



City of Grand Rapids

Police & Fire Retirement System

City of Grand Rapids Retirement Systems Office
233 E. Fulton St., Suite 216
Grand Rapids, MI 49503-3261
(616) 365-5015
www.grpensions.org

A Summary
for Employees

December, 2016

To The Dedicated Employees of the City:

The City of Grand Rapids Police and Fire 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

Contents

1. When may a member retire?	3
2. When must a member retire?.....	3
3. What is “Final Average Salary”?	3
4. How can a member estimate an age & service retirement benefit?	4
5. What does a member contribute to the retirement system?	5
6. What does the City contribute?.....	6
7. What if a member leaves before becoming eligible to retire?	6
8. Can retirement begin before age 55?	6
9. What if a member becomes totally and permanently disabled?	7
10. What happens after the death of a retiree?.....	8
11. Do Social Security benefits affect System benefits? Or vice-versa?	8
12. Is there an option that provides a monthly payment for a beneficiary?	9
13. What happens if a member dies before retiring?	11
14. Can additional credited service be purchased?.....	12
15. Who administers the Retirement System?	12
Glossary.....	14

QUESTIONS ABOUT THE CITY OF GRAND RAPIDS
POLICE and FIRE RETIREMENT SYSTEM

1. When may a member retire?

Fire Department members may retire with full benefits at any time after attaining age 55 and completing 10 years of service, or upon reaching the credited service limits shown in question #2 below. (Please refer to question #8 for early retirement eligibility with reduced benefits.) Police Department members may retire with full benefits at any time after attaining age 50 and completing 10 years of credited 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 Hire</i>	<i>Credited Service Limit</i>
Firefighters	Prior to 7/1/92	40 yrs. if electing a 2.5% multiplier
	7/1/92-1/9/12	33 yrs. 9 mos. if electing a 2.8% multiplier
	1/10/12 and after	32 yrs. 2 mos. 33 yrs. 7 mos. To 45 yrs. depending on the multiplier selected
Fire Chief	Any	33 yrs. 9 mos.
Police Officers and Sergeants	Prior to 3/9/95	35 yrs. 9 mos.
	3/9/95-6/30/01	31 yrs. 3 mos.
	7/1/01-12/19/11	28 yrs. 7 mos.
	12/20/11 and after	30 to 40 yrs. depending on the multiplier selected
Police Command	Prior to 7/1/01	35 yrs. 9 mos.
	7/1/01-12/19/11	28 yrs. 7 mos.
	12/20/11 and after	30 to 40 yrs. depending on the multiplier selected
Police Chief and Deputy Chief	Any	35 yrs. 9 mos.

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 consecutive calendar years of employment when such compensation rates were highest, provided no such rates of salary occur in a calendar year after the calendar year in which the employee attains the number of years of credited service which, when multiplied by the applicable benefit multiplier, equals the allowance cap. The 3-year average salary

is increased by use of an adjustment factor, which is an actuarially determined percentage (i.e. gross-up factor) based upon a rolling 5-year average of calendar years of overtime, acting assignment compensatory time, clothing allowances, shop pay, shift pay, witness fees, etc. as appropriate per group.

Firefighters may include in the calculation of their final average salary the monetary equivalent of up to 6 days of accrued vacation time when upon retirement, such cash payment in lieu of unused vacation is made. This vacation time conversion will be included for the year of retirement only.

4. How can a member estimate an age and 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 is determined as follows:

The benefit is the number of years of credited service multiplied by 2.8% (.028) of the member’s adjusted final average salary.*

To illustrate, suppose a member was born March 22, 1960, was employed December 22, 1984 and intended to work continuously to December 22, 2017 (at age 57). The amount of credited service would be 33 years {12/22/84-12/22/17}.

Further suppose the salary rates to be:

<i>Calendar Year</i>	<i>Highest Compensation Rate During Year</i>	<i>Longevity</i>	<i>Education Allowance</i>	<i>Total</i>
2017	\$69,453	\$0	\$750	\$70,203
2016	\$66,376	\$0	\$750	\$67,126
2015	\$62,961	\$750	\$400	\$64,111

The three highest years of compensation in the above example is \$201,440; dividing by 3 results in a final average salary of \$67,146.67, which will be increased by the FAS adjustment factor (in this example 9.20%). Finally, the monthly single life benefit would be \$5,645.96, computed as follows:

- a. 2.8% of final average salary
- b. Credited service of 33 years
- c. Adjusted Final Average Salary of \$73,324.16 (\$67,146.67 increased by 9.20% FAS adjustment factor**).

