



# **Retirement Guide**

## **Division A**

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This document presents an overview of Metro benefits for pensioners. It is intended for informational purposes only. If there is a difference between this overview and the official plan documents, the plan documents will govern. For more information, call your department Human Resources Coordinator or Metro Human Resources.

The eligibility guidelines and calculations in this guide describe Division A. For answers to your specific questions, contact Metro Human Resources.

The Police and Fire pension plan includes: sworn police officers, persons in the ambulance division who are certified EMTs and paramedics and Fire employees in suppression, prevention, training and inspection. Also included in the Police and Fire plan are Correctional Officers and Park Rangers. All other employees are in the General Government pension plan. If you have questions about your plan participation, contact your department Human Resources Coordinator.

## Service Pension Benefits

Metro’s service pension plan is a retirement benefit. It is designed to reward employees who spend their working career at Metro. When you retire, the plan provides you with a monthly pension, based on your salary and years of service. The longer you work at Metro, the larger your benefit will be. Combined with other sources of income such as Social Security and personal savings, the service pension can help you enjoy a financially secure retirement.

Pensions belong to a class of retirement plans that *guarantee* participants a regular, fixed income for their lifetime when they retire. Pension plans are becoming less common, as employers switch to other types of plans that do not guarantee a fixed benefit. Keep this difference in mind when you think about the value of your Metro benefits.

Facts about Your Service Pension Benefits	
Eligibility	All full-time Metro employees after six months of continuous credited service.
Enrollment	Eligible employees are automatically enrolled in the service pension plan after six months of continuous credited service.
Vesting	Vesting is your right to receive a pension benefit from Metro. All employees in Division A are vested.
Benefit	A pension paid monthly upon retirement.
When Benefits Begin	At normal, early, or deferred retirement.
Cost	Metro pays 100% of the cost of the service pension plan. You make no contributions to the plan.

### **Eligibility**

In order to be eligible to take a service pension, you must first meet certain criteria or guidelines. The guidelines depend upon your age, years of service with Metro and whether you are in the General Government or Police & Fire pension plan. If

you have questions regarding which pension plan you are in, contact your Department Human Resources Coordinator.

You may take an early, normal or deferred service pension as soon as you meet the criteria below. If you take an early service pension, your pension benefit will be reduced.

<b>Eligibility Guidelines</b>		
	<b>GENERAL GOVERNMENT</b>	<b>POLICE &amp; FIRE</b>
Normal Service Pension	Age 65 with at least one year of service.	Age 55 with at least 20 years of service.
Early Service Pension	You must be at least 55 years old and have 20 years of service.	You must be at least 50 years old and have 20 years of service.
Deferred Service Pension (vested)	<p>If you are vested when you stop working for Metro, but are not eligible to receive a normal pension and you decide not to take an immediate early pension, your pension will be postponed until you reach your normal retirement age of 65 for General Government or age 62 for Police &amp; Fire.</p> <p>If you are eligible to take an early service pension when you stop working, but you elect to defer your pension until your normal retirement age, you will not be able to decide later to take an early pension. You must wait until your normal retirement age.</p>	
Survivor Pension	<p>The legal spouse, domestic partner (where a Declaration of Domestic Partnership already exists on file with Metro Human Resources) or dependent child of a vested, active employee is entitled to a monthly survivor pension at the time of the active employee's death.</p> <p>If you are vested – entitled to a future service pension – but you are no longer working for Metro and you die, your legal spouse/domestic partner or dependent child is entitled to an immediate monthly survivor pension.</p> <p>If you have retired and elected an option for your spouse or other named beneficiary, a monthly survivor pension will be paid according to the option that you chose.</p>	

### **Why are there different plans for Police and Fire employees?**

Metro's pension plan gives Police and Fire employees an additional percentage for each year of service, and allows them to retire earlier for good reason: on average, their jobs are more dangerous, more physically demanding, and more emotionally stressful than other government jobs. As a result, they have shorter careers. Our pension formula adjusts for that by giving Police and Fire employees the same proportion of salary at retirement as Metro employees in less stressful jobs. This practice is common in government, and it has the backing and support of several Federal laws.

## **Calculating Your Pension Benefit**

For specifics on calculating your service pension benefit, contact Metro Human Resources at 862-6700.

