

INTRODUCTION

This booklet is a Summary Plan Description for Plan 10-Defined Benefit and Defined Contribution Plans.

Defined Benefit Plan

This Plan was developed for all: (1) uniform police employees hired or, in some cases rehired, on or after January 1, 2010; (2) uniform fire employees hired or, in some cases, rehired on or after October 15, 2010; (3) employees of the Sheriff's Office represented by Lodge 5 of the FOP hired or, in some cases, rehired on or after January 1, 2012; (4) employees represented by DC 47 hired or, in some cases, rehired on or after March 5, 2014; (5) all municipal employees in the civil service not represented by a union hired or, in some cases, rehired on or after May 14, 2014; (6) employees represented by DC 33 (excluding guards & employees of the OHCD) hired or, in some cases rehired on or after September 9, 2014; (7) municipal employees not in the civil service and not represented by a union hired or, in some cases, rehired on or after November 14, 2014 and (8) elected officials hired or, in some cases, rehired on or after November 14, 2014 are members of Plan 10 immediately upon employment by the City, unless, within thirty (30) days of employment, the employee makes an irrevocable election to become a member of Plan A,B,L or Y as applicable, or who upon previous separation from service with the City did not withdraw their pension contributions, makes an election to remain subject to the provisions of the plan covering him or her when he or she separated from the City.

This Plan was also developed for all: (9) employees of the Register of Wills hired or, in some cases, rehired on or after January 1, 2012; and (10) all Guards represented by DC 33 hired or, in some cases, rehired on or after November 14, 2014. These employees, except those who did not withdraw their pension contributions following their prior separation from the City of Philadelphia ("the City"), are members of Plan 10 immediately upon (re)employment by the City.

PREFACE

Retirement means something different to each of us. Basically, though, after a career we all look forward to having time for our favorite pursuits, having enough money to enjoy them, and having a feeling of financial security.

There is no question about the time. We all expect to have plenty of that. But most of us in today's economy would find it difficult, if not impossible, to provide on our own the financial security of an adequate, dependable income after we retire. We need some help.

The City of Philadelphia meets this need of its Employees through a modern and efficient retirement program. This program provides you, the career City Employee, with a pension in addition to Social Security benefits which you receive if you are a non-uniformed Employee. Basic retirement income will be provided by these two sources – you might also want to have "something extra" in the way of personal savings to allow for additional retirement security.

Philadelphia's retirement plan is provided for in the City Charter. In the Charter, City Council is told to adopt a "comprehensive, fair, and actuarially sound pension and retirement program covering all officers and Employees of the City." In other words, the retirement program is **YOUR** program, designed to ensure sufficient and reliable benefit for **YOU**.

Your retirement plan is administered by the Philadelphia Board of Pensions and Retirement. The nine person Board of Trustees acts through its Executive Director. The Board is composed of the Director of Finance, who serves as Chairperson, the Managing Director, the City Solicitor, the Personnel Director, the City Controller and four trustees who are elected by the Civil Service Employees of the City of Philadelphia. The elected Trustees serve a four-year term.

In addition, a group of independent practicing physicians make up a Medical Panel which, when necessary, advises the Board on disability applications. Together, the Board of Trustees reviews and decides upon every pension application.

The laws that govern your retirement plan are very complex and have many special rules concerning specific jobs, groups of Employees, and particular circumstances. This booklet will briefly explain the important parts of what your Retirement System offers, and how it protects you and your family, not only at retirement, but also in situations that may arise before that time. **THIS BOOKLET IS NOT INTENDED TO BE – AND IT IS NOT – A COMPLETE EXPLANATION OF THE PENSION ORDINANCES.** However, you should read it carefully. Then, if you have questions about how any plan provision affects you, a Retirement Counselor at the Board of Pensions and Retirement will be most willing to help you. The complete pension code can be viewed at www.phila.gov/pensions. Click on Philadelphia Charter and Code; reference Title 22-Public Employees Retirement Code.

IN THE EVENT OF CONFLICT BETWEEN THE PROVISIONS STATED IN THIS PENSION SUMMARY AND THE CITY ORDINANCES, WHICH MAKE UP THE BODY OF LAW THAT GOVERNS THE RETIREMENT SYSTEM, THE CITY ORDINANCES ARE CONTROLLING.

To qualify for any benefits under the Plan, an Employee, an Employee Beneficiary, an Employee’s Survivor or the administrator of the Employee’s estate must file an application for benefits with the Board and the application must be approved by the Board. You may appeal any decision of the Board’s staff to the full Board of Pensions and Retirement by directing a written appeal to the Board’s Executive Director, within 30 days of the date of the decision.

DEFINITIONS

Several of the terms used in this booklet or by your Retirement Counselor may be unfamiliar to you. Below, we offer a very short explanation of the meaning of certain words. Have a look at them – you’ll find that many sound more complicated than they actually are.

