



# City of Grand Rapids

## General Retirement System

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City of Grand Rapids Retirement Systems Office  
233 E. Fulton St., Suite 216  
Grand Rapids, MI 49503-3261  
(616) 456-4300  
[www.grcity.us](http://www.grcity.us)

A Summary  
for Employees

September, 2014

To The Dedicated Employees of the City:

The City of Grand Rapids General Retirement System is a program intended to help you meet the financial challenges of old age, disability, and death.

This booklet will give you a better understanding of the main features of your Retirement System to help in planning your personal retirement program.

For many members, the Retirement System is the largest savings plan they have or ever will have. We cannot urge you enough to continue to study and understand the Retirement System.

If you have any questions concerning the Retirement System or your participation, please contact the Retirement Systems Office or any member of the Board.

The Board of Trustees

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QUESTIONS ABOUT THE CITY OF GRAND RAPIDS  
GENERAL RETIREMENT SYSTEM

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**1. When may a member retire?**

A member may retire with full benefits at any time after completing 30 years of eligible service, regardless of age, or after attaining age 62 and completing 8 years of credited service. (Please refer to question #9 for retirement eligibility with reduced benefits.) Members covered by the Emergency Communications Operators Bargaining Unit may retire with full benefits after attaining age 55 and completing 8 years of service.

The application for retirement must be filed with the Board of Trustees of the Retirement System not less than 30 days and not more than 90 days in advance of the date monthly payments are to begin.

**2. When must a member retire?**

There is no compulsory retirement age under the Retirement System. However, the following credited service caps are in effect:

<i>Covered Group</i>	<i>Date of Termination</i>	<i>Benefit Multiplier</i>	<i>Allowance Cap*</i>
61 <sup>st</sup> District Court Judges	On or after 1/9/11	2.7%, 2.5% or 2.2%	36 years 1 month
APAGR	On or after 6/12/11	2.7%, 2.5%, 2.2%, or 2.0%	36 yrs. 1 month if hired before 1/1/05 35 yrs. if hired on or after 1/1/05
APAGR 61 <sup>st</sup> District Court	On or after 7/8/12	2.7%, 2.5%, 2.2%, 2.0% or 1.8%	36 yrs. 1 month if hired before 1/1/05 35 yrs. if hired 1/1/05- 9/12/11
Crime Scene Techs and Latent Print Examiners	On or after 7/8/12	2.7%, 2.5%, 2.2%, 2.0% or 1.8%	37 yrs. If hired before 1/1/02 33 yrs. 4 mos. if hired 1/1/02-11/14/11
ECOs I, II, III	On or after 4/1/12	2.7%, 2.5%, 2.2%, 2.0% or 1.8%	37 yrs. If hired on or before 5/6/02 33 yrs. 4 mos. if hired 5/7/12-1/23/12
EC Supervisors	On or after 1/8/12	2.7%, 2.5%, 2.2%, 2.0% or 1.8%	33 yrs. 4 mos. if entering this unit from 7/1/04-9/12/11
GREIU	On or after 7/8/12	2.7%, 2.5%, 2.2%, 2.0% or 1.8%	36 yrs. 1 month if hired before 1/1/05 35 yrs. if hired 1/1/05- 5/24/11
GREIU 61 <sup>st</sup> District Court	On or after 7/8/12	2.7%, 2.5%, 2.2%, 2.0% or 1.8%	36 yrs. 1 month if hired before 1/1/05

			35 yrs. if hired 1/1/05-9/12/11
GREIU Public Library, Rank & File & Supervisory	On or after 7/8/12	2.7%, 2.5%, 2.2%, 2.0% or 1.8%	36 yrs. 1 month if hired before 1/1/05 35 yrs. if hired 1/1/05-9/1/11
Non-Represented Members	On or after 9/5/10	2.7%, 2.5%, 2.2% or 2.0%	36 yrs. 1 month if hired before 1/1/05 35 yrs. if hired 1/1/05-6/30/11
Library Management & Confidential Employees	1/1/05-9/4/10	2.7%	37 yrs.

