



City of Grand Rapids

Police & Fire Retirement System

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A Summary
for Employees

February 2026

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

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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 unless the member has reached one of 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 (100%) 33 yrs. 9 mos. if electing a 2.8% multiplier (94.5%)
	7/1/92 – 01/09/12 01/10/12 and after	32 yrs. 2 mos. (90%) 33 yrs. 7 mos. to 45 yrs. depending on multiplier selection (90%)
Fire Chief and Deputy Fire Chief	Any	33 yrs. 9 mos. (94.5%)
Police Officers and Sergeants	Prior to 3/9/95	35 yrs. 9 mos. (100%) 31 yrs. 3 mos. (87.5%)
	3/9/95-6/30/01 7/1/01-12/19/11 12/20/11 and after	28 yrs. 7 mos. (80%) 28 yrs. 8 mo. to 40 yrs. depending on multiplier selection (80%)
Police Command	Prior to 7/1/01	35 yrs. 9 mos. (100%) 28 yrs. 7 mos. (80%)
	7/1/01-12/19/11 12/20/11 and after	28 yrs. 8 mo. to 40 yrs. depending on multiplier selection (80%)
Police Chief/Deputy Police Chief	Any	35 yrs. 9 mos. (100%)

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.

Fire suppression members can elect to convert up to the monetary equivalent of six days accrued vacation time when upon retirement, such cash payment in lieu of unused vacation is made. Firefighters assigned to a forty-hour work week may convert additional vacation hours to equate to the same vacation accrual payment amount as fire members assigned to fire suppression at the same rank. 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.

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 (for Police members hired on or after 12/20/11, the multiplier is 2.0% unless a higher multiplier is purchased and for Fire members hired on or after 1/10/12, the multiplier is 2.0% unless a higher multiplier is purchased):

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 Police member was born March 2, 1977, was employed April 7, 1996 and intended to work continuously to July 7, 2027 (at age 50). The amount of credited service would be 31 years and 3 months.

Further suppose the salary rates to be:

<i>Calendar Year</i>	<i>Highest Compensation Rate During Year</i>
2027	\$103,802
2026	\$99,810
2025	\$95,971

The three highest years of compensation in the above example is \$299,583; dividing by 3 results in a final average salary of \$99,861.00, which is increased by the FAS adjustment factor (in this example 22.1%). Finally, the monthly single life benefit would be \$8,890.75, computed as follows:

- a. 2.8% of final average salary
- b. Credited service of 31 years and 3 months
- c. Adjusted Final Average Salary of \$121,930.28 (\$99,861.00 increased by 22.1% FAS adjustment factor*).
- d. (a) .028 x (b) 31.2500 x (c) 121,930.28 = \$106,689.00 ÷ 12 = \$8,890.75 per month

*This factor may change as of July 1 each year.

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	31.2500	
(b) Multiplier	.028	
(c) Adjusted Final Average Salary (\$81,972.67 FAS x 1.157%)**	\$121,930.28	
(d) Monthly Straight Life Service Retirement Benefit: (a) x (b) x (c) ÷ 12 =	\$8,890.75	

“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 Police Chief	10.20%
Firefighters	10.70%
Fire Chief/ Deputy 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 includes education allowance (Fire members), vacation pay, and various items included in the FAS adjustment factor.

Effective July 1, 2011, any person hired to serve as the Police Chief or Deputy Police Chief, who upon their date of hire for that position is not a member of the retirement system, shall be excluded from participation in the Police & Fire Retirement System.

Effective April 25, 2017, any person hired to serve as the Fire Chief or Deputy Fire Chief, who upon their date of hire for that position is not a member of the retirement system, shall be excluded from participation in the Police & Fire Retirement System.

Police members hired on or after 12/20/2011 and Fire members hired on or after 01/10/2012 have the option to purchase a higher multiplier prior to attaining 5 years of credited service. Police members hired on/after 01/01/2020 must make their decision to purchase a higher multiplier no

later than 6 months following their date of hire. 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. Fire members hired on or after January 1, 2024 must make their decision to purchase a higher multiplier no later than 6 months following their date of hire. The premium amount will be determined at the time the higher multiplier is selected and will not change. Effective 10/16/2022 the base rate for Fire members hired on or after 01/10/2012 has been decreased by 3%. Effective 11/27/2022 the base rate for Police members hired on or after 12/20/2011 has been decreased by 3%.