Average Final Compensation: For Members of Plans 10, Average Final Compensation will be average of the Member’s five (5) highest annual compensation calculated for either five (5) calendar years or five (5) anniversary years, during the period when contributions are required under §22-902(2)(e). If the Member has less than five (5) years of credited service, exclusive of any purchase of other governmental service, Average Final Compensation is equal to the average annual compensation received during such period of credited service.

Beneficiary: The person who receives benefits upon the death of an active Employee or vested Member.

Board: Philadelphia Board of Pensions and Retirement.

Compensation: The yearly salary you receive from the City.

Credited Service: Any period of service as an Employee for which regular Member contributions are made. Also, any period of service for which credit is purchased in accordance with the provisions of Section 22-801 (Leaves of Absence Without Pay), Section 22-802 (Purchase of Governmental Service), Section 22-803 (Purchase of Prior City Service), Section 22-804 (Pension Credit for Former C.E.T.A. Employees) or Section 22-805 (Election of Fire Employees and Police Employees Laid Off in 1978 and 1980 and Subsequently Reinstated to Purchase Pension Credit for the Layoff Period)—subject to such limitations and restrictions as are set forth in Chapter 22-800 of the Public Employees Retirement Code.

Domestic Relations Order: Any judgment, decree or order, including approval of a property settlement agreement, entered by a court of competent jurisdiction pursuant to a domestic relations law which relates to the marital property rights of the spouse or former spouse of a Member, including the right to receive all, or a portion of, the moneys payable in furtherance of the equitable distribution of marital assets.

Employee: Any person paid out of the Treasury of the City. All Employees belong to one of the following three divisions:

- **Uniformed** – uniformed and investigatory Employees of either the Police or Fire Department or the District Attorney’s Office.
- **Municipal** – all other Employees (not in the Uniformed or Elected Divisions) of the City;
- **Elected** – officials elected in any general, municipal, or special election.

Final Compensation: The last yearly salary you receive from the City.

Medical Panel: A group of physicians who assist the Board by making medical examinations or investigations, and reporting their findings to the Board.

Member: Any Employee or former Employee of the City who satisfies the conditions for Membership in the Retirement System and appropriate plan

Retirement Benefits: Payments to a retired or disabled Employee.

Survivor: The person who receives benefits upon the death of a retired Member.

Vested: Having sufficient credited service to be eligible to retire on a separation service retirement upon reaching the retirement age in the Member’s plan, currently 10 years. **It is important to note that an Employee is not necessarily vested on the 10-year anniversary of his or her hire date, since the Employee may have breaks in service, such as a leave of absence without pay for which pension credit was not purchased or days for which the Employee did not receive any pay and, therefore, did not make any pension contribution.**

THE RETIREMENT PLAN – WHO CONTRIBUTES?

There are several contributors to the fund of your defined benefit retirement plan: YOU – the Employee, the City and state; and the profitable returns of the Retirement System’s investment program.

EMPLOYEES

As a regular Employee of the City, you contribute to the retirement plan by automatic deductions from your paychecks. The amount of the deduction will vary depending on the cost of the Plan of which you are a Member.

THE CITY AND STATE

The major share of the cost of your benefits is contributed by the City of Philadelphia. The City’s contribution is determined annually by the Board’s actuary.

The City’s contribution is supplemented by an annual payment from the state.

INVESTMENTS

Another contribution to the Retirement System is provided by returns on investments. Investments are selected in accordance with a policy decided upon by the Trustees of Board of Pensions and Retirement. The Board is aided in its decisions by outside professional investment consultants. The investment program is balanced to reduce risk and provide a consistently profitable return to the Retirement System.

FUNDING

The Board of Pensions and Retirement and the City of Philadelphia are very concerned about the condition of the Pension Fund. The Board is entrusted with the responsibility of monitoring the Fund to ensure the funding of future pension benefits. The City of Philadelphia guarantees its obligation to pay retirement benefits.

To assist the Board in its role as guardian of the Fund, the actuary evaluates the finances of the Fund on an annual basis to determine its soundness. The actuary issues a report of findings and recommendations, which the Board is required to act on. This report is reviewed by the City Controller's Office and by the Commonwealth of Pennsylvania Auditor General's Office.

MEMBERSHIP

As a permanent Employee of the City, you are automatically a Member of the retirement plan. Beginning with the first day of your employment, the contributions to the Retirement System that are required of you are deducted from your paycheck.

If you are a temporary Employee, and your employment will not last for more than six months, you may not be a Member of the retirement plan. If your employment continues beyond six months, you will become a Member of the retirement plan; and pension contributions will be deducted from your paycheck beginning with the first full pay period after expiration of your original six months. You may also purchase pension credit for your period of temporary employment by making application to the Board.