\*Pension benefits will cease to accrue at the end of the calendar year in which 40 years of credited service is attained or the member has reached his/her allowance cap.

*Please note that if you selected a multiplier lower than 2.7%, it may take longer to reach your credited service cap.*

Employees hired on or after the dates provided below are excluded from participation in the General Retirement System:

<i>Covered Group</i>	<i>Date of Hire, Election or Appointment</i>
GREIU	On or after 5/25/11
Non-Represented Members	On or after 7/1/11
GREIU Public Library Rank & File & Supervisory	On or after 9/2/11
GREIU 61 <sup>st</sup> District Court	On or after 9/13/11
APAGR	On or after 7/1/14
APAGR 61 <sup>st</sup> District Court	On or after 9/13/11
EC Supervisors	On or after 9/13/11
Crime Scene Techs & Latent Print Examiners	On or after 11/15/11
ECOs I, II, III	On or after 1/24/12

### 3. What is “Final Average Salary”?

“Final Average Salary” is the average of a member’s highest annual compensation rates as provided by salary ordinance during each of the 3 calendar years of employment when such compensation rates were highest, provided all such rates of salary occur before the end of the year in which 40 years of credited service is completed, or provided no such salary rates occur after the date the member reaches his/her allowance cap. For most members, “final average salary” will be the average of the highest salary rates during the last 3 years of employment. Members of the Crime Scene Technicians Unit and Emergency Communications Operator I, II and III Unit have an additional sum (gross-up) added to their final average salary, which is actuarially determined based upon the appropriate unit’s average of additional compensation items.

“Credited Service” means the time of employment as a member of the System while permanently employed by the City, other than as a Police Officer or Firefighter, to a maximum of 40 years, or when the member has reached his/her allowance cap. Credited service is measured in years and months. Unpaid leaves of absence will be deducted from credited service.

**4. How can a member estimate an age & service retirement benefit?**

The benefit is a monthly allowance payable (at the end of) each calendar month, or part thereof, for the rest of the retiree’s life. It equals the number of years and months of credited service times the applicable multiplier times the member’s final average salary.

To illustrate, suppose a member was born January 9, 1958 and was employed from March 31, 1985 to March 31, 2015. The member worked continuously until age 57 and accumulated a total of 30 years of credited service.

Further suppose the salary rates to be:

<i>Calendar Year</i>	<i>Highest Compensation Rate During Year</i>
2015	\$52,070
2014	\$52,533
2013	\$51,601

The total of these three highest annual salary rates is \$156,204 and dividing by three gives a final average salary of \$52,068.00. The monthly straight life benefit would be \$3,514.59, assuming the member selected the 2.7% multiplier, and is calculated as follows:

- a. 2.7% multiplier
  - b. Credited service of 30 years
  - c. Final Average Salary of \$52,068.00
- (a)  $.027 \times (b) 30.00 \times (c) 52,068.00 = \$42,175.08 \div 12 = \$3,514.59$  per month

If you chose a lower multiplier, your pension benefit is calculated by combining two separate calculations. The first calculation will use a 2.7% multiplier, and your credited service from the permanent date of your hire up until the last date for that multiplier, times your final average salary. The second calculation will be whatever lower multiplier you chose (i.e. – 1.8%), and your credited service from the start date of that multiplier to your retirement date, times your final average salary. To illustrate, suppose a member was born January 9, 1958 and was employed from July 8, 1985 to July 9, 2015. The member worked continuously until age 57 and accumulated a grand total of 30 years: 1) 27 years of credited service for the first calculation at 2.7%, and 2) three years of credited service for the second calculation at 1.8%.

