



CITY OF BATTLE CREEK



**POLICE & FIRE**

**RETIREMENT SYSTEM**

**HANDBOOK**

## **CITY OF BATTLE CREEK POLICE AND FIRE RETIREMENT SYSTEM**

Police and Fire Retirement System Member,

The City of Battle Creek Police and Fire Retirement System, as established in accordance with Act No. 345 of the Public Acts of 1937, as amended, is a financial program through which you and the City save together to help you meet the economic challenges of retirement, disability, or death. This is your retirement plan.

You contribute a negotiated percent of pensionable wages out of each paycheck to your retirement system; the City also contributes on your behalf. The City's contribution can only be used to provide benefits for police officers, firefighters, and their beneficiaries.

This booklet has been prepared to acquaint you with the main features of the retirement system, and to help you in planning for your economic needs in retirement. All forms, policies, agendas and meeting minutes pertaining to the Police and Fire Retirement System are available on the City of Battle Creek's website. We urge you to become familiar with these features.

The information provided in this handbook is intended to be a quick reference and has no binding effect on the City of Battle Creek, Police and Fire Retirement System, and the calculation of retirement benefits. The language provided does not replace the language of Public Act 345 or collective bargaining agreements.

If you have any questions concerning the retirement system or your membership, please contact a member of the Police and Fire Retirement Board. Alternatively, you may also contact the Pension Administrator.

Sincerely,

Police and Fire Retirement Board

## **QUESTIONS AND ANSWERS ABOUT THE CITY OF BATTLE CREEK POLICE AND FIRE RETIREMENT SYSTEM**

### **1. WHEN MAY I RETIRE?**

Your collective bargaining agreement (CBA) provides information on your specific retirement plan. In general:

- You may retire when you have completed 25 years of service.
- Some units require you to also be at least 50 years of age.
- Twenty-five years of credit service is not required if you terminate between the ages of 60 and 64, and your application for retirement is filed by the City Commission or your Department Head.
- A member who is 65 years of age must retire.

When you retire, you will be paid a Straight Life Service Pension for as long as you live. Upon your death, your surviving spouse will be paid 60% of your Straight Life Pension for the remainder of their life. To be eligible, your surviving spouse must have been married to you on both your date of retirement and your date of death.

### **2. HOW IS THE AMOUNT OF MY STRAIGHT LIFE PENSION COMPUTED?**

The amount of your Straight Life Pension is based on your pensionable wages and credited service while working for the City as a police officer or firefighter. This amount is calculated based on a percent of your Final Average Compensation. The percent is determined by multiplying your years of credited service by 2% (or a higher percent if negotiated in your collective bargaining agreement) for the first 25 years of service. Some units continue to build an additional 1% for years 26 through 30. See your individual collective bargaining agreement for clarification.

"Final Average Compensation" is the average of the pensionable wages received by you during a predetermined number of years during your last 5-10 years of service. This varies so please refer to your specific collective bargaining agreement for clarification. Please also review the FAC Policy for further explanation of how Final Average Compensation is determined.

There is also a Retirement Benefit Calculator available on the City's website under the Police & Fire Retirement System page. This calculator can be used to provide an estimated Straight Life Pension amount based on the criteria entered into the calculator.

### **3. CAN I PROVIDE PAYMENT TO A BENEFICIARY UPON MY DEATH?**

Yes. You can provide protection for a beneficiary with an insurable interest in your life by electing Option I or Option II prior to your retirement. Your election cannot be changed after you retire. If no option is selected, only your surviving spouse is automatically paid 60% of your Straight Life Pension upon your death. To be eligible, your surviving spouse must have been married to you on both your date of retirement and date of death. Generally, the member electing Option I or II is one who wishes to provide protection for a dependent other than a spouse. The amount of Option I or Option II Pension is based on the amount of your Straight Life Pension

and on the age and sex of you and your beneficiary. The Options are made available to you as an additional benefit and for convenience in planning your personal retirement program. Consequently if you choose Option I or II, your pension amount will be slightly reduced from the amount of your Straight Life Pension. The difference between the amount of your Straight Life Pension and the amount of the Option I or Option II Pension represents your share of the cost to the Retirement System of providing an income to the beneficiaries of retired members who elect these options. The following page provides some examples.

#### Option I - 100% Survivor Pension

Under this option, you would be paid a pension for as long as you live with the added provision that, upon your death, the named beneficiary would be paid 100% of your Option I pension for the remainder of their life.

#### Option II-50% Survivor Pension

Under this option, you would be paid a pension for as long as you live with the added provision that, upon your death, the named beneficiary would be paid 50% of your Option II pension for the remainder of their life.

Please contact the Pension Administrator for more detailed examples of how Option I and Option II are calculated.

#### **4. WHAT HAPPENS IF I LEAVE CITY EMPLOYMENT BEFORE I CAN RETIRE?**

If you terminate employment as a police officer or firefighter (other than by death or total and permanent disability) after you have completed 10 years of credited service you are eligible for a Deferred Pension. All accumulated contributions must remain on deposit with the retirement system.