MEMBERSHIP AFTER REEMPLOYMENT

Employees who become reemployed on or after January 1, 2010 and who upon previous separation from service with the City, did not withdraw their pension contributions; provided that such Employee, within thirty (30) days of reemployment, makes an election in writing to remain subject to the provisions of the plan covering him or her when he or she separated from service with the City.

REHIRED EMPLOYEE AFTER WITHDRAWAL OF CONTRIBUTIONS

Employee may purchase prior service credit in the Employee's new plan, regardless of the retirement plan to which the Employee had previously belonged.

DISQUALIFICATION

As provided in both the ordinances and State law, no Employee or any beneficiary of that Employee is entitled to receive any benefit or payment of any kind under the Retirement System, if that Employee is convicted or pleads guilty or no defense to a crime related to public office or public employment. Such an Employee may be entitled to a return of contributions, without interest, except that the City has the right to assert a claim of the City as an offset against any return of contributions.

ELIGIBILITY REQUIREMENTS

What are the Eligibility Requirements for a Service Retirement Pension?

Police and Fire Employees who have attained age 50; all others who have attained age 60 and have completed 10 or more years of credited service are vested Members of the Retirement System and eligible for retirement benefits.

What is Credited Service?

Credited service is any period for which an Employee pays pension contributions. When an Employee gets paid, pension contributions are deducted from his paycheck. So, any day that an Employee works and contributions are deducted constitutes credited service. Also, the Ordinance may permit an Employee on leave of absence to pay contributions for their leave and receive credit or an Employee to purchase pension credit for their prior military, governmental, or other eligible service.

How is the Service Retirement Benefit Calculated?

For Fire and Police:

- The Service Retirement Benefit is equal to **one and three quarters percent (1.75%) of Average Final Compensation** multiplied by the Member's years, months and days of credited service for the first twenty (20) years of credited service.
- Benefit may not exceed the Member's Average Final Compensation.

EXAMPLE: An Employee has 20 years of credited service. The Employee would receive 35% of Average Final Compensation:

$$20 \text{ years} \times 1.75\% = 35\%$$

For all others:

- The Service Retirement Benefit is equal to **one and one quarter percent (1.25%) of Average Final Compensation** multiplied by the Member's years, months and days of credited service for the first twenty (20) years of credited service.
- Benefit may not exceed the Member's Average Final Compensation.

EXAMPLE: An Employee has 20 years of credited service. The Employee would receive 25% of Average Final Compensation:

$$20 \text{ years} \times 1.25\% = 25\%$$

How Do You Figure The Average Final Compensation?

- Average of their **5 highest years of pensionable earnings**. Take the 5 highest salary years—they need not be consecutive, nor must they be the last 5 years—and divide by 5. Pensionable earnings include base pay, longevity and Stress Pay (Police) or Premium Pay (Fire).

What Does That Translate To In Terms of Dollars Per Month?

Fire or Police Employee with 20 years of credited service and average final compensation of \$60,000.00.

$$\$60,000.00 \times 35\% = \$21,000.00 \text{ divided by } 12 = \$1,750.00 \text{ Per Month}$$

Other Employee with 20 years of credited service and average final compensation of \$60,000.00.

$$\$60,000.00 \times 25\% = \$15,000.00 \text{ divided by } 12 = \$1,250.00 \text{ Per Month}$$

The benefits to which you are entitled at the time of your retirement become effective on the day following the date of your separation of service with the City. As a retiring Employee, you can normally expect to receive your first retirement benefit within six to eight weeks after you retire. This first payment will cover any retroactive amounts due to you as of the date of your retirement. Your benefit payments continue for the remainder of your lifetime.

What Happens When Maximum Credited Service Has Been Attained?

The maximum years of allowable Credited Service for Plan 10 is 20 years. This means the maximum allowable benefit for Plan 10 for Police and Fire employees is 35% of Average Final Compensation; for all other employees is 25% of Average Final Compensation. **When the maximum allowable credited service has been attained, whether through continuous Membership in the Retirement System by employment or through the purchase of credited service for prior City, governmental, military and C.E.T.A. service or leaves of absence without pay or eligible layoff periods, the Employee contributions will cease.**

Upon written election, the Employee will be entitled to a refund of all regular contributions made, without interest, after the date of completion of the maximum allowable credited service.

Note: Municipal Employees are not entitled to elect to cease contributing to the Pension Plan upon attaining the maximum allowable credited service.

An Employee who has attained the maximum allowable credited service and who previously purchased prior governmental or military service credit may elect to forfeit credit for that service and receive a refund of the total purchase cost, including interest and penalties paid. The maximum allowable credited service must be maintained after forfeited service is removed.

DEATH BENEFITS

What's The Difference between Death Benefits and Survivorship Benefits?