### **Is there any income that does not count toward pension?**

Certain types of income are not included when calculating your pension benefits. These include any non-taxable income (for example, travel/mileage reimbursement, tool reimbursements, and police secondary employment for a non-Metro employer).

## **Calculating Credited Service**

There are several issues to consider when looking at your total credited service. Credited Service is calculated using the following dates: your hire date (or date you became eligible for benefits), your retirement date (the date you stopped working or the last day you were paid on the payroll), and whether you have any prior service to connect.

Credited service is determined in the following way:

- To receive *full credit* for any month, you must be paid for at least 80 hours during that month.
- If you were paid between 40 and 79 hours for any given month, you receive *half credit* for the month.
- If you were paid for less than 40 hours during the month, you receive *no credit* for that month.

### **Vacation Days at Retirement**

At retirement, you will be compensated for your vacation days either by a lump sum payment or your vacation days will be run out day-by-day until they are exhausted.

If you receive a lump sum payment, it will be issued on your last active pay check and will not be included in your pension earnings. The lump sum payment will also have the appropriate federal income taxes withheld and may place you in a higher tax bracket. You may be able to avoid these taxes by rolling over the vacation lump sum into your 457 Deferred Compensation plan. For more information, contact Voya, the plan administrator. If your vacation days are run out day by day you will continue to earn credited service until your days are exhausted.

Your department has discretion over how your vacation days will be paid to you at your retirement. Several factors will influence your department's decision, such as your department's management practices, budgetary considerations and your position within the department. Contact your department's Human Resources Coordinator to learn what options are available to you.

### **Connection of Service**

If you worked for Metro before and you quit you may be eligible to connect that prior service. A break in service is when you terminate your employment with Metro and then return to work with Metro at a later date.

If you have prior service to connect, you will need to contact Metro Human Resources to request that your service be connected. If you decide you want to connect that prior service at retirement, you will need to make arrangements to pay back any pension contributions (plus interest) that you might have received when you quit Metro or any contributions owed for the time being connected.

If you worked for Metro as a seasonal employee, you will not receive credited service for the first four months of your employment. If you worked part-time, you may be eligible to receive pension credit for that time provided that you worked at least 20 hours a week.

### **MNPS employees and Summer Credit**

School employees who begin their employment after the official start of the school year do not receive service credit for the following summer months when school is out. However, if you do start at the beginning of the school year and earn credit for each month of the scheduled school year, you will receive credit for the following summer months.

## **DROP Plan**

### **Eligibility**

The DROP Plan, or the Deferred Retirement Option Plan, is a pension plan feature that is available to employees who have at least 25 years of service and are retiring with a normal pension benefit. The DROP Plan is not available to those who retire early, are on a disability pension or are receiving a survivor benefit.

### **Calculation**

When you retire, you can request a DROP payment equal to one, two, or three year's worth of your monthly pension payment (the actual calculation depends on your life expectancy and other factors). Metro will subtract the amount of the lump sum payment from your normal pension benefit, which will permanently reduce your monthly pension benefit. The amount of the lump sum you elect plus your reduced monthly benefit equals your normal service pension without the lump-sum payment. In other words, the total value of your pension benefit over your life expectancy remains the same, but your monthly benefit will be permanently reduced.

If you elect the DROP, you have the same choice in benefit plan options as a non-DROP retiree. Any monthly pension benefits available to you or your beneficiary will be reduced to reflect the amount of the DROP lump sum. The total value of the benefits paid to you and your survivor will be the same regardless of whether you elect the DROP or not.

Your Social Security retirement benefits will not be affected by electing the DROP. Your annual cost of living increases are based on your initial monthly benefit. By electing the DROP, your monthly pension benefit will be lower than if you had not elected the DROP. As a result, the cost of living allowance will be based on a lower benefit and will be less.

To estimate the amount of your DROP payment, you may perform your own estimate at [www.nashville.gov](http://www.nashville.gov) by going to the Human Resources home page or you may complete the DROP estimate worksheet in this guide.

### **Payment Options**

The DROP lump sum payment may be paid directly to you (taxes will be withheld) or it may be rolled over to your 457 Deferred Compensation Plan, IRA or other qualified plan. You may also elect to rollover all, or a portion, of the lump sum payment. Taxes may be deferred if you roll over your lump sum to a qualified plan; please consult a financial advisor if you have questions. If you elect to rollover any portion of your lump sum payment, you must complete the appropriate forms before the payment can be made.

