



El Paso Firemen & Policemen's Pension Fund



Fire Division Second-Tier Plan



Summary Plan Description
As Amended, Effective December 31, 2017

(January 2018)



IMPORTANT

This booklet is intended only as a summary of the El Paso Firemen & Policemen's Pension Fund retirement plan highlights and is not the complete plan document.

Because this booklet summarizes rules which in some instances are complex, it is possible that inconsistencies between the actual plan provisions and this booklet may exist. In the event of any inconsistencies between this booklet and the actual plan provisions, or an issue is covered in this booklet in less detail, the terms of the Plan Document will govern.

If you wish to receive a copy of the actual Plan Document, please contact the Fund office at (915) 771-8111. Additionally, you may review or download the Plan Document from the Fund website at www.ElPasoFireAndPolice.org



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Introduction

Recognizing the need for a comprehensive retirement plan for public safety officers of the City of El Paso, the Texas legislature established the El Paso Firemen & Policemen's Pension Fund ("the Fund" or "the Plan") to be funded by contributions from the City and from members of the Fund.

This booklet, the Summary Plan Description, is intended to summarize the terms and conditions of the Plan Document. We recommend that you and your family take the time to read this booklet so you generally understand what benefits are provided by the Plan and how they are determined. If you have any questions about the Plan or desire additional information on any point, please do not hesitate to contact the Fund office at (915) 771-8111.

You may also review the provisions of the Plan as stated in Article 6243b of Vernon's Annotated Texas Statute (V.A.T.S.) and the Plan Document as Restated Effective December 31, 2017. The Plan Document is available at the Fund office at the 909 East San Antonio Avenue, El Paso, Texas 79901.

IN THE EVENT OF ANY CONFLICT BETWEEN THE PROVISIONS OF THIS BOOKLET AND THE ACTUAL PROVISIONS OF THE PLAN DOCUMENT, THE ACTUAL PROVISIONS OF THE PLAN DOCUMENT AND NOT THIS SUMMARY PLAN DESCRIPTION WILL GOVERN.

Summary Plan Provisions

FEATURE	CONDITIONS
Participation	automatic and mandatory upon appointment and enrollment as a firefighter of the City of El Paso
Contribution	From 01/01/2002 thru 08/31/2018, an automatic payroll deduction of 15.28% of wages for firefighters Effective September 1, 2018, an automatic payroll deduction of 15.824% of wages for firefighters Effective September 1, 2019, an automatic payroll deduction of 16.368% of wages for firefighters Effective September 1, 2020, an automatic payroll deduction of 16.912% of wages for firefighters Effective September 1, 2021, an automatic payroll deduction of 17.456% of wages for firefighters Effective September 1, 2022, an automatic payroll deduction of 18% of wages for firefighters
Service Retirement	upon the completion of 20 or more years of Vesting Service and age 45
Deferred Retirement	upon completion of 10 years but less than 20 years of Vesting Service and age 50 or more
Disability Retirement	incapacitating disability as determined by the Board
Refund of Contributions	former member with 5 or more years of Vesting Service may be refunded previous employee contributions and forfeit rights to a pension benefit
Credited Service	period of time during which a Member contributes to the Fund
Vesting Service	generally means the period of Credited Service plus qualified military and other service under the plan

OPTIONAL PROGRAM

Forward Deferred Retirement Option Program (Forward DROP)

I. Participation and Contributions

If you are a firefighter for the City of El Paso Fire Department, regardless of rank, you automatically participate in the Plan. Your membership begins when you begin your probationary period and are certified as a firefighter but after your training academy period. While you are a member, contributions are deducted from your paycheck and will continue to be deducted as long as you are an active firefighter. Both you and the City of El Paso make contributions to fund your pension. Your contribution is a percentage of your pay (illustrated on page 2 under Summary Plan Provisions) and currently the City of El Paso contributes 18% of payroll. Employee contributions are made on a pre-tax basis.

For the purpose of determining your contributions, your pay includes:

● Salary ● Incentive ● Longevity ● Overtime
(It excludes allowances for clothing, equipment, or travel expenses)

If you have previously terminated service, special rules apply. See Section VI on Reemployment.

II. Credited Service

Whether you receive a benefit and how much you receive depends in part on your Vesting Service and Credited Service. You earn Credited Service as long as you are contributing to the Plan, in other words, as long as you are an active firefighter. Unpaid time while suspended or on leave of absence is not included in Credited Service. Vesting Service is Credited Service in either the El Paso Firemen's Pension Fund or the El Paso Policemen's Pension Fund plus any qualified military service and any service required to be recognized under the Proportionate Retirement Program.

Credited Service is calculated as years and months, with twelve (12) or more days being rounded up to the next month. All calculations are based on the date you began paying pension contributions. At retirement, you may cash in unused vacation and sick time for pay and are therefore, entitled to receive Credited Service for this vacation and sick time. However, you will not receive credited service if you are participating in the Forward DROP upon retirement.