Further suppose the salary rates to be:

<i>Calendar Year</i>	<i>Highest Compensation Rate During Year</i>
2015	\$53,241
2014	\$52,533
2013	\$51,601

The total of these three highest annual salary rates is \$157,375 and dividing by three gives a final average salary of \$52,458.33. Please note that the final average salary of \$52,458.33 will be used in the both calculations. The monthly straight life benefit would be \$3,422.91, assuming the member selected the 2.7% multiplier for all credited service from July 7 1985 through July 7, 2012, and selected the 1.8% multiplier for all credited service from July 8, 2012 through July 9, 2015. This is calculated as follows:

**First Calculation**

- a. 2.7% multiplier
- b. Credited service of 27 years
- c. Final Average Salary of \$52,458.33
- (a)  $.027 \times (b) 27.00 \times (c) 52,458.33 = \$38,242.12$

**Second Calculation**

- a. 1.8% multiplier
- b. Credited service of 3 years
- c. Final Average Salary of \$52,458.33
- (a)  $.018 \times (b) 3.00 \times (c) 52,458.33 = \$2,832.75$

Monthly Straight Life Benefit =  $\$38,242.12 + \$2,832.75 \div 12 = \$3,422.91$

**ESTIMATE YOUR SERVICE RETIREMENT STRAIGHT LIFE BENEFIT AMOUNT**

<i>Estimate</i>	<i>Example</i>	<i>Member's Own Estimate</i>
(a) Years & Months of Credited Service*	30.0000	
(b) Multiplier	.027	
(c) Final Average Salary	\$52,068.00	
(d) Monthly Straight Life Service Retirement Benefit: (a) x (b) x (c) ÷ 12 =	\$3,514.59	

\*Please note, that if you selected a multiplier less than 2.7%, depending upon your bargaining unit, you will have two separate credited service calculations: one representing all credited service up to the applicable date at 2.7%; and one representing all credited service after that date at whichever multiplier you chose.

**5. What does a member contribute to the Retirement System?**

Member contributions vary between 3% and 11.54% of the member's salary beginning after completion of 6 months of credited service, and ceasing at the end of the calendar year of completion of 40 years of service, or when the member reaches his/her allowance cap. The member's contribution rate depends upon his/her bargaining unit and benefit multiplier selected. "Salary" covered by the System includes longevity pay, but excludes overtime pay and other fringe benefits. (For Crime Scene Technicians and Emergency Communications Operators I, II and III, see question #3 regarding the additional sum added to the final average salary).

**6. What does the City contribute?**

The City contributes actuarially determined amounts required to maintain the System in sound condition.

**7. Can additional credited service be purchased?**

Yes. A member may purchase up to 2 years of credited service by a lump-sum payment, payroll deductions taken on a pre-tax or after-tax basis, a combination of an initial after-tax lump sum payment and payroll deductions, or by a rollover from the member's qualified retirement plan or 457 account. The cost for purchasing this credited service is calculated by using an actuarially determined percentage of salary and longevity rates per year purchased and is determined based upon the aforementioned rates in effect on the date the agreement is signed. Credited service so purchased is recognized solely for the purpose of computing the life allowance benefit and is included in the allowance cap. Buying additional credited service enhances your monthly benefit only; it cannot be used to reach 30 years of eligible service. The minimum service purchase is one month; the maximum is 2 years. Service must be purchased in increments of one month.

Members may use accumulated sick leave at the time of resignation or retirement with 10 or more years of continuous service to purchase up to a maximum of 1 year of additional credited service. Crime Scene Technicians and Latent Print Examiners may use up to 1265 hours of sick leave for such purpose. All other members may use up to 2080 hours of sick leave for such purpose. Credited service so purchased is recognized solely for the purpose of computing the life allowance benefit and is included in the allowance cap.

Members may also be eligible to purchase credited service due to a military leave of absence or prior military service. Please contact the Retirement Systems Office for more details.

**8. What if a member leaves before becoming eligible to retire?**

Terminated employees may withdraw their accumulated contributions (i.e. their member contributions together with 3% annual interest credits, as provided by City Code). Those leaving System-covered employment after the completion of 8 years of credited service are eligible for a

deferred monthly benefit if their accumulated member contributions and interest earned on deposit are not withdrawn from the Retirement System.