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, with a minimum contribution rate 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. Fire members may apply for a reduced benefit after attainment of age 50.

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. Deferred benefits are payable as of the first day of the month following application.

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 could 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 due to 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 Deferred Allowance</i>
50	73.34
51	77.80
52	82.65
53	87.93
54	93.70
55	100.00

To illustrate, suppose a Fire member was born March 2, 1977, was employed July 7, 2007 and intended to work continuously to July 7, 2027 (at age 50). The amount of credited service would be 20 years.

Further suppose the salary rates to be:

<i>Calendar Year</i>	<i>Highest Compensation Rate During Year</i>	<i>Vacation Conversion**</i>	<i>Education Allowance</i>
2027	\$99,278	\$5,189	\$750
2026	\$98,295	-	\$750
2025	\$93,614	-	\$750

The three highest years of compensation in the above example is \$298,626; dividing by 3 results in a final average salary of \$99,542.00, which is increased by the FAS adjustment factor (in this example 22.7%). Finally, the monthly single life benefit would be \$4,180.22, computed as follows:

- a. 2.8% of final average salary
- b. Credited service of 20 years
- c. Adjusted Final Average Salary of \$122,138.03 (\$99,542.00 increased by 22.7% FAS adjustment factor).
- d. Early retirement factor = 73.34
- e. (a) .028 x (b) 20.00 x (c) 122,138.03 x (d) .7334 = \$50,162.58 ÷ 12 = \$4,180.22 per month

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

**Fire suppression members can elect to convert the monetary equivalent of up to six days accrued vacation time when upon retirement, such cash payment in lieu of unused vacation is made.

Firefighters assigned to a forty-hour work week may convert additional vacation hours to equate to the same vacation accrual payment amount as fire members assigned to fire suppression at the same rank. The dollar amount of 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.

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

If a member has 1 or more years of credited service, has not attained his/her minimum service retirement age, and becomes totally and permanently disabled due to non-occupational causes, pursuant to City Code Section 1.252(1)*, the member may begin receiving a disability allowance computed in the same manner as an age and service allowance, based upon the multiplier, 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 a non-duty related disability retirement vesting schedule. Any such allowance paid to a Fire member hired on or after July 1, 2016 or any Police member of the Police & Fire Retirement System shall be subject to the following 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 disabled as a result of his or her performance of duty as an employee pursuant to City Code Section 1.252(3)*, may 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/her best.

Shown below are some examples, using a \$100 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>
55	\$9,167.15	\$9,208.60	\$9,108.60
58	\$9,167.15	\$9,220.89	\$9,120.89

60	\$9,167.15	\$9,231.44	\$9,131.44
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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 50 retiring with entitlement to an Option A monthly Straight Life benefit of \$8,890.75, and the beneficiary is age 48. The Option B-100 monthly benefit would be approximately \$8,184.47 which means the retiree would receive \$8,184.47 for life and upon his/her death, the beneficiary, if still living, would begin receiving \$8,184.47 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 \$8,350.28 which means the retiree would receive \$8,350.28 for life and upon his/her death, the beneficiary, if living, would begin receiving \$6,262.71 (75% of \$8,350.28) 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 \$8,523.03 which means the retiree would receive \$8,523.03 for life and upon his/her death, the beneficiary, if living, would begin receiving \$4,261.52 (50% of \$8,523.03) 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 \$8,702.98 which means the retiree would receive \$8,702.98 for life and upon his/her death, the beneficiary, if living, would begin receiving \$2,175.75 (25% of \$8,702.98) 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-Up monthly benefit would be approximately \$8,147.48 which means the retiree would receive \$8,147.48 for life and upon his/her death, the beneficiary, if living, would begin receiving \$8,147.48 (100% of \$8,147.48) for life. If the beneficiary should pre-decease the retiree, the monthly benefit will “pop up” to \$8,890.75 (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 Pop-Up except that the percent to the beneficiary is 75% (instead of 100% under Option B-100 Pop-Up) and 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 Pop-Up illustration, the Option B-75-Pop-Up monthly benefit would be approximately \$8,321.39 which means the retiree would receive \$8,321.39 for life and upon his/her death, the beneficiary, if living, would begin receiving \$6,241.04 (75% of \$8,321.39) for life. If the beneficiary should pre-decease the retiree, the monthly benefit will “pop up” to \$8,890.75 (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 Pop-Up except that the percent to the beneficiary is 50% (instead of 100% under Option B-100 Pop-Up) and 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 Pop-Up illustration, the Option B-50-Pop-Up monthly benefit would be approximately \$8,502.94 which means the retiree would receive \$8,502.94 for life and upon his/her death, the beneficiary, if living, would begin receiving \$4,251.47 (50% of \$8,502.94) for life. If the beneficiary should pre-decease the retiree, the monthly benefit will “pop up” to \$8,890.75 (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 Pop-Up except that the percent to the beneficiary is 25% (instead of 100% under Option B-100 Pop-Up) and 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 Pop-Up illustration, the Option B-25-Pop-Up monthly benefit would be approximately \$8,692.49 which means the retiree would receive \$8,692.49 for life and upon his/her death, the beneficiary, if living, would begin receiving \$2,173.12 (25% of \$8,692.49)

