: none"> 25 years of pension service Age 55 with 10 years of pension service; with a 5% per year reduction for each year early retirement date is before the age 52
Hired on or After 7/1/2012 <ul style="list-style-type: none"> 25 years of pension service Age 65 with 5 years of pension service; with a 5% per year reduction for each year early retirement date is before the age 62 	

2016 Hybrid Pension Plan	
General	Commissioned
Hired After 7/1/2016 <ul style="list-style-type: none"> 25 years of pension service, or Age 65 with 5 years of pension service 	Hired After 7/1/2016 <ul style="list-style-type: none"> 25 years of pension service, or Age 55 with 10 years of pension service
Hired on or After 7/1/2012 <ul style="list-style-type: none"> 25 years of pension service Age 65 with 5 years of pension service with a 5% reduction for each year prior to 62 	Hired on or After 7/1/2012 <ul style="list-style-type: none"> 25 years of pension service, or Age 55 with 10 years of pension service with a 5% reduction for each year prior to 52

Q10. What happens to the money that I have already paid into the Hybrid Plan if I choose to transfer to the 1978 Pension Plan?

If you elect to transfer to the 1978 Plan, your contributions to the Hybrid Plan (Market-Based Cash Balance/401(a)) will transfer to the 1978 Plan. The 1978 Plan is a pooled account and you will not see your individual account in this plan. Your Hybrid account will show a \$0.00 balance.

Q11. What does the statement mean when they say my benefits may be reduced if there isn't sufficient funding from the .5% sales tax? Is it saying I may not get all my benefits?

The citizens voted for the Sales Tax Referendum. The State Treasury Committee committed to allowing the return to the 1978 Plan to the extent that the .5% sales tax increase could pay for that benefit. If there is a year when the sales tax can't fund that benefit, the percentage will be reduced based on the tax fund; however, the percentage will never fall below 0.

Q12. The employee contribution is the same for both plans, but can you explain the Hybrid Plan contributions 2% Market Based Cash Balance Plan and 6% 401(a) Plan?

The Cash Balance Plan is a defined benefit plan; 2% of your contribution is contributed to this part of the 2016 Hybrid Plan. The funds in the Cash Balance Plan are managed and invested by the Trustees of the Plan. The 401(a) DC Plan is a defined contribution plan; 6% of your contributions are contributed to this part of the 2016 Hybrid Plan. The funds in the 401(A) DC plan are managed by you.

Q13. Does a person who is reemployed qualify to participate in the Special Pension Election Period?

An eligible participant in the 1978 Pension Plan who terminated employment under the 1978 Pension Plan and was rehired in 2016 Hybrid Pension Plan on or after 7/1/2016 is eligible to participate in the special pension election. If you received a refund/rollover when you terminated, you will have the opportunity to return your refund with interest to the 1978 Pension System to buy back your pension creditable service years.

Q14. What If I Terminate My Employment Before Being Eligible To Receive a Normal, Involuntary Or Disability Retirement Benefit?

If you are a commissioned employee and have completed at least ten years of creditable service or a general employee who has at least five years of creditable service and you leave employment before you are eligible to receive a normal, involuntary or disability retirement benefit, you are entitled to receive a deferred retirement benefit from the Plan equal to your accrued benefit payable as a single life annuity (with no spousal or dependent benefits). ***Your benefits will begin when you reach age 60 (age 62 if you were hired on or after July 1, 2012).*** If, however, you have engaged in any act harmful to the City that results in your conviction, you will not be entitled to a deferred retirement benefit.

A participant who elected a deferred retirement benefit may also revoke his election at any time before age 60 (age 62 if you were hired on or after July 1, 2012) and elect to receive a refund of his contributions without interest reflecting any gains or losses.

Q15. If I Elect Not To Receive A Deferred Retirement Benefit, and Am Not Entitled To Any Other Benefit, Will My Contributions Be Returned?

If you are in the 2016 Plan, if your employment terminates for any reason other than death, you are either not eligible for or elect not to receive a deferred retirement benefit, and you are not entitled to a normal, involuntary or disability retirement benefit, your account balance in the Cash Balance Plan and 401(a)DC Plan attributable to your own employee contributions, and any earnings on those contributions will be returned to you.

If you are in the 1978 Plan, if your employment terminates for any reason other than death, you are either not eligible for or elect not to receive a deferred retirement benefit, and you are not entitled to a normal, involuntary or disability retirement benefit, your employee contributions will be returned without interest or earnings.

Q16. Will my 457 (b) account benefits be affected by my decision?

No. Your 457(b) account is not impacted by your decision. If you move to the 1978 Pension Plan, you will see your 457(b) account balance at Empower.

Q15. If I Elect to Transfer to the 1978 Pension Plan, when will my election take place.

Your contributions to the 1978 Pension Plan will begin on Pay Period 24 which is the November 22, 2023 paycheck.