

## **APPENDIX B**

**As of January 1, 2019, all new municipal employees will be members of Plan 16.  
Pension plan 16 is a hybrid Defined Benefit/ Defined Contribution plan.**

### **Frequently Asked Questions**

- Is this a defined benefit plan?
  - A) Yes, for all earnings up to \$65,000.
- Do I contribute to this plan?
  - A) Yes, the member contribution rate is 4.15% on earnings up to \$65,000.  
Exempt employees who vest in 7 years will pay an accelerated rate of 4.69%.
- How is my benefit calculated?
  - A) Your benefit is based on a percentage of your Average Final Compensation.  
The average Final Compensation is the average of the members three highest annual compensations, up to and including \$65,000. You earn 2.2% of your Average Final Compensation for years 1-10 and 2% for years 11-49.  
Additional annual compensation above \$65,000 is eligible for the defined contribution match portion of the plan as explained below.
- Is there a maximum credit for service?
  - A) Yes, the maximum number of years is 49.
- How long do I have to work before I am vested?
  - A) You must have 10 years of credited service to vest in Plan 16 (7 years if civil service exempt).
- At what age am I eligible to retire?
  - A) The minimum retirement age for Plan 16 is 60 years of age.
- Is there a defined contribution part to Plan 16?
  - A) Yes, the Defined Contribution portion is optional. Anyone can participate, but the City match only applies to employees with annual salaries above \$65,000.

- Does the City match my contributions to the defined contribution portion of Plan 16?
  - A) Yes, the city will match 50% of your contributions up to 1.5% of annual compensation for those with an annual salary greater than \$65,000.
- Is there a maximum contribution amount?
  - A) Yes, for 2025, the maximum employee contribution for the defined contribution portion of the plan is \$23,500, excluding the city match.
- How long does it take before the contributions are vested?
  - A) The city match contributions will vest AFTER 5 years of employment. Employee contributions vest immediately.
- What will I be eligible to receive when I retire?
  - A) You will receive a monthly pension based on the Defined Benefit portion of plan 16, and all contributions and earnings earned under the Defined Contribution portion.

## **Additional Tiered Contributions to be paid above the mandatory contribution rates**

All Employees in Plan 16 making greater than \$45,000 are required to make additional tiered member contribution payments on their full pensionable earnings, up to the cap of \$65,000, as listed on the chart below.

<b>Annual Salary Range</b>	<b>Additional Pension Contribution</b>
\$45,000 or less	No Change
\$45,001 to \$55,000	Increase of .5%
\$55,001 to \$65,000 (cap)	Increase of 1.5%