

# Retirement Incentive Plan *Q&A*

## **What is the Retirement Incentive Program?**

A voluntary retirement program that allows eligible employees to receive \$700 for each year of Metro credited service in addition to a prorated amount for any months of credited service. For example, an employee with 30 years and 4 months of credited service would receive \$21,233. Any service that normally counts toward a Metro pension, with the exception of unused sick leave, counts toward this incentive payment. This plan is being offered to allow departments to restructure. The plan is subject to Council approval.

## **Am I eligible to participate in the retirement incentive plan?**

If you are eligible to retire from Metro, going directly from active employment to a normal or early service pension, and you meet the provisions of the retirement incentive program, you are eligible to participate. Here are the basic requirements for normal and for early retirement.

### **Members of Division B Pension Plan**

#### **Normal Retirement**

General Government employees qualify for normal retirement at age 60 (provided your age plus years of credited service equals 85 or more—the Rule of 85), OR at age 65 (with at least five years of credited service).

Police and Fire employees qualify for normal retirement at age 53 (provided your age plus years of credited service equals 75 or more—the Rule of 75), OR at age 60.

#### **Early Retirement**

General Government employees qualify for early retirement at age 50, with 10 years of credited service.

Police and Fire employees qualify for early retirement at age 45, with 10 years of credited service.

If you retire early, your benefit is reduced as follows:

- 4% for each of the first five years before you reach normal retirement, and
- 8% for each additional year.

For example, if you retire 2 years early, your pension benefit is 8% less than your full normal benefit. If you retire 5 years early, it's 20% less than the normal benefit.

The benefit is smaller if you retire early because you will receive the benefit for a longer time.

### **Members of Division A Pension Plan**

#### **Normal Retirement**

General Government employees qualify for normal retirement at age 65.

Police and Fire employees qualify for a normal retirement at age 55 with at least 20 years of credited service.

#### **Early Retirement**

General Government employees qualify for early retirement at age 55 with 20 years of credited service.

Police and Fire employees qualify for early retirement at age 50 with 20 years of credited service.

#### **When can I apply?**

You must sign up on or after November 26, 2012 and no later than January 18, 2013, and your last day at work must be no later than February 28, 2013. Any written notification received between November 9 and November 26, 2012 (the first day to apply for the incentive) will be dated as received on November 26, 2012.

#### **How does this incentive affect my pension?**

It does not affect your pension benefit. Your pension benefit is exactly the same with or without this incentive. This one time retirement incentive offers an incentive payment, not a change to a pension plan.

#### **How do I get a pension estimate or find out more information about my retirement benefits?**

You may review your annual pension benefit statement you receive each year or consult the online Retirement Guide and the online "Estimate My Pension" calculator which is available at: [http://www.nashville.gov/hr\\_benefits/](http://www.nashville.gov/hr_benefits/)

#### **When does my effective retirement date have to occur?**

Your last day on payroll and/or your last active day at work has to fall between November 26, 2012 and February 28, 2013. Your effective retirement date is normally the day after your last day on payroll.

**Can my unused sick time be applied towards my years of credited service and increase my retirement incentive?**

No. Your unused sick leave can be used to increase your age or increase your credited service for your pension benefit (like it can at any time). However, unused sick time at retirement cannot be used to increase your incentive payment.

**If an employee has 120 unused sick days at the point of retirement, but only needs 80 unused sick days to reach his/her unreduced retirement age for an unreduced pension benefit, can the other 40 unused sick days be used to increase his/her credited service?**

Yes; however this unused sick time cannot be used to increase your retirement incentive payment

**I am going to participate in the retirement incentive plan. However, I have unused vacation time. Can I ride out my vacation time and still participate in the incentive?**

To qualify for the incentive payment, your last day on payroll and/or your last active day at work must be between November 26, 2012 and February 28, 2013. Any unused vacation time you have as of February 28, 2013 will be paid to you in a lump sum payment in your last active paycheck.

