

Letter to Participants

Chattanooga Fire and Police Pension Fund

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Dear Participant,

As a Police Officer or Firefighter, you provide a valuable service to our community. That's why the Board of Directors of the Chattanooga Fire and Police Pension Fund has established this Pension Fund for you. The Pension Fund serves not only to provide you with income during your retirement, but is also a way to help safeguard your family in the event you become disabled or die.

This updated Summary Plan Description (SPD) explains how the Pension Fund operates. You should share this book with your spouse or beneficiary because it contains important information about benefits that are payable to your survivor.

This SPD has been designed to be easy to read and understand. "Fast Facts" appear at the beginning of each section to give you an overview of what is contained within that section. Also, important information and definitions are highlighted in the margin as a quick reference.

On page 21, you will find a chapter called "Life Events That May Affect Your Retirement Benefits." Refer to this chapter for information about what to do if:

- you get married or divorced;
- you stop working or return to work;
- you become disabled; or
- you or your spouse dies.

If you have questions about the Chattanooga Fire and Police Pension Fund, contact the Pension Fund Office by calling 423-893-0500 or toll free at 800-881-9022.

Sincerely,

The Board of Directors

This Summary Plan Description provides a summary of the benefits for participants in the Pension Fund. The actual Pension Legislation (beginning on page 25) will govern the rights to benefits in all cases. The Board of Directors reserves the right to amend the Pension Fund legislation, in accordance with the law, from time to time. The Pension Fund may be terminated at any time.

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Frequently Asked Questions About Your Pension Fund

1. Who should I call if I have a question about the Pension Fund?

Contact the Pension Fund Office. You may contact Pension Fund Office staff by mail, phone or fax. The address is:
6009 John Douglass Drive
Chattanooga, TN 37421

The phone number is 423-893-0500 or 800-881-9022. Assistance is available between the hours of 8:00 AM and 4:00 PM Monday through Friday.

The fax number for the Pension Fund Office is 423-893-7769.

2. How much do I pay toward my pension?

You are required to contribute a portion of your Base Salary to help fund your pension. Currently, that amount is 8% for all participants. For more information, refer to page 7.

3. Who else contributes toward my pension?

Residents of the City of Chattanooga are taxed to provide contributions to the Pension Fund. The City contributes whatever amount is necessary to provide the benefits promised, but at least 10% of the monthly gross payroll of all sworn firefighters and police officers that participate in the Pension Fund.

4. How much do I have to pay to add a benefit for my spouse?

You do not have to pay to add a survivor benefit. If your spouse is your designated beneficiary, he or she will automatically be eligible for a \$10,000 benefit when you die.

When you apply for your pension, you may elect a payment option that provides a benefit for your spouse after your death. For details, see the section called "Survivor Benefits" beginning on page 19.

5. What types of pensions are offered?

The Pension Fund offers five types of pensions:

- a **service pension**, which is the standard pension
- a **deferred vested pension**, if you leave the fire or police department after you've earned 10 years of service (but you have less than 25 years)
- a **work-related disability pension**, in case you are injured in the line of duty
- a **non-work-related disability pension**, if you become disabled while you are not in the line of duty and cannot perform the duties of your job
- a **permanent and total disability pension**, if you become disabled and cannot work in any gainful employment

6. How is my pension calculated?

Generally, your pension is calculated based on your years of service and the average of your regular monthly salary (your base salary) during the three years during which you were paid the most. Actual calculations depend on the type of pension you elect.

To calculate the standard type of pension, called a "service pension," you multiply your average base salary by 2.75%, and then multiply that number by your years of service up to 25. For information about how to calculate other types of pensions, or a service pension if you have more than 25 years of service, see "Types of Benefits" beginning on page 10.

7. When am I eligible to retire?

Once you have 25 years of service, you are eligible to retire.

8. How do I apply for my pension?

When you decide to retire, you contact the Pension Fund Office for an application form. The Board may require you to submit certain types of proof to confirm your status in order to receive benefits. Complete the form and send it back to the Pension Fund Office with any necessary paperwork so that your application can be processed and you can begin receiving your pension payments.

9. When will I receive my first pension payment?

You must apply for your pension and select a payment option. Once your application is processed, you will receive your first payment.

10. Will I receive increases to my pension payments to keep up with the cost of living?

Yes. Each year on January 1, your pension payments will be increased by 3%. The first increase you receive will happen after you have received payments for at least 12 months.

11. How can I change my beneficiary designation?

Contact the Pension Fund Office to receive a beneficiary form. Complete the form and return it to the Pension Fund Office.

12. What is the "DROP" benefit?

"DROP" stands for Deferred Retirement Option Provision. Once you've accumulated 25 years of service, you are eligible to elect the DROP.

If you're eligible, you may elect the DROP when you apply for retirement. You may continue to work once you are eligible to elect the DROP, but if you complete more than 30 years of service, you are no longer eligible to elect the DROP.

If you decide to retire after completing 25 years of service but before completing 30, you may elect to receive some or all of the portion of your retirement benefit credited to your service in excess of 25 years in a lump-sum payment.

Important facts about the DROP:

- You may not receive a DROP payment equal to more than 36 months of benefits.
- Your monthly retirement benefit will be reduced if you elect to receive a DROP payment.
- You may not name a beneficiary to receive your DROP payment.
- Only a sworn member may participate in the DROP.
- In addition to your lump-sum payment, you will receive your regular monthly pension payments based on your original 25 years of service.
- DROP is available for members of the Fire or Police Department who retire on or after July 1, 1999.

For more information about the DROP, see page 11.

An Overview of Your Pension Fund Benefits

Summary

- The Pension Fund was set up primarily to offer a financial foundation for your retirement, or earlier, if you are disabled.
- The cost of the Pension Fund is shared between you—contributing 8% of your base salary—and the City of Chattanooga, which contributes an amount equal to at least 10% of the gross payroll.
- Your benefit is based on your years of active service and your pay, specifically, your highest three years of base salary while employed with the Fire and/or Police Department.
- You have a non-forfeitable right to Pension Fund benefits once you become "vested."
- You become vested when you have earned 10 years of active service.
- If your employment ends (for reasons other than death or disability) before you are vested, you have no right to Pension Fund benefits.
- If your employment ends before you've earned the right to a benefit, your contributions will be returned to you in full.
- You can retire with 25 years of service.
- In most cases, you can choose from a variety of forms of payment how to receive the benefit you have earned.

How Your Pension Fund Works

The Fire and Police Pension Fund is established under the Chattanooga City Code, Part 11, Chapter 2, Article III, Division 8. The Pension Fund provides a pension for you when you retire or become disabled, or for your beneficiary in the event of your death.

Fast Facts:

- *The Pension Fund was established to provide a financial foundation for your retirement.*
- *The Pension Fund also provides benefits to you and your dependents in the event you are disabled and cannot work or if you die.*
- *You and the City of Chattanooga share the cost of the Pension Fund.*
- *In most cases, you have the opportunity to choose in what form you'd like to receive your pension from a variety of available payment options.*

How Your Pension Benefits Are Funded

You and Chattanooga taxpayers, who benefit from the public services you provide, provide the funding for your pension benefits.

As a Pension Fund participant, you contribute a fixed amount to the Pension Fund through regular payroll deductions. These contributions are currently 8% of your Base Salary. As of July 1, 2007, a minimum contribution will be required from certain participants as follows:

If you were hired before July 1, 1999, and your average base salary is less than \$41,138 as of July 1, 2007, your minimum annual pension contribution is \$3,291.08 (8% of \$41,138).

Under the authority of the City Council, residents are taxed to provide contributions to the trust fund. The City contributes whatever amount is necessary to provide the benefits promised, but no less than 10% of the monthly gross payroll of all sworn firefighters and police officers that participate in the Pension Fund.

In addition, the net proceeds from the sale of any unclaimed personal property that comes into the possession of the departments of fire and police are added to the Pension Fund along with an amount based on court costs in City Court.

Who manages the money in the Pension Fund?

The money is held in a trust fund administered by a trustee (the "Trustee") and invested by professional investment managers on your behalf to provide eligible participants and their beneficiaries with benefits at retirement, disability and death. The Trustee (bank) operates under the direction and control of the Board of Directors of the Fire and Police Pension Fund.

Participating and Vesting in the Pension Fund

You are eligible to participate in the Pension Fund from your first day of work as a sworn firefighter or law enforcement officer. You will need to complete an enrollment form to begin participating.

As soon as you become a participant, you begin accruing years of active service. A year of active service is that period of time after the date you are permanently employed as a sworn officer with POST certification in the Chattanooga Police Department or a sworn firefighter with permanent employment in the Chattanooga Fire Department.

Once you have accumulated 10 years of active service, you are vested. That means you have an ownership right to the benefits you've earned in the Pension Fund. After you're vested, you're entitled to receive the benefit you've earned to date—even if you leave the police or fire department.

In the alternative, if you leave active service after 10 years but before you've accumulated 25 years of service, you are entitled to a refund of all your own contributions to the Pension Fund. You earn no interest on your contributions and have no future right to Pension Fund benefits.

What is "vesting?"

Vesting is service that gives you ownership rights to Pension Fund benefits. With 10 years of active service, you become vested.

Earning Pension Fund Benefits

You have a right to certain Pension Fund benefits once you have 10 or more years of active service and are vested. You have a right to certain disability pension benefits even if you have less than 10 years of active service. Pension Fund benefits are summarized in the following table:

Type of Benefit	Eligibility Requirements
Service retirement pension	You earn 25 years of active service
Work-related disability pension	You suffer a disability in the line of duty, regardless of your years of service
Non-work-related disability pension	You suffer a disability unrelated to the discharge of your duties after earning three years active service
Permanent and total disability pension	You suffer permanent and total disability related to the discharge of your duties, regardless of your years of service, or you suffer permanent and total disability unrelated to the discharge of your duties after earning three years of active service
Deferred vested pension	You earn 10 years of active service and are age 55 or older
Survivor benefits for beneficiary and/or spouse (if you die while in the line of duty)	You die while in the line of duty regardless of your years of active service
Survivor benefits for beneficiary and/or spouse (if you die from any cause other than while in the line of duty)	You have earned three years of active service and die while a Pension Fund participant

Amount of Benefits Paid

Service pensions, deferred vested pensions and all disability pensions are calculated based on your years of service multiplied by your average base salary during the three highest paid years that you are in active service.

What is "average base salary?"

Average base salary means your regular monthly salary, not including overtime pay or any supplements.

Descriptions and examples of calculating pension benefits appear in the "Types of Benefits" section on page 10.

The amount of any benefits paid to your survivors depend on a number of factors including your years of service at the time of your death, the cause of your death (work-related or not) whether you are active or retired, and, if you're retired, whether you selected one of the optional forms of retirement benefits. Refer to the "Survivor Benefits" section for details.

Receiving Your Benefit

If you are eligible to receive a service retirement pension, a deferred vested pension or a disability pension, you have the right to choose from a variety of forms of payment. You can receive monthly payments for your lifetime only, benefits for yourself and, after your death, continued benefits for your beneficiary or monthly benefits payable for your lifetime. Benefit payment options are described on page 16.