For payment of a deferred allowance to begin, the member may make application to the Board of Trustees once he/she attains age 62, but no later than attainment of age 75. Benefits begin on the first day of the month following application. The amount is computed the same way as an age and service benefit using credited service, final average salary and the multiplier in effect at the time City employment is terminated. Failure to make application during the above time frame will result in forfeiture of the retirement benefit. Should a deferred member die before reaching age 62, his/her designated beneficiary has the option to immediately apply to receive a Joint-100% deferred pension benefit subject to an actuarial reduction based upon the age the former member would have attained at the time of application (see table in question #9 for amount of reduction). If, at the time City employment was terminated, the member completed 10 or more years of credited service, once he/she attains age 55, he/she will annually be afforded the opportunity to elect receiving an early allowance, by making written application to the Board, beginning on the first day of the month following the month in which employment was terminated.

**9. Can retirement occur before age 62 or completing 30 years of credited service?**

Yes, under certain conditions. Instead of the deferred monthly benefit described in question # 8, the member can receive an early retirement benefit. The application for retirement must be filed with the Board of Trustees of the Retirement System no less than 30 days, but no more than 90 days, in advance of the date the member wishes to retire, if employment termination occurs after satisfying one of the following conditions:

- (a) Attaining age 55 and completing 10 or more years of credited service, or
- (b) Completing 20 or more years of credited service regardless of age.

The amount of a member’s early allowance, payable for the member’s lifetime, would be computed in the same manner as a regular retirement benefit, based upon credited service, final average salary and the multiplier in effect at the time of early retirement, but reduced by age for those younger than age 62 as listed below.

<i>Age Last Birthday At Time Of Retirement</i>	<i>% Of Allowance</i>
37	19.94
38	21.01
39	22.16
40	23.38
41	24.68
42	26.08
43	27.58
44	29.19
45	30.92
46	32.78
47	34.79
48	36.96
49	39.31

50	41.86
51	44.62
52	47.63
53	50.91
54	54.49
55	58.41
56	62.72
57	67.45
58	72.68
59	78.46
60	84.87
61	92.02
62	100.00

To illustrate the calculations for this benefit, suppose a 54-year-old member retires under the following conditions:

- (a) 2.7% multiplier\*
- (b) 25 years credited service
- (c) \$52,068.00 final average salary
- (d) 54.49% adjustment factor from table for age 54

The early monthly benefit is \$1,595.92, computed as follows:

(a)  $.027 \times (b) 25 \times (c) 52,068.00 \times (d) .5449 \div 12 = \$1,595.92$

\*Please note, if you selected a multiplier less than 2.7%, depending upon your bargaining unit, you will have two separate credited service calculations: one representing all credited service up to the applicable date at 2.7%; and one representing all credited service after that date at whichever multiplier you chose.

**10. What happens if a member dies before retiring?**

If a non-vested member dies before any other System benefits are payable, in addition to a refund of member contributions and interest earned, a lump sum death benefit is payable to his/her designated beneficiary (or to his/her estate). The death benefit is computed as follows:

- (a) The member’s contributions on deposit with the System at the time of death,
- (b) 25%, plus 7.5% for each whole year of his/her credited service in excess of 10 years, to a maximum total of 100%, and
- (c) A percentage based on the member’s age pursuant to Section 1.210 of City Code.

The total result is:  $a \times b \times c$

However, if a member dies after becoming eligible to retire with a monthly benefit, an important alternate benefit is available to an eligible beneficiary instead of the lump sum benefit. The alternate benefit is a monthly benefit for life, computed as if the member had retired the last day of his/her life, and elected the Joint-100% survivor benefit.