Survivorship benefits become payable when a retired Member dies. Death benefits are payable when an active Employee dies or who has separated from City employment and dies prior to receiving Separation Service benefits.

SURVIVORSHIP BENEFITS

The monthly amounts calculated earlier in this booklet are before any reduction for Survivorship benefits. Survivorship benefits are those that are paid upon the death of a retired Member. There are three Survivorship options under Plans 10, (four options for Police and Fire). Two of the three Survivorship options involve reductions in the monthly pension amount. The amount of the reduction is based on the ages of the retiree and the retiree's Survivor(s).

An Employee may designate the following people as Survivor(s):

Spouse*

* Please note that the Pension Board does not recognize a "common-law marriage" created after November 23, 2004.

Life Partner**

** must prove Life Partner as required under the Philadelphia. Code Title 9-1106(2) including having on file a valid Verification as required under Title 9-1106(2)(b)

The natural or adopted child, children or grandchildren of the Employee

A trust for the benefit of a disabled natural or adopted child or grandchild provided that the following conditions are met: the beneficiary of the trust shall be irrevocable no later than the date of the retirement or death of the Employee or Member, whichever occurs first, the trust must be a valid trust under Pennsylvania law or would be but

for the fact that there is no trust corpus, the trust must be irrevocable, the beneficiaries of the trust must be identifiable from the trust instrument, a copy of the trust must be provided to the Pension Board within thirty (30) days from the date of the Employee's submission of the document designating the trust as a Survivor, and in the case of an annual benefit to be paid monthly "for life" under this Ordinance, the determining life shall be the lifetime of the irrevocable beneficiaries of the trust.

The parent or parents of the Employee

Anyone else related to the Employee by blood or marriage

Any other person as designated by the Employee

The estate of the Employee if the Employee retires under Survivorship benefit Option 1 or 4.

Option 1 has no reduction, and the only benefit payable is a return of any unused pension contributions in the retired Employee's account. This means that if an Employee retired with \$30,000.00 in contributions and received only \$20,000.00 in benefit payments, then the remaining \$10,000.00 in his account would be payable to his Survivor.

Option 2 generally incurs a sizable reduction in the monthly benefit. Upon the death of the retired Employee, the retired Employee's designated Survivor(s) would receive for life the same amount which the retired Employee had been receiving. For financial planning purposes, a good estimate is the pension benefit is reduced approximately 15%. This means if your unreduced benefit is \$1,650.00 monthly, your Option 2 monthly benefit would be \$1,402.50 and this same monthly amount is payable to your Survivor(s) for their lifetime.

Option 3 also involves a reduction in the monthly benefit. However, the reduction is not as great as the Option 2 reduction. Upon the death of the retired Employee, the retired Employee's designated Survivor(s) will receive for life one half the amount that he had been receiving. For financial planning purposes, a good estimate is the benefit is reduced approximately 8%. This means if your unreduced benefit is \$1,650.00 monthly, your Option 3 monthly benefit would be \$1,518.00 and 50% of this amount is payable to your designated Survivor(s) for their lifetime.

Redesignation Provision

If the designated Survivor dies before the retired Employee, the retired Employee has one year from the date of the designated Survivor's death to designate a new Survivor. If the retired Employee chooses not to designate a new Survivor or if the year passes without the retired Employee changing his designation, then the monthly benefit will be adjusted upward as though no Survivorship option had been selected. The adjustment becomes effective on either:

1. The first day of the month following the retiree's written notice that he does not intend to name a new Survivor; or,
2. The first day of the month following the expiration of the year in which the retiree had the option to name a new Survivor.

THE OPTION TO DESIGNATE A NEW SURVIVOR CAN BE EXERCISED ONE TIME ONLY.

What Happens If the Retired Employee's Survivor Dies Before The Retiree And The Retiree Names A New Survivor Who Also Dies Before Him?

Since the retired Employee only has one opportunity to designate a new Survivor, he cannot name another Survivor, but:

1. If the retired Employee retired under Option 1, upon his death, any unused contributions in his account will be paid to his estate.
2. If the retired Employee retired under Option 2 or Option 3, effective the first day of the month following the death of the last designated Survivor, the retiree's benefit will be adjusted upward as though no option had been selected. Upon his death no further benefits will be paid.
3. If an Employee retires without making any option selection and without designating any Survivor, his monthly benefit will not be reduced at all. Upon his death, no further benefits will be paid.

Uniform Police and Fire Employees under Plan '10

Option 4 – With respect to a retired Employee under this Option, there is no reduction in the monthly benefit in the event that the retired Employee dies and no valid beneficiary exists. The retired Member will receive retirement benefits in the form of an annuity for life. If the retired Member elected this option or dies without having elected any option, one-half of the amount of the Member's retirement benefit, without reduction, shall be paid to the Member's surviving spouse or life partner provided that they were married at least two (2) years or certified as a life partner for at least two years as required under the Philadelphia. Code Title 9-1106(2) including having on file a valid Verification as required under Title 9-1106(2)(b) before retirement or the date on which a separated Member became eligible to apply for retirement benefits.