What are "forms of payment?"

Form of payment means the way in which benefits are paid out to you. All the forms of payment provide monthly benefits for life, but there are variations that provide a reduced benefit to you in order to provide lifetime benefits to your beneficiary, after your death.

Types of Benefits

The Fire and Police Pension Fund offers five types of pensions—service, deferred vested, work-related disability, non-work-related disability and permanent and total disability.

Fast Facts:

- You must complete a written application and submit it to the Board to apply for your pension.
- You can retire with a service retirement pension after 25 years of active service.
- You may be eligible for a disability pension if you're unable to work due to a disability.
- To receive a disability pension, you must meet the eligibility requirements for a work-related disability, a non-work-related disability or permanent and total disability.

Service Retirement Pension

The "standard" type of pension is a service retirement pension that's available when you have completed at least 25 years of active service. For each additional year of service up to five, you increase the amount of your pension.

Did you retire before July 1, 1999?

If so, contact the Pension Fund Office for information. Different rates may apply to you.

Calculating Your Service Pension

If you retire on or after July 1, 1999, your service pension is equal to 2.75% of your average salary for the three years your base salary was highest during your employment with the fire or police department, multiplied by your total years of service (up to 25). For up to five additional years' service, you receive 1.25% for each year. If you work in active service more than 30 years, your pension is calculated the same as it would be with 30 years of service. However, the calculation is *always* based on your salary during your three highest paid years—even if those years occur after you've completed 30 years of service.

NOTE: If you were a participant in the Pension Fund on July 1, 1999 and you retire after that date, your pension is based on your salary, but no less than \$41,138.

For Example:

The table below explains how a service retirement pension is calculated and gives an example for Pat, who has 27 years of active service.

Service Retirement Pension	
CALCULATION REQUIRED	EXAMPLE
1. Determine your average base salary for the three highest paid years of your active police/fire service. (Add together your base pay for your three highest paid years and divide by 3.	1. For most people, that will be the average base pay of their last three years of work. In Pat's last three years, she earned the following: $\begin{array}{r} \$45,042 \\ 46,755 \\ +48,466 \\ \hline \$140,263 \end{array}$ $\frac{140,263}{3} = \$46,754.33$
2. Multiply your average base salary by 2.75%.	2. $\$46,754.33 \times .0275 = \$1,285.74$
3. Multiply that amount by your total years of active service (to a maximum of 25).	3. $\$1,285.74 \times 25 = \$32,143.60$
4. If you have more than 25 years of service, multiply your average base salary by 1.25%. Multiply that quotient by the number of years between 25 and 30.	4. $\$46,754.33 \times .0125 = \$574.43 \times 2 = \$1,168.86$
5. Add the sums from calculation #3 and calculation #4 together to determine your annual pension: (3) Pension based on first 25 years of service (4) Pension for years 25-30, if any	5. $\$32,143.60$ $+ 1,168.86$ \$33,312.46 = Pat's annual pension, or \$2,776.04 monthly (<i>standard form of payment</i>)

Deferred Retirement Option Provision (DROP)

If you have at least 25 years of active service, but no more than 30 years of active service, you may be eligible to elect the Deferred Retirement Option Provision (DROP) when you retire. If you elect the DROP, you are eligible to receive a portion of your service retirement pension in a lump-sum payment when you retire. DROP is available for members of the Fire or Police Department who retire on or after July 1, 1999.

Here's how the DROP works:

If you retire *after* you have at least 25 years of active service, you may choose the retroactive DROP option. The period of time between your attainment of 25 years of service and your actual retirement date is called the DROP period. The DROP period cannot be longer than 36 months and cannot extend beyond the date you reached 30 years of active service.

Your benefit will be calculated using your average base salary as of the date you retire, but your service will be reduced by the length of your DROP period.

The DROP lump-sum payment will be credited with interest. Interest will be credited at 7% annually, compounded monthly, from the retroactive DROP date.

Calculating Your DROP Lump-Sum Benefit

For Example:

Doug has 28 years of active service when he retires. He elects the DROP when he retires. Doug's DROP Period is the 36-month period of time between his 25th anniversary of active service and the date of his actual retirement. His service retirement pension monthly amount at his retirement date based on his 25 years of service, is \$2,578.13. Doug's contributions during the DROP Period totaled \$10,800.

DROP Benefit	
CALCULATION REQUIRED	EXAMPLE
1. Determine your service retirement pension monthly amount at your retirement date.	1. Doug's service retirement pension amount is \$2,578.13.
2. Determine the amount of your contributions during the DROP period.	2. Doug's contributions totaled \$10,800.
3. Divide your contributions by 36.	3. $\$10,800/36 = \300
4. Add the result of #3 to the amount of your service retirement pension monthly amount. This is the starting figure for your DROP calculation.	4. $\$2,578.13$ $+ \quad 300.00$ $\$2,878.13$
5. Interest is applied at an annual rate of 7%, compounded monthly for the number of months in the DROP period.	5. Doug is eligible for a DROP benefit of \$114,924.02 payable to him in one lump sum when he retires.

Disability Pensions

If you are unable to work due to disability, you may be eligible for a disability pension. Your eligibility for payments depends on whether you are disabled from a cause resulting from performance of duty or due to a non-work-related cause, or if you are totally and permanently disabled. In some cases, the payments you receive are affected by your years of active service and whether you have minor children.

How is my pension affected?

For information about what happens to your pension benefit when you experience a life event such as a disability, see pages 21-23.

Work-Related Disability Pension

If You Are Disabled in the Line of Duty

A work-related disability pension is payable when you've become disabled in the line of duty and are unable to continue to perform your job duties. Your pension will begin no earlier than six months after you receive the injury. To qualify, you must complete and submit an application for a work-related disability pension and submit proper medical proof of your disability. You may be asked to undergo a medical examination by a doctor(s) named by the Board to verify your medical condition and confirm that you are unable to discharge your regular duty. If you refuse the examination, your pension may be denied.

What is a work-related disability?

A work-related disability is a disability resulting from your performance of duty that makes you unable to discharge your regular duty or any other duty that may be required of you by officials of the Fire Department or Police Department, as determined by the Pension Fund Board of Directors.

If you receive a work-related disability pension but then refuse to allow yourself to be reexamined by physicians selected by the Board, the Board has the right to suspend your pension. To verify your continued disability, medical reports, documentation or further exams may be required from time to time. No benefits will be paid if the Board finds that your disability could probably be successfully corrected by competent medical treatment, and you fail to or refuse to be treated.

Pension Amount

A work-related disability pension is equal to 60% of your average base salary during the three years of your highest base salary while in active service, regardless of your length of service. If you qualify, you're guaranteed a minimum monthly benefit of \$750.

For Example:

The table below explains how a work-related disability pension is calculated and gives an example for Dick who was injured on the job.

Work-Related Disability Pension	
CALCULATION REQUIRED	EXAMPLE
1. Determine your average base salary for the three highest paid years of your active police/fire service. (Add together average base pay for your three highest paid years and divide by 3.)	1. The three years in which Dick earned the highest base salary, he earned the following: $\begin{array}{r} \$ 36,000 \\ 38,000 \\ + 40,000 \\ \hline \$114,000 \end{array} \quad \frac{114,000}{3} = \$ 38,000$
2. Multiply your average base salary by 60%.	2. \$ 38,000 $\begin{array}{r} \$ 38,000 \\ \times .60 \\ \hline \end{array}$ \$ 22,800 = Dick's annual work-related disability pension, or \$1,900 monthly (<i>standard form of payment</i>)

Non-Work-Related Disability Pension

If you are disabled from causes arising outside of your job and have at least three years of active service, you may be eligible for a non-work-related disability pension. Disability in these circumstances means a medically determinable impairment that, in the Board's opinion, prevents you from meeting the normal and reasonable demands of either:

- Your regularly assigned job, or
- Any other job in city government that you are offered for which you're reasonably qualified by experience, training or education.

Before your request for a non-work-related disability pension is approved, you must file an application and provide proof of your disability or verification by doctors selected by the Board that you are disabled as defined by the Pension Fund. The Board may also require you to undergo continued medical examinations from time to time. If you refuse this examination, benefits may end.

Benefits will not be paid if your disability is a result of:

- Excessive and habitual use of drugs, intoxicating liquors or narcotics unless you are actively and continuously undergoing treatment for substance abuse at an approved clinic or treatment center for drug addicts and alcoholics.
- Injury or disease sustained while participating in acts of violence, riots, civil insurrections or while committing an unlawful act.
- Injury or disease sustained while serving in any Armed Forces or as the result of warfare.
- Injury or disease sustained after your employment terminated or while you were on leave without pay for more than 45 consecutive days.
- Intentional, self-inflicted injury.

In addition, benefits will not be paid if the Board finds that your disability could probably be successfully corrected by competent medical treatment and you fail to or refuse to be treated. Your disability pension will start only after you have exhausted sick days, annual days, accumulated days, compensatory days and annual leave days.

What is a non-work-related disability?

A non-work-related disability is a medically determinable impairment, unrelated to your job, which, in the opinion of the Board, prevents you from meeting the normal and reasonable demands of either:

- Your regularly assigned job, or
- Any other job in city government that you are offered for which you're reasonably qualified by experience, training or education.

Benefit Amount

A non-work-related disability pension is equal to 30% of your average base salary during the three years of your highest base salary while in active service, plus an additional 2% for each year over 10 years, to a maximum of 60% of your average base salary. Benefits are paid monthly.

For Example:

The table below explains how a non-work-related disability pension is calculated and gives an example for Carol who has 13 years of active service and was injured in a car accident while off-duty.

Non-Work-Related Disability Pension	
CALCULATION REQUIRED	EXAMPLE
1. Determine your average base salary for the three highest paid years of your active police/fire service. (Add together average base pay for your three highest paid years and divide by 3.)	1. The three years in which Carol earned the highest base salary, she earned the following: $\begin{array}{r} \$36,000 \\ 38,000 \\ + 40,000 \\ \hline \$114,000 \end{array} \qquad \frac{114,000}{3} = \$38,000$
2. Multiply your average base salary by 30%.	2. $\$38,000 \times .30 = \$11,400$ for Carol's base benefit for first 10 years service
3. Multiply your average base salary by 2% for each year of active service over 10 years, to a maximum of 60% of your average base salary.	3. $\$38,000 \times .02 = \760.00 $\$760.00 \times 3$ for Carol's 13 years of service = \$2,280.00
4. Add the results of calculation #2 and calculation #3 to determine your annual disability pension.	4. $\$11,400$ $+ 2,280$ \$13,680 = Carol's annual non-work-related disability pension, or \$1,140 monthly (<i>standard form of payment</i>)

If You Don't Qualify

If you can't work because of a disability unrelated to performing your job, but you have less than three years of service and your employment terminates, all of your Pension Fund contributions will be refunded to you. You will not be paid interest on those contributions or receive any future Pension Fund benefits.

What is "permanent and total disability?"

You are permanently and totally disabled if the medically determinable consequences of a catastrophic injury or illness permanently prevents you from performing any gainful work.