To be eligible to elect this alternate benefit, the primary beneficiary must be one person within the second-degree relationship to the deceased member. *Please note: the member's primary beneficiary is the person designated in writing and on file in the Retirement Systems Office. It is of critical importance that the member visit the Retirement Systems Office to update records whenever a marriage, divorce, birth, death, etc., occurs that may have bearing upon the pension benefit. When in doubt about who is designated as a beneficiary, you may contact the Retirement Systems Office.*

#### **11. Do Social Security benefits affect System benefits? Or vice-versa?**

There is no direct effect at this time. The System is designed to be financially independent of Social Security (although death-in-service and disability pension benefits may be reduced by receipt of Federal Social Security, old age, survivors and/or disability benefits in some cases). Social Security is another important retirement program which is financially supported by payroll taxes – you pay half of the payroll taxes and the City pays the other half. Information on Social Security benefits can be obtained from an office of the Social Security Administration.

#### **12. Is there an option that provides a monthly payment for a beneficiary?**

Yes. A member can receive a form of payment other than the Straight Life (Option A) form by making this election shortly before retirement.

Each optional form of payment is the actuarial equivalent of the straight life form of payment, which means it has the same cost to the System at the time of retirement. The options are made available as a convenience in planning a personal retirement program.

As a member nears retirement, details of the optional forms and benefit amounts will be made upon request. A summary of the options follows:

##### Option B-100

Joint and 100% Survivor Benefit: Under this option the member would receive a reduced monthly benefit (reduced from Option A Straight Life amount) for life with the added provision that, upon death, the beneficiary selected at the time of retirement will begin to receive 100% of the reduced amount for the remainder of his/her lifetime.

Please note that a reduction in the benefit will occur. The amount of reduction is actuarially determined and based upon the ages of the member and beneficiary at retirement.

As a rough illustration, suppose the member is age 57 retiring with entitlement to an Option A monthly Straight Life benefit of \$3,514.59, and the beneficiary is age 55. The Option B-100 monthly benefit would be approximately \$3,085.32 which means the retiree would receive \$3,085.32 for life and upon his/her death, the beneficiary, if still living, would begin receiving \$3,085.32 for life.

##### Option B-75

Joint and 75% Survivor Benefit: This option has the same general provisions as Option B-100 except that the percent to the beneficiary is 75% (instead of 100% under Option B-100).

Using the same data as the Option B-100 illustration, the Option B-75 monthly benefit would be approximately \$3,182.50 which means the retiree would receive \$3,182.50 for life and upon his/her death, the beneficiary, if living, would begin receiving \$2,386.88 (75% of \$3,182.50) for life.

#### Option B-50

Joint and 50% Survivor Benefit: This option has the same general provisions as Option B-100 except that the percent to the beneficiary is 50% (instead of 100% under Option B-100).

Using the same data as the Option B-100 illustration, the Option B-50 monthly benefit would be approximately \$3,286.00 which means the retiree would receive \$3,286.00 for life and upon his/her death, the beneficiary, if living, would begin receiving \$1,643.00 (50% of \$3,286.00) for life.

#### Option B-25

Joint and 25% Survivor Benefit: This option has the same general provisions as Option B-100 except that the percent to the beneficiary is 25% (instead of 100% under Option B-100).

Using the same data as the Option B-100 illustration, the Option B-25 monthly benefit would be approximately \$3,396.43 which means the retiree would receive \$3,396.43 for life and upon his/her death, the beneficiary, if living, would begin receiving \$849.11 (25% of \$3,396.43) for life.

#### Option B-100 Pop-Up

Joint and 100% Survivor Benefit with "Pop-Up": This option has the same general provisions as Option B-100 except should the beneficiary pre-decease the retiree, the benefit reverts (pops up) to the Straight Life (Option A) amount.

Using the same data as the Option B-100 illustration, the Option B-100-Pop monthly benefit would be approximately \$3,055.73 which means the retiree would receive \$3,055.73 for life and upon his/her death, the beneficiary, if living, would begin receiving \$3,055.73 (100% of \$3,055.73 for life. If the beneficiary should pre-decease the retiree, the monthly benefit will "pop up" to \$3,514.59 (the Straight Life amount).

#### Option B-75 Pop-Up

Joint and 75% Survivor Benefit with "Pop-Up": This option has the same general provisions as Option B-100 except should the beneficiary pre-decease the retiree, the benefit reverts (pops up) to the Straight Life (Option A) amount.

