

# CHATTANOOGA

## FIRE & POLICE

# PENSION FUND

SUMMARY PLAN DESCRIPTION

2014

SERVING THOSE THAT PROTECT OUR COMMUNITY!





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December 2014

Dear Participant,

As a Police Officer or Firefighter, you provide a valuable service to our community. Due to the dangerous nature of public safety, Police Officers and Firefighters have a shorter career expectancy than other City Employees or those in the private sector. For these reasons, the Chattanooga Fire and Police Pension Fund was established in 1949 as a defined benefit plan in order to provide Police Officers and Firefighters with a secure, pre-defined monthly benefit upon retirement. The Fund also provides a safeguard for your immediate family in the event you become disabled or die.

This updated Summary Plan Description (SPD) can be used to guide you on how the Pension Fund operates. It does not replace or take precedence over current legislation. 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 is subject to continual review and revision. Please visit our website or call the Pension Office for the most recent version.

If you have questions about the Chattanooga Fire and Police Pension Fund, please contact the Pension Fund Office through any direct means listed above.

Sincerely,

The Board of Directors

This Summary Plan Description provides a summary of the benefits for participants in the Chattanooga Fire and Police Pension Fund. The Pension Legislation (Appendices D, E, F) will govern the rights to benefits in all cases. The Board of Directors reserves the right to amend the Pension Fund Legislation and SPD, in accordance with the law, from time to time. The Pension Fund may be amended or terminated at any time. Benefits that have not been vested, and future benefits that have not accrued, may be modified or eliminated. Plan features or options may be modified or eliminated at any time.



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## Definitions, Common Phrases, And Acronyms

These definitions are provided for our Participants to have a general idea of some common phrases and acronyms that you may find in the Summary Plan Description (“SPD”). Capitalized words, that normally would not be capitalized, found throughout the Summary Plan Description and their acronym will be generally explained here.

<b>Active Member, or Active Employee:</b>	A participant who is currently employed with the City of Chattanooga as a fully sworn Police Officer with the Police Department or a fully sworn Firefighter with the Fire Department, who has been in a paid status as a Firefighter or Police Officer within the past 45 days, regardless if s/he is currently performing the duties of a sworn Firefighter or Police Officer.
<b>Actively Working:</b>	A fully sworn participant who is reporting to work and receiving the compensation of a sworn participant for the work that is being performed regardless of whether or not the sworn participant is working in a full-duty or light-duty status.
<b>CCC:</b>	Refers to the Chattanooga City Code. Sections 2-400 through 2-424 of the CCC contain legislation governing the Pension Plan.
<b>CFPPF:</b>	Refers to the Chattanooga Fire and Police Pension Fund. Commonly used to make reference to the Pension Fund or the Pension Plan.
<b>Consumer Price Index or CPI:</b>	A program of the Bureau of Labor Statistics to produce monthly data on changes in prices paid for goods and services. Inflation is measured by the CPI.
<b>Deferred Retirement Option Provision or DROP:</b>	The DROP is an optional type of a Member’s earned Service Retirement benefit. It allows Members who retire with more than 25 years of Service to convert up to 36 months of their earned benefit into a lump sum of cash. Eligibility for the DROP option ends when a Member has more than 33 years of Service. See an explanation of the DROP in Optional Types of Retirement Benefits section.
<b>Final Average Salary, Average Salary or FAS:</b>	FAS is calculated using the consecutive 36 months of base salary that provide the Member’s highest average. All Members’ benefits are calculated using the FAS. The FAS is determined at termination/retirement for those who are not eligible for, or do not elect a DROP. Those who elect the DROP option will have their FAS determined at the beginning of the DROP period.
<b>Fund:</b>	See Pension Fund.
<b>Joint and Survivor Or J&amp;S:</b>	J&S is an optional type of a Member’s benefit. The Member who elects a J&S option receives an adjusted (typically lower) monthly benefit so that he/she can name a beneficiary to receive a monthly benefit for his/her lifetime also. There are seven J&S options. See an explanation of J&S under OPTIONAL TYPE OF BENEFITS section.
<b>LWOP:</b>	Refers to Leave Without Pay; any period of time in which a Member is still employed, but not receiving compensation.
<b>Member:</b>	An active sworn Firefighter in the Chattanooga Fire Department or a sworn Police Officer in the Chattanooga Police Department, who contributes to the CFPPF; A retired Firefighter or Police Officer who receives or is eligible to receive benefits from the CFPPF.

## **Definitions, Common Phrases, And Acronyms (continued)**

<b>Multiplier:</b>	The multiplier is the percentage of the Member's Final Average Salary that he/she earns for each complete year of Service.
<b>Participant:</b>	A Member; or a Member's beneficiary.
<b>Pension Creditable Service, Service, or PCS:</b>	Sworn service of a Police Officer or Firefighter for which he/she is paid and contributes to the Pension Fund. PCS is affected by a break in Service of LWOP.
<b>Pension Fund:</b>	The trust fund that holds the assets of the Pension Plan.
<b>Pension Plan or Plan:</b>	The schedule of benefits governed by all applicable Federal, State, Local laws, and policies of the Chattanooga Fire and Police Pension Fund.
<b>Service Retirement:</b>	The benefit a Member is eligible to receive upon completion of at least 25 years of Service and the age requirements, if applicable, to begin receiving benefits.
<b>Single-Life Annuity Or SLA:</b>	The basic form of a Member's benefit that is payable for his/her lifetime only.
<b>Summary Plan Description or SPD:</b>	The Summary Plan Description, or SPD, is an important document that summarizes to participants what the Pension Plan provides and how it operates. It provides information on when a Member can begin to participate in the Pension Plan, how Service and benefits are calculated, when benefits becomes vested, when and in what form benefits are paid, and how to file a claim for benefits
<b>Surviving Spouse:</b>	The spouse of a deceased retiree; Surviving Spouse benefits are the benefits available to the spouse of certain deceased retirees who did not elect a J&S option, as describe in the Plan. Similar to Periodic Death Benefits available to the dependent(s) upon the death of an active Member.
<b>YOS:</b>	Refers to completed years of Pension Creditable Service.



## Frequently Asked Questions

### 1. Who should I call if I have questions about the Pension Fund?

Contact the Pension Fund Office staff. You may contact the Pension Fund Office staff in person, by mail, email, phone, or fax. Assistance is available between the hours of 8:00 AM and 4:00 PM Monday through Friday. Contact information is provided in the welcome letter at the beginning of this SPD.

### 2. Can I borrow money from my pension?

No. The Pension Fund is a defined benefit plan. There is no provision to borrow money from your pension like you might find in a defined contribution plan such as a 401(k) or 403(b).

### 3. Who governs the Pension Fund?

The Pension Fund is governed by a Board of Directors. This Board is made up of three (3) active firefighters, three (3) active police officers, the Mayor or Mayor's appointee, and a City Council appointee. Each year, one (1) firefighter and one (1) police officer are elected to the Board for a three (3) year term by both the active and retired firefighters and police officers. The Mayor and City Council appointees serve at the pleasure of the Mayor or City Council.

### 4. How are my pension benefits funded?

Currently, your pension benefit is funded through three (3) sources:

- You are required to contribute a portion of your base salary to help fund your pension. Please see [APPENDIX G](#) for more information.
- The City of Chattanooga, through tax revenue and other resources, contributes whatever amount is necessary to provide your pension benefit, but no less than 10% of the monthly gross payroll of all sworn firefighters and police officers that participate in the Pension Fund.
- On average, investment earnings provide more than 70% of the cost required to fund your benefit.

### 5. Is there an additional cost to me to add a benefit for my beneficiary?

Not really. All forms of benefit payment are equivalent. Your standard pension benefit is in the form of a Single Life Annuity ("SLA"). A SLA is payable in monthly payments for your lifetime only. You have the option to name a beneficiary and "share" your retirement with that other person, by reducing the monthly payment that would be payable to you for your lifetime and having a percentage of that payment paid to your beneficiary for his/her lifetime after you die. This is referred to as a "Joint and Survivor" option. All Joint and Survivor ("J&S") options are the actuarial equivalent to the SLA but the monthly payment amounts will be less than the monthly payment amounts under the SLA because the payments are stretching out over a longer period of time. Please see [OPTIONAL TYPES OF BENEFITS](#) for additional information.

### 6. What types of pensions are offered?

The Pension Fund offers five (5) types of retirement benefits:

- 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 pension creditable service, but are not retirement eligible
- a **job-related disability pension**, in case you are disabled due to an injury or illness incurred as a result of the performance of sworn duties and can no longer perform the duties of your sworn duties.
- a **non-job related disability pension**, in case you are disabled due to an injury or illness that is unrelated to the performance of your sworn duties
- a **permanent and total disability pension**, if you become disabled and cannot work in any gainful employment

### 7. How is my pension benefit calculated?

Generally, your pension is calculated using your years of service and your final average salary. There are three (3) different series of benefits. Please see [RETIREMENT INFORMATION](#) to determine the series that applies to you.

**8. When am I eligible to retire?**

Your retirement eligibility depends on which Series of benefits applies to you. Please see pages for [SERIES-A](#), [SERIES-B](#), and [SERIES-C](#) for additional information.

**9. How do I apply for my pension?**

When you decide to retire, contact the Pension Fund staff to make an appointment to complete and review the necessary paperwork.

**10. What do I need to bring with me to my retirement appointment?**

You will want to bring the following items with you to your appointment:

- state or departmental issued ID
- copy of your letter of intent to retire
- voided check for direct deposit
- copy of driver's license or birth certificate for your J&S beneficiary
- DROP rollover information (if applicable)

**11. When will I receive my first pension payment?**

Benefit payments are made on the 25<sup>th</sup> of each month. Your first payment is effective the 1<sup>st</sup> of the month following your date of termination and will be paid as soon as practicable. There are no partial monthly benefit payments. You must complete the necessary retirement paperwork prior to commencement of your benefit.

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

It depends on what the legislation that governs the Pension Fund says. Currently, once you have met your eligibility to receive an annual benefit adjustment, effective January 1 of each year, your pension payments may be increased as provided for by legislation. This feature, like any feature of the Pension Plan is subject to change. Please see [ANNUAL BENEFIT ADJUSTMENTS](#) for additional information.

**13. What will my spouse get if I die while I am still actively employed?**

This depends on the circumstances in which your death occurs. Please see the [DEATH BENEFITS SUMMARY](#) for further explanation.

**14. How can I change my beneficiary designation for the death benefit?**

Contact the Pension Fund staff to receive a beneficiary designation form. Complete the form and return it to the Pension Fund office. This form must be witnessed by a member of the Pension Fund Staff or notarized.

**15. Who can I name as beneficiary to my pension benefit?**

You can name anyone you choose as beneficiary to receive a percentage of your monthly pension benefit upon your death. However, you may name only one person. In most cases, your monthly pension rate will decrease when naming a beneficiary to your monthly benefit. Please see [J&S OPTIONS](#) for additional information.

**16. Can I change my beneficiary of my pension benefit?**

If you are an Actively Employed Member and you are retirement eligible, then you may name a beneficiary to your pension benefit. You may change your beneficiary while still an active employee.

When you retire, you must make an irrevocable decision regarding a beneficiary of your pension benefit. Once retired, you may not remove and/or add another beneficiary to receive your monthly pension benefit once your benefit has commenced. In the case of divorce, if allowed in your divorce decree, you may remove your former spouse as the beneficiary of your monthly pension benefit, but you cannot name someone else to receive that benefit. Please see [J&S OPTIONS](#) for additional information.

## Life Events That May Affect Your Retirement Benefits

At certain times in your life, events may occur that may affect your pension benefit, such as marriage, divorce, termination of employment or death of a spouse. In any of the events below, you should contact the Pension Fund staff.

**IF YOU MARRY:** If you marry, you may want to designate your spouse as your beneficiary for the \$10,000 lump sum death benefit. Contact the Pension Fund staff to complete a beneficiary form.

**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 staff 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. Your monthly pension payment amount will not change if you remove your former spouse as your beneficiary.

**LWOP:** Any leave without pay (LWOP) will result in an adjustment to your pension eligibility date by the same number of days of LWOP.

**IF YOU TERMINATE EMPLOYMENT:** If your employment in the Police or Fire Department is terminated for any reason other than disability before you are vested, you lose the right to receive any Pension benefits. All employee 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 later return to the department, you will have the option of (1) repaying your employee contributions plus interest in order to be reinstated with the same service credit time you had prior to termination, or (2) you can choose to start over as a new hire for purposes of pension creditable service. Contact the Pension Fund staff for the necessary paperwork.

If you are vested when your employment is terminated, you have the option to receive a refund of your employee contributions as described above or remain in the Pension Fund. If you remain in the Pension Fund, all of your employee contributions will stay in the Pension Fund and you will receive a vested pension beginning at age 55. If you later return to the department, you will be reinstated with the same pension service credit time you had prior to your termination. Please see [VESTED BENEFITS SUMMARY](#) for additional information. Contact the Pension Fund staff for the necessary paperwork.

Any returning Member will accrue benefits that are available to a new hire on the date of rehire or reinstatement. Reinstatement via appeal of an involuntary termination is *not* considered a termination of employment for Pension purposes.

**IF YOU BECOME DISABLED:** If you are unable to work due to disability, you may be eligible for Pension Fund benefits. All types of disability require that you must submit a disability application to the Pension Fund staff. 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 an independent 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 records, 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.

Please see [DISABILITY BENEFITS](#) for additional information

**IF YOU BECOME  
RETIREMENT  
ELIGIBLE:**

Once you have reached your date of retirement eligibility with the police and/or fire department, you are eligible to retire with a service retirement pension. To retire, contact the Pension Fund staff to set an appointment to complete the necessary paperwork.