*For Police members hired on or after 12/20/11, the multiplier is 2.0% unless a higher multiplier is purchased. For Fire members hired on or after 1/10/12, the multiplier is 2.0% unless a higher multiplier is purchased.

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	33.0000	
(b) Multiplier	.028	
(c) Adjusted Final Average Salary (\$67,146.67 FAS x 1.1010%)**	\$73,324.16	
(d) Monthly Straight Life Service Retirement Benefit: (a) x (b) x (c) ÷ 12 =	\$5,645.96	

**This factor may change from year to year.

“Credited Service” means the member’s employment while regularly employed by the City as a Police Officer or Firefighter member, to the applicable credited service maximums. It is measured in years and months.

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

Member contributions expressed as a percent of compensation vary by classification:

<i>Covered Group</i>	<i>Current Contribution Rate</i>
Police Officers and Sergeants	9.86%
Police Command	10.89%
Police Chief/Deputy Chief	10.20%
Firefighters	10.70%
Fire Chief	10.20%

Contributions begin after completion of 6 months of credited service and continue until the member retires or until the maximum allowed credited service is attained. “Compensation” covered by the System may include longevity pay, education allowance, vacation pay and items included in the FAS adjustment factor.

Police members hired on or after 12/20/11 and Fire members hired on or after 01/10/12 will have a 2.0% benefit multiplier for the first five years of employment and have the option to purchase a higher multiplier prior to attaining 5 years of credited service. If a member opts to purchase a higher multiplier, an actuarially-calculated premium will be applied to the base member contribution rate, for the member’s remaining years and months of employment. The premium amount will be determined at the time the higher multiplier is selected and will not change.

Terminated employees may withdraw their accumulated contributions (i.e. the member contributions together with 3% annual interest credits, as provided by City Code). Those leaving

System-Covered employment after the completion of 10 years of credited service are eligible for a deferred monthly benefit if the accumulated member contributions on deposit with the retirement system are not withdrawn.

6. What does the City contribute?

The City contributes actuarially determined amounts required to maintain the System in sound condition. (Minimum of 3%)

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

If a member has 10 or more years of credited service and leaves System-covered employment before becoming eligible to receive a benefit, the member is eligible for a deferred allowance if the member leaves his/her accumulated contributions on deposit with the retirement system.

For payment of a deferred allowance to begin, the former member must be age 55 (age 50 for Police members) and make proper written application to the System at that time. The application must be filed not earlier than 90 days before attaining the minimum service retirement age, and not later than 3 years from and after the date of attainment of that age.

If the deferred member does not live to the minimum service retirement age, his/her designated beneficiary shall be entitled to a deferred allowance if written application is received by the Board of Trustees not earlier than 90 days before the member would have attained the minimum service retirement age, nor later than 3 years from and after the date the member would have attained the minimum service retirement age. It will be presumed that Option B-100 was elected.

The amount of a deferred allowance, payable for the member's lifetime, is computed in the same manner as an age and service allowance, based upon credited service, multiplier and adjusted final average salary at the time the member leaves System-covered employment.

To illustrate, suppose a member returns to apply for the deferred benefit and the facts are:

- (a) Attained the minimum service retirement age
- (b) \$73,324.16 annual adjusted final average salary at resignation
- (c) Attained 25 years credited service at resignation
- (d) 2.8% (.028) multiplier

Then the deferred allowance is \$4,277.24 monthly, payable beginning the month following the member's application at minimum service retirement age, but not later than 3 years thereafter, using the following:

$$(b) \$73,324.16 \times (c) 25 \times (d) .028 = \$51,326.91 \div 12 = \$4,277.24 \text{ per month}$$

8. Can retirement occur before age 55?

Yes. If a Fire Department member* terminates employment after attaining age 50 and completing at least 10 years of credited service, the member's early allowance would begin immediately upon termination, if timely application is made, and a deferred retirement is not selected.