In order to be reinstated, you must reimburse the Pension Fund the full amount you received upon termination plus interest compounded annually at the actuarial assumption rate used by the Pension Fund during your absence.

Permanent and Total Disability Pension

If you become permanently and totally disabled from any cause after July 1, 1999 and have at least three years of active service if the cause of your permanent and total disability is not job related, you will be paid a disability pension. Permanent and total disability is a catastrophic injury or illness, as determined by medical means, which permanently prevents you from performing any gainful work.

To qualify, you must submit a pension disability application, along with proper medical proof and documentation as required by the Board of Trustees, that you are permanently and totally disabled. You may be asked to undergo a medical examination by a doctor(s) chosen by the Board to verify your medical condition and confirm you are permanently and totally disabled. If you refuse such an examination, benefits may be denied. If you are granted a disability pension but then refuse to allow yourself to be examined by physicians selected by the Board, the Board may suspend your pension until you agree to such an examination. To verify your continued disability, medical reports, documentation or further exams may be required from time to time.

If you should recover from permanent and total disability, your pension will be reduced to a non-work- or work-related disability, whichever applies.

What is a "minor child?"

A minor child is considered a minor until the date of his or her 18th birthday.

Benefit Amount

A permanent and total disability pension is equal to 68.75% of your average base salary during the three years your base salary was highest while in active police or fire service. In addition, you receive \$500 per month for each of your minor children, not to exceed \$1,000 a month. This supplement for each minor child continues until he or she is no longer a minor.

For Example:

The table below explains how a permanent and total disability pension is calculated and gives an example for Jack who has three minor children.

Permanent & Total Disability Pension	
CALCULATION REQUIRED	EXAMPLE
1. Determine your average base salary for the three highest paid years of your active police/fire service. (Add together average base pay for your three highest paid years and divide by 3.)	1. The three years in which Jack earned the highest base salary, he earned the following: $\begin{array}{r} \$ 36,000 \\ 38,000 \\ + 40,000 \\ \hline \$114,000 \end{array} \quad \frac{114,000}{3} = \$38,000 \text{ average base pay}$
2. Multiply your average base salary by 68.75%.	2. $\$38,000 \times .6875 = \mathbf{\$26,125}$ for Jack's annual permanent and total disability pension, or $\mathbf{\$2,177}$ monthly (<i>standard form of payment</i>)
3. Add temporary monthly supplement for any minor children, at \$500 per child, to a maximum of \$1,000.	3. $\$2,177$ $+1,000$ $\mathbf{\$3,177}$ for Jack's total monthly permanent and total disability pension, while he has at least two minor children (<i>standard form of payment</i>)

Deferred Vested Pension

You become eligible for Pension Fund benefits when you are vested (see page 7). Once you are vested, you may qualify for a deferred vested pension if you leave the fire or police department after earning 10 years but less than 25 years of active service. To qualify, you must leave your contributions in the Pension Fund when your employment ends. Then, at age 55, you become eligible to receive a deferred vested pension.

A deferred vested pension is equal to 2.4% of your average base salary during the three years of your highest base salary while in active service, multiplied by your years of service up to 25.

For Example:

The table below shows how a deferred vested pension is calculated for John who has 17 years of active service.

Deferred Vested Pension	
CALCULATION REQUIRED	EXAMPLE
1. Determine your average base salary for the three highest paid years of your active police/fire service. (Add together average base pay for your three highest paid years and divide by 3.)	1. The three years in which John earned the highest base salary, he earned the following: $\begin{array}{r} \$ 45,042 \\ 46,755 \\ + 48,466 \\ \hline \$140,263 \end{array}$ $\frac{140,263}{3} = \$46,754.33$
2. Multiply your average base salary by 2.4%.	2. $\$46,754.33 \times .024 = \$1,122.10$
3. Multiply that amount by your years of active service (to a maximum of 25).	3. $\$1,122.10 \times 17 = \mathbf{\$19,075.77}$ for John's annual deferred vested pension, or \$1,589.65 monthly (<i>standard form of payment</i>)

If you qualify for a deferred vested pension but happen to die before payments commence, a full refund of all your contributions will be made to your estate in addition to the \$10,000 death benefit.

Electing a Payment Option

If you qualify for a service retirement pension, a deferred vested pension or a disability pension, you have the opportunity to decide how you would like to receive your benefit.

Fast Facts:

- *Unless you request otherwise, the "standard" form in which benefits are paid provides monthly payments for your lifetime. When you die, payments stop; there are no survivor benefits.*
- *You can request an optional form of payment for a service retirement pension, a deferred vested pension or a disability pension.*
- *If you elect a joint and survivor option or a pop-up option, the beneficiary you name will receive a percentage of the retirement benefit you had been receiving prior to your death.*
- *You may choose the form of payment that you want when you become eligible. Even if you don't retire immediately, you may choose your payment form on the date of your 25th anniversary of active service.*

How are benefits paid?

Benefits are paid as a monthly allowance called an annuity. The standard form of payment is a monthly annuity for your lifetime only.

The "standard" form in which benefits are paid is a single-life annuity. This provides a benefit every month for your lifetime (single life). When you die, payments stop; there are no survivor benefits. This is how you'll receive payments if you don't elect an optional form of pension benefit.

In addition to the standard form, you have the opportunity to choose from a number of optional forms of payment if you qualify for a service retirement pension, a deferred vested pension or a work-related disability pension.

Optional Forms of Benefits

Payment amounts are based on the specific formula for calculating the type of pension you earn (see pages 10-15). Those calculations determine the payment for the standard form of benefit. If you select an optional form, the amount of your monthly payment will be reduced to provide benefits for a longer period of time. For example, options that provide continuing benefits for your surviving beneficiary (joint and survivor options) mean payments extend over the lifetime of not just you but you and your beneficiary.

The table on the next page shows the various optional forms of payment available and what they provide.

Optional Form of Benefit	Benefit Provisions
10-Year Certain and Life – Option A	You receive a reduced monthly retirement benefit for your lifetime with the first 120 payments (10 years) guaranteed. If you die within 10 years, the balance of 120 payments will be paid in monthly installments to your beneficiary. If you have no surviving designated beneficiary, the balance will be paid to your estate. If you die after receiving 10 years of payments, the benefit ends.
100% Joint and Survivor – Option B	You receive a reduced monthly retirement benefit for your lifetime. After your death, your surviving beneficiary receives the same monthly amount (100% of your benefit) for his or her lifetime.
75% Joint and Survivor – Option C	You receive a reduced monthly retirement benefit for your lifetime. After your death, your surviving beneficiary receives a monthly benefit equal to 75% of your benefit for his or her lifetime.
50% Joint and Survivor – Option D	You receive a reduced monthly retirement benefit for your lifetime. After your death, your surviving beneficiary receives a monthly benefit equal to 50% of your benefit for his or her lifetime.
100% Pop-Up – Option E	You receive a reduced monthly retirement benefit for your lifetime. After your death, your surviving beneficiary receives the same monthly amount (100% of your benefit) for his or her lifetime. However, unlike Option B, if your beneficiary dies before you do, the amount of your monthly pension will "pop up" for the rest of your life to the amount of the standard form of payment.
75% Pop-Up – Option F	You receive a reduced monthly retirement benefit for your lifetime. After your death, your surviving beneficiary receives 75% of your benefit amount monthly for his or her lifetime. However, unlike Option C, if your beneficiary dies before you do, the amount of your monthly pension will "pop up" for the rest of your life to the amount of the standard form of payment.
50% Pop-Up – Option G	You receive a reduced monthly retirement benefit for your lifetime. After your death, your surviving beneficiary receives 50% of your benefit amount monthly for his or her lifetime. However, unlike Option D, if your beneficiary dies before you do, the amount of your monthly pension will "pop up" for the rest of your life to the amount of the standard form of payment.

Applying for Your Pension Benefit

To receive a pension, you must complete the required application and submit it to the Pension Fund Office. Your application must include all the required information including proof of age, medical documentation and any other details the Board may require.

Fast Facts:

- *You must complete and submit a retirement application to receive benefits. Contact the Pension Fund Office to request an application form.*
- *You must also submit an application if you want to receive payments in an optional form instead of the standard form of payment.*
- *When you apply for retirement benefits, the Pension Fund Office will provide you with information about the payment forms that are available to you.*
- *The Board has the right to request information that may reasonably be required from you to prove your claim to Pension Fund benefits.*

Application Procedure

When you decide to retire, you need to contact the Pension Fund Office to obtain an application form. The Board may require you to submit certain types of proof to confirm your status in order to receive benefits.

If your application is accepted, you will be given a description of the forms of payment available to you and information about survivor benefits for your beneficiaries.

It's a good idea to apply as soon as you decide on your intended retirement date. This will avoid a delay in the processing of your application and payment of benefits.

Changing Your Election

You may not change your election for the form of benefit payments once your benefit has commenced.

However, if you divorce after retiring and you had named your former spouse as the designated beneficiary, you may make a change unless it conflicts with your divorce decree. You may cancel your designated beneficiary by sending a written request and proper documentation, including the final decree and marital dissolution agreement, to the Fund Office.

If you should die after submitting an optional form of benefit application but before payments begin, benefits will be paid as directed by your benefit request.

When Benefits Begin

Your pension benefit will begin immediately upon retirement.

Survivor Benefits

Upon your death, Pension Fund benefits may be paid to your survivor(s).

The availability and amount of any benefits depends on your status, whether your death was related to performance of work duties, your years of active service, whether you are an active or a retired Pension Fund participant and, if you're retired, what form of pension payment you choose.

Fast Facts:

- *Your designated beneficiary will receive a \$10,000 death benefit upon your death.*
- *If you're vested when you die, and your payments haven't commenced, your contributions will be refunded to your estate.*
- *If you're retired when you die, survivor benefits are paid if you selected a form of payment that provides for your beneficiary.*
- *Your survivor or beneficiary must complete an application to receive survivor benefits.*

The table below indicates under what circumstances survivor benefits are paid and the amount of such benefits.