Using the same data as the Option B-100 illustration, the Option B-75-Pop monthly benefit would be approximately \$3,158.84 which means the retiree would receive \$3,158.84 for life and upon his/her death, the beneficiary, if living, would begin receiving \$2,369.13 (75% of \$3,158.84) for life. If the beneficiary should pre-decease the retiree, the monthly benefit will "pop up" to \$3,514.59 (the Straight Life amount).

#### Option B-50 Pop-Up

Joint and 50% Survivor Benefit with "Pop-Up": This option has the same general provisions as Option B-100 except should the beneficiary pre-decease the retiree, the benefit reverts (pops up) to the Straight Life (Option A) amount.

Using the same data as the Option B-100 illustration, the Option B-50-Pop monthly benefit would be approximately \$3,269.13 which means the retiree would receive \$3,269.13 for life and upon his/her death, the beneficiary, if living, would begin receiving \$1,634.57 (50% of \$3,269.13) for life. If the beneficiary should pre-decease the retiree, the monthly benefit will “pop up” to \$3,514.59 (the Straight Life amount).

Option B-25 Pop-Up

Joint and 25% Survivor Benefit with “Pop-Up”: This option has the same general provisions as Option B-100 except should the beneficiary pre-decease the retiree, the benefit reverts (pops up) to the Straight Life (Option A) amount.

Using the same data as the Option B-100 illustration, the Option B-25-Pop monthly benefit would be approximately \$3,387.43 which means the retiree would receive \$3,387.43 for life and upon his/her death, the beneficiary, if living, would begin receiving \$846.86 (25% of \$3,387.43) for life. If the beneficiary should pre-decease the retiree, the monthly benefit will “pop up” to \$3,514.59 (the Straight Life amount).

***IT IS IMPORTANT TO NOTE:*** The decision to select any of the preceding options, or Straight Life (Option A), cannot be changed once payment of the benefit occurs. The person designated as the beneficiary to receive your monthly pension cannot be changed after the retirement date, and when a “Pop-Up Option” is selected the “pop-up” may only occur if the beneficiary dies.

**13<sup>th</sup> Check and Pension Escalators**

A supplement to the pension benefit may occur annually in the form of a 13<sup>th</sup> check when it is determined that the five-year average market value investment rate of return has exceeded the established minimum for a check distribution. When sufficient funds are available, a check is issued on January 31 to each eligible retiree or beneficiary who has been retired for 5 or more years.

Most employee groups have recently negotiated a Pension Escalator in lieu of the 13<sup>th</sup> check. An escalator is a guaranteed fixed amount by which your monthly pension will be increased, after the negotiated waiting period. Listed below is a summary of each supplemental benefit.

<i>Covered Group</i>	<i>13<sup>th</sup> Check</i>	<i>Pension Escalator</i>
APAGR & 61 <sup>st</sup> District Court APAGR	Employees terminating employment before 10/21/08	Employees terminating employment on or after 10/21/08. A 1% escalator after a waiting period of 4 years.
Crime Scene Technicians & Latent Print Examiners	Employee terminating employment before 5/12/09	Employees terminating employment on or after 5/12/09. A 1% escalator after a waiting period of 6 years.
ECO I, II, III	All eligible retirees	N/A
EC Supervisors	Employees terminating employment before 9/13/11	Employees terminating employment on or after 9/13/11. A 1% escalator after a waiting period of 6 years.
GREIU & 61 <sup>st</sup> District Court GREIU	Employees terminating employment before 3/24/09	Employees terminating employment on or after

		3/24/09. A 1% escalator after a waiting period of 4 years.
GREIU Public Library Rank & File and Supervisory Units	Employees terminating employment before 7/9/09	Employees terminating employment on or after 7/9/09. A 1% escalator after a waiting period of 4 years.
Non-Represented Employees, 61 <sup>st</sup> District Court Management & Judges	Employees terminating employment before 7/1/14	Employees terminating employment on or after 7/1/14. A 1% escalator after a waiting period of 7 years.