### **Taxes on the DROP Lump Sum Payment**

The lump sum payment will typically be paid to you sometime before you receive your second regular pension check. The IRS requires that Metro withhold 20% in Federal Income taxes from the amount of the lump sum. The 20% is not a tax; but an amount withheld to be applied to your taxes. When you file your taxes, you may receive a refund of part of this amount or you may owe more, depending on your particular situation.

If you retire in a year before you turn age 55, your payment may be subject to a 10% tax penalty for early withdrawal. If you chose to rollover your lump sum payment to your 457 plan or IRA (Metro will send the payment directly to your plan's custodian), you may avoid the 20% withholding, but may pay a 10% penalty for early withdrawal if you withdraw the money before age 59 ½. As a general rule, you can get the money without penalty at an earlier age if it's invested in a 457 plan vs. an IRA. Money rolled over to your 457 plan will be subject to the 10% penalty if it is withdrawn as a single sum before the year in which you turn age 55. In contrast, money rolled over to an IRA will be subject to the 10% penalty if it is withdrawn as a single sum prior to the age of 59 ½. You may also rollover a portion of the lump sum and have the remainder issued to directly to you (20% will be withheld on your portion). Depending on your financial situation, there may be other tax implications. Before electing this option, be sure to consult your financial advisor.

Metro's pension plan uses an assumed interest rate of 8%. This information may help your financial advisor determine if taking the DROP, or leaving the money in, makes more sense.

### **Important Things to Consider**

By taking the lump sum payment, your regular monthly pension benefit will be permanently reduced. And, of course, once you spend the lump sum you receive, it's gone. (But remember: your total pension benefit over your life expectancy will remain the same). Before electing this option, be sure to consider whether a reduced monthly benefit, along with any other sources of income, will meet your needs in years to come. You should also consider the tax implications of receiving a "lump" of money, and you should recognize that electing the DROP lowers your future Cost of Living Allowance (COLA). Make a plan. Talk to your tax advisor, your financial planner, your lawyer—or whomever you trust with your financial information. Consider both the short-term and the long-term consequences of choosing the DROP. Know what you want to do with the money before you get it.

## Benefit Payment Options

At retirement, you have the option to elect a survivor benefit for your spouse or someone else you select. Remember that electing a survivor benefit will reduce the amount of pension that you draw during your lifetime. That reduction is based on your age and the age of the beneficiary you select, and is a permanent election. The payment option you choose at retirement cannot be changed once the Benefit Board approves your benefit payment option.

Benefit Options Available at Retirement	
Normal Form Benefit	This option provides you with the greatest monthly Metro benefit you are entitled to receive at the time of your retirement since there is no survivor option. Under this option, a surviving beneficiary will not receive any pension benefits or be entitled to participate in any other benefit (such as medical or dental insurance coverage).
Option A - Joint & Survivor 100% to Surviving Beneficiary	Your surviving beneficiary will receive, for life, the same amount paid to you as a retiree.
Option B – Joint & Survivor 50% to Surviving Beneficiary	Your surviving beneficiary will receive, for life, one half (1/2) of the amount paid to you as a retiree.
Option C – Social Security Level Income	This option allows for a monthly benefit higher than the Normal Form, payable to you during your lifetime until an age between 62 and 65, and a reduced optional benefit payable thereafter for life. This method allows you to have a more level retirement income when your reduced optional benefit is added to your primary Social Security benefits. This optional benefit will be based on a pre-determined Social Security benefit amount as specified in the Metro Code. There is no survivor benefit with this option.

<b>Benefit Options Available at Retirement</b>	
Option D – 120 Payments Certain and Life	<p>This option pays you a benefit for the rest of your life. However, if you die, your surviving beneficiary will receive the same amount <i>only</i> if you die <i>before</i> 120 months (or 10 year’s worth) have been paid. The survivor will receive a pension only up until 120 months worth of benefits have been paid.</p> <p>If you die after Metro has paid you a pension for 10 years (or 120 months), your beneficiary will not receive a pension.</p>
Option E – Joint & Survivor 100% to Surviving Beneficiary with Pop-Up Feature	<p>Under this option, your surviving beneficiary would continue to draw the same amount that you received at your death. However, should your surviving beneficiary predecease you, your benefit would pop up to the non-option normal form benefit.</p>
Option F – Joint & Survivor 50% to Surviving Beneficiary with Pop-Up Feature	<p>Your surviving beneficiary would draw one half (1/2) of the amount paid to you at your death. However, should your surviving beneficiary predecease you, your benefit would pop up to the non-option normal form benefit.</p>

**Estimates**

Metro offers an online self-service option to easily estimate your service pension, both at normal and early retirement, DROP benefits and survivor options, as well as track your pension in progress. This tool provides you with secure, convenient and user-friendly access to your pension information by clicking on Human Resources website at [www.nashville.gov](http://www.nashville.gov) (click on Human Resources home page, Service Pensions, Pension Self-Service portal for Employees).