Summary of Survivor Benefits		
YOUR STATUS AND LENGTH OF SERVICE	CAUSE OF YOUR DEATH	BENEFITS PAID
Active; less than 3 years' service	Not resulting from performance of duties	<ul style="list-style-type: none"> • To your designated beneficiary, \$10,000 death benefit • To your estate, full refund of all your Pension Fund contributions
Active	Death resulting from the following: <ul style="list-style-type: none"> • Excessive and habitual use of drugs, intoxicating liquors or narcotics unless you were actively undergoing treatment substance abuse at an approved clinic or treatment center for drug addicts and alcoholics. • Injury or disease sustained while participating in acts of violence, riots, civil insurrections or while committing an unlawful act. • Injury or disease sustained while serving in any Armed Forces or as the result of warfare. • Injury or disease sustained after your employment terminated or while you were on leave without pay for more than 45 consecutive days. • Intentional, self-inflicted injury. The above exceptions apply below where noted*.	<ul style="list-style-type: none"> • To your designated beneficiary, \$10,000 death benefit. • No survivor benefits paid • To your estate, full refund of all your Pension Fund contributions
Active; at least 3 years' service but less than 10 years	Not resulting from performance of duties nor due to exceptions* listed above	<ul style="list-style-type: none"> • To your designated beneficiary, \$10,000 death benefit • To your surviving spouse, \$500 per month for life • If you have no surviving spouse, then \$500 monthly to each minor child, provided the total amount payable to all such children does not exceed your maximum pension • If you have no surviving spouse or minor children but have parents who are solely dependent on you and have no other means of support, each parent receives half the amount your surviving spouse would have received based on the specific circumstances indicated above; if you have one parent, he/she receives the total amount your spouse would have received

(continued)

Summary of Survivor Benefits

YOUR STATUS AND LENGTH OF SERVICE	CAUSE OF YOUR DEATH	BENEFITS PAID
Active; at least 10 years' service but less than 25 years	Not resulting from performance of duties nor due to exceptions* listed above	<ul style="list-style-type: none"> • To your designated beneficiary, \$10,000 death benefit • To your surviving spouse, a monthly lifetime payment equal to a 50% Joint & Survivor optional form (see page 16), as calculated at your death • If you have no surviving spouse or minor children but have parents who are solely dependent on you and have no other means of support, each parent receives half the amount your surviving spouse would have received based on the specific circumstances indicated above; if you have one parent, he/she receives the total amount your spouse would have received
Active; at least 25 years' service; you're a Pension Fund participant on 11/3/92	Not resulting from performance of duties	<ul style="list-style-type: none"> • To your designated beneficiary, \$10,000 death benefit • To your surviving spouse, if you've selected an optional form of benefits and not named your spouse as beneficiary, a monthly lifetime benefit of \$500 • To your surviving spouse, if you haven't selected an optional form of benefits, a monthly lifetime payment equal to a 50% Joint & Survivor (see page 16), as calculated at your death
Active; at least 25 years' service; you join Pension Fund after 11/3/92	Not resulting from performance of duties	<ul style="list-style-type: none"> • To your designated beneficiary, \$10,000 death benefit • To your designated beneficiary, the optional form of benefit selected • If you have no surviving spouse or minor children but have parents who are solely dependent on you and have no other means of support, each parent receives half the amount your surviving spouse would have received based on the specific circumstances indicated above; if you have one parent, he/she receives the total amount your spouse would have received
Active; no length-of-service requirement	Resulting from performance of duties and within 6 months of injury	<ul style="list-style-type: none"> • To your designated beneficiary, \$10,000 death benefit • To surviving spouse, a monthly lifetime benefit equal to 60% of your average base salary during the three years of your highest base salary while in active service; minimum of \$500 monthly • If you have no surviving spouse, \$500 monthly to each child as long as they are minors, not to exceed your maximum pension benefit • If you have no surviving spouse or minor children but parents who are solely dependent on you and have no other means of support, each receives a monthly lifetime benefit equal to the benefit that you would have received, divided in equal shares and paid to your parents. If you have one dependent parent, he/she receives the amount your spouse would have received
Vested but you're no longer employed by police/fire department	From any cause	<ul style="list-style-type: none"> • To your designated beneficiary, \$10,000 death benefit • If deferred vested benefits haven't started, to your estate, a refund of all your Pension Fund contributions • If deferred vested benefits have started, to your designated beneficiary, the joint and survivor benefit that you elected
You're retired, you were a Pension Fund participant on 11/3/92 and you are receiving a service retirement pension	From any cause	<ul style="list-style-type: none"> • To your designated beneficiary, \$10,000 death benefit • If no option elected at retirement, to surviving spouse, a benefit as if you had elected the 50% joint and survivor benefit • To surviving spouse, \$500 per month for life if you have selected an optional form of benefits and your spouse is not your designated beneficiary
You're retired and joined the Pension Fund after 11/3/92	From any cause	<ul style="list-style-type: none"> • To your designated beneficiary, \$10,000 death benefit • Benefits paid based on the form of retirement payment you selected
You retired before 11/3/92	From any cause	<ul style="list-style-type: none"> • To your designated beneficiary, \$10,000 death benefit • Benefits paid based on the form of retirement payment you selected • To surviving spouse, \$500 per month for life

Life Events That May Affect Your Retirement Benefits

At certain times in your life, events may occur that affect your pension benefit—such as marriage, divorce or leaving the police or fire department and then later returning to department employment.

Fast Facts:

- *If you move, be sure to let the Pension Fund Office know your address so you can receive any benefits you're entitled to.*
- *If you divorce after you retire, you may remove your former spouse as your Pension Fund beneficiary unless the divorce decree states otherwise.*
- *If you leave the police and fire department before you are eligible to retire and later return, you must repay all contributions paid out to you, plus interest, to be reinstated.*
- *If you become disabled, you may be eligible for benefits if you are unable to work. You must provide medical documentation and meet certain plan requirements to qualify.*
- *If you die while an active or vested employee, benefits will generally be paid to your surviving beneficiary.*

If You Marry

If you marry, you may want to designate your spouse as your beneficiary for the \$10,000 death benefit. Contact the Pension Fund Office to complete a beneficiary form.

If you move

If you move, send a signed statement to the Pension Fund Office advising of your new address as soon as possible to make sure your records are kept up to date.

If You Divorce

If you have designated your spouse as your beneficiary for the \$10,000 death benefit, you may wish to make a new designation if you get divorced. Contact the Pension Fund Office for a new beneficiary form.

If you divorce after your pension payments begin in the form of a joint and survivor annuity, and you have named your spouse as beneficiary, you may remove your former spouse as beneficiary—provided that cancellation is not in conflict with the divorce decree or marital dissolution agreement. Unlike the "pop up" option, your pension payment rate will not change if you remove your former spouse as your beneficiary.

If You Have a Break-In-Service

Less Than 10 Years' Service

If your employment in the police or fire department ends for any reason other than disability before you are vested, you lose the right to receive any Pension Fund benefits. All contributions you have made to the Pension Fund will be refunded to you. No interest is paid and no future benefits are available to you.

If you go on leave without pay for more than 90 consecutive days, you lose the right to receive any Pension Fund benefits. All your Pension Fund contributions will be refunded to you, without interest, and your participation in the Pension Fund ends.

However, if you later return to the department after a termination or an unpaid leave of more than 90 days, you will be reinstated in the Pension Fund upon reimbursement of monies paid out to you. At the time of re-employment, you must reimburse the Pension Fund the full amount you received upon termination plus interest compounded annually at the actuarial assumption rate used by the Pension Fund during your absence. Upon repayment, you regain your former Pension Fund status and years of service for pension calculation purposes.

More Than 10 Years of Service

After you are vested, if you terminate employment in the police or fire department for any reason or go on leave without pay for more than 90 consecutive days, you have the option of remaining in the Pension Fund or quitting the Pension Fund. If you choose to remain in the Pension Fund, all your contributions will stay in the Pension Fund and, if you later return to the department, you will be reinstated with the same Pension Fund status you had prior to your break-in-service.

If you choose to quit the Pension Fund, you may receive a full refund of all your contributions, without interest, but you will not be entitled to any benefits under this Pension Fund in the future. If you later return to work in the department, you must reimburse the Pension Fund the full amount you received upon termination, plus interest compounded annually at the rate used by the Pension Fund during your absence, to be reinstated. You then regain your previous Pension Fund status. You may also leave your contributions in the Pension Fund if you quit working and be eligible for a benefit when you reach age 55.

If You Have 25 Years of Active Service

On your 25th anniversary of active service with the police and/or fire department, you are eligible to retire with a service retirement pension. To retire, contact the Pension Fund Office for an application form.

Once you've completed 25 years of active service, you may:

- designate a beneficiary for a survivor benefit; and
- elect a payment option for your pension benefit.

You may do these things even if you choose to continue working and do not retire at that time.

If you continue to work in the police or fire department after 25 years of service, you may be able to receive a lump-sum payment based on the time period between your 25th anniversary and the date you actually retire, not to exceed 36 months. This is called the Deferred Retirement Option Provision (DROP). DROP is available for members of the Fire or Police Department who retire on or after July 1, 1999.

If You Retire

When you decide to retire, you need to contact the Pension Fund Office to obtain an application form. You may be required to submit certain types of proof to confirm your status in order to receive retirement benefits.

You will be given a description of the forms of pension payment available and information about survivor benefits for your beneficiaries.

You will begin receiving your pension benefit on a monthly basis after the paperwork has been processed.

Cost of Living Adjustments

Your pension benefits will be increased by 3% each year on January 1 to reflect the changes in the cost of living. The first increase will happen after you've been receiving your benefit for at least 12 months.

If You Become Disabled

If you are unable to work due to disability, you may be eligible for Pension Fund benefits. The Pension Fund recognizes three kinds of disability. Each type of disability has a different definition, eligibility requirements and calculation formula. The three types are:

-
- **Permanent and total disability** – catastrophic injury or illness, as determined by medical means, which permanently prevents you from performing any gainful work.
 - **Work-related disability** – disability resulting from injuries received while discharging your duties that prevents you from performing those duties.
 - **Non-work-related disability** – a medically determinable impairment from causes arising outside of your employment which, in the Board’s opinion, prevents you from meeting the normal and reasonable demands of either:
 - Your regularly assigned job, or
 - Any other job in city government that you are offered for which you’re reasonably qualified by experience, training or education.

All three types of disability require that you must submit a disability application to the Fund Office. When you submit a completed application you must also provide proper medical proof and documentation, as required by the Board. You may be asked to undergo a medical examination by a doctor(s) chosen by the Board to verify your medical condition. If you refuse the examination, benefits may be delayed or denied.

If you are granted a disability pension but later refuse to allow yourself to be reexamined by a doctor(s) selected by the Board, the Board may suspend your pension until you agree to such an examination. To verify your continued disability, medical reports, documentation or further exams may be required from time to time. No benefits will be paid if the Board finds that your disability could probably be successfully corrected by competent medical treatment, and you fail to or refuse to be treated.

If Your Spouse Dies

If your spouse dies before you retire, you should contact the Pension Fund Office to update your beneficiary designation for the \$10,000 death benefit. If you have no surviving spouse when you die, any minor children you have at that time may be eligible for benefits. If you have no surviving spouse or minor children, your parents, if they’re solely dependent on you for support, may be eligible for benefits if you predecease them.

If your spouse dies while you’re receiving one of the pop-up pension options (Options E, F and G), and your spouse is your named surviving beneficiary, your pension will increase. Your monthly payment will "pop up" to the level it would have been if you selected the standard form of payment.

If you’re receiving any of the joint and survivor forms of payment and have named your spouse as beneficiary, your monthly benefit will not change if your spouse dies. Other than the pop-up option, none of the other forms of pension payment are affected by the death of your spouse.

If You Die

Upon your death, Pension Fund benefits may be paid to your survivors. The availability and amount of any benefit depends on your personal situation. For example, benefits differ depending on:

- Whether you are an active, vested and/or a retired Pension Fund participant;
- Whether your death was related to performance of your work duties;
- Your years of service; and
- If you’re retired, what form of pension payment you choose.

