Retirement Incentive Plan FAQs

What is the Retirement Incentive Program?

A voluntary retirement program that allows eligible employees to receive $1,000 if a NORMAL retirement or $500 if an EARLY retirement for each year of Metro credited service in addition to a prorated amount for any month of credited service. For example, an employee with 30 years and 4 months of credited service would receive $30.333.34. 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.

I work for Health / Hospital Authority / MNPS / MAC / MCC. 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.

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 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.

****Unused sick leave does not apply to Division A members.**

When can I apply?
You must sign up on or after December 16, 2026 and no later than January 21, 2027, and you must be off of payroll no later than February 26, 2027 including using accrued vacation leave, as applicable.

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 use the Pension Self-Service calculator available in Cloud or consult the online Retirement Guide.

When does my effective retirement date have to occur?
Your last day on payroll or your last active day at work has to fall between December 16, 2026 and February 26, 2027. You will be allowed to run out vacation time as long as you are physically working on December 16th and your time must be run out or lump sum paid by February 26th. 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 your unused sick leave time used causes your pension to be considered NORMAL, you will be eligible for the $1,000 incentive benefit.

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?

You may begin running out vacation leave on December 17th until that time is exhausted. However, to qualify for the incentive payment, your last day on payroll or your last active day at work must be between December 16, 2026, and February 26, 2027. 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 you ride out your vacation time, it counts towards credited service. There is no provision that allows it to count it as credited service if the employee takes a lump sum payment for 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"?

As long as you meet the requirements of the ordinance (actively working as of December 16, 2026), you will be able to sign the application for retirement incentive within the required dates (12/16 – 1/21) – even if you have already signed your intent to retire. You are not required to rescind your intent to retire and reapply for your pension.

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 <u>return to work full-time</u> 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?

Once it's been one year from your pension effective date, you may be permitted to work for the Metropolitan Government on a part-time basis working no more than 19.5 hours per week and cannot be paid at an hourly rate greater than the rate you received at the time you accepted the retirement incentive.

If you are deemed an essential services employee, you may be allowed to immediately return to part-time employment in accordance with the retirement incentive provisions. Requests for an employee to be deemed essential will be filed by the department head and must be approved by both the Human Resources Director and Finance Director.

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 3 informational meetings for eligible employees. We will also share information with all HR Representatives and Department Heads. If your questions are not answered by 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 in-person informational meetings for interested eligible employees at the Fulton Campus - Sonny West Conference Room on November 24th and December 11th. There will also be a virtual meeting held on November 17th.

Additional Information Links:

Service Pension Retirement Benefits | Nashville.gov
Division A Retirement Guide
Division B Retirement Guide
Pensioner Pre-65 Benefits Guide
Pensioner MA Benefits Guide
Self-Service Flier