Upon the death of the surviving spouse or life partner, if there is no surviving spouse who qualifies under the previous paragraph, the retirement benefit shall be paid to the dependent children, either natural or adopted, or to the dependent grandchildren, either natural or adopted, of the deceased Member until each child or grandchild attains age eighteen (18) or, if any such child or grandchild remains dependent because of physical or mental infirmity, the duration of the infirmity. If there is no eligible child, the retirement benefit shall be paid to the dependent parent or parents of the deceased. Upon election of the Member at any time during the Member's life, any benefit otherwise payable after the Member's death to an eligible child or grandchild who remains dependent at the time of the Member's death because of physical or mental infirmity may instead be paid to a trust for the benefit of that child or grandchild, so long as the trust meets the following conditions:

- (a) The beneficiary of the trust shall be irrevocable no later than the date of the election or death of the Member, whichever occurs first,
- (b) The trust must be a valid trust under Pennsylvania law or would be but for the fact that there is no trust corpus,
- (c) The trust must be irrevocable,
- (d) The beneficiaries of the trust must be identifiable from the trust instrument,
- (e) A copy of the trust must be provided to the Pension Board within thirty (30) days of the date of the Member's submission of the document designating the trust as a Survivor, and
- (f) In the case of an annual benefit to be paid monthly "for life" under this Ordinance, the determining life shall be the lifetime of the irrevocable beneficiaries of the trust.

If there is no surviving spouse, dependent child or parent who qualifies, and the Member dies before receiving retirement benefits equal to his or her Member contributions, the balance shall be paid to the Member's survivor.

(1) *Failure to choose option; Members of plans not eligible for Option 4.* If a Member of Plan 10 retires without electing a retirement benefit option among Option 1, Option 2 and Option 3, the Member shall receive retirement benefits without actuarial reduction except for early retirement under § 22-303 (Optional Early Retirement Benefits). Upon the Member's death, subject to the provisions of subsection (3), no further benefits will be paid.

(2) *Failure to designate Survivor.* When a Member of Plan 10 retires without designating any Survivor and then dies, no further benefits will be paid; provided, however, that if such Member is survived by a spouse to whom the Member had been married two (2) years or more and with whom the Member was living at the time of death, or with whom the Member had one or more children who are under the age of eighteen (18) at the time of the Member's death, the Member shall be deemed to have designated such spouse as the Survivor under Option 1.

(3) *Change of option.* Until retirement, a Member may revoke the election of any option under this section, and may elect any other option, except that only Members of Plan '10 may elect Option 4. On retirement, subject to the provisions of § 22-702 (Designation of Survivors), the last election of any of the foregoing options shall be irrevocable.

Option 5 – Under this Option, the member shall choose one of Options 1 through 3 (or, if eligible, Option 4), and in addition, the member shall receive a partial lump sum benefit under the provisions of § 22-312. The member's retirement benefits shall be governed by § 22-312. This Option shall not be available to a member who at any time has elected to participate in the Deferred Retirement Option Plan under § 22-310. A member who elected Option 5 and is subsequently rehired shall not, after such rehire, be eligible to elect Option 5 again, nor be eligible to participate in the Deferred Retirement Option Plan.

A Partial Lump Sum Beneficiary shall, upon retirement, receive the Partial Lump Sum and a monthly pension payment which shall be actuarially reduced so that the Partial Lump Sum plus the monthly pension payments are the actuarial equivalent of the unadjusted monthly pension payment.

ORDINARY DEATH BENEFITS

The Ordinary Death Benefit may either be a lump sum or a lifetime monthly pension depending on the deceased Employee's length of credited service or his age. If the deceased Employee is not vested and is younger than the minimum retirement age, the only benefit payable is the lump sum. For the lump sum, the beneficiary would receive the deceased Employee's contributions, without interest, plus **an additional benefit equal to a percent (%) of the deceased Employee's average final compensation not to exceed 100% of the average final compensation.** This amount would be reduced by the amount of Group Life Insurance paid for by the City.

EXAMPLE: Beneficiary would receive the Employee's contributions,

PLUS an Additional Death Benefit determined, as follows:

Average Final Compensation		Years of Credited Service		Years Required To Vest	Additional Death Benefit
\$50,000	X	8	/	10	= \$40,000
\$50,000	X	8	/	5	= \$50,000

LESS: Amount of Group Life Insurance paid by the City.