If you choose to continue working after your retirement eligibility date, you may designate a beneficiary for your survivor benefit, as well as elect a joint and survivor option for your pension benefit. This designation and election is to protect your survivor in the event of death before your actual retirement. This designation/election is not final and can be changed at any time, until you actually retire, at which time you may make your final decision.

**IF YOUR  
SPOUSE DIES:**

If your spouse dies before you retire, you should contact the Pension Fund staff 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 beneficiary, your monthly pension amount will increase. Your monthly payment will "pop up" to the level it would have been if you selected the SLA.

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, unless you elected on of the pop-up options. No 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. Refer to the benefits summary for [DEATH BENEFITS \(Active\)](#), [DEATH BENEFITS \(terminated vested\)](#), and [DEATH BENEFITS \(retired\)](#) for more details about these benefits and circumstances under which they are payable.

# Chattanooga Fire and Police Pension Fund

## General Information

The Pension Fund is a defined benefit retirement plan. A defined benefit plan provides you with a lifetime benefit based on a formula that typically includes years of service and age. For example, all Members of the CFPPF are eligible to receive 75% of their Final Average Salary upon retirement with 30 years of Pension Creditable Service. The CFPPF Board has determined that a defined benefit plan is the most appropriate retirement plan for sworn Fire and Police (see Appendix A).

Although, every Member will be eligible to retire with 75% of FAS at 30 years of Service, certain variables exist in the structure of the benefits depending on factors including the number of years of Service ("YOS") a Member has and the date a Member was last hired. For the sake of simplicity, we refer to each of these three basic variations as a "Series" and include a section on each Series (A, B, C) in this Summary Plan Description.

## Retirement Information

**WHAT SERIES AM I?:** You can easily determine which Series you are by answering a few simple questions.

- Were you last hired into a Chattanooga Fire or Police Academy on or after July 1, 2014?
- Were you a previously separated Member who was re-employed as a Chattanooga Firefighter or Police Officer on or after July 1, 2014?

**If you answered "yes" to either question, then you are a Series-A Member.**

**Continue to next questions if you answered "no" to both.**

- Were you in a Chattanooga Fire or Police Academy on July 1, 2014?
- Did you have less than 10 years of Pension Creditable Service on July 1, 2014?

**If you answered "yes" to either of these questions, then you are a Series-B Member.**

**Continue to next question if you answered "no" to both.**

- Did you have 10 or more years of Pension Creditable Service on July 1, 2014?

**If you answered "yes" to this question and "no" to all others, then you are a Member of Series-C. Contact a Pension representative if you still have questions.**

### SERVICE

#### RETIREMENT:

Lifetime Service Retirement benefits accrue up to a maximum of 30 years of service and are available for all Members in each Series. For details, please refer to the sections on your Series.

#### J&S OPTIONS:

In addition to providing Members with retirement benefits, Joint and Survivor ("J&S") Options permit Firefighters and Police Officers to "share" their retirement benefits in varying degrees and provide lifetime benefits for one other person upon the Member's death. See [J&S OPTIONS](#) for additional information on the seven options available.

#### DROP:

Available in each Series, the Deferred Retirement Option Provision ("DROP") is an optional form of distribution for an earned benefit for Members with more than 25 years of Service. This option allows Firefighters and Police Officers with more than 25, but no more than 33 YOS to receive a reduced monthly benefit and a DROP payment equal to no more than three years of their earned retirement benefit payable in one lump sum payment shortly after retirement. See [DROP](#) for more details.

#### DISABILITY:

The Pension Plan also provides benefits for its Members who can no longer perform their sworn duties due to an injury or illness. For details on job related and non-job related disabilities, please refer to [DISABILITY BENEFITS](#).

#### DEATH BENEFITS:

The Pension Plan offers a \$10,000 death benefit payable to the named beneficiary(ies) of any active, terminated-vested, or retired Police Officer or Firefighter. Additional lifetime monthly death benefits are available to the spouse upon the death of an active Firefighter or Police Officer. For more details, please see [DEATH BENEFITS](#).

### BENEFIT

#### ADJUSTMENTS:

Currently, when each Member, regardless of Series, has been retired for 3 years, they are eligible to receive an adjustment to their monthly benefits, commonly referred to as a Cost-of-Living Adjustment (COLA). Each January, the adjustment may provide an increase in retirement benefits to assist retirees in keeping up with increased living expenses during retirement. This feature, like all features of the Pension Plan is subject to change. For more details, please see [ANNUAL BENEFIT ADJUSTMENT](#).



# CHATTANOOGA FIRE & POLICE PENSION FUND



Service –  
Series-A  
Dec. 2014

## Service Retirement for Series-A Members Became Active Participant on/after July 1, 2014

### SERIES-A:

Series-A Members are defined as:

- Any Member who was hired as a cadet in the Chattanooga Fire or Police Department on or after July 1, 2014; or
- Any former Member reemployed to sworn service on or after July 1, 2014.

### VESTING:

Members who have at least 10 years of Pension Credit Service, but not yet service retirement eligible under the terms of the Pension Plan may terminate sworn service, elect to vest, and still receive a reduced benefit beginning at age 55. The Multiplier for a vested benefit is 2.40% of FAS for each year of Service (less than 25 YOS). Members who terminate employment and choose not to vest, or those who have less than 10 years of service upon termination of employment, will receive a refund of their employee contributions to the Fund. The Multiplier for Members retiring with less than 25 years of Service, due to a mandatory retirement age, is 2.5% of FAS.

### MULTIPLIER:

The Multiplier is the amount of retirement benefit that a Member receives for each year of sworn service with the City of Chattanooga expressed as a percentage of Final Average Salary. For Service Retirement, the Multiplier for each year up to 30 years of service is 2.5%, resulting in a 75.0% [30 years of service \* 2.5% = 75.0%] of FAS. (CCC 2-411)

Series-A Sworn Participants			
Years of Service	Percentage of FAS		Percentage <sup>†</sup> plus DROP
25 Years*	62.50%	or	N/A
26 Years*	65.00%	or	62.50% + 1yr DROP
27 Years*	67.50%	or	62.50% + 2yrs DROP
28 Years*	70.00%	or	62.50% + 3yrs DROP
29 Years*	72.50%	or	65.00% + 3yrs DROP
30 Years	75.00%	or	67.50% + 3yrs DROP
31 Years	75.00%	or	70.00% + 3yrs DROP
32 Years	75.00%	or	72.50% + 3yrs DROP
33 Years	75.00%	or	75.00% + 3yrs DROP
> 33 Years	75.00%		N/A

### \*SERVICE RETIREMENT:

\*Service Retirement for Series-A employees is available at the age of 55 with 25 years of sworn service; or any age with at least 30 years of service as noted in the table below.

Pension Membership Age	Service Retirement Eligibility Requirements	
	Years of Service	At age
21	30	51
22	30	52
23	30	53
24	30	54
25	30	55
26	29	55
27	28	55
28	27	55
29	26	55
30+	25 YOS	

<sup>†</sup> See [DROP](#) for more information on the Deferred Retirement Option Provision



# FIRE AND POLICE PENSION FUND



## Service Retirement Estimate Worksheet Series-A Employees

**This Series-A Service Retirement Estimate Worksheet is designed as an aide for sworn Members of the Chattanooga Fire and Police Departments to estimate their Service Retirement benefits. This worksheet is not meant to provide exact retirement figures and the Fire and Police Pension Fund is not responsible for any estimate produced on this form. It is very likely that your actual benefit will differ from any estimate produced on this form. Final retirement calculations will be made by a member of the Fund’s staff at time of retirement. Chattanooga Firefighters and Police Officers do not receive Social Security Benefits.**

**Use this Series-A Service Retirement Worksheet if you were hired, rehired, or reinstated to sworn service on or after July 1, 2014.**

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**Pension Creditable Service (“PCS”)** typically begins upon graduation of the Academy and is adjusted for any unpaid breaks in service.

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### SECTION 1

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#### Retirement Eligibility Determination

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1. **What is the estimated date of your retirement?**      \_\_\_\_/\_\_\_\_/\_\_\_\_
  2. **Will you be at least 55 years of age on the estimated date of retirement?**
    - a. If yes, then continue to question 3;
    - b. If no, then SKIP to question 5.
  3. **Will you have completed 25 years of PCS on the estimated date of retirement?**
    - a. If yes, then GO to SECTION 2;
    - b. If no, then continue to question 4.
  4. **Are you retiring due to a maximum age limit established by your Department?**
    - a. If yes, then contact Pension Fund staff;
    - b. If no, then you must use the VESTED RETIREMENT ESTIMATE WORKSHEET.
- 
5. **Will you have completed 30 years of PCS on the estimated date of retirement?**
    - a. If yes, then GO to SECTION 2;
    - b. If no, then you are not retirement eligible. Choose a later date of retirement.



**SECTION 2**

Final Average Salary and Final Average Salary with a DROP Calculation

LINE 1: How many completed years and months of PCS will you have at retirement?  
\_\_\_\_\_ years, and \_\_\_\_\_ months.

LINE 2: Subtract 3 years from Line 1. How many years and months remain? *(Write 25 years and 0 months if answer is less than 25 years)*  
\_\_\_\_\_ years, and \_\_\_\_\_ months.

LINE 3: What is the total number of months between Line 2 and Line 1? *(Should be 36 or less)*  
\_\_\_\_\_ months.

LINE 4: What is your average annual base salary for the last 36 months as of Line 1?  
\$ \_\_\_\_\_

LINE 5: What is your average annual base salary for the last 36 months as of Line 2?  
\$ \_\_\_\_\_

**SECTION 3**

Estimated Benefit Calculations with and without DROP

Chart 1

PCS	%age		
25	62.50%	or	0.6250
26	65.00%	or	0.6500
27	67.50%	or	0.6750
28	70.00%	or	0.7000
29	72.50%	or	0.7250
30+	75.00%	or	0.7500

LINE 6: In Chart 1 above, locate the number of years (exclude months) from Line 1. Multiply Line 4 by the corresponding percentage (if your calculator does not have a percent (%) function, then move the decimal to the left two places—i.e. use 0.6250 for 62.50%, etc.)  
\_\_\_\_\_ (Line 4) X \_\_\_\_\_ (%age) = \$ \_\_\_\_\_

LINE 7: In Chart 1, locate the number of years (exclude months) from Line 2. Multiply Line 5 by the corresponding percentage (if your calculator does not have a percent (%) function, then move the decimal to the left two places—i.e. use 0.6250 for 62.50%, etc.)  
\_\_\_\_\_ (Line 5) X \_\_\_\_\_ (%age) = \$ \_\_\_\_\_

LINE 8: Divide answer from Line 6 by 12:  
\$ \_\_\_\_\_ (Line 6) ÷ 12 = \$ \_\_\_\_\_



LINE 9: Divide answer from Line 7 by 12:  
\$ \_\_\_\_\_ (Line 7) ÷ 12 = \$ \_\_\_\_\_

LINE 10: Multiply Line 9 by Line 3:  
\$ \_\_\_\_\_ (Line 9) X \_\_\_\_\_ months (Line 3) = \$ \_\_\_\_\_

**SECTION 4**

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Estimated Single-Life Annuity Benefits with and without DROP

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\$ \_\_\_\_\_ is your estimated unreduced monthly benefit (No DROP)  
(LINE 8)

Or

\$ \_\_\_\_\_ is your estimated reduced monthly benefit, with a DROP lump sum that is  
(LINE 9)  
estimated to be \$ \_\_\_\_\_.  
(LINE 10)

This Series-A Service Retirement Estimate Worksheet is designed as a general guide for sworn Members of the Chattanooga Fire and Police Departments to estimate their approximate service retirement benefits. This worksheet is not meant to provide exact retirement figures and the Fire and Police Pension Fund is not responsible for any estimate produced on this form. It is very likely that your actual benefit will differ from any estimate produced on this form. Final retirement calculations will be made by a member of the Fund's Staff at time of retirement. Chattanooga Firefighters and Police Officers do not receive Social Security Benefits.

A Member must have more than 25 years, but no more than 33 years of service to qualify for a DROP option. Members who have more than 33 years of Pension Creditable Service are no longer eligible to exercise the DROP option.



# CHATTANOOGA FIRE & POLICE PENSION FUND



Service –  
Series-B  
Dec. 2014

## Service Retirement for Series-B Members Active with Less Than 10 Years of Service on July 1, 2014

### SERIES-B:

Series-B Members are defined as:

- Any Member with less than 10 years of Pension Service Credit on July 1, 2014, including Members who were in the Chattanooga Fire or Police Academy on July 1, 2014; and
- Continually been an Actively Employed Member since July 1, 2014.

### VESTING:

Once Members have at least 10 years of Pension Credit Service, but are not yet service retirement eligible under the terms of the Pension Plan, they may terminate sworn service and still receive a reduced benefit beginning at age 55. The Multiplier for a vested benefit is 2.40% for each year of sworn service (less than 25 YOS). Firefighters and Police Officers who terminate employment and choose not to vest, or those who have less than 10 years of service upon termination of employment, will receive a refund of their employee contributions to the Fund. The Multiplier for Members retiring with less than 25 years of sworn service, due to a mandatory retirement age, is 2.75%.