For payment of your Deferred Pension to begin, you must apply to the Police and Fire Retirement Board ("the Board") on or after the date you: (1) would have completed 25 years of credited service just as if you had you continued City employment or (2) reach the age of 60.

Pension benefits begin to accrue the first day of the calendar month immediately after the month in which the application has been filed that is on or after the date the member would have been eligible had the member continued employment.

The amount of your Deferred Pension is computed the same way as a Service Pension using your credited service and Final Average Compensation at the time you leave City employment as a police officer or firefighter (see question 2 on how a Straight Life Service Pension is computed).

#### **5. WHAT IF I STOP WORKING FOR THE CITY AND I DO NOT HAVE THE 10 YEARS OF CREDITED SERVICE REQUIRED FOR A DEFERRED PENSION?**

After your final paycheck has been issued, the Pension Administrator will calculate your accumulated contributions including interest. You will receive notification from the Administrator including information regarding your option to withdraw or rollover your contributions. You will

be refunded your accumulated contributions, with interest, upon your written application to the Pension Administrator.

## **6. SUPPOSE I BECOME DISABLED IN THE LINE OF DUTY?**

If you become totally and permanently disabled from duty as a result of your performance of duty as a police officer or firefighter for the City, please speak to a Human Resources representative for any potential Workers Compensation benefits and the Pension Administrator for pension benefit options.

One option is to apply for a Disability Pension. This process can be time consuming. If your application for Disability Pension is approved by the medical committee and the Board as duty related, you will be paid a Duty Disability Pension equal to 50% of your Final Average Compensation until you attain age 55 or recover. However, your Duty Disability Pension is reduced by the amount of any Workers Compensation benefits you might receive.

When you attain age 55 you will be given additional credited service from your date of disability retirement to age 55. The multiplier used for additional credited service is pursuant to Public Act 345 unless addressed in your collective bargaining agreement.

Any time within the 60 days preceding your 55th birthday, you can elect to receive your pension in accordance with Option I or Option II instead of a Straight Life Pension (see question 3 for description of Option I or Option II). Please refer to the Disability Policy for additional information.

## **7. SUPPOSE I AM DISABLED BUT NOT IN THE LINE OF DUTY?**

If you meet the following conditions:

- (a) you are totally and permanently disabled for duty,
- (b) you have at least 5 years of service, and
- (c) your application for Disability Pension is approved by the medical committee and the Board as non-duty related, you will be paid a Non-Duty Disability Pension equal to 1.5% of your Final Average Compensation multiplied by your credited service and payable until you attain age 55 years or recover. When you attain age 55 your Disability Pension will be recomputed on the same basis as a Straight Life Service Pension. This is based on your years of service and Final Average Compensation at the time you terminated City employment (see question 2 on how a Straight Life Service Pension is computed). However, your Non-Duty Disability Pension is reduced by the amount of any Workers Compensation benefits you might receive.

Any time within the 60 days preceding your 55th birthday, you can elect to receive your pension in accordance with Option I or Option II instead of a Straight Life Pension (see question 3 for a description of Option I or Option II). Please refer to the Disability Policy for additional information.

## **8. ARE BENEFITS PAID IF I DIE BEFORE I RETIRE?**

If your death is a result of your performance of duty as a police officer or firefighter for the City, benefits may be payable to your spouse or surviving children who are under age 18

and certain other dependents. Please speak with a Human Resources representative to discuss this topic.

#### **9. SUPPOSE I DIE BUT NOT IN THE LINE OF DUTY?**

If you have at least 20 years of service and you die while employed by the City, your spouse will be paid a Survivor Pension for the remainder of their life or until they remarry. Please review your collective bargaining agreement regarding the required years of service. Some units require their members to attain 10 years of service to receive Survivor Pension benefits. The amount is computed as if you had retired the day preceding your death with a Service Pension and elected Option I (see question 2 on how a Service Pension is computed and question 3 for a description of Option I). Please speak with the Pension Administrator to discuss this topic.

#### **10. WHO ADMINISTERS THE RETIREMENT SYSTEM?**

The Board whose duties are to supervise the general administration and proper operation of the Retirement System pursuant to Public Act 345. The five member board consists of the following individuals:

- The City Treasurer by virtue of office
- A Police Member elected by the police officers
- A Fire Member elected by the firefighters
- Two citizens appointed by the City Commission

#### **11. WHO INVESTS THE ASSETS OF THE RETIREMENT SYSTEM?**

The Board invests the assets of the Retirement System in the name of the Retirement System. Investments are made in accordance with the provision of Michigan law. The assets of the Retirement System are entirely separate from the funds of the City. They must be held and used for the exclusive benefit of police officers, firefighters, and their beneficiaries.

**Your pension is an important benefit that can be complicated to understand. The Board, the Pension Administrator and the Human Resources Department are able and willing to assist you in understanding this benefit and ensuring a smooth transition into retirement.**

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