If the deceased Employee has reached minimum retirement age or had 10 or more years of credited service*, the beneficiary may elect a lump sum benefit or a lifetime monthly pension. If the beneficiary chooses to receive a lifetime monthly benefit, the benefit will be calculated as though the deceased Employee had retired with Option 2 Survivorship benefits. (Refer to Option 2 under Survivorship benefits above)

*Police and Fire Employees will be considered as having 10 years of credited service.

SERVICE-CONNECTED DEATH BENEFITS

If the death of any active Employee is caused solely by the performance of his duties, his spouse, minor children, or dependent parents may be eligible to receive service-connected death benefits.

1. The spouse of the Employee whose death has been determined to be service-connected will receive 60% of the deceased Employee's final compensation provided that he or she was living with the Employee at the time of death. Additionally, each child under the age of 18 shall receive 10% of final compensation. However, total benefits will not exceed 80% of the deceased Employee's final compensation.
2. If there is no eligible spouse or if the spouse dies or remarries* and there are still children under age 18, the benefit payable will be 25% of final compensation to each minor child, but will not exceed 75% of final compensation.

***does not apply to a widow of a police uniform Employee (PA State Act 184)**

3. If there are neither spouse nor children eligible for the benefit, payment will be made to a dependent father or mother. In that case the benefit would be 15% of final compensation for each dependent parent.

The service-connected death benefit also includes a return of the deceased Employee's contributions without interest. Service-connected death benefits will be reduced dollar for dollar by any amount paid by Workers' Compensation.

If the spouse of the Employee whose death has been determined to be service connected elects **Ordinary Death Benefits** and dies while there are minor children (under age 18), the dollar amount of the benefit will be distributed proportionately among the surviving minor children. When a minor child attains age 18, or if a minor child dies, the benefit will be redistributed among the remaining minor children.

SERVICE-CONNECTED DISABILITY BENEFITS

An Employee who wishes to apply for Service-Connected Disability Benefits must do so within one year following his separation from City employment.

There is no minimum service requirement for Service-Connected Disability Benefits. To be eligible, the Employee must be determined mentally or physically **permanently** incapacitated from further performance of the duties of his City position.

This determination is made by the Board, based on advice from the Board's Medical Panel. The Medical Panel and the Board must find that the **disability resulted solely due from the performance of the duties of the Employee's position.**

An Employee (excluding Fire Employees represented by Local 22 of the IAFF, or a Sheriff's Department Employee represented by Lodge 5 of the FOP) who receives an award of Workers' Compensation Benefits and whose disability is deemed to be service connected, may not forego receiving a Service-Connected Disability Benefit in favor of a Service Retirement Benefit, Ordinary Disability Benefit, or Separation Service Retirement Benefit. If the Employee has applied for or is receiving such benefit and receives a Workers' Compensation Award for total or partial disability, his retirement application will be treated as if it were an application for Service-Connected Disability Benefits. If the Board then determines that the application meets the requirements for a Service-Connected Disability Benefit, the Employee will be retired on that basis. If the Employee is already receiving a Service or Ordinary Disability Benefit, that benefit will be converted to a Service-Connected Disability Benefit as of the date the Employee separated from City employment.

The Service-Connected Disability Benefit payment is 70% of the Employee's final rate of pay. The benefit also includes an option for return of the Employee's contributions without interest. **However, if the Employee exercises this option, he gives up the right to Survivorship benefits for his survivor.**

If any Employee is approved for Service-Connected Disability Benefits and is also awarded a Workers' Compensation Benefit, the disability benefit will be reduced dollar for dollar by any amount paid by Workers'

Compensation. Alternately, the Service-Connected Disability recipient may waive his right to receive Workers' Compensation.

ORDINARY DISABILITY BENEFITS

Any Employee who wishes to apply for Ordinary Disability Benefit must do so within one year following his separation from City employment.

Employees under Plan 10 must have at least ten (10) years of credited service. The disability must have occurred after the person was employed by the City; and the disability must not be the result of the Employee's own wrongdoing.

No Employee will be granted an Ordinary Disability Benefit if their incapacity would qualify as a service-connected disability. Upon application for Ordinary Disability Benefit from such Employee, if the Board deems the disability service connected, the Employee would be retired on a service-connected disability pension.

If an Employee is receiving an Ordinary Disability Benefit and is also receiving or eligible for Workers' Compensation benefits, the Board will terminate the Ordinary Disability Benefit. The Employee may then apply for Separation Service Retirement Benefit when the minimum retirement age in the plan has been attained.

The Disability benefit is calculated in the same manner as the Service Retirement Benefit.

PURCHASE OF CREDITED SERVICE

Following are periods of service which are eligible for purchase for pension credit with the Public Employees Retirement System. These periods of service credit, when purchased, will increase your total credited service for the purpose of calculating your annual pension benefit and attaining the 10 years (or less for those participating in early vesting) of credited service required for vesting.