The amount of a member's early allowance, payable for the member's lifetime, would be computed in the same manner as a deferred allowance, but actuarially reduced to take into account the fact that payments are beginning at an age younger than age 55.

The table below indicates the reduction factors:

<i>Age Last Birthday at Time of Retirement</i>	<i>Percent of Life Allowance</i>
50	73.34
51	77.80
52	82.65
53	87.93
54	93.70
55	100.00

To illustrate by use of the preceding example, the early allowance for a 50-year-old member would be \$3,136.93 (computed by multiplying the deferred allowance, \$4,277.24, by the early factor, 73.34%).

*Applies only to Fire Department members. An early retirement benefit is not available for Police Officer or Police Command members.

9. What if a member becomes totally and permanently disabled?

If a member has 1 or more years of credited service who has not attained his or her minimum service retirement age and becomes totally and permanently physically or mentally incapacitated for his or her duty due to non-occupational causes, pursuant to City Code Section 1.252(1)*, the member will begin receiving a disability allowance computed in the same manner as an age and service allowance, based upon credited service and final average salary at the time of disability retirement. The minimum/maximum disability allowance is as follows:

<i>Covered Group</i>	<i>Minimum Allowance</i>
Police Officers with less than 20 years	48% of final average salary
Police Officers with 20 or more years	60% of final average salary
Police Command with less than 20 years	Based on service projected to the earlier of (i) the date the member would have completed 20 years of service if employment had continued, or (ii) the date the member would have attained 50 years of age.
Police Command with 20 or more years	Based on service projected to the earlier of (i) the date the member would have completed 25 years of service if employment had continued or (ii) the date the member would have attained 50 years of age.
Firefighters with less than 20 years	Based upon service projected to the earlier of (i) the date the member would have completed 20 years of service if employment had continued, or (ii) the date the member would have attained 55 years of age.

Firefighters with 20 or more years	Based upon service projected to the earlier of (i) the date the member would have completed 25 years of service if employment had continued, or (ii) the date the member would have attained 55 years of age.
------------------------------------	---

There is also a non-duty related disability retirement vesting schedule:

<i>Years of Service*</i>	<i>Percentage of Allowance</i>
Less than 1 year	No allowance
1-5	50% of allowance
6	60% of allowance
7	70% of allowance
8	80% of allowance
9	90% of allowance
10	100% of allowance

Any member in employer service who becomes totally and permanently physically or mentally incapacitated for his or duty as a result of his or her performance of duty as an employee pursuant to City Code Section 1.252(3)*, will begin receiving a disability allowance computed in the same manner as an age and service allowance, based upon credited service and final average salary at the time of the disability retirement. Such allowance shall be not less than 72% of final average salary.

*Maximum allowance is 90% of annual rate of compensation at the time of disability, less any Worker’s Compensation or Social Security benefits received due to the disability, or remuneration received from any gainful employment as a law enforcement officer or any rank or position of Firefighter. Please note each allowance listed requires application, medical evaluations, and Trustee approval.

10. 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.

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

Members of the System are not covered by Social Security retirement benefits by virtue of employment in Police or Fire service for the City. The System is designed independently of Social Security. In some cases, Social Security benefits that become payable by virtue of other employment may be affected by benefits from this system.

Information on Social Security benefits should be obtained directly from an office of the Social Security Administration.

Because a retired member may earn a Social Security retirement benefit from other employment, and unreduced Social Security benefits will not become payable until age 65 or later, the System has an optional form of payment which can accommodate a Social Security benefit.

This optional form of payment permits a member to receive an increased pension benefit amount to age 65 and then a decreased pension benefit amount thereafter for life instead of a level monthly amount. (\$150 monthly is the greatest allowable difference between the amounts.) The level form of payment and the increase/decrease form of payment have the same cost to the System, so the member chooses the form which suits him or her best.