**457 Deferred Compensation Plan**

A benefit available to active Metro employees is the 457 Deferred Compensation Plan. It’s an important benefit that allows you to invest your money for your retirement. Participation in the plan is entirely voluntary. You choose how much you would like to contribute through payroll deductions, and how your funds are invested. You may adjust your contributions at any time - including stopping or restarting them as needed - while the balance in your account remains invested.

### **Annual Contribution Limits**

As the sponsor of a 457 plan, Metro must follow IRS rules on administering the plan for employees. Each year, the IRS sets maximum contribution amounts that cannot be exceeded. For more information, contact the 457(b) plan service provider.

### **Catch-Up Contribution Limits for Employees Age 50+ or Nearing Retirement**

The plan also allows for additional contributions for employees closer to retirement age. If you are age 50 or older, or between the ages of 60-63, or within three years of your normal retirement age, you may be eligible for one of the plan's "catch up" provisions. These provisions allow you to contribute an additional amount beyond the standard annual limit set by the IRS.

### **Contributions can be Pre-Tax or After-Tax (Roth)**

Pre-tax contributions are deducted before taxes. You won't pay taxes right away, so your money has more time to compound on a tax-deferred basis. You'll pay tax on the money when it is paid to you at a later date. But for now, you can lower the amount that goes to Uncle Sam.

After-tax (Roth) contributions are deducted after taxes. That means you'll be able to withdraw your money tax-free when you retire (qualifying conditions apply). With either source, your contributions and any earnings have the ability to compound and grow tax deferred.

### **Making Withdrawals**

Withdrawals from the 457 plan are allowed after you retire, separate from service, die, or become disabled. Withdrawals can also be made for "unforeseeable emergencies" – a severe financial hardship resulting from a sudden and unexpected illness or accident to a plan participant or dependent.

It is very difficult to qualify for an emergency withdrawal. To do so, you must satisfy strict IRS rules. For more information, or to obtain the proper forms to request an emergency withdrawal, contact your plan service provider.

When you withdraw money, you are going to pay current income taxes on it (unless you roll the sum into another tax-deferred vehicle).

### **Distribution Options**

Federal law allows you to receive a distribution from a 457 plan only when you experience one of the following "triggering" events:

- separation from service
- attainment of age 70½ (active employees who attain age 70½ are eligible for in-service withdrawals that operate just like normal withdrawals])
- death

When you separate from service, you are not required to make a 457 plan benefit election. You may:

- postpone any decision on the payment of your benefits to a future date (but no later than April 1 of the year following the calendar year in which you reach age 73).
- receive your benefits immediately under one of the distribution options available under the 457 plan.
- roll over your benefits into a traditional or Roth IRA or another eligible retirement plan sponsored by an employer; that is, a 401(k), a 403(b) tax-deferred annuity program, or another 457 deferred compensation plan.

### **Required Distribution**

The IRS requires that distributions of pre-tax dollars under a 457 plan begin no later than April 1 of the year following the calendar year in which you reach age 73 or separate from service, whichever occurs later.

If you fail to receive the minimum required distribution for any tax year, you will be subject to an excise tax penalty of up to 25% on the amount you failed to take as a distribution.

### **Payment Options**

When you are entitled to a distribution of benefits from your 457 plan account, you may choose from a variety of payment options, including:

- distribution over your lifetime
- distribution over your lifetime and the lifetime of your beneficiary
- distribution over a set time period, not extending beyond your life expectancy
- distribution over a set time period, not extending beyond the life expectancy of both you and your beneficiary
- systematic withdrawal from your account over a specified period or of a specified amount
- lump sum or partial lump sum distribution, in combination with other options.

### **Taxation of 457 Plan Distributions**

Eligible pre-tax distributions from the Metro 457 Plan are subject to Federal income tax. Qualified Roth distributions are received tax free.