EXAMPLE: A Member of Pension Plan Y was appointed to City employment on April 5, 1993. Upon appointment, the Member elected to purchase 2 years of prior governmental service credit. Member separated from employment effective June 30, 2001. The Member would have 8 years, 2 months and 24 days of credited service for time worked during which the Member contributed to the Retirement System and 2 years of credited service for the purchase of prior governmental service. The Member would have total credited service of 10 years, 2 months and 24 days and would be vested.

Payment for purchases of service credit may be made in a lump sum or through a payroll installment account. An Employee may be eligible to use deferred compensation under his 457 Plan under certain terms and conditions to make payment for the purchase of service credit.

LEAVES OF ABSENCE WITHOUT PAY

Employees may buy service credit for leaves of absence without pay of 90 days or less. They cannot purchase credit for leaves of more than 90 days except for the following types of leaves:

1. Member's Illness, Maternity or Injury – **maximum** 3 years;
2. Military leave, when it is original enlistment, original enrollment, draft, recall – duration of leave; **Employees cannot purchase credit for voluntary re-entry into the Military.**
3. Leave of absence without pay to serve as a full-time officer or Employee of a union which represents City Employees.

4. Special Education or Training – duration of leave.
5. Service in a United Nations International Peacekeeping or Police Mission – duration of leave.

Employees must pay for their leave within 90 days of their return to work with the exception of a military leave of absence subject to USERRA (that is, military leaves which ended on or after December 13, 1994). If an Employee makes application to purchase credit for a leave of absence beyond the 90-day deadline, they may purchase the credit by paying, in addition to the contribution due for the leave period, interest at the assumed actuarial rate compounded annually from the date the Employee returned to service after the leave of absence to the date of application.

For a military leave of absence which ended on or after December 13, 1994, the Employee must complete payment for the leave on or before the earlier of a period which is three times the duration of such leave of absence OR five years. Again, if the Employee makes application beyond the prescribed time period, they may purchase the credit by paying the contribution due, plus interest at the assumed actuarial rate compounded annually from the date the Employee returned to service after the leave to the date of application. If a vested Employee dies, his beneficiaries will have 90 days from the date of death to complete the payment and receive death benefits based on credited service, including the period of the leave. If the beneficiaries do not complete payment of the leave, their death benefits will be based on credited service without the period of the leave. Any payments made toward purchasing the leave will be refunded.

MILITARY AND GOVERNMENTAL SERVICE PRIOR TO CITY EMPLOYMENT

An Employee may, under certain conditions, purchase up to a **maximum of 10 years** of pension credit for:

- (1) Active service in the Armed Forces of the United States which was characterized as “Honorable” or “Under Honorable Conditions” on the military discharge. **(Note: credit may be purchased for periods certified as active duty service with Reserve or National Guard components of the U. S. Armed Forces.)**
- (2) Employment with the School District of Philadelphia, the Commonwealth of Pennsylvania, its agencies or its general purpose political subdivisions. This category includes SEPTA, Philadelphia Gas Works, Temple University, Philadelphia Community College, Housing and Redevelopment Authorities for Philadelphia and other cities of the Commonwealth, Philadelphia Convention Center, Philadelphia Municipal Authority, etc.
- (3) **Employment with the Government of the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing; an educational organization which is a public school which provides elementary or secondary education through grade 12, as determined under State law.**

An Employee cannot purchase this pension credit if they have already received credit for this time with another pension system, that is, they are entitled to receive a pension from another retirement system based on this service time. **However, an Employee may purchase credit for prior military service for which the Member is or will be entitled to a military pension, if that Employee’s entitlement to a military pension is based in whole or in part upon service in the military reserves.**

Application to purchase prior governmental or military service credit should be made within one year of the date of hire or rehire. An Employee may purchase pension credit after the expiration of the one-year deadline, but the Employee will be required to pay the assumed actuarial rate of interest compounded annually, from the date of hire or rehire to the date of application, IN ADDITION TO THE NORMAL PURCHASE COST.

PURCHASING PRIOR SERVICE

If an Employee separates from City employment, withdraws his contributions and is later re-employed, he can repurchase credit for his prior service. Application to purchase prior service credit should be made within one year of the date of their return to employment. An Employee may purchase prior service credit after the expiration of the one-year deadline, but the Employee will be required to pay interest at the assumed actuarial rate of interest, compounded annually, from the date of rehire to the date of application, IN ADDITION TO THE NORMAL PURCHASE COST.