Shown below are some examples, using a \$150 monthly differential:

<i>Age Last Birthday at Retirement</i>	<i>Straight Life Benefit</i>	<i>Increased to Age 65</i>	<i>Decreased from Age 65</i>
50	\$5,645.96	\$5,686.41	\$5,536.41
55	\$5,645.96	\$5,707.35	\$5,557.35
60	\$5,645.96	\$5,742.38	\$5,592.38

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 55 retiring with entitlement to an Option A monthly Straight Life benefit of \$5,645.96, and the beneficiary is age 53. The Option B-100 monthly benefit would be approximately \$4,989.62 which means the retiree would receive \$4,989.62 for life and upon his/her death, the beneficiary, if still living, would begin receiving \$4,989.62 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 \$5,138.95 which means the retiree would receive \$5,138.95 for life and upon his/her death, the beneficiary, if living, would begin receiving \$3,854.21 (75% of \$5,138.95) 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 \$5,297.55 which means the retiree would receive \$5,297.55 for life and upon his/her death, the beneficiary, if living, would begin receiving \$2,648.78 (50% of \$5,297.55) 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 \$5,466.19 which means the retiree would receive \$5,466.19 for life and upon his/her death, the beneficiary, if living, would begin receiving \$1,366.55 (25% of \$5,466.19) 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 \$4,942.08 which means the retiree would receive \$4,942.08 for life and upon his/her death, the beneficiary, if living, would begin receiving \$4,942.08 (100% of \$4,942.08) for life. If the beneficiary should pre-decease the retiree, the monthly benefit will "pop up" to \$5,645.96 (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 \$5,101.07 which means the retiree would receive \$5,101.07 for life and upon his/her death, the beneficiary, if living, would begin receiving \$3,825.80 (75% of \$5,101.07) for life. If the beneficiary should pre-decease the retiree, the monthly benefit will "pop up" to \$5,645.96 (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 \$5,270.62 which means the retiree would receive \$5,270.62 for life and upon his/her death, the beneficiary, if living, would begin receiving \$2,635.31 (50% of \$5,270.62) for life. If the beneficiary should pre-decease the retiree, the monthly benefit will “pop up” to \$5,645.96 (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 \$5,451.85 which means the retiree would receive \$5,451.85 for life and upon his/her death, the beneficiary, if living, would begin receiving \$1,362.96 (25% of \$5,451.85) for life. If the beneficiary should pre-decease the retiree, the monthly benefit will “pop up” to \$5,645.96 (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.

Post-Retirement Benefits

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>Eligibility</i>	
<i>Covered Group</i>	<i>Termination Date</i>
Firefighters, except Fire Chief	On or after July 1, 2007
Police Officers, except Police Chief/Deputy Chief	On or after December 17, 2008
Police Command	On or after February 19, 2010
Fire Chief	On or after January 1, 2016
Police Chief or Deputy Police Chief	On or after January 1, 2016
<i>Annual Escalator Increase</i>	
Firefighters, except Fire Chief	1.5% after 2 years of retirement
Police Officers, except Police Chief/Deputy Chief	1.0% after 5 years of retirement
Police Command	1.0% after 5 years of retirement
Fire Chief	1.5% after 2 years of retirement
Police Chief or Deputy Police Chief	1.0% after 5 years of retirement

13. What happens if a member dies before retiring?

If a death should occur while actively employed as a Police or Fire member, the surviving dependents receive the following benefits:

- (a) The surviving spouse receives an allowance for life. The amount of this allowance is determined as if the member had retired with a service allowance; based upon credited service and final average salary at the time of death, and elected Option B-100 to protect the spouse (Option B-100 is the 100% survivor allowance described in question #12.) The minimum spousal allowance is 20% of final average salary (the minimum helps the employee with short service).
- (b) Each of the dependent children receives an allowance of 15% of the member's final average salary to age 18 (or to age 23 as long as the child continues to be a full-time student and unmarried). The total for all the children cannot exceed 50% at any one time.
- (c) If neither a spouse nor a dependent child survives the member, and if one or both of the member's parents survive and were dependent on the member, each dependent parent receives an allowance of 15% of the final average salary.

These death-before-retirement benefits are unusually comprehensive. They are payable for death from any cause and the coverage begins upon employment. Please note that according to City Code, benefit amounts are reduced by worker's compensation and social security payments received on account of the death.