### MULTIPLIER:

The Multiplier is the amount of retirement benefit that a Member receives for each year of sworn service with the City of Chattanooga expressed as a percentage of Final Average Salary. For a Service Retirement, the Multiplier for the first 25 years of service is 2.75%, resulting in a 68.75% [25 years of service \* 2.75% = 68.75%] of the average base salary from the 36 highest paid consecutive months of service (“Final Average Salary” or “FAS”). The Multiplier for years 26 through 30 is 1.25% for a maximum retirement benefit of 75% of FAS at 30 YOS. (CCC 2-411)

Series-B Sworn Participants			
Years of Service	Percentage of FAS		Percentage <sup>†</sup> plus DROP
25 Years*	68.75%	or	N/A
26 Years*	70.00%	or	68.75% + 1yr DROP
27 Years*	71.25%	or	68.75% + 2yrs DROP
28 Years	72.50%	or	68.75% + 3yrs DROP
29 Years	73.75%	or	70.00% + 3yrs DROP
30 Years	75.00%	or	71.25% + 3yrs DROP
31 Years	75.00%	or	72.50% + 3yrs DROP
32 Years	75.00%	or	73.75% + 3yrs DROP
33 Years	75.00%	or	75.00% + 3yrs DROP
33 + Years	75.00%		N/A

### \*SERVICE RETIREMENT:

\*Service Retirement for Series-B employees is available at the age of 50 with 25 years of sworn service; or prior to age 50 with at least 28 years of service. See table below.

Pension Membership Age	Service Retirement Eligibility Requirements	
	Years of Service	At age
21	28	49
22	28	50
23	27	50
24	26	50
25 +	25 YOS	

<sup>†</sup> See [DROP](#) for more information on the Deferred Retirement Option Provision



# FIRE AND POLICE PENSION FUND



## Service Retirement Estimate Worksheet Series-B Employees

**This Series-B Service Retirement Estimate Worksheet is designed as an aid for sworn Members of the Chattanooga Fire and Police Departments to estimate their service retirement benefits. This worksheet is not meant to provide exact retirement figures and the Fire and Police Pension Fund is not responsible for any estimate produced on this form. It is very likely that your actual benefit will differ from any estimate produced on this form. Final retirement calculations will be made by a member of the Fund's Staff at time of retirement. Chattanooga Firefighters and Police Officers do not receive Social Security Benefits.**

1. **Were you actively employed as sworn Fire, Police, or Academy Cadet on July 1, 2014?**
  - a. If yes, go to next question;
  - b. If no, then use SERVICE RETIREMENT ESTIMATE WORKSHEET FOR SERIES-A EMPLOYEES.
2. **Did you have less than 10 years of Pension Creditable Service\* by July 1, 2014?**
  - a. If yes, go to next question;
  - b. If no, then use SERVICE RETIREMENT ESTIMATE WORKSHEET FOR SERIES-C EMPLOYEES.
3. **Were you last hired, rehired or reinstated after July 1, 2014?**
  - a. If yes, then use SERVICE RETIREMENT ESTIMATE WORKSHEET FOR SERIES-A EMPLOYEES.
  - b. If no, complete this Worksheet.

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\* Pension Creditable Service ("PCS") typically begins upon graduation of the Academy and is adjusted for any unpaid breaks in service.

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### SECTION 1

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#### Retirement Eligibility Determination

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1. What is the estimated date of your retirement? \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_
2. Will you be at least 50 years of age on the estimated date of retirement?
  - a. If yes, then GO to SECTION 2;
  - b. If no, then continue to next question.
3. Will you have completed 28 years of PCS on the estimated date of retirement?
  - a. If yes, then GO to SECTION 2;
  - b. If no, then you are not retirement eligible. Choose a later date of retirement.

**SECTION 2**

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Final Average Salary and Final Average Salary with a DROP Calculation

---

LINE 1: How many completed years and months of PCS will you have at retirement?  
\_\_\_\_\_ years, and \_\_\_\_\_ months.

LINE 2: Subtract 3 years from Line 1. How many years and months remain? *(Write 25 years and 0 months if answer is less than 25 years)*  
\_\_\_\_\_ years, and \_\_\_\_\_ months.

LINE 3: What is the total number of months between Line 2 and Line 1? *(Should be 36 or less)*  
\_\_\_\_\_ months.

LINE 4: What is your average base salary for the last 36 months as of Line 1?  
\$ \_\_\_\_\_

LINE 5: What is your average base salary for the last 36 months as of Line 2?  
\$ \_\_\_\_\_

**SECTION 3**

---

Estimated Benefit Calculations with and without DROP

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Chart 1

PCS	%age		
25	68.75%	or	0.6875
26	70.00%	or	0.7000
27	71.25%	or	0.7125
28	72.50%	or	0.7250
29	73.75%	or	0.7375
30+	75.00%	or	0.7500

LINE 6: In Chart 1 above, locate the number of years (exclude months) from Line 1. Multiply Line 4 by the corresponding percentage (if your calculator does not have a percent (%) function, then move the decimal to the left two places—i.e. use 0.6875 for 68.75%, etc.)

\_\_\_\_\_ (Line 4) X \_\_\_\_\_ (%age) = \$ \_\_\_\_\_

LINE 7: In Chart 1, locate the number of years (exclude months) from Line 2. Multiply Line 5 by the corresponding percentage (if your calculator does not have a percent (%) function, then move the decimal to the left two places—i.e. use 0.6875 for 68.75%, etc.)

\_\_\_\_\_ (Line 5) X \_\_\_\_\_ (%age) = \$ \_\_\_\_\_

LINE 8: Divide answer from Line 6 by 12: \$ \_\_\_\_\_ (Line 6) ÷ 12 = \$ \_\_\_\_\_

LINE 9: Divide answer from Line 7 by 12: \$ \_\_\_\_\_ (Line 7) ÷ 12 = \$ \_\_\_\_\_

LINE 10: Multiply Line 9 by Line 3:  
\$ \_\_\_\_\_ (Line 9 X \_\_\_\_\_ months (Line 3) = \$ \_\_\_\_\_

**SECTION 3**

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Estimated Single-Life Annuity Benefits with and without DROP

---

\$ \_\_\_\_\_ is your estimated unreduced monthly benefit (No DROP)  
(LINE 8)

Or

\$ \_\_\_\_\_ is your estimated reduced monthly benefit, with a DROP lump sum that is  
(LINE 9)  
estimated to be \$ \_\_\_\_\_.  
(LINE 10)

This Series-B Service Retirement Estimate Worksheet is designed as a general guide for sworn Members of the Chattanooga Fire and Police Departments to estimate their approximate service retirement benefits. This worksheet is not meant to provide exact retirement figures and the Fire and Police Pension Fund is not responsible for any estimate produced on this form. It is very likely that your actual benefit will differ from any estimate produced on this form. Final retirement calculations will be made by a member of the Fund's Staff at time of retirement. Chattanooga Firefighters and Police Officers do not receive Social Security Benefits.

A Series-B Member must have more than 25 years, but no more than 33 years of service to qualify for a DROP option. Participants who have more than 33 years of Pension Creditable Service are no longer eligible to exercise the DROP option.



# CHATTANOOGA FIRE & POLICE PENSION FUND



Service –  
Series-C  
Dec 2014

## Service Retirement for Series-C Members Active with At Least 10 Years of Service on July 1, 2014

**SERIES-C:**

Series-C Members are defined as:

- Any Member with at least 10 years of Pension Service Credit on July 1, 2014; and
- Continually been an Actively Employed Member since July 1, 2014.

**VESTING:**

Series-C Members who have less than 25 years of Pension Credit Service with the City of Chattanooga may terminate sworn service and still receive a reduced benefit beginning at age 55. The Multiplier for a vested benefit is 2.40% for each year of sworn service. Members who terminate employment and choose not to vest, will receive a refund of their employee contributions to the Fund. Note that the Multiplier for Members retiring with less than 25 years of sworn service, due to a mandatory retirement age, is 2.75%.

**MULTIPLIER:**

The Multiplier is the amount of retirement benefit that a Member receives for each year of sworn service with the City of Chattanooga expressed as a percentage of Final Average Salary. For a Service Retirement, the Multiplier for the first 25 years of service is 2.75%, resulting in a 68.75% [25 years of service \* 2.75% = 68.75%] of the average base salary from the 36 highest paid consecutive months of service ("Final Average Salary" or "FAS"). The Multiplier for years 26 through 30 is 1.25% for a maximum retirement benefit of 75% of FAS at 30 YOS (CCC 2-411).

Series-C Sworn Participants			
Years of Service	Percentage of FAS		Percentage <sup>†</sup> plus DROP
25 Years	68.75%	or	N/A
26 Years	70.00%	or	68.75% + 1yr DROP
27 Years	71.25%	or	68.75% + 2yrs DROP
28 Years	72.50%	or	68.75% + 3yrs DROP
29 Years	73.75%	or	70.00% + 3yrs DROP
30 Years	75.00%	or	71.25% + 3yrs DROP
31 Years	75.00%	or	72.50% + 3yrs DROP
32 Years	75.00%	or	73.75% + 3yrs DROP
33 Years	75.00%	or	75.00% + 3yrs DROP
33 + Years	75.00%		N/A

**SERVICE RETIREMENT:**

Service Retirement for Series-C employees is available at any age with 25 years of sworn service.

Certain Series-C Members who completed 24 years of Pension Creditable Service by July 1, 2014, may be eligible for augmented monthly and DROP benefits if they retire with more than 25 years, but no more than 30 years of service. See [DROP](#) or contact the Pension Fund staff for additional information.

<sup>†</sup> See [DROP](#) for more information on the Deferred Retirement Option Provision



# FIRE AND POLICE PENSION FUND



## Service Retirement Estimate Worksheet Series-C Employees

**This Series-C Service Retirement Estimate Worksheet is designed as an aide for sworn Members of the Chattanooga Fire and Police Departments to estimate their service retirement benefits. This worksheet is not meant to provide exact retirement figures and the Fire and Police Pension Fund is not responsible for any estimate produced on this form. It is very likely that your actual benefit will differ from any estimate produced on this form. Final retirement calculations will be made by a member of the Fund’s staff at time of retirement. Chattanooga Firefighters and Police Officers do not receive Social Security Benefits.**

1. **Were you actively employed as a Firefighter, Police Officer, or Cadet on July 1, 2014?**
  - a. If yes, go to question 2;
  - b. If no, use SERVICE RETIREMENT ESTIMATE WORKSHEET FOR SERIES 2015 EMPLOYEES.
2. **Did you have at least 10 years of Pension Creditable Service\* by July 1, 2014?**
  - a. If yes, go to question 3;
  - b. If no, use SERVICE RETIREMENT ESTIMATE WORKSHEET FOR SERIES 2005 EMPLOYEES.
3. **Were you last hired, rehired or reinstated after July 1, 2014?**
  - a. If yes, use SERVICE RETIREMENT ESTIMATE WORKSHEET FOR SERIES 2015 EMPLOYEES.
  - b. If no, complete this Worksheet.

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\* Pension Creditable Service (“PCS”) typically begins upon graduation of the Academy and is adjusted for any unpaid breaks in service. If hired into the Academy prior to 1993, then PCS began on your first day in the Academy or other prior sworn date.

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### SECTION 1

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Final Average Salary and Final Average Salary with a DROP Calculation

---

LINE 1: How many completed years and months of PCS will you have at retirement?  
\_\_\_\_\_ years, and \_\_\_\_\_ months.

LINE 2: Subtract 36 months from Line 1. How many years and months remain? *(Write 25 years and 0 months if less than 25 years)*  
\_\_\_\_\_ years, and \_\_\_\_\_ months.

LINE 3: What is the total number of months between Line 2 and Line 1? *(Should be 36 or less)*  
\_\_\_\_\_ months.

LINE 4: What is your average base salary for the last 36 months as of Line 1?  
\$ \_\_\_\_\_

LINE 5: What is your average base salary for the last 36 months as of Line 2?

\$ \_\_\_\_\_

**SECTION 2**

Estimated Benefit Calculations with and without DROP

Chart 1

PCS	%age		
25	68.75%	or	0.6875
26	70.00%	or	0.7000
27	71.25%	or	0.7125
28	72.50%	or	0.7250
29	73.75%	or	0.7375
30+	75.00%	or	0.7500

LINE 6: In Chart 1 above, locate the number of years (exclude months) from Line 1. Multiply Line 4 by the corresponding percentage (if your calculator does not have a percent (%) function, then move the decimal to the left two places—i.e. use 0.6875 for 68.75%, etc.)

\_\_\_\_\_ (Line 4) X \_\_\_\_\_ (%age) = \$ \_\_\_\_\_

LINE 7: In Chart 1, locate the number of years (exclude months) from Line 2. Multiply Line 5 by the corresponding percentage (if your calculator does not have a percent (%) function, then move the decimal to the left two places—i.e. use 0.6875 for 68.75%, etc.)

\_\_\_\_\_ (Line 5) X \_\_\_\_\_ (%age) = \$ \_\_\_\_\_

LINE 8: Divide answer from Line 6 by 12:

\$ \_\_\_\_\_ (Line 6) ÷ 12 = \$ \_\_\_\_\_

LINE 9: Divide answer from Line 7 by 12:

\$ \_\_\_\_\_ (Line 7) ÷ 12 = \$ \_\_\_\_\_

LINE 10: Multiply Line 9 by Line 3:

\$ \_\_\_\_\_ (Line 9) X \_\_\_\_\_ months (Line 3) = \$ \_\_\_\_\_



**SECTION 3**

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Final Estimated Single-Life Annuity Benefits with and without DROP

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\$ \_\_\_\_\_ is your estimated unreduced monthly benefit (No DROP)  
(LINE 8)

Or

\$ \_\_\_\_\_ is your estimated reduced monthly benefit, with a DROP lump sum that is  
(LINE 9)  
estimated to be \$ \_\_\_\_\_.  
(LINE 10)

This Series-C Service Retirement Estimate Worksheet is designed as a general guide for sworn Members of the Chattanooga Fire and Police Departments to estimate their approximate Service Retirement benefits. This worksheet is not meant to provide exact retirement figures and the Fire and Police Pension Fund is not responsible for any estimate produced on this form. It is very likely that your actual benefit will differ from any estimate produced on this form. Final retirement calculations will be made by a member of the Fund's staff at time of retirement. Chattanooga Firefighters and Police Officers do not receive Social Security Benefits.