OTHER ELIGIBLE PURCHASES OF PENSION CREDIT

In addition to the above-mentioned service credit, Employees may purchase credit for:

- **C.E.T.A. Employment – Any person hired by the City under the Comprehensive Employment and Training Program Act established by the Federal Government who later continued in their employment with the City may purchase pension credit for the period of that C.E.T.A. employment.**
- **1978 and 1980 Layoff Periods For Police and Fire Employees – Any police or fire Employee who was laid off in 1978 or 1980 and was subsequently reinstated to City employment may purchase pension credit for the period of the layoff.**
- **Temporary Employment – Any period of temporary employment with the City of Philadelphia during which the Employee did not contribute to the Public Employees Retirement System.**
- **Deferred Service – Any Employee who had at the time of their appointment to City employment prior to 1967 elected to defer Membership in the Public Employees Retirement System may purchase pension credit for the period of deferment.**

PAYROLL INSTALLMENT ACCOUNT

Employees who wish to purchase prior City service, prior governmental or military service, temporary service, leaves of absence without pay, C.E.T.A. service, deferred service; eligible layoff service or any purchase of service credit mandated by the Pension Ordinances in the future may make payment through a payroll installment account. Under this arrangement, Employees may opt to purchase eligible pension credit through payroll deductions from their paychecks--up to a maximum of 5 years or 130 payroll deductions. A 6% interest charge is assessed in addition to the purchase cost of the credited service for this payment method.

If an Employee separates from City employment while in the process of paying on an installment account, he will have 90 days from the date of his separation to complete the payment. If he does not complete the payment within 90 days, **he has the option of requesting a refund of the total purchase cost or credit for that portion of prior service for which payment has been made.** If the Employee dies while in the process of paying the installment account, his beneficiaries will have 90 days from the date of death to complete payment. If they do not pay it off within the 90-day period, **they have the option of requesting a refund of the total purchase cost or credit for that portion of prior service for which payment had been made.**

SEPARATING FROM CITY SERVICE AND RE-EMPLOYMENT

If an Employee separates from City employment and withdraws their pension contributions, all rights of the Employee, including any Survivor or beneficiary of the Employee, cease. This includes the right to appeal to the Board any decisions of the staff. The former Employee also loses the right to apply for any benefits under the System, except Employees have one year from the date of their separation to apply for disability retirement benefits. Upon withdrawal of contributions, it is as if the Employee never belonged to the

Retirement System. Should the Employee later become re-employed by the City, the Employee's rights under the System would be determined solely by the provisions in effect at the time of that re-hire.

Non-vested Employees may make application for a refund of their pension contributions at any time after separation from employment. Vested Employees may request a refund of pension contributions at any time after separation from employment **prior to attaining the age at which they would be eligible for OPTIONAL EARLY retirement benefits in their plan.** Pension contributions left on account with the Public Employees Retirement System do not earn interest.

RE-EMPLOYMENT FOLLOWING RETIREMENT

If any retired Member returns to City employment either by appointment or election to any position for which the retired Member shall become entitled to wages, salary, fees, or other compensation, the Member's retirement benefits shall be suspended during the period of such service.

A Message About the Importance Of Having A Valid Beneficiary Designation On File

As explained under the section on Ordinary Death Benefits, in many cases a lifetime monthly pension is payable to a deceased Employee's beneficiary. For this reason, it is extremely important that you maintain a valid beneficiary designation. A valid beneficiary may be any of those persons listed in the section immediately preceding this one.

It is important to remember to change your beneficiary as your life situation changes.

For instance, suppose you came to work for the City when you were single and named your parents as beneficiaries. Sometime later, you married and had children but never changed your beneficiaries. Upon your death, as an active Employee, your parents are still your designated beneficiaries. Your wife and children would not be eligible for benefits unless your parents agree to waive their rights.

CHECK YOUR BENEFICIARY DESIGNATION!

DEFINED CONTRIBUTION PLAN

City Council has enacted legislation creating a defined contribution (DC) plan, for certain employees hired or rehired on or after January 1, 2010, and certain electing employees.

All members of Plan '10 shall be members in the DC Plan. Enrollment in the DC Plan is irrevocable.

Contributions

For each Plan Year, the City shall make a contribution to the Member's account equal to fifty percent (50%) of the Member's contribution. In no event shall the City's annual contribution exceed one-and-one half percent (1.5%) of the Member's annual compensation.

Vesting

Member's contributions are 100% vested at all times.

City contributions are 100% vested upon completion of five (5) years of Credited Service. In the event the Member separates from service prior to the completion of five (5) years of Credited Service, the Member's City contributions are forfeited.

Also, the Board is empowered by Section 8-407 of the Home Rule Charter and Section 22-107 of the City of Philadelphia Public Employees Retirement Code to make all necessary regulations to carry into effect the provisions of the Retirement Code. These regulations are available at www.phila.gov/pensions or during normal business hours at the Board's office located at 1500 J. F. Kennedy Blvd. Two Penn Center Plaza 16th Fl. Phila., PA 19102.