for life. If the beneficiary should pre-decease the retiree, the monthly benefit will “pop up” to \$8,890.75 (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 before the retiree.*

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>
Fire Chief	On or after January 1, 2016
Deputy Fire Chief	On or after October 6, 2016
Firefighters, except Fire Chief	On or after July 1, 2007
Police Chief or Deputy Police Chief	On or after January 1, 2016
Police Officers, except Police Chief/Deputy Police Chief	On or after December 17, 2008
Police Command	On or after February 19, 2010
<i>Annual Escalator Increase</i>	
Firefighters, Fire Chief or Deputy Fire Chief	1.5% after 2 years of retirement
Police Chief and Deputy Police Chief	1.0% after 5 years of retirement
Police Command and Police Officers terminated prior to July 1, 2025	1.0% after 5 years of retirement
Police Command and Police Officers terminated on or after July 1, 2025, including participants in the KEIP as of July 1, 2025	1.5% after 5 years of retirement

Increases shall be granted on the first January or July following the retirant's waiting period, whichever occurs first, and shall be paid annually thereafter. The amount of the monthly escalator increase shall be based on the original retirement benefit computation and shall not be compounded except for Police Command and Police Officers terminated on or after July 1, 2025, including participants in the KEIP as of July 1, 2025, which shall be compounded. For Police Command and Police Officers terminated on or after July 1, 2025, including participants in the KEIP as of July 1, 2025, increases shall be granted on the first full month following the retirant’s waiting period, and shall be paid annually thereafter. In the event of a change in monthly benefit amount due to either the death of a retirant or surviving beneficiary, or an automatic adjustment necessitated by the option elected at the time of retirement, the escalator increase shall be determined based on the original corresponding benefit amount and shall be applied based on the original retirement date.

For example, Fire retirees would receive a 1.5% escalator after a waiting period of 2 years. The escalator would work as follows:

Original Benefit Amount	\$8,200.29 / mo.
Retirement Date	July 7, 2027
Escalator date*	January 1, 2030

Escalator amount	\$123.00
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So, beginning January 1, 2030, and every January 1 thereafter, the benefit would be increased by \$123.00 per month for the next full year (\$8,323.29 per month from January 1, 2030 – December 31, 2030; \$8,446.29 from January 1, 2031 – December 31, 2031; \$8,569.29 from January 1, 2032 – December 31, 2032; 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 B-50 Pop-Up monthly benefit of \$8,619.05 was selected at retirement. The monthly benefit payable to the beneficiary would be \$4,309.53 upon the retiree’s death, or the monthly Pop-Up amount payable to the retiree upon the beneficiary’s death would be \$9,167.15. If the retiree dies before the beneficiary, but after receiving increases under the escalator program, the beneficiary’s monthly benefit amount would be \$4,309.53 plus an additional \$64.64 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 \$9,167.15 plus an additional \$137.51 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.