A Series-C Member must have more than 25 years, but no more than 33 years of service to qualify for a DROP option. Certain Members who elect a DROP and had 24 years of Pension Creditable Service by July 1, 2014, may be eligible for additional monthly and DROP benefits if they retire with more than 25 years, but no more than 30 years of service. The Members that fall into this category should contact the Pension Office for additional information.



# CHATTANOOGA FIRE & POLICE PENSION FUND



J&S Options  
Dec. 2014

## Optional Types of Retirement Benefits Joint and Survivor Options

The Single Life Annuity ("SLA") is the standard retirement benefit for retiring Members. The Pension Fund also offers options to the SLA including Joint and Survivor ("J&S") options and a Deferred Retirement Option Provision ("DROP").

**All Joint and Survivor options are the actuarial equivalent to the Single Life Annuity.**

### J&S OPTIONS:

Retiring Members may choose to "share" their retirement benefits with one other person by electing a J&S option at the time of retirement. The Pension Plan offers seven J&S options. Each option requires an adjustment to the Member's monthly SLA benefit to cover the monthly benefit to be paid to the beneficiary upon the Member's death. The amount of the adjustment depends on factors such as: which option is chosen; the Member's age; and the age of the beneficiary (CCC 2-418). All J&S options are the actuarial equivalent to the Single Life Annuity. In other words, on average, the total amount of monthly benefits paid to a Member (SLA), or paid to a Member and his/her beneficiary during their joint lifetimes under a J&S, will be approximately the same, regardless of whether the benefits are paid over one or both lifetimes.

### 50% J&S:

The 50% J&S is one of the more commonly elected options and requires one of the lowest reductions from the Member's Single Life Annuity to elect. At the time of the Member's death, the named beneficiary will receive a monthly benefit equal to one half (50%) of the Member's last monthly benefit. The beneficiary will receive the monthly benefit for his/her lifetime also. The 50% J&S is actuarially equivalent to the Single Life Annuity.

### 75% J&S:

The 75% J&S requires a greater reduction in the Member's monthly benefit than the 50% J&S because it provides a greater benefit to the beneficiary. At the time of the Member's death, the named beneficiary will receive a monthly benefit that is equal to three fourths (75%) of the Member's last monthly benefit. The beneficiary will receive the monthly benefit for his/her lifetime also. The 75% J&S is actuarially equivalent to the Single Life Annuity.

### 100% J&S:

The 100% J&S requires a yet higher reduction in the Member's monthly benefit as it provides the highest lifetime benefit to the Member's named beneficiary. Upon the Member's death, the named beneficiary will receive a monthly benefit equal to (100%) the Member's last monthly benefit for his/her lifetime also. The 100% J&S is actuarially equivalent to the Single Life Annuity.

### Modified J&S Options:

The Pension Plan also offers modified versions of the 50%, 75%, and 100% J&S options. These modified options are commonly called "pop-up" options. If a retiring Member chooses the modified version of one of the above options and if the beneficiary dies prior to the Member, then the Member's monthly benefit will "pop-up" to the Single Life Annuity rate. The modified J&S options are actuarially equivalent to the Single Life Annuity.

### 120 Payments J&S:

The 120 Certain Payments J&S option requires the lowest reduction from the Member's SLA. This election will provide a lifetime benefit to the Member. However, it will provide a monthly benefit to the named beneficiary for no more than 10 years after the Member's effective retirement date. Simply put: if the Member dies 1 day after retirement, then the beneficiary would receive the adjusted J&S benefit for 10 years; or if the Member lives for more than 10 years after he/she retires, then the beneficiary receives nothing. The 120 Certain Payment J&S option is actuarially equivalent to the Single Life Annuity.



# CHATTANOOGA FIRE & POLICE PENSION FUND



DROP Option  
Dec. 2014

## Optional Types of Retirement Benefits Deferred Retirement Option Provision

The Single Life Annuity (“SLA”) is the standard retirement benefit for retiring Members. The Pension Fund offers options to the SLA including Joint and Survivor (“J&S”) options and a Deferred Retirement Option Provision (“DROP”).

- DROP Option:** The DROP is an optional form payment for a portion of the Member’s earned benefit. It provides Members with the ability to receive a portion of the accrued retirement benefit earned during the DROP period in a lump sum payment up front, in exchange for working longer than 25 years.
- DROP Period:** If a Member retires with more than 25 years of Service and is retirement eligible, he/she may choose the retroactive DROP option. The period of time between the Member’s attainment of 25 years of Service and the actual retirement date is called the DROP period. The DROP period cannot be longer than 36 months and cannot extend beyond the date the Member reaches 33 years of active service. The Member must continue to work for the City as a sworn Police Officer or Firefighter and contribute to the Pension Plan during the DROP period.
- DROP Components:** The DROP amount is calculated using:
- the amount of the Member’s monthly benefit payment;
  - the number of months in the DROP period
- DROP and Final Average Salary:** For the vast majority of Members\* who elect the DROP, the pension benefit will be calculated using the Final Average Salary as of the beginning of the DROP period, and the Member’s service will be reduced by the length of the DROP period, but no less than 25 years of service. For example, Amye retires on her 30<sup>th</sup> anniversary and elects a DROP. Her Final Average Salary and percentage of benefits are determined at her 27<sup>th</sup> anniversary. She will then receive her 36-month DROP in a lump sum payment. If a Member declines the DROP, then the Service Retirement benefit will be calculated using the Final Average Salary and total years of Service at the time of retirement.
- DROP and J&S:** If the Member elects a J&S Option, the DROP will be calculated using the Member’s monthly benefit that has been adjusted for the elected Joint and Survivor option.
- DROP Calculation:** The DROP formula is as follows:  
*monthly benefit X months in DROP period = DROP Lump Sum*
- For example, Doug was hired at the age of 30. He has completed 28 YOS and he elects the DROP when he retires. Doug’s DROP period is the time between his 25<sup>th</sup> anniversary of Service and the date of his actual retirement. His monthly benefit is based on his Service Retirement at 25 years is \$2,578.13.

36-Month DROP Benefit	
CALCULATION REQUIRED	EXAMPLE
1. Determine the service retirement pension monthly amount at retirement.	Doug’s service retirement pension amount is \$2,578.13.
2. Take the amount from #1 and multiply it by the number of months of DROP elected (no more than 36)	Doug is eligible for a DROP benefit of <b>\$92,812.68</b> payable to him in one lump sum when he retires.

\*For a few Series-C Members with 24+ years of service as of 7/1/2014 who elected to contribute an additional 1% by 12/31/2008, the DROP is modified by:

- The Final Average Salary is as of the actual date of retirement
- Applying interest to the DROP
- Average of the final 36 months of employee’s monthly assessment is added back into monthly benefit
- The DROP period is shortened to a maximum of 30 Years of Service



# CHATTANOOGA FIRE & POLICE PENSION FUND



Disability  
Benefits  
Dec. 2014

## Disability Benefits

The jobs of Firefighters and Police Officers are dangerous. The Pension Plan offers monthly benefits to Members who become disabled. Members who can no longer perform their sworn duties are covered for both job and non-job related disabilities. The Pension Plan also offers enhanced disability benefits for Members who are permanently and totally disabled.

- Job Related:** Members are covered for a Job Related Disability (“JRD”) from their first day of participation in the Pension Plan. To be eligible for a JRD benefit, a Member must be unable to perform his/her duties as a Firefighter or Police Officer due to an injury or illness that is the result of the performance of sworn duties. Under State Law, a heart related illness is presumed to be job related for both Police Officers and Firefighters. The law further presumes that lung related illness to be job related for Firefighters. Medical evidence is required for the presumptive heart or lung disease statute to be overcome.
- The JRD benefit is 60% of the disabled Member’s Final Average Salary.
- Non-job Related:** Members are covered for a Non-Job Related Disability (“NJRD”) after 3 years of participation in the Pension Plan. To be eligible for a NJRD benefit, a Member must 1) be unable to perform his/her duties as a Firefighter or Police Officer due to an injury or illness that is unrelated to his/her official duties; and 2) be unable to perform any other available general employee position for the City of Chattanooga.
- The NJRD benefit for Members with 3 to 10 Years of Service is 30% of their FAS.
  - The benefit increases by 2% of FAS for each year of Service over 10.
  - Maximum NJRD benefit is 60% of the disabled Member’s Final Average Salary.
- Permanent And Total:** Members are covered for a Permanent and Total Disability (“P&T”, “PTD”) from their first day of participation in the Pension Plan. To be eligible for a PTD, a Member must be disabled to the point of being unable to perform ANY gainful employment. Both, qualifying P&T job related and qualifying P&T non-job related injuries/illnesses, are covered under this provision.
- The PTD benefit is 68.75% of the disabled Member’s Final Average Salary
- Determination Of Disability:** Members who apply for disability benefits will have the opportunity to present factual and medical evidence supporting their claims to the Board of Directors. The Board makes all determinations of disability based on the evidence presented. All determinations by the Board are final. However, the Board may, at any time, require Members who receive disability benefits to present proof that the disabling injury or illness continues to prevent the Member from returning to work.
- Disability And J&S:** Members, whose disability benefits are approved by the Board, have the option to name a Joint and Survivor beneficiary to their monthly benefits.
- Disability And DROP:** Members who retire under one of the disability provisions of the Pension Plan are not eligible to elect the Deferred Retirement Option Provision as an optional form of benefit payments.
- Exceptions to Benefits:** Disability Benefits will not be granted to a Member under certain conditions that include but are not limited to:
- Disability resulting from substance abuse;
  - Disability resulting from participating in unlawful acts;
  - Extended Leave Without Pay;
  - Intentional, self-inflicted injury.



# CHATTANOOGA FIRE & POLICE PENSION FUND



Death Benefits  
Dec. 2014

## Death Benefits

The Pension Plan offers lifetime monthly death benefits to the spouse of an active Firefighter or Police Officer who dies. Surviving Spouse benefits are also offered to the qualifying spouse of some retired Firefighters and Police Officers (see [SURVIVOR BENEFITS](#)). If there is no spouse, then dependent children or dependent parents may qualify for monthly death benefits.

- Job Related Death:** For Actively Working Members who die from a job related injury or illness within six months of the injury/illness, their spouse will receive a monthly benefit equal to at least 60% of the Member's Final Average Salary.
- Non-job Related Death Less Than 3 YOS:** If an Actively Working Member, who has less than 3 Years of Service, dies from an injury or illness that is not caused by the performance of his/her sworn duties, then the Member's contributions to the Fund will be refunded to his/her estate. His/her spouse is not eligible for a monthly death benefit.
- Non-job Related Death 3 to 10 YOS:** If an Actively Working Member, who has at least 3, but not more than 10 Years of Service, dies from an injury or illness that is not the result of the performance of his/her sworn duties, then the Member's spouse will receive a benefit of not less than \$500\* per month.
- Non-job Related Death More Than 10 YOS:** If an Actively Working Member, who has more than 10 Years of Service, dies from an injury or illness that is not the result of the performance of his/her sworn duties, then the Member's spouse will receive a benefit as if the Member had 1) retired due to the Non-Job Related injury/illness, and 2) had elected a 50% J&S Option.
- Non-job Related Death Retirement Eligible:** If an Actively Working Member, who is retirement eligible and has elected a J&S benefit, dies from an injury or illness that is not the result of the performance of his/her sworn duties, then the Member's beneficiary will receive the J&S benefits elected by the Member. If no J&S election is made, then the Member's spouse will receive a benefit as if the Member had 1) retired due to the Non-Job Related injury/illness, and 2) had elected a 50% J&S Option.
- Exceptions to Benefits:** Death benefits will not be granted for a Member's death under certain conditions that include but are not limited to:
- Death as a result of substance abuse or addiction;
  - Death as a result of participating in unlawful acts;
  - Extended Leave Without Pay;
  - Intentional, self-inflicted injury.
- Lump Sum Death Benefit:** A lump sum death benefit in the amount of \$10,000 will be paid to the designated beneficiary of an active Member upon his/her death. If the Member's beneficiary dies before the benefit is claimed, or no beneficiary is designated, then the \$10,000 death benefit will be paid to the Member's estate.

\* The \$500 per month amount was established in 1999. For all other Death and Survivor Benefits, the minimum amount increases each year by using the \$500 amount from 1999 plus all cost-of-living adjustments that have been applied to that amount (\$756 as of 2014). The NJRD for 10+YOS amount was not updated in the Pension Plan legislation and remained at \$500. The Board will seek to correct this technical error as soon as practical.