For example, GREIU and APAGR retirees would receive a 1% escalator after a waiting period of 4 years. The escalator would work as follows:

Original Benefit Amount	\$3,000 / mo.
Retirement Date	March 31, 2015
Escalator date*	July 1, 2019
Escalator amount	\$30.00

So, beginning July 1, 2019, and every July 1 thereafter, the benefit would be increased by \$30.00 per month for the next full year (\$3,030 per month from July 1, 2019 – June 30, 2020; \$3,060 from July 1, 2020 – June 30, 2021; \$3,090 from July 1, 2021 – June 30, 2022; and so forth).

If a “B” option was selected to include a beneficiary at the time of retirement, then any applicable beneficiary amounts or pop-up amounts would also be adjusted, based on the original retirement date and escalator eligibility date, when a death occurs.

For example, assume the \$3,000 monthly benefit selected was the B-50 Pop-Up amount. The monthly benefit payable to the beneficiary would be \$1,500 upon the retiree’s death. Or, the monthly Pop-Up amount payable to the retiree upon the beneficiary’s death would be \$3,300. If the retiree dies before the beneficiary, but after receiving increases under the escalator program, the beneficiary’s monthly benefit amount would be \$1,500 plus an additional \$15.00 for each year an escalator increase was paid. If the beneficiary dies first, then the retiree’s monthly Pop-Up amount, payable the first of the month following the beneficiary’s death, would be \$3,300 plus an additional \$33.00 for each year an escalator increase was paid. In other words, the escalator for the “alternate” amounts would be based upon the original “alternate” amounts and would be calculated from the original retirement date.

\*Escalator dates will be either January or July of each year. For retirement dates of January 1 – June 30, the escalator date will be July 1. For retirement dates of July 1 – December 30, the escalator date will be January 1.

### 13. What happens after the death of a retiree?

If the beneficiary designated to receive a pension benefit at the time of retirement is still living at the time of the retiree’s death, the beneficiary will begin to receive benefits in the amount chosen by the retiree at the time of retirement. If both the retiree and beneficiary die before having

received benefit payments totaling an amount equal to the member’s own contributions and accumulated interest at the time of retirement, the difference will be paid to the contingent beneficiary named at the time of retirement.

**14. What if a member becomes totally and permanently disabled?**

The pension plan provides disability retirement benefits in cases of total and permanent physical or mental incapacity for duty as an employee resulting from personal injury or disease based upon the following criteria:

<i>Non-Duty Disability</i>	<i>Duty Disability</i>
Employee must have at least 10 years of credited service and not have attained the minimum service retirement age.*	No requirements for service exists, however the employee may not have attained minimum service retirement age.*

Subject to certain minimum and maximum benefit limitations, disability benefits are generally computed in the same manner as age and service retirement benefits.

\*Medical substantiation by a committee of physicians and Pension Board approval are required by Sections 1.209.1(1) and 1.209.1(3) of City Code.

**15. Who administers the Retirement System?**

The Retirement System is managed by a 7 person Board of Trustees whose duty is to supervise the general administration and proper operation of the pension system and to make effective the provisions of Chapter 7, Article 1 of the Grand Rapids City Code.

Pension Board Trustees & Qualifications:

- 3 “Member Trustees” to be elected by members of the System
- 1 “Employer Trustee” a member of the City Commission, to be appointed by the City Commission
- 3 “Citizen Trustees” appointed by the Mayor, subject to the approval of the City Commission, each of whom shall be experienced in financial matters and not be a member, retiree or beneficiary of the System, nor an employee or official of the employer.

The Board of Trustees appoints the Executive Director (Chief Executive Officer) of the System. The City Attorney is legal advisor to the Board.

To provide technical advice, the Board retains an independent actuarial firm that specializes in employee benefit plans. To provide professional investment advice to the Board in its trusteeship of the System assets, the Board retains independent investment counselors. To invest assets, the Trustees employ investment managers. An independent certified public accounting firm is required to conduct an annual audit of all pension funds.