Refer to the survivor benefits summary chart on page 19 for more details about these benefits and the circumstances under which they are payable.

Cost of Living Adjustments in Survivor Benefits

Any benefits payable to your survivors or beneficiaries are increased by 3% each January 1, following the first 12 months of benefit payments.

Important Information About Your Pension Fund

The Board of Directors

The Board consists of three police officers and three firefighters; they are elected for three-year terms on a rotating basis. The Board has the authority to interpret the provisions of the Pension Fund and to hear and decide all applications for pensions and death benefits. The Board's decisions are final and conclusive.

Non-Assignment of Benefits

Your pension benefits are intended for your personal financial security. They cannot be sold, borrowed against, garnished or attached in any way. The Pension Fund must also honor a federal tax lien against your benefits, if you are in pay status. The Pension Fund must honor a lien by the State of Tennessee for child support payments.

Pension Fund Continuation

The Board fully intends to continue the Pension Fund indefinitely, but reserves the right to amend or terminate the Pension Fund if necessary.

Chattanooga Fire and Police Pension Fund

Pension Legislation

Chattanooga, Tennessee

SECTION 1

That the provisions of the Firemen's and Policemen's Insurance and Pension Fund presently contained in the Charter of the City of Chattanooga, Sections 13.63 through 13.86 is hereby amended and restated as the Fire and Police Pension Fund, Chattanooga City Code, Part II, Chapter 2, Article III, Division 8 as follows:

ARTICLE III**DIVISION 8. FIRE AND POLICE PENSION FUND****SECTION 2-400****APPROPRIATION TO PENSION FUND OF PERCENTAGE OF SALARIES; CONTROL OF FUND; INVESTMENTS**

The City Council of said city, after it has adopted a budget for the salaries of the departments of fire and police each year, shall add a sum to be fixed by a majority vote of the City Council of said city, which shall not be less than ten percent (10%) of each monthly payroll of those persons who are participants in the pension system, which sum so added shall be placed in the Fire and Police Pension Fund, Said pension and trust fund from all sources herein provided shall be paid to the Trustee. The Trustee shall be a national or state chartered bank, under a suitable bond, designated, from time to time, as the Trustee of this fund by the Board of Directors. The Trustee shall hold said funds for the purposes stated in this Article. The funds coming into the hands of the Trustee shall be under the direction and control of the Board of Directors of the Fire and Police Pension Fund. Any and all investments made under the direction and control of the Board of Directors, and all other acts done in the administration of the Fund in good faith, shall be without liability on their part. (Priv. Acts 1949, Ch. 165, #2; Priv. Acts 1971, Ch. 149, #1; Priv. Acts 1972, Ch. 406, #1; Ord. No. 8688, #1(7),8-19-86; Ord. No. 9778, #14, 8-19-92)

SECTION 2-401**TAX LEVY FOR PENSIONS**

The City Council of said city be and is hereby required to levy a sufficient annual tax upon all taxable property and taxable privileges within the City of Chattanooga for the purposes of raising revenue for the payment of pensions to members of said department of fire and police and appropriate same for such purpose. (Priv. Acts 1949, Ch. 165, § 3)

SECTION 2-402**ASSESSMENT OF EMPLOYEES**

Each and every sworn firefighter and sworn police officer, excluding those employees of said departments who are not now to the Pension Fund, shall be assessed a sum to be fixed by a majority vote of the Board of Directors of the Fire and Police Pension Fund which shall not be less than eight percent (8%) of each member's Base Salary.

Notwithstanding the foregoing, a member hired prior to July 1, 1999 whose Average Base Salary as of July 1, 1999 was less than \$41,138 and whose Average Base Salary as of July 1, 2007 is less than \$41,138, shall be assessed a sum, beginning July 1, 2007 and thereafter, to be fixed by a majority vote of the Board of Directors of the Fire and Police Pension Fund which shall not be less than eight percent (8%) of such member's Base Salary, but in no event less than eight percent (8%) of \$41,138, annually.

Said amounts shall be deducted and withheld from the salary of each member during all the time such employee may be a member of said fire and police department and it shall be the duty of the city officer to pay the total amount of deduction so withheld to the Fire and Police Pension Fund at the times regular salaries are paid, and said funds shall be kept by the said Trustee as part of the Fire and Police Pension Fund. (Priv. Acts 1949, Ch. 165, § 4; Priv. Acts 1953, Ch. 90, § I-, Priv. Acts 1961, Ch. 222, § 1; Priv. Acts 1969, Ch. 165, § 1; Priv. Acts 1972, Ch. 406, § 1; Ord. No. 8688, § 1 (8), 8-19-86; Ord. No. 9778, § 1(5), 8-18-92; Ord. No. 10463, § 1(2), 8-20-96; Ord. No. 11012, § 1(1), 5-9-00)

SECTION 2-403**SUM TO BE COLLECTED, PAID OVER TO TRUSTEE WHEN EMPLOYEE CONTRIBUTION DEDUCTED**

An amount equal to the sum fixed by the City Council, as provided in Section 2-400 of this Article, shall be collected by the tax collector and treasurer and paid over to said Trustee when the contribution by the employees as provided in Section 2-402 is deducted from the payroll. (Priv. Acts 1949, Ch. 165, § 7; Priv. Acts 1969, Ch. 82, § 6; Priv. Acts 1971, Ch. 149, § 1; Priv. Acts 1972, Ch. 406, § 1; Ord. No. 9778, § 1(12), 8-18-92)

SECTION 2-404**PROCEEDS FROM SALE OF UNCLAIMED PROPERTY TO BE PLACED IN PENSION FUND**

If any personal property comes into the possession of the departments of fire and police, if the owner cannot be found, or if no person shall claim such property after six (6) months, the property shall be sold, the net proceeds derived from the sale thereof shall be turned over to said Trustee to be placed in said special Fire and Police Pension Fund, as provided in Sections 2-400 and 2-402 of this Article. (Priv. Acts 1949, Ch. 165, § 6)

SECTION 2-405**RESERVED**

Former Charter § 13.69, a prior State Act, was repealed by Charter § 1(12) of Ord. No. 8688. enacted Aug. 19, 1986. The repealed provisions derived from Priv. Acts 1949, Ch 165, § 9.

SECTION 2-406**BOARD OF DIRECTORS OF PENSION FUND CREATED; MEMBERSHIP; TERM OF OFFICE; VACANCIES**

There is hereby created a board to be known as the Board of Directors of the Fire and Police Pension Fund, consisting of six (6) members, three (3) of which shall be active members from the fire department and three (3) of which shall be active members of the police department. The present Board of Directors shall continue in office until their respective terms expire. Each year after the passage of this Article on the first Tuesday of September there shall be held an election for the purpose of electing one member of said board from the fire department, and one from the police department, for a term of three (3) years.

Said election shall be held at each of the different firehalls and at police headquarters and at the Pension Fund Office between the hours of 6:00 a.m. and 6:00 p.m. The votes shall be counted openly and publicly and the firefighters and police officers receiving the highest number of votes shall be elected for a term of three (3) years. At no time shall more than one member of any one rank of the fire department be elected to serve as a member of said Board, and at no time shall more than one member of any one rank of the police department be elected to serve as a member of said Board. If a vacancy should occur in said Board for any reason such vacancy shall be filled by the remaining members of said Board for the unexpired term. In addition to the six (6) members hereinbefore provided for, the mayor, by virtue of this office, shall be a member of said board. (Priv. Acts 1949, Ch. 165, § 10; Priv. Acts 1972, Ch. 406, § 1, Ord. No. 8688, § 1 (14), 8-19-86; Ord. No. 9778, § 1(11), 8-18-92)

SECTION 2-407**SAME ORGANIZATION; OFFICERS; COMPENSATION OF SECRETARY**

As soon as may be practical following such election the Board shall meet and organize. There shall be elected for a term of one year from the membership a president, vice-president and secretary, who shall respectively discharge the customary duties of such office. The secretary and president shall receive pay for his services, amount of such pay to be fixed by the Board, commensurate with the amount of time and work required of him to fulfill his duties. The secretary shall maintain a record or document to be known as the list of retired firefighters, police officers and their spouses; which record or document shall a full and complete record of all pensions being paid; the action of the Board in retiring any and all persons under this Article, including the names, dates of employment in the department, date of retirement, and the reasons therefore as to all persons retired. The compensation of each of the members of the Board of Directors, except the secretary and president, shall be fixed

from time to time by the City Council, City of Chattanooga, and paid from the Pension Fund. The Directors shall pay from the Pension Fund the fees, charges or expenses for consultants, actuary or legal services as well as such expenses as may be necessary for the administration of the Pension Fund. (Priv. Acts 1949, Ch. 165, § 11; Ord. No. 8688, § 1 (15), 8-19-87; Ord. No. 9778, § 1(17), 8-18-92)

SECTION 2-408

SAME TO HEAR AND DECIDE APPLICATIONS FOR PENSIONS AND BENEFITS

The said Board of Directors shall hear and decide all applications for pensions and death benefits under this Article, and its decision on such applications shall be final and conclusive. The said Board shall have the power to make and enforce such reasonable rules and regulations, not inconsistent with the Article, as in its opinion may be necessary or desirable for the carrying out of its duties and shall have the authority to interpret the provisions of the Article. (Priv. Acts 1949, Ch. 165, § 12)

SECTION 2-409

SAME SUPERVISION OF RETIRED, DISABLED, ETC., EMPLOYEES

Upon organization of the Board of Directors, the Board shall assume supervision of all members of the Fire Department and Police Department who have heretofore been placed on the existing pension roll, including the ones placed thereon as the result of a disability or injuries causing disability, and said Board, on the advice of competent physicians, shall determine whether or not such members have a claim become able to perform duties in the Fire Department and Police Department and are eligible for reinstatement. In the event the Board of Directors shall determine, on the advice of competent physicians, that an employee retired on disability is again able to work, then such employee shall be re-employed and placed on active duty. (Priv. Acts 1949, Ch. 165, § 14; Ord. No. 8688, § 1 (11), 8-19-86; Ord. No. 9778, § 1(16), 8-18-92)

SECTION 2-410

DISABILITY OR DEATH BENEFITS FROM CAUSE NOT RESULTING FROM PERFORMANCE OF DUTIES

- (a) Any member with not less than three (3) years nor more than ten (10) years of active service in the Fire Department and Police Department who shall become disabled from causes arising outside of the course of his or her employment with the said department shall so long as they remain disabled be paid a monthly sum equal to thirty percent (30%) of the Average Base Salary of such member during the three (3) years of member's service which yields the highest average; plus two percent (2%) of the said defined Average Base Salary for each year's active service in the said departments over ten (10) years but not to exceed sixty percent (60%) of the above defined Average Base Salary. Payment under this Section shall commence after the member's sick days, annual days, accumulated days, compensatory days, and annual leave days have been exhausted.

Any member with less than three (3) years of service, who shall become disabled from causes arising outside of the course of his or her employment with the said department, shall be refunded his or her contributions under the provisions of Section 2-413. In the event of death of any member with less than three (3) years of service, the \$10,000.00 death benefit shall be paid to his or her beneficiary and his or her contributions shall be refunded to his or her estate.