**PERIODIC DEATH BENEFITS FOR ACTIVE EMPLOYEES (JR Death)**

<b>YOUR STATUS AND LENGTH OF SERVICE</b>	<b>CAUSE OF YOUR DEATH</b>	<b>BENEFITS PAID</b>
Active, no length-of-service requirement	Resulting from performance of duties and within 6 months of injury.	<ul style="list-style-type: none"> <li>• To your designated beneficiary, \$10,000 death benefit</li> <li>• To 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, or elected J&amp;S option if higher</li> <li>• If you have no spouse, \$756 per month plus any accrued cost of living adjustments applied since 2014 to each minor child during his/her minority, not to exceed your maximum pension benefit</li> <li>• If you have no 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</li> </ul>
Active, no length-of-service requirement	In the line of duty death as deemed by the Board of Directors, this is not the same as a job related death or disability. Must be on duty and not subject to exemptions listed on the previous page.	<ul style="list-style-type: none"> <li>• To your designated beneficiary, \$10,000 death benefit</li> <li>• To spouse, a monthly benefit equal to 100% of your Final Average Salary</li> <li>• If you have no spouse, \$756 per month plus any accrued cost of living adjustments applied since 2014 to each minor child during his/her minority, not to exceed your maximum pension benefit</li> <li>• If you have no 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 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</li> </ul>

**PERIODIC DEATH BENEFITS FOR ACTIVE EMPLOYEES (NJR Death)**

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"> <li>To your designated beneficiary, \$10,000 death benefit</li> <li>To your estate, full refund of all your Pension Fund employee contributions</li> </ul>
Active, not Service Retirement eligible	Death resulting from the following: <ul style="list-style-type: none"> <li>Excessive and habitual use of drugs, intoxicating liquors or narcotics; active treatment may mitigate this exception</li> <li>Injury or disease sustained after your employment terminated or while you were on leave without pay for more than 45 consecutive days</li> <li>Intentional, self-inflicted injury</li> <li>Engaged in illegal activity</li> </ul> <i>The above exceptions apply below where noted*</i>	<ul style="list-style-type: none"> <li>To your designated beneficiary, \$10,000 death benefit</li> <li>To your estate, full refund of all your Pension Fund employee contributions</li> <li>No periodic death benefits paid</li> </ul>
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"> <li>To your designated beneficiary, \$10,000 death benefit</li> <li>To your spouse, \$756 per month plus any accrued cost of living adjustments applied since 2014</li> <li>If you have no spouse, then \$756 per month plus any accrued cost of living adjustments applied since 2014 to each minor child, provided the total amount payable to all such children does not exceed your maximum pension benefit</li> <li>If you have no 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 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</li> </ul>
Active, at least 10 years' service, but not retirement eligible	Not resulting from performance of duties nor due to exceptions* listed above	<ul style="list-style-type: none"> <li>To your designated beneficiary, \$10,000 death benefit</li> <li>To your spouse, a monthly lifetime payment equal to 50% Joint &amp; Survivor optional form as calculated at your death</li> <li>If you have no spouse, then \$756 per month plus any accrued cost of living adjustments applied since 2014 to each minor child, provided the total amount payable to all such children does not exceed your maximum pension benefit</li> <li>If you have no 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 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</li> </ul>
Active, Service Retirement eligible	Not resulting from performance of duties	<ul style="list-style-type: none"> <li>To your designated beneficiary, \$10,000 death benefit</li> <li>J&amp;S benefit to your designated beneficiary, named at retirement eligibility.</li> <li>If no J&amp;S beneficiary, then to your spouse, a monthly lifetime payment equal to 50% Joint &amp; Survivor as calculated at your death</li> <li>If you have no J&amp;S election and no spouse, then \$756 per month plus any accrued cost of living adjustments applied since 2014 to each minor child, provided the total amount payable to all such children does not exceed your maximum pension benefit</li> <li>If you have no 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 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</li> </ul>





# CHATTANOOGA FIRE & POLICE PENSION FUND



Vesting  
Dec. 2014

## Deferred Vested Benefits

The Pension Fund offers a monthly lifetime benefit for Members who complete at least 10 years of Service. The Deferred Vested benefit begins after the Member reaches the age of 55.

- Vesting:** Vesting guarantees a certain level of benefits to a Member who completes a required minimum amount of Service. Once the required Service is reached, benefits accrued up to that point, and each year after that, cannot be reduced.
- Vesting Period:** The minimum required Service for Members to be vested in their benefits is 10 years of Pension Creditable Service.

**Deferred Vested Benefit Eligibility:** Members with less than 10 YOS who terminate employment will receive a refund of their employee contributions made to the Fund. Terminated vested Members who have at least 10 YOS, but who are not yet Service retirement eligible, may elect to receive a lifetime monthly benefit beginning the month after his/her 55<sup>th</sup> birthday (or the month after termination if over 55, but not yet Service Retirement eligible). Members with at least 10 YOS, who elect to receive a refund of their employee contributions to the Fund, forfeit their right to any deferred vested benefits.

- Multiplier:** The multiplier for deferred vested benefits is 2.4% of the Member's FAS for each year of Service, up to 25 years (all Series):
- The vesting multiplier for Series-A Members is equal to the Service Retirement Multiplier for Members who:
    - Terminate and vest with 25 or more years of Service; or
    - Retire with less than 25 YOS due to a mandatory retirement age.
  - The vesting multiplier for Series-B Members is equal to the Service Retirement Multiplier for Members who:
    - Terminate and vest with 25 or more years of Service; or
    - Retire with less than 25 YOS due to a mandatory retirement age

Series-A (Svc Retirement @ Age 55 or 30 YOS)					
	Age	YOS	X	Multiplier	= %age of FAS
Walt	37	10	X	2.40%	24.00%
Vic	45	18	X	2.40%	43.20%
Branch	52	25	X	2.50%	62.50%

Series-B (Svc Retirement @ Age 50 or 28 YOS)					
	Age	YOS	X	Multiplier	= %age of FAS
Jan	33	10	X	2.40%	24.00%
Michael	41	18	X	2.40%	43.20%
Vincent	48	25	X	2.75%	68.75%

**Optional Types Of Vested Benefits:** At the time that the terminated vested Member is eligible to begin receiving his monthly benefit, he is eligible to elect a [Joint and Survivor option](#). No terminated vested Member is eligible to elect an option under the Deferred Retirement Option Provision.

**Vesting and Death Benefits:** After vested benefits are being paid to a terminated vested Member, a lump sum death benefit in the amount of \$10,000 will be paid to the designated beneficiary upon the Member's death. If the Member's beneficiary dies before the benefit is claimed, or no beneficiary is designated, then the \$10,000 death benefit will be paid to the Member's estate.

If a terminated vested Member dies prior to the commencement of his/her benefits, then the \$10,000 lump sum death benefit will be paid to his/her designated beneficiary and the Member's employee contributions to the Fund will be refunded to his/her estate. If the Member's beneficiary dies before the lump sum death benefit is claimed, or no beneficiary is designated, then the \$10,000 death benefit will also be paid to the Member's estate.



**SUMMARY OF SURVIVOR BENEFITS FOR TERMINATED-VESTED MEMBERS**

<b>YOUR STATUS AND LENGTH OF SERVICE</b>	<b>CAUSE OF YOUR DEATH</b>	<b>BENEFITS PAID</b>
Vested; Terminated employment, (not yet receiving benefits)	From any cause	<ul style="list-style-type: none"><li>• To your designated beneficiary, \$10,000 death benefit</li><li>• To your estate, a full refund of all employee contributions to the Fund</li></ul>
Vested (reduced benefits have commenced)	From any cause	<ul style="list-style-type: none"><li>• To your designated beneficiary, \$10,000 death benefit</li><li>• Benefits paid based on the form of retirement payment you elected</li></ul>



# FIRE AND POLICE PENSION FUND



## Vested Retirement Estimate Worksheet All Series Employees with Less Than 25 Years of Service

Use this Vested Retirement Worksheet if you are terminating employment as sworn Firefighter or Police Officer under the following conditions:

- Have at least 10 years of Pension Creditable Service\*;
- Are not Service Retirement eligible and have less than 25 YOS;
- Are not retiring due to reaching the maximum age for sworn service in your Department.

\*Pension Creditable Service ("PCS") typically begins upon graduation of the Academy and is adjusted for any unpaid breaks in service. If hired into the Academy prior to 1993, then PCS began on your first day in the Academy or other prior sworn date.

### SECTION 1

Benefit Calculation payable the month following 55<sup>th</sup> birthday or date of retirement, whichever is later.

LINE 1: How many completed years and months of PCS will you have at termination?  
\_\_\_\_\_ years, and \_\_\_\_\_ months.

LINE 2: Multiply the number of years in Line 1 by 2.4  
\_\_\_\_\_ years (Line 1) X 2.4 = \_\_\_\_\_ %.

LINE 3: What is your average annual base salary for the last 36 months ("FAS") as of termination date?  
\$ \_\_\_\_\_

LINE 5: Multiply Line 3 by the corresponding percentage calculated in Line 2 (if your calculator does not have a percent (%) function, then move the decimal to the left two places—i.e. use 0.3840 for 38.40%, etc.)

$$\frac{\text{Average Annual Base Salary (Line 3)}}{\text{Average Annual Base Salary (Line 3)}} \times \frac{\text{(Line 2)}}{\text{(Line 2)}} (\%age) = \$ \text{Estimated Annual Benefit}$$

LINE 6: Divide answer from Line 5 by 12  
\$ \_\_\_\_\_ (Line 5) ÷ 12 = \$ \_\_\_\_\_ Estimated Monthly Benefit

This Vested Retirement Estimate Worksheet is designed to help sworn Members of the Chattanooga Fire and Police Departments estimate their approximate vested retirement benefits. This worksheet is not meant to provide exact retirement figures. Final retirement calculations will be made by a member of the Fund's staff at time of termination. Chattanooga Firefighters and Police Officers do not receive Social Security Benefits.



# CHATTANOOGA FIRE & POLICE PENSION FUND



Benefit  
Adjustments  
Dec. 2014

## Post Retirement Annual Benefit Adjustments

The Pension Plan currently provides for adjustments of all Retirement, Disability, and Survivor benefits—often referred to as Cost-of-Living Adjustments or COLA. Benefit adjustments, like other features of the Pension Plan, may be changed at any time.

**Benefit Adjustments:** The Pension Plan currently provides for adjustments in all Retirement, Disability, and Survivor benefits—often referred to as Cost-of-Living Adjustments or COLA. The benefit adjustments are currently applied as follows:

- Effective January 1<sup>st</sup> of each year for that year;
- Members retiring on or after July 1, 2014 must wait 3 years before any adjustment of their monthly benefit will apply;
- Members who retired before July 1, 2014 are currently entitled to a non-compounding, non-additive adjustment during the 2-year period of 2015 and 2016, with the previous 1-year waiting period applying to those who retired after January 1, 2014;
- The adjustments applied to monthly benefits, beginning in 2017, will add to and compound upon the previous year's monthly benefit.

### Benefit Adjustment Calculation:

The adjustment is currently calculated as a specific dollar amount determined by taking the average of the monthly benefits of all Participants that are eligible to receive an adjustment. All eligible monthly benefits will receive the calculated adjustment determined by the average with the following restrictions:

- The total adjustment for all eligible Participants will equal 1.5% of the overall average;
- No Participant will receive an adjustment that is more than 2% of his/her benefit;
- No Participant will receive an adjustment that is less than 1% of his/her benefit.

For example, assume the following:

- The average of all eligible benefits is \$1250 per month
- With a range of eligible monthly benefits from \$750 to \$2000
- The average of all adjustments equals to 1.5% of the average benefit, or \$18.75 (See table below)

Sample Monthly Benefit	Example Range of Benefits						
	\$750.00	\$916.00	\$1,083.00	\$1,250.00	\$1,500.00	\$1,750.00	\$2,000.00
Benefit Adjustment	\$15.00	\$18.32	\$18.75	\$18.75	\$18.75	\$18.75	\$20.00
Adjusted Benefit Amount	\$765.00	\$934.32	\$1,101.75	\$1,268.75	\$1,518.75	\$1,768.75	\$2,020.00
%age of Adjustment	2%	2%	1.73%	1.50%	1.25%	1.07%	1%

**Each eligible monthly benefit is increased by the dollar amount equal to the 1.5% average, subject to the upper and lower percentage limitations.**

### Waiting Period:

Members and beneficiaries of Members who retired prior to January 1, 2014 will be eligible for the benefit adjustment effective January 1, 2015. Members and beneficiaries of Members who retired between January 1<sup>st</sup> and June 30, 2014 will be eligible for the adjustment effective January 1, 2016. All other Members and beneficiaries of Members will be eligible for a benefit adjustment effective January 1<sup>st</sup> of the year that follows the Member's third anniversary of retirement.

Once the Pension Fund becomes 70% funded, the adjustment will be effective January 1<sup>st</sup> of the year that follows the Member's first anniversary of retirement (reduced from a 3-year to a 1-year waiting period).

### CPI COLA:

When the Pension Fund maintains an 80% funded status, the Cost-of-Living Adjustment will be tied to the Consumer Price Index ("CPI") with a range of 0% to 3% adjustment on benefits.



# CHATTANOOGA FIRE & POLICE PENSION FUND



Survivor  
Benefits  
Dec. 2014

## Post-Retirement Survivor Benefits

The Pension Fund offers a Surviving Spouse benefit to the qualifying spouse upon the death of retired Firefighters and Police Officers. A limited number of Member's spouses are eligible for this benefit. These post retirement survivor benefits are subsidized. That is, the cost of these benefits is more than the actuarial equivalent of the SLA and therefore increases the overall cost to the Pension Fund. On the other hand, the Joint and Survivor benefit, as an optional form of the Single Life Annuity Service Retirement, which is now commonly used to provide benefits for the beneficiaries of most Members is the actuarial equivalent of the SLA.. Post-retirement Surviving Spouse benefits are not the actuarial equivalent to the Member's Single Life Annuity see [J&S OPTIONS](#). Such benefits are in addition to the Member's Single Life Annuity.

**Retired Prior to  
November 3, 1992:**

The qualifying Surviving Spouse of a Member, who: 1) retired prior to November 3, 1992; and 2) did not elect a J&S Option, is eligible to receive a monthly benefit equal to a) the \$500 monthly benefit, established in 1999, plus b) all Cost-of-Living Adjustments that have been applied to that amount (\$756 in 2014).