### **Rollovers to and from Other Plans**

If you receive a distribution from your Metro 457 Plan account at retirement, you will be permitted to roll the money over to another eligible retirement plan sponsored by an employer—such as a 401(k), a 403(b), or another 457 plan, or a traditional IRA and you may roll over money from a previous employer into Metro's 457 plan. You must roll over the money within a certain number of days. For more information, contact your 457 plan service provider.

## Social Security Benefits

If eligible for Social Security benefits, you will draw those benefits in addition to your Metro service pension. All Metro employees hired after 1963 are required by Federal law to contribute to Social Security and are therefore eligible for social security benefits. Social Security pays you a regular monthly benefit when you retire, become disabled, or die. Your dependents may also be eligible for Social Security benefits when you retire, become disabled, or die.

You can retire at any time between age 62 and 70 and receive Retirement Social Security benefits. If you were born before 1938 and you meet all other requirements, you can receive benefits beginning with the first full month you reach age 62.

However, if you choose to begin receiving benefits before age 65, your benefits will be reduced to account for the longer period over which you will be paid. How much your benefit will be reduced is based on how many months younger you are than your full retirement age. If you retire later than your full retirement age, your benefits will be higher.

You must apply with Social Security **3 months prior** to the age you want to begin receiving payments.

You can apply for your Social Security benefits:

- online at [www.ssa.gov](http://www.ssa.gov)
- over the phone (see the U. S. Government section of your local telephone book)
- or in person at your local Social Security office

### **When Do Social Security Benefits Begin?**

The following chart identifies when Social Security Benefits begin:

<b>Birth Year</b>	<b>Full Retirement Age</b>
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

## Points of Interest

### **Medical, Dental and Vision Insurance Benefits**

At the time of retirement, if eligible, you will have the option of continuing and/or enrolling in medical, dental and vision insurance (and adding eligible dependents) or you may opt out of Metro's coverage. If you choose to opt out of Metro's coverage but wish to preserve your right, and the right of your eligible dependents, to opt back into Metro's plans you must show proof of other non-Medicare coverage at the time of the opt out and must opt back into coverage within 60 days of an eligible change in status.

Employees hired on or after January 1, 2013 and non-vested employees rehired on or after January 1, 2013, are eligible to participate in the retiree medical, dental, and vision plans as long as they are eligible for a normal or early service pension and are eligible to retire on their date of separation - even if an election is made to defer retirement until their unreduced retirement date. Medical premiums will be indexed and based upon total years of credited service.

If you have an eligible change in status (marriage, divorce, death, birth, adoption or custody of a child, spouse/domestic partner losing insurance coverage or job, or you lost your other coverage, etc.), you must enroll and/or add the dependent to your insurance plan within 60 calendar days or you may never add the dependent at a later date, even during Annual Enrollment. For a complete list of eligible changes in status or if you have questions about adding or deleting dependents, contact Metro Human Resources.

Your insurance coverage will remain in effect while your retirement is in process. If you experience any difficulties with your insurance during this transition, you should call Benefit Services at Metro Human Resources at 862-6700.

### **Medicare Parts A and B – Requirement to Enroll**

Metro requires all pensioners and dependents to enroll in Medicare Parts A & B when you first become eligible regardless of your employment or your spouse's employment status outside of Metro. If a pensioner or a dependent does not enroll in Medicare Parts A & B when they become eligible, or it is first offered, they are no longer eligible for Metro medical insurance.

Once a pensioner and all covered dependents become eligible for Medicare, they are no longer eligible to be enrolled in Metro's PPO or HRA plan and must choose one of Metro's Medicare Advantage plan options. It is imperative to apply for Medicare Parts A & B at least 3 months in advance of turning age 65 so Medicare will be in place by the time you are age 65. If you do not have Medicare Parts A & B when you turn age 65, you and your dependents will no longer be eligible for any Metro medical insurance. When you get Medicare, you will need to provide a copy

of your Medicare card, or other documentation showing you have both Parts A & B, to Metro Human Resources.

If you retire from Metro on or after age 65, you must also apply for Medicare Part B so that it is effective by the same date your Metro retiree medical insurance is effective. This is important because a Metro retiree who is age 65 or older is only eligible for one of Metro's Medicare Advantage plans, and to be in one of Metro's Medicare Advantage plans, you must be enrolled in Medicare Parts A & B. Therefore, if you do not have Medicare Part B by the same date your retiree medical insurance is effective, you will no longer be eligible for any Metro medical insurance.