A member will not be eligible for a disability pension nor their spouse eligible for periodic death benefits under this Section if disability or death is a result of any of the following:

- (1) Excessive and habitual use by the Pension Fund member of drugs, intoxicating liquors, or narcotics unless, at the time of disability or death, such member is actively and continuously undergoing treatment for substance abuse at an approved clinic or treatment center for drug addicts and alcoholics.
- (2) Injury or disease sustained by the Pension Fund member while willfully and illegally participating in acts of violence, riots, civil insurrections, or while committing an unlawful act.

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- (3) Injury or disease sustained by the Pension Fund member while serving in any Armed Forces or as the result of warfare.
 - (4) Injury or disease sustained by the Pension Fund member after his or her employment has been terminated or while the Pension Fund member has been on leave without pay for a period exceeding forty-five (45) consecutive days.
 - (5) Intentional, self-inflicted injury.

If a member is not qualified for benefits under this Section, he or she shall receive a refund of his or her contributions. In the event of the death of a member, when the death is a direct result of any of the above stipulations, his or her contributions shall be refunded to his or her estate.

Before approving any disability retirement request, the Board may request proof of disability or the verification by one or more competent physicians selected by the Board that the member has become disabled in accordance with the Pension Fund provisions. The Board may further require continued medical examinations of the disabled member from time to time and at its discretion. No member shall be given disability benefits under this Section if the Board finds that said disability could probably be successfully corrected by competent medical treatment, and said member fails or refuses to be so treated.

The term "disabled" or "disability" in this Section shall mean a medically determinable impairment which in the opinion of the Board prevents such member from meeting the normal and reasonable demands of his regularly assigned job or any other job in city government which the City may offer said member for which he or she is reasonably qualified by experience, training, or education.

- (b)
 - (1) If any member with less than ten (10) years of active service dies before retirement from any cause not growing out of and not in consequence of his or her duty in the Fire Department or Police Department, there shall be paid to his or her beneficiary the death benefit of \$10,000.00 and to the surviving spouse the sum of \$500.00 per month until death, subject to the conditions of Section "(a)" of this Section.
 - (2) If a member has more than ten (10) years of active service but less than the time required for a service retirement pension and dies before retirement from any cause not growing out of and not in consequence of his or her duty in the said departments, there shall be paid to his or her beneficiary a death benefit of \$10,000.00 and to the surviving spouse until death that benefit which said spouse would have been entitled to receive under Option D, Section 2-418 of this Article, subject to the conditions of Section "(a)" of this Section.
 - (3) If any member dies before retirement and has reached the conditions for a service retirement pension, there shall be paid to said member's beneficiary a death benefit of \$10,000.00, and if said member was an employee on November 3, 1992, the surviving spouse shall be paid the sum of \$500.00 per month until death, if said member has not designated the spouse as a beneficiary under one of the options listed in Section 2-418. If there is no election, the surviving spouse shall receive the benefit paid under Option D, Section 2-418.

If a member who is employed after November 3, 1992, shall die before retirement and has reached the conditions for a service retirement pension, there shall be paid to the beneficiary of said member a death benefit of \$10,000.00 and the benefits elected under Section 2-418.

- (c) If there be no surviving spouse, then the dependent's minor child or children shall each receive \$500.00 per month during their minority, provided that the total amount payable to all of such children shall not exceed the member's maximum pension. If such deceased member is not

survived by spouse or minor children, but is survived by two parents solely dependent upon said member, each parent, so long as he or she has no other means of support, shall receive one-half (1/2) of the benefits which a surviving spouse would receive under this Section. If there is only one parent dependent upon Such member for support, such parent shall be paid the same benefits that a surviving spouse would receive under this Section. (Ord. No. 9778, § 1(2), 8-18-92; Ord. No. 9785, adopted September 8, 1992; Ord. No. 11012, §§ 1(2)-1(4), 5-9-00)

- (d) At the death, hereafter, of any retired employee of the departments of Fire and Police, who was a participant in the Fire and Police Pension Fund, and whose beneficiaries for any reason do not receive the \$10,000.00 death benefit in Section 2-411, or the monthly spouse's benefit in Section 2-412 of this Article, there shall be paid from the said Fire and Police Pension Fund to the member's Estate, whichever said benefits have not been received.

SECTION 2-411

SERVICE RETIREMENT PENSION; MAXIMUM PENSION BENEFITS; DEATH BENEFIT

- (a) From and after July 1, 1999, a member of the Pension Fund who was employed in the Fire Department or Police Department may at his or her election retire upon completion of twenty-five (25) years of active service in the Fire or Police Departments, and upon notifying the Board in writing of such election, receive an annual Service Retirement Pension payable in twelve (12) monthly installments in an amount equal to two and three-quarters percent (2.75%) of the average pay for such member during the highest three (3) years that such member is employed in the Fire or Police Department multiplied by said member's years of active service up to twenty-five (25) years of active service plus one and one-quarter percent (1.25%) of the aforesaid average pay for each year of active service between twenty-five (25) and thirty (30) years. Such benefit shall be based upon such member's Average Base Salary. Notwithstanding the foregoing, the Service Retirement Pension of any member who elects to take the Deferred Retirement Option Plan (DROP) shall be adjusted as provided in Section 2-416 below. Provided that members whose benefits would have heretofore been based upon the maximum salary of a Sergeant in the Police Department shall be required to have previously paid or to retroactively pay to the Board of Directors a sum sufficient to equal eight percent (8%) of their Average Base Salary for a minimum of three (3) years preceding the effective date of their retirement to be eligible for any increase in benefits. Notwithstanding the foregoing, the annual Service Retirement Pension payable to a member who was hired prior to July 1, 1999, shall not be less than the annual Service Retirement Pension of a Police Sergeant who retired as of July 1, 1999.
- (b) From and after July 1, 1999, a member who becomes employed in the Fire or Police Departments after November 3, 1992, may at his or her election retire after the completion of twenty-five (25) years of active service in the Fire or Police Department and upon notifying the Board in writing of such election, will receive an annual Service Retirement Pension payable in twelve (12) monthly installments in an amount paid to retirees in Part "(a)" of this Section who complete twenty-five (25) years of active service in the Fire or Police Departments; plus one and one-quarter percent (1.25%) of the salary set out in Part "(a)" for each year in active service following eligibility for retirement, not to exceed five (5) years.
- (c) Upon the death of any member employed on November 3, 1992, who is retired under the provisions of this Section, or upon the death of such member prior to retirement, but eligible for benefits under this Section, there shall be paid to said member's beneficiary a death benefit of \$10,000.00, and the benefits under Section 2-418, and the surviving spouse shall be paid the sum of \$500.00 per month until death if said spouse is not a beneficiary under one of the options listed in Section 2-418. If the member has not elected any option prior to his or her death, a benefit shall be payable to the deceased's surviving spouse, if any, as though he or she had elected Option D., Section 2-418. If a member who is employed after November 3, 1992, shall die before retirement and has reached the conditions for a service retirement pension, there shall be paid to his or her beneficiary or beneficiaries the death benefit of \$10,000.00 and such benefits elected under Section 2-418.

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- (d) The City Council, City of Chattanooga, in its discretion, only after a recommendation of the Board of Directors of the Fire and Police Pension Fund, upon advice by the Mayor, may, by ordinance, passed on three separate readings, amend any section of the Private Acts of 1949, as amended, or this Article XIII; provided that such amendment is not inconsistent with sound actuarial principles, methods, and actuarial assumptions and further provided that such amendment shall not in any way decrease any vested financial benefits accrued by any participant or beneficiary of the Fire and Police Pension Fund.
- (e) Those benefits payable to participants retired prior to the date of the passage of this amendment or beneficiaries of those members retired prior to the date of the passage of this amendment shall continue under the provisions in effect at the time such benefit was granted except where specifically amended or modified to include such participants or beneficiaries. No participant or beneficiary vested as of July 1, 1999, or the effective date of this amendment, shall receive an amount that would be less than the amount payable to a participant or beneficiary with equivalent service retiring as of July 1, 1999 or the effective date of this amendment, whichever is more beneficial to the participant. (Ord. No. 9778, § 1(3), 8-18-92; Ord. No. 11012, §§ 1(2), 1(5)1(8), 5-9-00)

SECTION 2-412

DISABILITY OR DEATH BENEFITS FROM CAUSE RESULTING FROM PERFORMANCE OF DUTY

- (1) If any member of the departments of Fire or Police while engaged in the discharge of his or her duties shall receive injuries resulting in such employee becoming disabled from performing duties in the Fire or Police Department, he or she shall be placed on a pension and paid sixty percent (60%) of the member's Base Salary as computed over the highest three (3) years of Base Salary during the member's years of active service, regardless of the length of time served; provided, however, that the member shall make application to the Board on a form to be provided by said Board, which application shall be accompanied by proof of facts entitling disability retirement, or proper medical proof of disability; provided further that before such member shall be retired on a pension the Board may have him or her examined by competent physicians to determine whether or not such disabled member is unable to discharge his or her regular duty or any other duty that may be required of him or her by officials of the Department of the Fire and Police. Due notice of application shall be recorded by the Secretary and the applicant shall be notified five (5) days in advance, unless waived by applicant, of the hearing by the Board on his or her application. Notwithstanding the foregoing, in no event shall a retired member's monthly benefit be less than Seven Hundred Fifty Dollars (\$750.00). No member shall be retired on a pension under this Section because of injury until six (6) months after such injury was received. Any employee retired on a pension because of an injury, in the event of recovery to the extent that he or she is again able to perform any duty required of him or her, shall be removed from the pension roll and reinstated in service. If such employee who has been placed on the pension roll refuses to allow himself or herself to be examined by physicians selected by the Board, the Board shall have the right to suspend his or her pension until such time as he or she may permit an examination by the physicians selected by the Board. No member shall be given disability benefits under this Section if the Board finds that said disability could probably be successfully corrected by competent medical treatment, and said member fails or refuses to be so treated.
- (2) If any member shall die prior to retirement from any injury suffered in line of duty, or receive injuries while engaged in the performance of their duties resulting in death within six (6) months thereafter, and shall leave a surviving spouse, said surviving spouse shall be entitled, unless receiving benefits under Section 2-418, to receive until his or her death the benefit herein provided for a member receiving a disability benefit under this Section. Said surviving spouse shall in no event receive a monthly benefit of less than Five Hundred Dollars (\$500.00).

If there be no surviving spouse, then the dependent child or children shall each receive \$500.00 per month during the minority, provided that the total amount payable to all of such children shall not exceed the member's maximum pension. If such deceased member is not

survived by spouse or minor children, but is survived by two parents solely dependent upon said member, each parent so long as he or she has no other means of support, shall receive one-half (1/2) of the benefits to which a surviving spouse would receive under this Section. If there is only one parent dependent upon such member for support, such parent shall be paid the same benefits that a surviving spouse would receive under this Section.