**Actively Employed on  
November 3, 1992, and  
Retirement Eligible by  
December 31, 2012:**

The qualifying Surviving Spouse of a retired Member, who: 1) was Actively Employed as a Chattanooga Firefighter or Police Officer; 2) who was also retirement eligible by December 31, 2012\*; and 3) did not elect a J&S option\*, is eligible to receive a monthly benefit equal to the amount as if the Member had elected a 50% [J&S Option](#).

\*For Members who 1) retired by this date, and 2) named someone other than their spouse as a J&S beneficiary, then the qualifying Surviving Spouse is eligible to receive a monthly benefit equal to a) the \$500 monthly benefit, established in 1999, plus b) all Cost-of-Living Adjustments that have been applied to that amount (\$756 in 2014).

**All Others:**

Joint and Survivor Options are the only means to provide a benefit to the spouse of any Member who does not meet either of the requirements set out above. Subsidized post-retirement Surviving Spouse benefits are no longer available.

**Surviving Spouse:**

The qualifications for an eligible Surviving Spouse include, but may not be limited to the following:

- Legally married to the Member
  - At time of retirement, or
  - By April 1, 2013 (whichever is later)
- Continually married to the Member for at least 18 months at the time of the his/her death

**Lump Sum  
Death Benefit:**

A lump sum death benefit in the amount of \$10,000 will be paid to the designated beneficiary of a retired Member upon his/her death. If the Member's beneficiary dies before the benefit is claimed, or no beneficiary is designated, then the \$10,000 death benefit will be paid to the Member's estate.

**SUMMARY OF SURVIVOR BENEFITS FOR SERVICE RETIRED MEMBERS**

<b>YOUR STATUS AND LENGTH OF SERVICE</b>	<b>CAUSE OF YOUR DEATH</b>	<b>BENEFITS PAID</b>
You retired before 11/3/1992	From any cause	<ul style="list-style-type: none"> <li>• To your designated beneficiary, \$10,000 death benefit</li> <li>• Elected J&amp;S option to your designated beneficiary, if applicable</li> <li>• If no J&amp;S option elected at retirement or someone other than your spouse is named as J&amp;S beneficiary, to Surviving Spouse, \$500 per month increased by all cost of living adjustments applied since 1999</li> </ul>
You're retired, you were an active employee on 11/3/1992, and you Service Retired by 12/31/2012	From any cause	<ul style="list-style-type: none"> <li>• To your designated beneficiary, \$10,000 death benefit</li> <li>• Benefits paid based on the form of retirement payment you elected</li> <li>• If no J&amp;S option elected at retirement, to Surviving Spouse, a benefit as if you had elected the 50% Joint and Survivor benefit</li> <li>• If elected a J&amp;S beneficiary other than your spouse, then to the Surviving Spouse, \$750 per month increased by all cost of living adjustments applied since 2014, payable for his/her lifetime</li> </ul>
You were Service Retirement eligible by 12/31/2012 but retired at a later date	From any cause	<ul style="list-style-type: none"> <li>• To your designated beneficiary, \$10,000 death benefit</li> <li>• Benefits paid based on the form of retirement payment you elected</li> <li>• If no J&amp;S option elected at retirement, to Surviving Spouse, a benefit as if you had elected the 50% Joint and Survivor benefit</li> </ul>
You're retired and were not Service Retirement eligible by 12/31/2012	From any cause	<ul style="list-style-type: none"> <li>• To your designated beneficiary, \$10,000 death benefit</li> <li>• Benefits paid based on the form of retirement payment you elected</li> </ul>

# Appendix A

## Defined Benefit Vs. Defined Contribution



# CHATTANOOGA FIRE & POLICE PENSION FUND



DB vs. DC  
Plan  
APRIL 2011

## **A Defined *Benefit* Plan (DB Plan) obligates the City of Chattanooga to provide for an annuitized stream of income to Police Officers and Firefighters or their surviving spouses during their retirement years.**

- Over the course of a career, both the City and the employee make regular contributions to the fund. Those contributions are pooled with those of other employees. The pooled assets are then invested to earn a sufficient amount of money to satisfy, in part, the payout to Police Officers and Firefighters during retirement. The DB Plan includes disability and death benefits in addition to retirement income, with retirement income typically constituting the largest benefit.
- An officer must serve 10 years to be “vested” in the pension fund. A Cost of Living Adjustment (COLA) for the retirement benefit is part of the plan. The long-term preservation of the plan is based on a combination of factors that include: a) City contributions at or above the actuarial requirement; b) realized investment returns at or above the actuarial return requirement; and c) the number of active participants exceed the number of beneficiaries.
- **With a DB Plan, each employee focuses on the benefits stream upon retirement.** If the participant believes a certain level of benefits are required to cover living expenses and other financial needs during retirement, the participant will likely determine his or her retirement date based on when that level will be achieved. That decision, of course, could be contingent upon limitations such as mandatory retirement ages or minimum/maximum years of service.

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> <li>• Retirement &amp; disability income security</li> </ul>	<ul style="list-style-type: none"> <li>• Higher cost to administer</li> </ul>
<ul style="list-style-type: none"> <li>• Ability for City to more efficiently manage workforce needs through plan design</li> </ul>	<ul style="list-style-type: none"> <li>• Required Contributions are variable</li> </ul>
<ul style="list-style-type: none"> <li>• COLA provides some inflation protection</li> </ul>	<ul style="list-style-type: none"> <li>• Limited account portability</li> </ul>



# CHATTANOOGA FIRE & POLICE PENSION FUND



DB vs. DC  
Plan  
APRIL 2011

**A Defined Contribution Plan (DC Plan) is an alternate type of qualified retirement account to which the City of Chattanooga and Police Officers and Firefighters would both contribute.**

- There are many types of DC Plans. A feature of the most common types of these plans is that contributions are not a fixed amount based on some actuarial requirement. Instead, these contributions are often flexible and discretionary. This type of plan is not designed to support a pre-determined amount of monthly retirement income. It does not have death benefits or disability benefits. Contributions and earnings accumulate over time to provide a lump sum of money that the beneficiary uses upon retirement.
- In many DC Plans, employees maintain separate, individual accounts and assets are not pooled. The investment returns for one participant have no impact on any other participant. The City would provide a broad selection of diverse investment options and employees would select how their money will be invested throughout their duration as participants. The City would also be required to help educate employees on options in their plans as well as general information about retirement planning.
- Employees are immediately vested in their contributions, but a vesting schedule is often applied to employer contributions. Upon retirement, most participants can transfer their money in a DC Plan to an Individual Retirement Account (IRA) without tax penalty. Retirees utilize their IRAs to help support living expenses and are no longer considered participants in a DC Plan. Money in the IRA is subject to a required distribution schedule that begins at age 70½. However, the retiree can draw against these funds immediately, subject to income taxes and early distribution penalties.
- **Employee participants of DC Plans seek to accumulate as large a balance as possible.** Because of the impact of earnings upon accumulated earnings and compound interest, DC Plan balances tend to grow by increasing **a)** length of service; **b)** contributions; and **c)** investment returns. Contributions to DC Plans are limited by Federal tax laws. Because of these variables, participants in DC Plans have an incentive to defer retirement for as long as possible.

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none"> <li>• Budgetary flexibility through fixed or discretionary contribution rates</li> </ul>	<ul style="list-style-type: none"> <li>• Incentive to extend career to accumulate larger plan balance</li> </ul>
<ul style="list-style-type: none"> <li>• Account portability</li> </ul>	<ul style="list-style-type: none"> <li>• Employee can outlive his or her money</li> </ul>
<ul style="list-style-type: none"> <li>• Lower administrative costs</li> </ul>	<ul style="list-style-type: none"> <li>• No guarantee as to investment returns or level of benefits</li> </ul>
	<ul style="list-style-type: none"> <li>• No disability benefits</li> </ul>





# CHATTANOOGA FIRE & POLICE PENSION FUND



DB vs. DC  
Plan  
APRIL 2011

## An Example Defined Benefit Plan vs. Defined Contribution Plan

### Assumptions

- ✓ 6% contribution rate by the City
- ✓ 5% contribution rate by the employee
- ✓ Investment returns of 6% for the 401(k)
- ✓ 27-year-old that works 25 years + 3 year DROP period
- ✓ Pension estimates based on present-day value
- ✓ Death at 88
- ✓ Defined Benefit Plan has investment return of 7.75%

Under the Defined Benefit Plan, the present value -- upon retirement -- of the amount necessary to fund the monthly benefit until death is \$560,991.

Under a Defined Contribution Plan, the projected balance available for retirement use would be \$448,813, or a difference of \$112,178.

To achieve the same amount of retirement funding as provided under the Defined Benefit Plan, a Police Officer or Firefighter would have to work an additional nine years, until age 63.

To be able to retire after 28 years at age 55 instead of age 63, the Police Officer or Firefighter could achieve the same amount of money as provided by the current pension plan by:

- ✓ Earning an investment return over the 28 years of 9.125%, or
- ✓ Having the City contribute 14%, or
- ✓ Contributing 13.5% of pay to his retirement fund

### Bottom line:

To match the current Pension Plan, employees would have to work longer.



# CHATTANOOGA FIRE & POLICE PENSION FUND



DB vs. DC  
Plan  
APRIL 2011

- **The Issue of Portability**

The importance of portability as it relates to a DC Plan or a DB Plan depends on one's perspective. **Portability refers to the ability of the employee to take his contributions to a plan and leave for another job.** Under the current pension plan, a Police Officer or Firefighter is vested in the Pension Plan after 10 years.

For example, if an officer decides to leave at 13 years, he or she will be eligible in the future for a 13-year pension benefit from the Pension Fund. If an officer decides to leave before 10 years, he or she receives back the pension contributions made. **The DB Plan is effectively an anchor with an incentive for officers to continue to serve.** Under a DC Plan, assuming the plan allows for immediate vesting, an officer may leave the force at any time and the total accumulated amount of money goes with him or her.

- **What's Best for Police Officers and Firefighters?**

While they are indeed members of the public sector, Police Officers and Firefighters need to be considered as a unique class of worker. For most public and private sector workers, the ability to work more than 40 years is quite common; "Job-related" disabilities are rather low, as is the probability of loss of life because of one's profession. **However, Police Officers and Firefighters are not afforded the luxury to work 35 – 40 years.**

Because of physical demands and other obvious restrictions, **most public safety personnel do not enjoy the career longevity of workers in the private sectors** and others in the public sector.

In many ways, Fire & Police belong to a separate, unique category. DC Plans have an inherent incentive on the part of the employee to work as long as possible. **For this reason, a DC Plan structure would be inappropriate for Police Officers and Firefighters.**

# Appendix B

## Definitions

## Definitions, Common Phrases, And Acronyms

These definitions are provided for our Participants to have a general idea of some common phrases and acronyms that you may find in the Summary Plan Description (“SPD”). Capitalized words, that normally would not be capitalized, found throughout the Summary Plan Description and their acronym will be generally explained here.

**Active Member, or  
Active Employee:**

A participant who is currently employed with the City of Chattanooga as a fully sworn Police Officer with the Police Department or a fully sworn Firefighter with the Fire Department, who has been in a paid status as a Firefighter or Police Officer within the past 45 days, regardless if he is currently performing the duties of a sworn Firefighter or Police Officer.

**Actively Working:**

A fully sworn participant who is reporting to work and receiving the compensation of a sworn participant for the work that is being performed regardless of whether or not the sworn participant is working in a full-duty or light-duty status.

**CCC:**

Refers to the Chattanooga City Code. Sections 2-400 through 2-424 of the CCC contain legislation governing the Pension Plan.

**CFPPF:**

Refers to the Chattanooga Fire and Police Pension Fund. Commonly used to make reference to the Pension Fund or the Pension Plan.

**Consumer Price  
Index or CPI:**

A program of the Bureau of Labor Statistics to produce monthly data on changes in prices paid for goods and services. Inflation is measured by the CPI.

**Deferred Retirement  
Option Provision or  
DROP:**

The DROP is an optional type of a Member's earned Service Retirement benefit. It allows Members who retire with more than 25 years of Service to convert up to 36 months of their earned benefit into a lump sum of cash. Eligibility for the DROP option ends when a Member has more than 33 years of Service.

**Final Average Salary,  
Average Salary or FAS:**

FAS is calculated using the consecutive 36 months of base salary that provide the Member's highest average. All Members' benefits are calculated using the FAS. The FAS is determined at termination/retirement for those who are not eligible for, or do not elect a DROP. Those who elect the DROP option will have their FAS determined at the beginning of the DROP period.

**Fund:**

See Pension Fund.

**Joint and Survivor  
Or J&S:**

J&S is an optional type of a Member's benefit. The Member who elects a J&S option receives an adjusted (typically lower) monthly benefit so that he can name a beneficiary to receive a monthly benefit for her lifetime also. There are seven J&S options. See an explanation of J&S under OPTIONAL TYPES OF BENEFITS section.

**LWOP:**

Refers to Leave Without Pay; any period of time in which a Member is still employed, but not receiving compensation.

**Member:**

An active sworn Firefighter in the Chattanooga Fire Department or a sworn Police Officer in the Chattanooga Police Department, who contributes to the CFPPF; A retired Firefighter or Police Officer who receives or eligible to receive benefits from the CFPPF.