Your effective retirement date is normally the day after your last active day on payroll.

**Can an employee get credit for the vacation time in computing their years of service and highest five years salary?**

If the employee rides out his or her vacation time between November 26, 2012 and February 28, 2013, it counts towards credited service. There is not a provision to count it as service if the employee takes a lump sum payment for any unused vacation.

**I've signed my Service Pension Application Request form to begin the retirement process, but have not signed my final pension paperwork. May I change my mind so that I now retire "within the window"?**

Employees who have already applied to retire with Human Resources but have not completed their final pension paperwork must contact Human Resources at 862-6700 to determine if they are eligible for the incentive.

**I'm a retired pensioner. May I return to work and "re-retire" within the window?**

No. An employee must have been in continuous, active, full-time employment for at least one complete year immediately preceding the date upon which the application for the incentive is filed.

**I choose to participate in the retirement incentive plan. May I return to work full-time with Metro?**

No; Any employee who participates in the retirement incentive must agree not to return to full-time employment with the Metropolitan Government. If you return to work full-time, you will have to repay your full retirement incentive payment immediately.

**I choose to participate in the retirement incentive plan. May I return to work part-time with Metro?**

After one year from one's pension effective date, an employee will be permitted to work for the Metropolitan Government on a part time basis. Part time shall be construed as the maximum number of hours that can be worked per week that does not qualify for pension benefits which is 19 ½ hours or less per week. The employee who works part time must not be paid at an hourly rate greater than the rate they were receiving at the time the employee accepted the retirement incentive.

**I work for Health / Hospital Authority / Board of Education. Am I eligible to participate in this retirement incentive plan?**

Your department or board will decide whether to implement a retirement incentive and the specifics around such program.

**I am on a disability pension. May I convert from disability to a service pension and participate in the retirement incentive?**

No.

**May I roll over my retirement incentive money into my 457 deferred compensation plan?**

No. The lump sum payment from the Retirement Incentive may not be directed into your 457 deferred compensation account. IRS rules prevent this option. Keep in mind that those interested may accomplish the same objective by deferring their current income.

**I've decided to participate in the retirement incentive plan. How will my payment check be taxed?**

In general, lump sum payments are subject to up to 7.65% for Social Security and Medicare tax withholdings and between 25% and 28% Federal Income tax withholdings.

**I am eligible for the DROP plan. May I get the retirement incentive in addition to electing a DROP option?**

Yes. Your benefits are exactly the same with or without the incentive.

**Do I get my longevity bonus if I participate in the retirement incentive?**

Yes. Like any other terminating employee, you will receive any prorated portion of your longevity due to you at the point of retirement.

**Will the incentive amount be included in computing the 5-year average earnings used to calculate my pension?**

No. The incentive program Metro is offering does not affect your pension benefits.

**If I have a job-related (IOD) medical problem, can I continue to get treatment provided by Metro if I take the retirement incentive?**

Yes. Medical treatment, including access to prescription drugs, for IOD injuries is not affected by participating in the retirement incentive. Your treatment options as a retiree are currently the same as they are when you are an active employee.

Metro changes its benefit programs from time to time and reserves the right to change the way in which job-related conditions are handled. If this should happen at some future date, your benefits will be handled as they are for other retired employees. You will not be treated differently as a result of participating in the retirement incentive plan.

**Is the retirement incentive plan now adopted?**

It is still subject to Metro Council approval.

**Who should I call if I still have questions?**

Human Resources staff will be holding 2 informational meetings for eligible employees. We will also share information with all HR Representatives and Department Heads. If your questions are not answered by the online resources or after consulting your HR Representative or Department Head, please call Human Resources at 862-6700.

**What is the schedule for the informational meetings?**

Human Resources will hold two informational meetings for interested eligible employees at the Fulton Campus - Sonny West Conference Room on Monday, December 10, 2012 at 8:30 a.m. and Wednesday, January 9, 2013 at 8:30 a.m.