*For Fire retirees Police Chief, Deputy Police Chief, Police Command and Police Officers terminated prior to July 1, 2025, 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 31, the escalator date will be January 1.

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 the multiplier, 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 may receive 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 by contributing an actuarially-determined percentage of his/her salary at the time of purchase. Payments can be made via pre-tax or after-tax payroll deduction, lump sum after-tax payment, or Trustee to Trustee transfer from an eligible retirement plan. 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 vesting (10 years of credited service). For Fire members, it cannot be used to reach the 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. What is the KEIP?

Effective November 1, 2016, any employee of the City of Grand Rapids who is either a firefighter (fire employee), law enforcement officer (police employee), or law enforcement Command Officer, and a member of the City of Grand Rapids Police & Fire Retirement System may voluntarily elect to participate in the City of Grand Rapids Police & Fire Retirement System Key Employee Incentive Program (KEIP) upon meeting the eligibility requirements. During KEIP participation, the individual continues with full employment status and is considered an employee of the City and an active member of his/her respective union. A KEIP participant is not a retiree of the Retirement System. As of the effective date of KEIP participation (KEIP date), the dollar amount of the individual's monthly pension benefit shall be computed using the Retirement System provisions in effect on the KEIP date (KEIP benefit). Seventy-five percent (75%) of the participant's KEIP benefit shall be credited monthly to the participant's KEIP account, which shall be credited with interest. Upon separation from employment, the retiree shall begin to receive monthly payment of the full KEIP benefit and distribution of his/her KEIP account balance. KEIP accounts are established and maintained within the Defined Benefit Plan of the Retirement System and managed by the Board of Trustees of the City of Grand Rapids Police & Fire Retirement System. Each KEIP participant is solely responsible for analyzing the tax consequences of participation in the KEIP.

Listed below is a summary of additional provisions for the KEIP program:

- The employee must be on normal, active duty, and meet the following conditions: 1) attain service retirement eligibility (as defined in the pension ordinance) with 10 or more years of credited service, and 2) maintain a minimum leave accrual balance of 100 hours (i.e. sick time, vacation, etc.)
- The employee must complete and sign application forms as required by the Retirement System no less than 30 days, but no more than 90 days prior to the date of participation in the KEIP. The minimum period for participation in the KEIP is one (1) year and the maximum period is five (5)

years from the employee's KEIP date. Once participation in the KEIP has been elected, it is **IRREVOCABLE**.

- During the KEIP participation period, the KEIP participant shall have a one-time option to extend the KEIP end date, however, the KEIP end date must be within the maximum participation period (5 years from his/her KEIP date). The election to extend the KEIP end date must be received by the Retirement Systems office no less than 90 days prior to the expiration of the original KEIP end date.
- On the employee's effective KEIP date, he/she will become a KEIP participant, and shall cease to accrue additional retirement benefits. The amount of credited service, benefit multiplier, and final average salary shall be fixed as of his/her KEIP date. Increases in compensation and accrual of additional service during KEIP participation will NOT be factored into the pension benefits of KEIP participants.
- KEIP participants will continue to maintain full employment status with all rights and privileges afforded to employees in the respective Union, including, but not limited to, seniority, promotions, benefit/wage changes, vacation balances and schedules of accumulation, union membership and representation, as well as Retirement System membership and Board representation. Employee and employer contributions to the Retirement System shall cease as of the participant's KEIP date.

There are numerous other provisions for this program. For further information, please contact either your respective Union president or the Retirement Systems office.

16. 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 apply 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 be a member, retirant, or beneficiary of the System or 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 City Attorney is legal advisor to the Board, however, the Board is authorized to retain the services of an attorney or law firm to represent the Board in any matters in which the City Attorney has a professional conflict of interest or in other circumstances in which the Board and the City Attorney determine such representation would better serve the interests of the Retirement System.

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

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 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.
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, educational allowance, and vacation pay plus additional compensation items per

group as defined by City Code Section 1.233(11) (a), (b), and (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 occurs 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.

Member

Any person who is regularly employed by the employer as a Police Chief, Deputy Police Chief, Police Officer, Fire Chief, Deputy Fire Chief, or Firefighter.

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 holding the position of Police Chief, Deputy Police Chief, Fire Chief, or Deputy 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.