## **Definitions, Common Phrases, And Acronyms (continued)**

<b>Multiplier:</b>	The multiplier is the percentage of the Member's Final Average Salary that he earns for each complete year of Service.
<b>Participant:</b>	A Member; or a Member's beneficiary.
<b>Pension Creditable Service, Service, or PCS:</b>	Sworn service of a Police Officer or Firefighter for which he is paid and contributes to the Pension Fund. PCS is affected by a break in Service of LWOP.
<b>Pension Fund:</b>	The trust fund that holds the assets of the Pension Plan.
<b>Pension Plan or Plan:</b>	The schedule of benefits governed by all applicable Federal, State, Local laws, and policies of the Chattanooga Fire and Police Pension Fund.
<b>Service Retirement:</b>	The benefit a Member is eligible for when he completes at least 25 years of Service and the age requirements, if applicable, to begin receiving benefits.
<b>Single-Life Annuity Or SLA:</b>	The basic form of a Member's benefit that is payable for his/her lifetime only.
<b>Summary Plan Description or SPD:</b>	The Summary Plan Description, or SPD, is an important document that summarizes to participants what the Pension Plan provides and how it operates. It provides information on when a Member can begin to participate in the Pension Plan, how Service and benefits are calculated, when benefits becomes vested, when and in what form benefits are paid, and how to file a claim for benefits
<b>Surviving Spouse:</b>	The spouse of a deceased retiree; or the benefits available to the spouse of certain deceased retirees who did not elect a J&S option, as describe in the Plan. Similar to Periodic Death Benefits available to the dependent(s) upon the death of an active Member.
<b>YOS:</b>	Refers to completed years of Pension Creditable Service;

# Appendix C

## Important Information About Your Pension Fund

## Important Information About Your Pension Fund

The below information about your Pension Fund is important for you to know. Should you have any questions, please contact the Pension Fund staff for additional information.

### **THE BOARD OF DIRECTORS:**

The Pension Fund is governed by a Board of Directors. This Board is made up of three (3) active firefighters, three (3) active Police Officers, the Mayor or his designee, and a City Council appointee. Each year, one (1) Firefighter and one (1) Police Officer is elected to the Board for three (3) year terms by both the active and retired Firefighters and Police Officers. The Mayor and City Council appointees serve at the discretion of the Mayor and City Council and their terms are commensurate with elected City officials. 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 also honor a lien by the State of Tennessee for child support payments or bankruptcy.

### **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.

### **SOCIAL SECURITY:**

Once you become a member of this Pension Fund, you no longer pay Social Security taxes on your income from the City of Chattanooga as a sworn Police Officer or Firefighter.

Due to this fact, your pension benefits may reduce your Social Security benefits if you worked in other jobs long enough to qualify for a Social Security retirement or disability benefit. Please refer to the Windfall Elimination Provision at [www.ssa.gov/retire2/wep.htm](http://www.ssa.gov/retire2/wep.htm). Your spouse/widow's benefits may also be subject to reduction. Please refer to the Government Pension Offset information at [www.ssa.gov/retire2/gpo-calc.htm](http://www.ssa.gov/retire2/gpo-calc.htm).

# Appendix D

## Pension in City Charter



# CHATTANOOGA CITY CHARTER

## CHAPTER IV. FIRE AND POLICE PENSION

### **Sec. 13.63. Fire and Police Pension Fund.**

The Fire and Police Pension Fund formerly called "Firemen's and policemen's insurance and pension fund" as established by the Private Acts of 1949 Chapter 165, as amended by private acts and Home Rule referenda, shall be transferred from the Charter compilation to the City Code compilation, but the vested rights of any participant or beneficiary shall not thereby be affected. No current provision of the Fire and Police Pension Fund may be amended hereafter except pursuant to the provisions of section 13.64 below. (Priv. Acts 1949, Ch. 165; Priv. Acts 1953, Ch. 90; Priv. Acts 1961, Ch. 222; Priv. Acts 1969, Ch. 165; Priv. Acts 1971, Ch. 149; Priv. Acts 1972, Ch. 406; Ord. No. 8688, 8-19-86; Ord. No. 9778, 8-19-92; Ord. No. 9839, 2-9-93; Ord. No. 10463, 8-20-96; Ord. No. 11012, 5-9-00; Ord. No. 11272, 4-30-02; Ord. No. 12677, § 28, 12-18-12)

### **Sec. 13.64. Amendments by ordinance.**

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 two separate readings, amend any section of the Private Acts of 1949, as amended; 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. (Ord. No. 11012, 5-9-00; Ord. No. 12677, § 28, 12-18-12).

# Appendix E

Pension in  
City Code

## City Code Chapter 2 Division 18 Fire and Police Pension Fund

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### **Article III**

#### **Division 18. 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 plan 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; Ord. No. 11377, §1, 02-04-03)

##### **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; Ord. No. 11377, §1, 02-04-03)

##### **Section 2-402. Assessment of employees.**

(a) Beginning on the effective date of this ordinance and continuing until June 30, 2015, each Member will be assessed a contribution to the Fund in an amount, fixed by majority vote of the Board, not less than nine percent (9%) of the Member's Base Salary. However, each Member eligible for and who has elected to participate in the DROP provided for in Section 2-422 will be assessed a contribution to the Fund in an amount, fixed by majority vote of the Board, not less than ten percent (10%) of the Member's Base Salary.

(b) Beginning July 1, 2015, and continuing until June 30, 2016, each Member will be assessed a contribution to the Fund in an amount, fixed by majority vote of the Board, not less than ten percent (10%) of the Member's Base Salary. However, each Member eligible for and electing to participate in the DROP provided for in Section 2-422 will be assessed a contribution to the Fund in an amount, fixed by majority vote of the Board, not less than eleven percent (11%) of the Member's Base Salary.

(c) Beginning July 1, 2016, and continuing thereafter, each Member will be assessed a contribution to the Fund in an amount, fixed by majority vote of the Board, not less than eleven percent (11%) of the Member's Base Salary. However, each Member eligible for and electing to participate in the DROP provided for in Section 2-422 will be assessed a contribution to the Fund in an amount, fixed by majority vote of the Board, not less than twelve percent (12%) of the Member's Base Salary.

(d) Notwithstanding the provisions of subsection (a), (b), and (c), a Member hired prior to July 1, 1999, whose Average Base Salary as of that date was less than \$41,138 and whose Average Base Salary as of July 1, 2007, was less than \$41,138, will be assessed a sum, beginning July 1, 2007 and continuing

thereafter, to be fixed by a majority vote of the Board, which will not be less than eight percent (8%) of that Member's Base Salary, and in no event will be less than eight percent (8%) of \$41,138, annually.

(e) The contribution amounts set forth in this Section 2-402 will be deducted and withheld from the salary of each Member during the time that the Member is employed by the Chattanooga Fire or Police Department. The city officer responsible for disbursing salary payments to Members will make the appropriate deductions and withholdings of contribution amounts and will pay all such amounts to the Fund at the time deducted and withheld to be kept by its trustee in accordance with the provisions of Section 2-400 of the Chattanooga City Code.

(Priv. Acts 1949, Ch. 165, § 4; Priv. Acts 1953, Ch. 90, § 1; 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; Ord. No. 11377, §1, 02-04-03; Ord. No. 12813, § 1, 03-11-14)

**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; Ord. No. 11377, §1, 02-04-03)

**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; Ord. No. 11377, §1, 02-04-03)

**Section 2-405. Reserved.**

(Ord. No. 11377, §1, 02-04-03)

**Editor's note**-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.**

(a) There is hereby created a board to be known as the Board of Directors of the Fire and Police Pension Fund, consisting of eight (8) members, three of whom shall be active members from the fire department, three of whom shall be active members of the police department, one of whom shall be the Mayor, by virtue of his office, or if the Mayor so chooses, he may replace himself with a City employee knowledgeable of pensions, investments, and financial matters appointed by the mayor, and one of whom shall not be a City employee but shall be knowledgeable of pensions, investments and financial matters to be appointed by the City Council.

(b) The present Board of Directors shall continue in office until their respective terms expire. The members to be appointed by the mayor and city council shall have terms contemporaneous with the mayor's and council's terms of office, but shall continue to serve until their replacements are appointed.

(c) Each year 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 member from the police department, for a term of three years. Said election shall be held at the fire department training center, at

police headquarters, and at the Pension Fund Office between the hours established by the Board of Directors. The votes shall be counted openly and publicly and the firefighter and police officer who received 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.

(d) If a vacancy of a firefighter or police officer should occur in said Board, the vacancy shall be filled by the remaining firefighters and police officers on said board for the unexpired term. If a vacancy should occur in the Board by the member appointed the mayor or the city council, the vacancy shall be filled by the mayor or city council respectively.

(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; Ord. No. 11377, §1, 02-04-03; Ord. No. 11863, § 1, 8-8-06; Ord. No. 12155, § 1, 9-2-08)

**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 give 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 fund. The Directors shall pay from the 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 fund. (Priv. Acts 1949, Ch. 165, § 11; Ord. No. 8688, § 1 (15), 8-19-87; Ord. No. 9778, § 1(17), 8-18-92; Ord. No. 11377, §1, 02-04-03)

**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; Ord. No. 11377, §1, 02-04-03)

**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 again 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; Ord. No. 11377, §1, 02-04-03)

**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 disability benefits 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 plan 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 plan member while willfully and illegally participating in acts of violence, riots, civil insurrections, or while committing an unlawful act.
- (3) Except as hereinafter provided, injury or disease sustained by the Pension Fund member while serving in any Armed Forces or as the result of warfare. Notwithstanding the foregoing, in the case of a death or disability occurring on or after January 1, 2007, if a member dies while performing qualified military service (as defined in Section 414(u) of the Internal Revenue Code of 1986, as amended, the survivors of the member are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Fund as if the member had resumed and then terminated employment on account of death. (Ord. No. 12674, § 1, 12-11-12)
- (4) Injury or disease sustained by the plan member after his or her employment has been terminated or while the plan 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, and made no election of benefits under Section 2-418, the surviving spouse will receive the benefit paid under Option D of Section 2-418. (Ord. No. 12813, § 2, 3-11-14)

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 an amount equal to \$500.00 per month, increased by all appropriate cost of living adjustments under this Division from and after July 1, 1999, 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 which 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; Ord. No. 12813, § 2, 03-11-14)



(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. (Ord. No. 11377, §1, 02-04-03)

**Section 2-411. Service retirement pension; maximum pension benefits; death benefit.**

(a) Minimum Age and Service Requirements for Service Retirement Pension.

(1) Any Member who has completed ten (10) or more years of Active Service with the Chattanooga Fire or Police Department as of the effective date of this ordinance may, at his or her election, retire upon completing twenty-five (25) years of Active Service with the Chattanooga Fire or Police Department and, upon notifying the Board of his or her election pursuant to this subsection, will be entitled to receive the annual Service Retirement Pension provided in subsection (b) to be distributed in twelve (12) equal payments as benefits become payable each month.

(2) Any Member who has completed fewer than ten (10) years of Active Service with the Chattanooga Fire or Police Department as of the effective date of this ordinance, including, for purposes of this subsection, any person who is a fire or police academy cadet as of the effective date of this ordinance and subsequently becomes a Member, may, at his or her election, retire upon (i) completing twenty-five (25) years of Active Service with the Chattanooga Fire or Police Department and attaining the age of fifty (50) years or (ii) completing twenty-eight (28) years of Active Service with the Chattanooga Fire or Police Department and, upon notifying the Board of his or her election pursuant to (i) or (ii) of this subsection, will be entitled to receive the annual Service Retirement Pension provided in subsection (b) to be distributed in twelve (12) equal payments as benefits become payable each month.

(3) Any Member hired by the Chattanooga Fire or Police Department after the effective date of this ordinance (except current fire and police academy cadets covered under subsection (a)(2)) may, at his or her election, retire upon (i) completing twenty-five (25) years of Active Service with the Chattanooga Fire or Police Department and attaining the age of fifty-five (55) years or (ii) completing thirty (30) years of Active Service with the Chattanooga Fire or Police Department and, upon notifying the Board of his or her election pursuant to (i) or (ii) of this subsection, will be entitled to receive an annual Service Retirement Pension. The total annual pension for the Member will be an amount equal to two-and-one-half percent (2.5%) of the average Base Salary paid to the Member during his or her three (3) highest-earning years of Active Service in the Chattanooga Fire or Police Department multiplied by the Member's years of Active Service up to a maximum annual payment equal to no more than seventy-five percent (75%) of the average Base Salary paid to the Member during his or her three (3) highest-earning years of Active Service in the Chattanooga Fire or Police Department. The annual pension will be distributed in twelve (12) equal payments as benefits become payable each month.

(4) Notwithstanding the foregoing, the age and service requirements of paragraphs (1), (2), and (3) of this subsection (a) must comply with the rules and regulations of the Internal Revenue Service relating to normal retirement as they may change from time to time. If the age and service requirements do not comply with these rules and regulations, then they will change automatically to comply.

(b) From and after July 1, 1999, a member of the 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 to be distributed in twelve (12) equal payments as benefits

become payable each month 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.

(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, increased by all appropriate cost of living adjustments under this Division from and after July 1, 1999, until death if said spouse is not a beneficiary under one of the options listed in Section 2-418. Effective January 1, 2013, upon the death of such member who is 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, if any, elected by the member under 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. Notwithstanding the foregoing, if a member who is employed on November 3, 1992, but is not eligible for benefits under this Section on January 1, 2013, or is employed after November 3, 1992, shall die before retirement and after reaching the conditions to be eligible for benefits under this Section or shall die after retirement, there shall be paid to his or her beneficiary or beneficiaries the benefit of \$10,000.00 and such benefits elected under Section 2-418. (Ord. No. 12674, § 2, 12-11-12)

(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 July 1, 1999, or beneficiaries of those members retired prior to July 1, 1999, 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, will 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.

(f) For years beginning after December 31, 2008, (i) a member receiving a differential wage payment, as defined by Section 3401(h)(2) of the Internal Revenue Code of 1986, as amended, shall be treated as an employee of the City of Chattanooga, (ii) the differential wage payment shall be treated as compensation, and (iii) the Pension Fund shall not be treated as failing to meet the requirements of any provision described in Section 414(u)(1)(C) of the Internal Revenue Code of 1986, as amended, by reason of any contribution or benefit which is based on the differential wage payment.