*It is not practical to cover all the conditions and provisions of the Retirement System in a booklet whose purpose is to describe in more simplified language the main provisions of the Retirement System. The actual operation of the Retirement System is governed by the detailed provisions of the City Code, Chapter 7, Article 1, The General Retirement System and the Board of Trustees’ official*

*rules and regulations thereunder. Should there be any conflict between the statements contained in this booklet and the provisions of the Ordinance, the provisions of the Ordinance must govern.*

The Retirement Systems Office is unable to advise on tax issues, health insurance, or Social Security. Assistance regarding these items can be obtained from:

- Contact the Social Security Administration for questions regarding Social Security
- Contact The City of Grand Rapids Insurance Services Department regarding health insurance
- Contact an accountant, financial advisor or firm specializing in tax preparation regarding tax issues

Questions regarding any of the above should NOT be directed to the Retirement Systems Office.

## Glossary

<b>Accumulated Contributions</b>	The total of all amounts deducted from the compensation of a member and standing to his/her credit in his/her individual account in the Member Deposit Fund, together with regular interest at the rate of 3% per year, compounded annually.
<b>Actuarial Equivalent</b>	A benefit of equal reserve value.
<b>Allowance or Life Allowance</b>	The agreed upon limit to the product which results when a member's years of credited service are multiplied by the benefit multiplier applicable to the member at the time of retirement, expressed as a percentage.
<b>Beneficiary</b>	Any person who is receiving or designated by a member to receive a System benefit, except a retirant.
<b>Compensation</b>	The remuneration paid an employee by the employer for his/her personal service rendered as an employee. This includes annual salary rates as defined by the bargaining units/covered groups and longevity. For Judges of the 61 <sup>st</sup> District Court, only that portion of the Judge's remuneration paid by the City of Grand Rapids and allotted to participation in the General Retirement System shall be considered as compensation.
<b>Credited Service</b>	Employment as an employee which is creditable as service to the extent such service is standing to a member's credit. However, no credit will be given for any month in which the member does not make the required member contributions for service on 10 or more days. Credited service shall not include time spent on a leave of absence. No credited service will be given for employment rendered after the end of the calendar year in which the member attains 40 years of credited service or reaches his/her allowance cap.
<b>Final Average Salary</b>	The average of each of the member's highest annual compensation rates during each of the member's 3 calendar years of employment while participating in the System when such compensation rates were highest, provided all such compensation occurs: 1) before the end of the calendar year in which the member attains 40 years of credited service; or 2) before the member reaches his/her allowance cap. Additionally, members

of the Crime Scene Technicians group and Emergency Communications Operators I, II and III, shall have an additional sum added to their final average salary or an actuarial determined addition to the final average salary representing additional compensation items specific to each group as defined in City Code, Section 1.192(11) (a) and (b) and Section 1.192(15).

**Member**

Any employee who is regularly employed by the employer in a position other than police officer, police command officer, or firefighter. In addition, to be considered a member: 1) he/she shall not have elected the Officer's Option Plan; 2) he/ she becomes an Appointed Officer who had previously elected the Officer's Option Plan and has elected to resume membership as permitted in City Code Section 1.285(b); or 3) he/she does not hold a position of employment with the City of Grand Rapids which is specifically excluded from coverage by the System.

**Minimum Service Retirement Age**

Age 62.

**Non-Represented Member**

Any member defined as holding a full-time permanent position who is not represented by any bargaining unit, including supervisors or other employees in administrative, clerical or executive classifications or any appointed or elected official with the exception of 61<sup>st</sup> District Court Judges. Non-Represented members shall include non-represented employees of the City, the Library, the Pension System and the 61<sup>st</sup> District Court.

**Pension**

A monthly amount derived from contributions of the employer and payable by the System throughout the life of a person or for a temporary period.

**Regular Interest**

The rate of 3% per year compounded annually.