When you get Medicare, you will need to provide a copy of your Medicare card, or other documentation showing you have both Parts A & B, to Metro Human Resources.

Note: Pensioners enrolled in the HRA plan will lose any remaining HRA funds when they are moved to Metro's Medicare Advantage plan.

### **Flexible Spending Accounts**

If you participated in Metro's Flexible Spending Account (FSA) program as an active employee, your participation in the program will continue as long as you are on active payroll. This means if you have stopped working because you have applied for a pension and you are running your vacation or other leave out (as applicable), then your participation in the FSA program will continue as long as you are on active payroll. Your participation will stop once you are no longer on active payroll and you will have 90 days from the date you come off active payroll to submit receipts to the FSA vendor for reimbursement.

### **Life Insurance**

As a retired Metro employee, Metro provides you with \$10,000 of term life insurance at no cost to you. Your life insurance benefit is payable to the person you have last named as your beneficiary.

At retirement, you have the option to convert to an individual life policy in \$1,000 increments up to \$40,000 (which is the difference between the \$50,000 active employee amount and \$10,000 pensioner benefit). You must make written application and payment of premium to the life insurance company within 31 days from the date you are notified by Metro. To obtain a conversion form, contact The Hartford at (888) 563-1124.

Pensioners are not eligible to enroll in supplemental term life insurance. However, if you were previously enrolled as an active employee, you may elect to continue your supplemental term life coverage as a pensioner under an individual policy at the lesser of \$20,000 or the amount that is in force prior to retirement (at least

\$10,000). The decision to continue your supplemental life coverage must be made at the time you are signing your pension application paperwork. At retirement, you may port (or continue) your supplemental life insurance up to the maximum you had as an active employee. You must make application and pay your premium to the life insurance company within 31 days from the date of your retirement.

### **Waiver of Premium**

If you are disabled according to the insurance company's standards (not Metro's) and are under the age of 60, you may apply for a Waiver of Premium for the basic life insurance benefit and the same amount of supplemental life insurance you last had while actively employed. This benefit will provide your beneficiary with \$50,000 at your death, plus the amount of supplemental life insurance you had in place as an active employee when you retired. If you are over the age of 60, you may not apply for the waiver and your life insurance amount as a pensioner will be \$10,000.

You may immediately apply for the waiver of premium benefit, but you must apply within 12 months of the date you became disabled. If approved, benefits may remain in effect until your age 70 (after age 70, your life insurance benefit will be \$10,000).

If you qualify for the waiver of premium, this is a free benefit to you. If you are denied for the waiver of premium benefit, you have 30 days from the date of the denial to appeal the insurance company's decision. If your appeal is denied, or you elect not to appeal the denial, you may convert to an individual policy; however, you must make written application and payment of premium within 31 days from the time the insurance company denies your waiver of premium application. To appeal or convert, you must contact the insurance company.

For additional information about your life insurance benefits, you may contact The Hartford at (888) 563-1124 and provide the group number 715424.

### **Voluntary Insurance Plans**

If you are enrolled in a voluntary insurance plan, you may continue these deductions as a pensioner. It is your responsibility to contact the voluntary insurance company and inform them your premiums need to be taken on a monthly basis rather than a semi-monthly basis. The insurance company will need to submit a new payroll deduction authorization form to Metro Payroll. Failure to make these arrangements could result in a lapse of coverage.

### **Your Pension Check**

Pension Checks are issued every month on the last working day of the month and will be direct deposited to your bank account. You'll be required to complete a new direct deposit form at retirement and will be mailed a check stub each month showing your deductions and amount transmitted to your bank. If you are enrolled

in the medical, dental and vision insurance plans, current premiums and any premiums owed should be deducted from your first pension check.

### **Taxes on Pension Money**

Service pensions are considered taxable income. You may choose whether or not you want Metro to withhold taxes from your pension check and you may change your tax withholding at any time by contacting Metro Payroll at 862-6160. If you choose no deductions, then you will be responsible to pay any taxes owed when you file your yearly tax returns. Social Security is not withheld from pension checks.