- (3) Upon death of any member who retires under the provision of this Section, there shall be paid to his or her beneficiary or beneficiaries the sum of \$10,000.00. (Ord. No. 9778, § 1(6), 8-18-92; Ord. No. 10747, § 1(l), 8-18-98; Ord. No. 11012, §§ 1(3), 1(9)-1(10), 5-9-00)

SECTION 2-413

REFUND TO MEMBER TERMINATING EMPLOYMENT

Except as otherwise provided in the Uniform Services Employment and Re-Employment Rights Act of 1994, if the employment of a member is terminated for any reason, or if the member is on leave without pay for a period in excess of ninety (90) consecutive days, said member shall be entitled to receive at the time of said termination or leave 100% of whatever sums he or she contributed to the Pension Fund. If Such member is subsequently reemployed in the fire and police department, he or she shall at the time of reemployment reimburse the Pension Fund to the full extent of the amount he or she received from the Pension Fund upon said termination with interest compounded annually and computed at the rate utilized in the actuarial evaluation of the Pension Fund during their periods of absence from the date of said withdrawal to the date of reemployment. Any such employee withdrawing monies from the Pension Fund pursuant to the provisions herein shall not be eligible for reinstatement or reemployment in the fire and police department until they shall have paid back the said monies. (Ord. No. 9778, § 1(7), 8-18-92)

SECTION 2-414

BENEFITS EXEMPT FROM DEBTS OF EMPLOYEE, MAY NOT BE GARNISHED, ETC.

The Pension Fund, either before or after its distribution by the Trustee to disabled or retired employees of said fire and police department, and their widows, or the beneficiary of any deceased employee, shall be exempt from the debts of such employee and shall not be assignable nor subject to attachment, garnishment, execution or other legal process, but the same shall be received by such employee or beneficiary, free from debts, judgments and demands of such employee or beneficiary. (Priv. Acts 1949, Ch. 165, § 18; Ord. No. 9778, § 1(13), 8-18-92)

SECTION 2-415

TERMINATION OF EMPLOYMENT AFTER TEN YEARS OF SERVICE; VESTING; DEATH AFTER TERMINATION

Except as otherwise provided in the Uniform Services Employment and Re-Employment Rights Act of 1994, a member who has completed ten (10) or more years of active service at the time of his or her termination of employment, or at the time he or she has been on leave without pay for a period in excess of ninety (90) consecutive days, shall have the right to either (1) or (2) as follows:

- (1) A right to receive a 100% refund of whatever sums he or she contributed to the Pension Fund. If such member is subsequently reemployed in the Fire and Police Department, he or she shall at the time of reemployment reimburse the Pension Fund to the full extent of the amount he or she received from the Pension Fund upon said termination with interest compounded annually and computed at the rate utilized in the actuarial valuation of the Pension Fund from the date of withdrawal to the date of reemployment.
- (2) A right to leave his or her contribution in the Pension Fund and be eligible to receive after reaching fifty-five (55) years of age a monthly deferred vested retirement benefit equal to 2.4% of his or her Average Base Salary as computed over the highest three (3) years of pay during the member's years of service for each year of active service, subject to a maximum of twenty-five (25) years.

If the death of such member occurs prior to commencement of the payment of any benefits under this Section, a refund of whatever sums such member contributed to the Pension Fund shall be paid to the member's estate, and his or her beneficiary shall be paid a death benefit sum of \$10,000.00. If death occurs following the commencement of eligibility to receive benefits under this Section, benefits shall be payable according to the terms elected under Section 2-410. If there is no election a surviving spouse shall receive the benefit paid under Option D. (Priv. Acts. 1949, Ch. 165, #19; Ord. No. 8688, #1(18), 8-19-86; Ord. No. 9778, #8, 8-18-92; Ord. No. 9839, #3, 2-9-93)

SECTION 2-416
PERMANENT AND TOTAL DISABILITY

- (a) From and after July 1, 1999, if an active member of the departments of Fire or Police shall become Permanently and Totally Disabled, he or she shall be placed on a pension and paid sixty-eight and 75/100 percent (68.75%) of the member's Base Salary as computed over the highest three (3) years of Base Salary during the member's years of active service, regardless of the length of time served, provided, however, that the member shall make application to the Board on a form to be provided by said Board, which application shall be accompanied by proof of facts entitling the member to Permanent and Total Disability retirement, or proper medical proof of Permanent and Total Disability; provided further that before such member shall be retired on a pension the Board may have him or her examined by competent licensed physicians to determine whether or not such member is Permanently and Totally Disabled. Due notice of application shall be recorded by the Secretary and the applicant shall be notified five (5) days in advance, unless waived by applicant, of the hearing by the Board on his or her application. Notwithstanding the foregoing, in no event shall a retired member's monthly benefit be less than Seven Hundred Fifty Dollars (\$750.00).
- (b) In the event that a member who was Permanently and Totally Disabled recovers to the extent that he or she is able to engage in gainful employment again, he or she shall notify the Board of such change of condition and such Permanent and Total Disability retirement pension shall be discontinued. Such member may reapply for such other disability pension as such member may be eligible for. If such member who has been placed on the pension roll refuses to allow himself or herself to be examined by physicians selected by the Board, the Board shall have the right to suspend his or her pension until such time as he or she may permit an examination by physicians selected by the Board.
- (c) In addition to any other Permanent and Total Disability benefit to which a member is entitled under this Section, if a member has one or more minor children at the time he or she begins to receive a Permanent and Total Disability retirement pension, he or she shall receive Five Hundred Dollars (\$500.00) per month, per minor child, not to exceed a total of One Thousand Dollars (\$1,000.00) during the minority of such children.
- (d) The Board shall provide to the Mayor and City Council on or before April 1 of each year an annual report of the action of the Board on applications for Permanent and Total Disability pensions during the preceding calendar year.
- (e) The City Council declares its intent to review the effect of increasing Disability benefits as provided by this section, and to sunset said increases effective December 31, 2007. The Board shall submit a report by an actuary or such other information as may be available to evaluate said effects to be prepared not less than 90 days nor more than 180 days prior to December 31, 2007. The benefits provided by this section which are over and above any benefits that have heretofore been authorized by Section 13.74 or 13.76 of the Chattanooga City Code, Part I, shall terminate effective December 31, 2007, unless they are renewed by the City Council on or before said date. Any application for Permanent and Total Disability benefits presented prior to December 31, 2007, shall be governed by the provisions of this section. Any application presented after that date shall be governed by any applicable enactment of the City Council. If the City Council falls to act, then the provisions of Chattanooga City Code, Part I, Sections 13.74 or 13.76 as amended and existing prior to the enactment of this provision shall apply to applications submitted on and after January 1, 2008, supplanting the benefits provided by this section.

SECTION 2-417**COST OF LIVING ADJUSTMENTS TO PENSION BENEFITS**

The benefits payable to retired members or any of their Survivors or beneficiaries shall be increased each January 1, following the first twelve (12) months of benefit, by three percent (3%). (Ord. No. 9778, § 1(10), 8-18-92; Ord. No. 11012, § 1(11), 5-9-00)

SECTION 2-418**OPTIONAL RETIREMENT BENEFITS**

- (1) When a member reaches the conditions for retirement benefits under Section 2-411; or qualifies to reach the conditions for retirement benefits under Section 2-411 and qualified for retirement benefits under Section 2-412; or is eligible to commence receiving retirement benefits under Section 2-415, he or she may elect to have the pension benefits under said Sections converted into an optional retirement benefit which is the actuarial equivalent of such benefit based upon mortality basis approved from time to time by the Board, and the age of the member and of the beneficiary as of the date the member becomes eligible to exercise the election.

The optional retirement benefits may take one of the forms listed below and for members who become employed after November 3, 1992 there shall be paid to the beneficiary the option selected by such member under this Section; but for a member who was an employee on November 3, 1992, the surviving spouse shall receive the sum of \$500.00 per month for life, if the said member has not designated the spouse as a beneficiary under one of the option forms listed below.

■ OPTION A: 10-Year Certain and Life Option

A decreased retirement benefit payable for life with the first 10-years of payments guaranteed. Any guaranteed payments due after the death of the retired participant shall be payable to the designated beneficiary, if any who survives the retired participant, or the estate of the retired participant if there is no surviving designated beneficiary.

■ OPTION B: Joint and Survivor Option

A decreased retirement benefit payable to the retired participant for life shall continue after his or her death to their surviving beneficiary at 100% of that payable to the retired participant.

■ OPTION C: Modified Joint and Survivor Option

A decreased retirement benefit payable to the retired participant for life which shall continue after his or her death to their surviving beneficiary at 75% of that payable to the retired participant.

■ OPTION D: Modified Joint and Survivor Option

A decreased retirement benefit payable to the retired participant for life which shall continue after his or her death to their surviving beneficiary at 50% of that payable to the retired participant.

■ OPTION E: Modification of Option B

A decreased retirement benefit, subject to an actuarial reduction, payable to the retired participant for life shall continue after his or her death to their Surviving beneficiary at 100% of that payable to the retired participant provided, that if such designated beneficiary shall predecease the retired participant, the retirement benefit payable to the participant after death of the designated beneficiary, shall be equal to the retirement benefit, which would have been payable had the member not elected an option. (Ord. No. 10463, § 1(3), 8-20-96)

■ **OPTION F: Modification of Option C**

A decreased retirement benefit, subject to an actuarial reduction, payable to the retired participant for life shall continue after his or her death to their surviving beneficiary at 75% of that payable to the retired participant provided, that if such designated beneficiary shall predecease the retired participant, the retirement benefit payable to the participant after death of the designated beneficiary, shall be equal to the retirement benefit, which would have been payable had the member not elected an option. (Ord. No. 10463, § 1(3), 8-20-96)

■ **OPTION G: Modification of Option D**

A decreased retirement benefit, subject to an actuarial reduction, payable to the retired participant for life shall continue after his or her death to their surviving beneficiary at 50% of that payable to the retired participant provided, that if such designated beneficiary shall predecease the retired participant, the retirement benefit payable to the participant after death of the designated beneficiary, shall be equal to the retirement benefit, which would have been payable had the member not elected an option. (Ord. No. 10463, § 1(3), 8-20-96)

- (2) Application for any optional retirement benefit shall be in writing, duly executed, and filed with the Board. Such application shall contain all information required by the Board, including such proofs of age as are deemed necessary by the Board, a retirement option selected at the time of eligibility may only be changed by written notice of the new election filed with or prior to his or her application for retirement and subject to such requirement as the Board may require.
- (3) If an active member dies after he or she has reached the aforesaid conditions for retirement benefits, any option they may have elected, in lieu of their otherwise retirement benefit, shall be payable as though he or she had been entitled to have such optional benefit commence on their date of death. (Ord. No. 9778, § 1(9), 8-18-92)
- (4) In the event of a divorce of a member who retired under an optional retirement plan, where the spouse is the designated beneficiary, the beneficiary may be cancelled upon the written request of the member and proper documentation, which shall include the final decree and marital dissolution agreement of the parties; provided, that such cancellation is not in conflict with the decree or marital dissolution agreement. The retirement allowance payable to the retiree after the cancellation of the designated beneficiary shall not be affected by such cancellation. (Ord. No. 10463, § 1(4), 8-20-96)

SECTION 2-419

DEFINITION OF TERMS

- (1) The term "Member" shall mean an employee of the Chattanooga Fire or Police Department who is a sworn Firefighter or Police Officer. An employee hired into the said department to be a sworn Firefighter or Police Officer shall not become a member until he or she completes all training required for the position and is sworn, nor shall he or she be eligible for participation in the General Pension Fund.
- (2) The term "Board" shall mean the Board of Directors of the Chattanooga Fire and Police Pension Fund.
- (3) The term "Fund" shall mean the Chattanooga Fire and Police Pension Fund, formerly called the Firemen's and Policemen's Insurance and Pension Fund, created by Chapter 165 of the Private Acts of 1949, as amended.
- (4) The term "Average Base Salary" or "Base Salary" shall mean the regular wages or salary paid on a monthly basis, but shall not include overtime pay or any supplements, including but not limited to supplements for years of service or education.