14. Can additional credited service be purchased?

Yes. A member may purchase up to 4 years of credited service via pre-tax or after-tax payroll deduction, by a lump sum after-tax payment, a combination of both, or by a Trustee to Trustee transfer from an eligible retirement plan, by contributing an actuarially determined percentage of salary at the time of purchase. 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 10 years of credited service. For Fire members, it cannot be used to reach their credited service cap prior to reaching age 55. The minimum service purchase is one month; the maximum is 4 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. Police members may use up to 1265 hours of sick leave for such purpose. Fire 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. Please contact the Retirement Systems Office for more details.

15. Who administers the Retirement System?

The Retirement System is managed by a 7-person Board of Trustees whose duty it is to supervise the general administration and proper operation of the pension system and to make effective the provisions of Chapter 7, Article 2 of the City of Grand Rapids City Code.

Pension Board Trustee qualifications:

- 2 "Member Trustees" to be elected by the members of the System, 1 Member Trustee shall be elected by the police officer members and must be either a police officer member or a resident of the City of Grand Rapids; and 1 Member Trustee shall be elected by the

firefighter members and must be either a firefighter member or a resident of the City of Grand Rapids. Both are to be elected in accordance with regulations adopted by the Board.

- 1 “Employer Trustee” a member of the City Commission, to be appointed by the City Commission.
- 4 “Citizen Trustees”, each of whom shall be experienced in financial matters and not a member or retirant or beneficiary of neither the System nor an employee or official of the employer. Of these 4 members, 1 shall be appointed by the Mayor and 3 shall be appointed by the City Commission, 1 of whom shall be appointed from a list of not less than 4 eligible persons submitted jointly by the police officer and firefighter members.

The Board of Trustees appoints the Executive Director (Chief Executive Officer) of the System. The law firm VanOverbeke, Michaud, and Timmony is legal advisor to the Board.

The Board has appointed an independent actuarial firm that specializes in employee benefit plans to provide technical advice. To provide professional investment advice to the Board in its trusteeship of 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 2, The Police and Fire 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

Accumulated Contributions	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.
Actuarial Equivalent	A benefit of equal reserve value.
Allowance or Life Allowance	The total of the annuity and the pension. All allowances shall be paid not later than the last day of each calendar month.
Allowance Cap	The agree 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.
Beneficiary	Any person who is receiving or designated by a member to receive a System benefit, except a retirant.
Compensation	The remuneration paid an employee by the employer for his/her personal service rendered as an employee. This includes base salary, longevity pay, educational allowance and vacation pay plus additional compensation items per group as defined by City Code Section 1.233(11) (f).
Credited Service	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 for 80 or more hours. No member will earn credited service beyond the point when he/she reaches his/her allowance cap.
Final Average Salary	The average of the member's highest annual rates of salary, including longevity pay and vacation pay, during the 3 consecutive calendar years of employment while participating in the System when such salary rates were highest, provided no such compensation occur after the calendar year in which the employee attains the number of years of credited service which, when multiplied by the applicable benefit multiplier, equals his/her applicable allowance cap. For Fire-fighters retiring on or after January 1, 2012, a member may at his or her discretion include in the calculation of their final average

salary the monetary equivalent of up to six (6) days of accrued vacation time when upon retirement, such cash payment in lieu of unused vacation is made. Such accrued vacation time shall be added to the salary earned during the calendar year in which such payment was made, which shall then be averaged.

Member

Any person who is regularly employed by the employer as a Police Chief, Deputy Police Chief, Police Officer, Fire Chief, or Firefighter. Effective July 1, 2011, for any person hired to serve as the Police Chief, Deputy Police Chief or Fire Chief, who upon their date of hire for such position is not a Member of the Retirement System as herein defined, such person shall be eligible for the Officer's Option Plan and shall be excluded from participation in the Police Fire Retirement System.

Minimum Service Retirement Age

Age 55 for Firefighter members and age 50 for Police Officer members. From and after July 1, 2001, any Firefighter member of the System who has attained a number of years of credited service which, when multiplied by the applicable benefit multiplier for the member's covered group equals or exceeds the allowance cap for that member, shall be deemed to have achieved the minimum service retirement age.

Non-Represented Member

Any member defined as holding the position of Police Chief, Deputy Police Chief or Fire Chief.

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.