(Ord. No. 9778, § 1(3), 8-18-92; Ord. No. 11012, §§ 1(2), 1(5)-1(8), 5-9-00; Ord. No. 11377, §1, 02-04-03; Ord. No. 12674, § 3, 12-11-12; Ord. No. 12813, § 3, 03-11-14)

#### **Section 2-412. Disability or death benefits from cause resulting from performance of duty.**

(a) 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.

(b) 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), increased by all appropriate cost of living adjustments under this Division from and after July 1, 1999.

If there be no surviving spouse, then the dependent child or children shall each receive \$500.00 per month increased by all appropriate cost of living adjustments under this Division from and after July 1, 1999, 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 which a surviving spouse would receive under this Section.

(c) Notwithstanding the provisions of subsection (b), if any Member employed by the Chattanooga Fire or Police Department on or after April 1, 2011, is killed in the line of duty prior to retirement, the Member's surviving spouse will be placed on an annual pension calculated as one hundred percent (100%) of the average Base Salary paid to the Member during his or her three (3) highest-earning years of Active Service in the Chattanooga Fire or Police Department. This pension will be distributed in twelve (12) equal payments as benefits become payable each month until the death of the Member's surviving spouse.

(d) Upon death of any member who retires under the provisions of subsection (a), 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(1), 8-18-98; Ord. No. 11012, §§ 1(3), 1(9)-1(10), 5-9-00; Ord. No. 11377, § 1, 02-04-03; Ord. No. 12813, § 4, 03-11-14)

**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 or Police Department, he or she may 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 reimbursement of amounts received upon prior termination shall be made by the date of reemployment and may not be reimbursed thereafter. If a member who is subsequently reemployed does not reimburse the Pension Fund, such member shall be treated as a newly hired member for purposes of the Pension Fund.

(Ord. No. 9778, § 1(7), 8-18-92; Ord. No. 11377, §1, 02-04-03; Ord. No. 12674, § 4, 12-11-12)

**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; Ord. No. 11377, §1, 02-04-03)

**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 or Police Department, he or she may 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. Any reimbursement of amounts received upon prior termination shall be made by the date of reemployment and may not be reimbursed thereafter. If a member who is subsequently reemployed does not reimburse the Pension Fund, such member shall be treated as a newly hired member for purposes of the Pension Fund.

(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 2-418.

(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; Ord. No. 11377, §1, 02-04-03; Ord. No. 12674, § 5, 12-11-12)

### **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 rescind the sunset provisions of Section 2-416(e) of the Chattanooga City Code.

(Ord. No. 11377, §1, 02-04-03; Ord. No. 12067, 1-15-08; Ord. No. 12813, § 5, 03-11-14)

### **Section 2-417. Cost of living adjustments to pension benefits.**

(a) The annual pension to a Member retired before the effective date of this ordinance, or to any qualified survivor or beneficiary of such Member will be increased in the manner described in subsection (b) or (c), whichever is applicable, each January 1 after the twelfth monthly benefit payable.

(b) Any time the Fund is less than eighty percent (80%) funded on a market value basis as determined by the Fund's most recently completed annual actuarial valuation and review, the total amount payable from the Fund to eligible recipients will be increased effective each January 1, beginning as soon as practicable after January 1, 2015, by one and one-half percent (1.5%). This increase will be allocated among eligible retired Members receiving annual pensions and the qualified survivors or beneficiaries of such Members by the Board, after consultation with the Fund's actuary, to provide higher cost of living adjustments to those receiving lower monthly benefits payable. In no event, however, will any annual pension be increased by greater than two percent (2%) or less than one percent (1%) of the monthly benefit payable.

(c) Any time the Fund is at least eighty percent (80%) funded on a market value basis as determined by the Fund's most recently completed annual actuarial valuation and review, all cost of living adjustments beginning the following January 1 will correspond to the Consumer Price Index up to a maximum cost of living adjustment of three percent (3%), provided that the Fund, inclusive of this change, would not be less than eighty percent (80%) funded on a market value basis.

(d) The cost of living adjustment for the annual pension to a Member retiring on or after the effective date of this ordinance, or to any qualified survivor or beneficiary of such Member, will be as follows:

- (1) The annual pension to a Member retiring on or after the effective date of this ordinance, or to any qualified survivor or beneficiary of such Member, will not be increased until the January 1 after the thirty-sixth monthly benefit payable, at which time the annual pension will be increased in the manner described in subsection (b) or (c), whichever is applicable, except as provided in subsection (d)(2).
- (2) If after the twelfth monthly benefit payable but before the thirty-sixth monthly benefit payable to a Member retiring on or after the effective date of this ordinance, or to any qualified survivor or beneficiary of such Member, the Fund is at least seventy percent (70%) funded on a market value basis as determined by the Fund's most recently completed annual actuarial valuation and review, the annual pension will be increased, beginning the following January 1, in the manner described in subsection (b) or (c), whichever is applicable, so long as the increase would not cause the Fund to fall below seventy percent (70%) funded on a market value basis. If the increase is applied, but the Fund subsequently falls below seventy percent (70%) funded on a market value basis before the thirty-sixth monthly benefit payable, then the increase for these Members will be discontinued until the January 1 following the first thirty-sixth monthly benefit payable.

(e) For individuals eligible for cost of living adjustments effective January 1, 2015, and January 1, 2016, such cost of living adjustments will be dividend cost of living adjustments and will not be compounded or placed into the base pension amount in subsequent years. Nothing in this Section 2-417 should be construed to affect benefits payable as of the effective date of this ordinance.

(Ord. No. 9778, § 1(10), 8-18-92; Ord. No. 11012, § 1(11), 5-9-00; Ord. No. 11377, §1, 02-04-03; Ord. No. 12813, § 6, 03-11-14)

**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, and eligible to retire on or before December 31, 2012, the surviving spouse shall receive the sum of \$750.00, increased by all appropriate cost of living adjustments under this Division, if the said member has not designated the spouse as a beneficiary under one of the option forms listed below. (Ord. No. 12813, § 7, 03-11-14)

**OPTION A: 120 Payments Certain and Life Option**

A decreased retirement benefit payable for life with the first 120 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; Ord. No. 11377, §1, 02-04-03)

**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 Plan.

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.

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" means the annual pension that a Member who has elected to retire upon meeting the applicable minimum age and service requirements of Section 2-411(a) is entitled to receive and which will be distributed in twelve (12) monthly benefits payable subject to adjustment as provided in Sections 2-418, 2-422, and 2-423, if applicable. (Ord. No. 12813, § 8, 03-11-14)

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. Effective April 1, 2013, the term "Surviving Spouse" shall mean any spouse who meets the requirements of the preceding sentence and who is married to a member on April 1, 2013, or, the spouse who is married to a member at the member's retirement 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 and who is married to the member upon his or her death. (Ord. No. 12674, § 6, 12-11-12)

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.

9. The term "Consumer Price Index" means the percent change in the Chained Consumer Price Index for All Urban Consumers (C-CPI-U) as reported by the Bureau of Labor Statistics of the United States Department of Labor for the twelve (12) months ending the previous September. (Ord. No. 11377, §1, 02-04-03; Ord. No. 12813, § 8, 03-11-14)

#### **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 fund as herein before set out. (Priv. Acts 1969, Ch. 165, § 1; Ord. No. 11377, §1, 02-04-03)

#### **Section 2-421. Credited service under general pension plan.**

A participant in the General Pension Plan who has transferred employment from the provisions of the Fire and Police Pension Plan shall have the right to have his service under the Fire and Police Pension Plan 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 Plan. 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; Ord. No. 11377, §1, 02-04-03)

**Section 2-422. Deferred Retirement Option Provision.**

(a) Only Members who have completed at least twenty-four (24) years of Active Service with the Chattanooga Fire Department or Police Department as of the effective date of this ordinance and filed a written election with the Board on or before December 31, 2008, agreeing to contribute an additional one percent (1%) of their Average Base Salary to the Fund will be eligible for the Deferred Retirement Option Provision (DROP) described in this Section 2-422 so long as the Member complies with the contribution requirements of Section 2-402.

(b) From and after July 1, 1999, a member of the Fire Department or 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.

(c) 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.

(d) The member's monthly Service Retirement Pension, calculated in accordance with the provisions of subsection (c), 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 (c), 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.

(e) The DROP payment shall be paid as soon as practicable after the retirement of the member.

(f) 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. (Ord. No. 11377, 02-04-03; Ord. No. 12813, § 9, 03-11-14)

**Section 2-423. Modified Deferred Retirement Option Provision.**

(a) Members who do not meet the requirements of Section 2-422(a) are eligible only for the DROP described in this Section 2-423. A Member may elect to receive, and may receive, only one DROP. Any Member not eligible for the DROP described in Section 2-422 who, as of the effective date of this ordinance, filed a written election with the Board on or before December 31, 2008, agreeing to contribute an additional one percent (1%) of their Average Base Salary to the Fund will have the total

amount of their additional one percent (1%) contributions refunded to them as soon as practicable after the effective date of this ordinance.

(b) Beginning on the effective date of this ordinance, a Member of the Chattanooga Fire Department or Police Department currently employed in such capacity with the City who serves at least twenty-five (25) years of Active Service, but no more than thirty-three (33) years of Active Service (the DROP Period), may elect to receive the DROP described in this Section 2-423. Any Member hired by the Chattanooga Fire or Police Department after the effective date of this ordinance who reaches the age and service requirement for a normal retirement as noted in section 2-411(a)(3), but has achieved no more than thirty-three (33) years of Active Service (the DROP Period), may elect to receive the DROP described in this Section 2-423. The Service Retirement Pension for a Member who has elected to receive the DROP described in this Section 2-423 will be adjusted as follows: Upon retiring and providing written notice of retirement to the Board, the Member's Service Retirement Pension will be calculated as provided in Section 2-411, 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 will be reduced by the number of months elected by the Member on his or her DROP election form. The number of months elected by the Member may not exceed the lesser of (i) the number of months of Active Service accumulated by the Member beginning on the date the Member completes twenty-five (25) years of Active Service and ending on the Member's actual retirement date or (ii) thirty-six (36) months.

(c) The DROP will be calculated by multiplying the number of months elected by the Member as provided in subsection (b) by the Member's Average Base Salary at the time the Member first becomes eligible to elect to receive the DROP as provided in subsection (b). The resulting dollar amount will be paid, in a single lump sum, from the Fund as soon as practicable after the Member's retirement. No cost of living adjustment or interest will be applied to or earned by the DROP payment.

(d) To elect to receive the DROP described in this Section 2-423, an eligible Member must complete a written election form provided by the Board and file it with the Board during the DROP Period. The right of a Member who elects to receive the DROP described in this Section 2-423 will not accrue or vest until the Member retires.

(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.  
(Ord. No. 12155, §2, 9-2-08; Ord. No. 12813, § 10, 03-11-14)

#### **Section 2-424. Actuarial and Experience Study Review.**

(a) Immediately upon the effective date of this ordinance and once every five years thereafter, the Board will commission a full actuarial study of the financial impact and cost neutrality of the DROPs on the Fund. The study will be performed by a third party actuary (an actuary or actuarial firm holding membership in the Academy of American Actuaries that does not serve as actuary for either the Board or the Fund), which will prepare a report of the study and its findings. The study and report will be submitted to the Mayor, the City Council, and the Board and will include an assessment of whether the DROP provided for in Section 2-423 is cost neutral to the Fund. The first report required by this subsection (a) is due as soon as practicable after the effective date of this ordinance. In the event that a report indicates that the DROP provided for in Section 2-423 is not cost neutral to the Fund, the Board will modify the DROP to ensure its cost neutrality to the Fund.

(b) The Board will submit to the Mayor and City Council quarterly performance evaluations of the Fund. (Ord. No. 12212, § 1, 2-17-09; Ord. No. 12155, §2, 9-2-08; Ord. No. 12212, § 1, 2-17-09; Ord. No. 12813, § 11, 03-11-14)

#### **Sections 2-425 - 2-429 Reserved.**

(Ord. No. 11377, §1, 02-04-03; Ord. No. 12155, §2, 9-2-08; Ord. No. 12413, § 2, 7-13-10)

# Appendix F

## Heart and Lung Legislation

## Heart and Lung

### **Tennessee Code Annotated 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 (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 the 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 the 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.

(b) 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 correction security positions in such county, shall not be included in such definition for purposes of the Tennessee consolidated retirement system or local retirement system unless the county legislative body of such county advises the retirement division if 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 the line of duty, and to have been in the line and course 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 have 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 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 (1<sup>st</sup> E.S.), ch. 5, '18; 1986, ch. 590, '1; 1989, ch. 278, '25; 1996, ch. 1079, '26.]

# Appendix G

## Pension Contributions

# Pension Contributions

City (employer) contributions to the Pension Fund are made in accordance with Tennessee state law and Chattanooga City Code and are determined by an annual actuarial valuation, but no less than 10% of the gross payroll of the Fire and Police departments.

Member (employee) contributions to the Pension Fund are determined by the Board of Directors of the Chattanooga Fire and Police Pension Fund. The minimum Member contribution will be as follows:

Fiscal Year 2015: 9% of the Member's base salary\*

Fiscal Year 2016: 10% of the Member's base salary\*

Fiscal Year 2017 and later: 11% of the Member's base salary\*

Certain Members who had 24 YOS by July 1, 2014 are required to contribute an additional 1% to the Pension Fund to maintain eligibility for the DROP as described in CCC 2-422.

\*Base salary does not include overtime, comp-time, bonuses or pay supplements.