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- (5) The term "Active Service" shall mean that period of time after the date of permanent employment as a sworn officer with POST certification in the Chattanooga Police Department or a sworn officer with permanent employment in the Chattanooga Fire Department, that the member serves and is paid from the payroll of the said departments.
 - (6) The term "Service Retirement Pension" shall mean the pension a member shall be entitled to receive upon completion of twenty-five (25) years of active service.
 - (7) The term "Surviving Spouse" shall mean the spouse who is married to a member at the member's death and who has been continuously married to the member for a period of at least eighteen (18) months prior to the date of the member's death.
 - (8) The term "Permanent and Total Disability" or "Permanently and Totally Disabled" shall mean the medically determinable consequences of a catastrophic injury or illness that permanently prevents a member from performing any gainful work.

SECTION 2-420

CITY COURT COSTS FOR BENEFIT OF FIRE AND POLICE PENSION FUND

The sum of five dollars (\$5.00) shall be added as and in the nature of court costs to the cost incurred in the City Court of the City of Chattanooga on all forfeitures of fines or monies for or on conviction for violation of any city ordinances and that said increase in court costs for the City Court of the City of Chattanooga be collected by the clerk of said court and paid over to the treasurer the City of Chattanooga who will account for said funds and pay same over to the Trustees of the Fire and Police Pension Fund together with all other monies properly collected for credit to said Pension Fund as herein before set out. (Priv. Acts 1969, Ch. 165, § 1)

SECTION 2-421

CREDITED SERVICE UNDER GENERAL PENSION FUND

A participant in the General Pension Fund who has transferred employment from the provisions of the Fire and Police Pension Fund shall have the right to have his service under the Fire and Police Pension Fund vested if it amounts to five (5) years or more and said participant has more than five (5) years credited service under the General Pension Fund. Such employee shall be entitled to receive at age fifty-five (55), if not employed by the City of Chattanooga, ten (10%) percent of the pension he or she could have received if employed for twenty-five (25) years that was paid at the time of transfer, for five (5) years of service, and if any employee transfers after serving more than five (5) years and less than ten (10) years, the vested percent of said pension paid at the time of transfer shall be increased by three (3%) percent for each additional year of service up to ten (10) years of service. (Ord. No. 8688, § 1(2)(a), 8-19-86)

SECTION 2-422

DEFERRED RETIREMENT OPTION PROVISION

- (a) From and after July 1, 1999, a member of the Fire Department and Police Department with more than twenty-five (25) years of active service, but no more than thirty (30) years of active service, may elect the Deferred Retirement Option Provision (DROP) at the time of retirement, to cover a retroactive period not to exceed thirty-six (36) months.
- (b) A member shall elect to take the DROP by completing a written form provided by the Board of Directors. If a member elects to take the DROP, his or her Service Retirement Pension shall be adjusted as follows: Upon retirement, the eligible member's Service Retirement Pension shall be calculated as provided in Section 2-411 above, and further adjusted as provided in Section 2-418, if applicable, except that, for purposes of the calculation under Section 2-411, the member's active service shall be reduced by the number of months elected by the member hereunder. The number of months elected by the member hereunder shall not exceed the lesser of: (A) the number of months of active service accumulated by the member beginning on the date the member attains twenty-five (25) years of active service and ending on the member's actual retirement date; and (B) thirty-six (36) months.

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- (c) The member's monthly Service Retirement Pension, calculated in accordance with the provisions of subsection (b), above, shall be added together with an amount that is equal to the average of the member's monthly employee assessment, required by Section 2-402, above, for the thirty-six (36) month period immediately prior to the member's retirement. The resulting sum shall then be multiplied by the number of months elected by the member pursuant to subsection (b), above. The resulting product shall be credited with interest at seven percent (7%) annually, compounded monthly, for the same number of months. The total amount so derived shall constitute the DROP benefit, which shall be paid in a single lump sum.
 - (d) The DROP payment shall be paid as soon as practicable after the retirement of the member.
 - (e) A member's right to participate in the DROP shall not be vested until the member retires and elects to take the DROP. The DROP may be discontinued or modified at any time.

SECTION 2

BE IT FURTHER ORDAINED, That if any provision of this Ordinance, or the application to any person or circumstance, shall be held invalid, the remainder of this Ordinance are to be deemed non-severable and shall be held invalid. In the event of invalidity, the provisions of the Firemen's and Policemen's Insurance and Pension Fund in effect prior to enactment of this Ordinance shall be deemed to have been operative for any permanent and total disability pension benefit or other benefit granted in reliance upon the provisions of this Ordinance which provide benefits greater than authorized by the corresponding pre-existing provision of the Firemen's and Policemen's Insurance and Pension Fund. Any benefits awarded in excess of those which are provided by said Firemen's and Policemen's Insurance and Pension Fund shall be adjusted to those benefits that would have been so authorized, provided, it shall not be necessary to recoup any excessive payment of the benefits paid prior to the judicial declaration of invalidity.

SECTION 3

BE IT FURTHER ORDAINED, That this Ordinance shall take effect two (2) weeks from and after its passage, as provided by law.

Heart and Lung Bill

7-51-201

LAW ENFORCEMENT OFFICERS AND FIREFIGHTERS – COMPENSATION FOR INJURY OR DEATH – CERTAIN DISABILITIES PRESUMED TO HAVE BEEN SUFFERED IN COURSE OF EMPLOYMENT

(a) (1) Whenever the state of Tennessee, or any municipal corporation or other political subdivision thereof that maintains a regular law enforcement department manned by regular and full-time employees and has established or hereafter establishes any form of compensation to be paid to such law enforcement officers for any condition or impairment of health which shall result in loss of life or personal injury in the line of duty or course of employment, there shall be and there is hereby established a presumption that any impairment of health of such law enforcement officers caused by hypertension or heart disease resulting in hospitalization, medical treatment or any disability, shall be presumed (unless the contrary is shown by competent medical evidence) to have occurred or to be due to accidental injury suffered in the course of employment. Any such condition or impairment of health which results in death shall be presumed (unless the contrary be shown by competent medical evidence) to be a loss of life in line of duty, and to have been in the line and course of employment, and in the actual discharge of the duties of such officer's position, or the sustaining of personal injuries by external and violent means or by accident in the course of employment and in line of duty. Such law enforcement officer shall have successfully passed a physical examination prior to such claimed disability, or upon entering governmental employment and such examination fails to reveal any evidence of the condition of hypertension or heart disease.

(2) For purposes of this subsection, "law enforcement officer" includes correctional security job classification employees of the departments of correction and children's services, and full-time county law enforcement officers, including county deputy sheriffs employed in correctional security positions. If such inclusion of full-time county law enforcement officers, including county deputy sheriffs employed in correctional security positions, in the definition of "law enforcement officer" mandates increased liability to a county under the Tennessee consolidated retirement system, or a local retirement system, then such full-time county law enforcement officers, including county deputy sheriffs employed in correctional security positions in such county, shall not be included in such definition for purposes of the Tennessee consolidated retirement system or a local retirement system unless the county legislative body of such county advises the retirement division of its desire to apply such definition to such personnel within four (4) months of March 24, 1986.

(b) (1) Whenever the state of Tennessee, or any municipal corporation or other political subdivision thereof maintains a regular fire department manned by regular and full-time employees and has established or hereafter establishes any form of compensation, other than workers' compensation, to be paid to such firefighters for any condition or impairment of health which shall result in loss of life or personal injury in the line of duty or course of employment, there shall be and there is hereby established a presumption that any impairment of health of such firefighters caused by disease of the lungs, hypertension or heart disease resulting in hospitalization, medical treatment or any disability, shall be presumed (unless the contrary is shown by competent medical evidence) to have occurred or to be due to accidental injury suffered in the course of employment. Any such condition or impairment of health which results in death shall be presumed (unless the contrary is shown by competent medical evidence) to be a loss of life in line of duty, and to have been in the line and course of employment, and in the actual discharge of the duties of such firefighter's position, or the sustaining of personal injuries by external and violent means or by accident in the course of employment and in the line of duty. Such firefighter shall have successfully passed a physical examination prior to such claimed disability, or upon entering upon governmental employment, and such examination fails to reveal any evidence of the condition or disease of the lungs, hypertension or heart disease.

(2) It is hereby declared to be the legislative intent that this section is to be remedial in character and to permit and require any municipal corporation maintaining any permanent fire department to be covered by its provisions.

- (c) (1) Whenever any county having a population greater than four hundred thousand (400,000) according to the 1980 federal census or any subsequent federal census, or any municipal corporation within such county, maintains within its fire department, and has established or hereafter establishes any form of compensation, other than workers' compensation, to be paid to a person employed by such division as an emergency medical technician or emergency medical technician advanced or paramedic, for any condition or impairment of health which shall result in loss of life or personal injury in the line of duty or course of employment, there shall be and there is hereby established a presumption that any impairment of health of such person caused by hypertension or heart disease resulting in hospitalization, medical treatment or any disability shall be presumed (unless the contrary is shown by competent medical evidence) to have occurred or to be due to accidental injury suffered in the course of employment. Any such condition or impairment of health which results in death shall be presumed (unless the contrary is shown by competent medical evidence) to be a loss of life in line of duty, and to have been in the line and course of employment, and in the actual discharge of the duties of the firefighter's position, or the sustaining of personal injuries by external and violent means or by accident in the course of employment and in the line of duty. Such person shall have successfully passed a physical examination prior to such claimed disability, or upon entering governmental employment, and such examination fails to reveal any evidence of the condition of hypertension or heart disease.

(2) It is hereby declared to be the legislative intent that this section is to be remedial in character and to permit and require any such municipal corporation or political subdivision of the state maintaining such division to be covered by its provisions. [Acts 1965, ch. 299, ' 1; 1970, ch. 593, ' 1; modified; T.C.A., ' 6-639; Acts 1982, ch. 599, ' 1; 1985, ch. 345, ' 1; 1985 (1st E.S.), ch. 5, ' 18; 1986, ch. 590, ' 1; 1989, ch. 278, ' 25; 1996, ch. 1079, ' 26.]