If you paid in pension contributions out of your Metro paycheck while you were working, a portion of each monthly retirement benefit that you receive from Metro may be excluded under certain circumstances from your taxable income as a return of your personal contributions to the pension plan under certain circumstances, while the remainder of each monthly benefit is taxable. This will be discussed in more detail during your retirement appointment.

When you are on a pension, you will receive a form 1099-R each year. Like a W-2 form, it shows how much pension you received and what taxes, if any, were withheld. You will need this information to do your income taxes. It also shows tax withholdings. Like other tax records, you should keep a copy of this form in case you are audited.

Retired public safety officers may be eligible for certain tax advantages. For more information, please contact a tax advisor.

### **Cost of Living Adjustments**

All of Metro's service pension plans have a built-in cost of living adjustment (COLA) to help protect your income from the effects of inflation. The formulas are based on the Federal government's Consumer Price Index (CPI), the widely accepted standard for measuring inflation. Cost of Living Adjustments under the Metro pension plan are effective at the first of the year and are paid on the January pension check issued at the end of the month.

## **Application Process**

Once you make the decision that you are ready to retire, you will need to contact Human Resources at least 6 weeks before your anticipated retirement date or your last day on the payroll. An appointment with a Benefits Representative will be scheduled for you. You must bring copies of several important documents to this meeting:

- Your birth certificate (or driver's license with birth date listed)
- Your Social Security Card (or driver's license with SSN listed or documentation from the Social Security Administration with SSN listed)
- Your Medicare Card (if applicable)
- Marriage Certificate (if applicable)
- Spouse's or domestic partner's birth certificate (or driver's license with birth date listed)
- Spouse's or domestic partner's Social Security Card (or driver's license with SSN listed or documentation from the Social Security Administration with SSN listed)
- Spouse's or domestic partner's Medicare Card (if applicable)
- Dependent's birth certificate and Social Security Card (or driver's license with date of birth and SSN listed)
- Divorce Decree (if applicable)
- Spouse's or domestic partner's death certificate (if applicable)
- Birth certificate, Social Security Card, Medicare card for each surviving beneficiary (if applicable)
- Social Security estimate of earnings, if considering Option C
- Voided check for Direct Deposit

Note: If using a substitute document above please be advised that each substitute may only represent one document source (i.e. you may not use your driver's license for both your Social Security number and as proof of your date of birth).

Until this meeting has taken place and the documents provided, your pension application cannot proceed. If you do not have these documents, you should consult your local Social Security Administration office, Health Department or Vital Statistics. If you wish to bring someone with you to this meeting, you are encouraged to do so.

After the application appointment, Metro Human Resources will notify your department that you are retiring and will request information about your last day on the payroll, including how any vacation time will be handled and the number of unused sick leave days you may have.

Once this information is received from your department and you have received your last active paycheck, your pension will be calculated. Once calculated, a Pension Services representative will contact you to schedule a final appointment to sign your pension paperwork and choose a benefit payment option. Please consider your payment option carefully, as it is a permanent election and **cannot** be changed once the Benefit Board approves your benefit payment option.

If you are electing a DROP option with a rollover to a qualified retirement plan, you must bring the *Rollover Election Form* completed by your Plan Administrator to this appointment.

Note: Because your final, active payroll check must be issued before your pension can be calculated, you should plan for a period of 4-6 weeks before receiving your first pension check. The timeframe may be longer when special circumstances occur. Please plan accordingly for this transitional period without income.

## **Employment After Retirement**

### **Effect on Pension**

If you are on a Metro service pension, your pension benefits are not affected by outside income. However, it may change your tax situation, and you may want to adjust your withholding, especially if you elected to have no taxes withheld. To do this, call Metro Payroll.

### **Effect on Social Security**

Outside income may affect your Social Security benefits. Please check the paperwork provided to you by Social Security for details. If you do work, be sure to follow any reporting requirements for Social Security.

### **Working for Metro**

A service retiree may work part-time for Metro or a Charter school. If you work fewer than 20 hours per week, it will not affect your pension benefits or status for other Metro insurance benefits. You will continue to receive a pension check, and you will not earn pension credits for this part-time work. If you work 20 or more hours per week, however, you “un-retire.” Your pension will stop and you will become an active employee again. This condition applies regardless of whether you return to your old Metro department, or whether you are employed by a new department.

If you participated in the 457 Deferred Comp plan and you decide to return to work with Metro – either part-time or full-time – you may not receive payments from your 457 plan while you are employed with Metro. For more information, contact Voya.