If you are absent from the Fire Department because of military service, USERRA allows you to receive Credited Service for your military time after you are reemployed by paying all or part of the employee contributions that you missed making during your period of service. You may make those contributions, without interest, over a period of three (3) times the length of your qualified military service, but not to exceed five (5) years. You are not required to make any contributions, however, failure to make the contributions will affect the amount of your pension benefit.

If you return to the Fire Department after completing your military service, you will automatically be entitled to receive Vesting Service for the period of qualified military service even if you elect not to make up your contributions.

III. How You Can Receive A Pension

You can receive a pension in one of four ways.

1. Service Retirement

You can retire any time upon the completion of 20 or more years of Vesting Service and the attainment of age 45 or more. You will receive your full pension amount based on your Credited Service in monthly payments payable the last business day of the month.

2. Deferred Retirement

If you leave the Fire Department with 10 years but less than 20 years of Vesting Service, you are entitled to a pension benefit payable at age 50. To receive this benefit you must leave your contributions in the Plan.

3. Disability Retirement

You are considered totally and permanently disabled if the Board determines that you are unable to work as a firefighter due to an injury received or disease contracted in the line of duty or as a result of a condition not by your own wrongful conduct. If you are totally and permanently disabled, upon the Board's approval of your application for Disability Retirement, you are entitled to receive a pension benefit based on your current Credited Service, regardless of your age. However, you will not receive less than 50% of your Final Wages. Your monthly payments are payable the last business day of the month.

4. Forward DROP (Deferred Retirement Option Program) Retirement

If you are at least 45 years of age and have 20 years of Credited Service, you are eligible to participate in the Forward DROP. Your benefit will be based on the Credited Service accumulated prior to entering into the Forward DROP. A member who elects to participate in the Forward DROP will receive a lump sum amount. That lump sum amount will be equal to the monthly service retirement benefit multiplied by the number of months in the Forward DROP. Thereafter the member will receive monthly pension payments payable on the last business day of each month. Once a member provides a written election to participate in the Forward DROP, that election is irrevocable. A member can only participate in the Forward DROP one time and will not accumulate additional service credit if re-hired.

IV. Final Wages

Your Final Wages is the highest average of the regular monthly wages, excluding overtime pay and lump-sum payments for accrued vacation and/or sick leave, on which you made contributions to the Plan during a consecutive thirty-six (36) month period preceding the date of your retirement.

For this purpose, Final Wages includes:

- Salary
- Longevity Pay
- Incentive Pay

Final Wages excludes:

- Overtime
- Allowances for Expenses
- Lump-Sum Payments for Accrued Leave

V. Withdrawing Your Contributions

If you leave employment with 5 or more years of Vesting Service and you are not eligible for a Service, Forward DROP, Deferred, or Disability Retirement, you can withdraw your contributions from the Fund. Your employee contributions will be refunded without interest.

If you have at least 10 years of Credited Service and you want to receive a Deferred Benefit, you must leave your contributions in the Plan. Also, if reemployment is a possibility, you should first consider the repayment rules that may take effect upon reemployment if you want to have your Credited Service restored.

If you leave the Fire Department before completing 5 years of service, you forfeit the right to all benefits, and are not entitled to a refund. Should you return to work as a certified firefighter for the El Paso Fire Department and again become a member of the Plan, such forfeited service will be restored upon your reemployment. Additionally, if you return to work as a certified police officer for the El Paso Police Department, such forfeited service shall count as Vesting Service under the El Paso Police-men's Pension Fund.

VI. Reemployment

If you withdraw your contributions upon your resignation, you lose your Credited Service with the Plan. In some cases, you may have your Credited Service restored upon your reemployment. In order to do so, you must meet one of the eligibility requirements listed below and you must repay any contributions you withdrew, plus interest accrued from the date of withdrawal to the date of repayment.

You are eligible to have your Credited Service restored if you meet one of the following conditions:

- You are reemployed by the City as a firefighter.
- You are returning from a compulsory leave of absence or an approved layoff.
- You were terminated for cause and are being reemployed by order of a state court or some other qualified authority. If you receive retro-pay for the time you were absent from work, you must make contributions on that pay and will receive Credited Service for such time.
- If you entered compulsory military service and are reemployed within one year immediately following the end of your compulsory military service and additionally make-up your employee contributions at the rate you would have had you been actively employed.

If you have taken a refund, you must replace your withdrawn contributions with interest, at any time prior to retirement. Interest is computed at a rate equal to that used by the actuary in the most recent actuarial valuation, as approved by the Board of Trustees from time to time.

VII. Service Retirement

Your **Service Retirement Date** is the date you attain age 45 and have completed at least 20 years of Vesting Service.

Service Retirement Benefit: If you retire on or after your Service Retirement Date, you will receive a monthly benefit equal to the following.

$$2.50\% \times \text{Final Wages} \times \text{Credited Service}$$

In certain cases, retirement benefits may be reduced to comply with IRC Section 415 limitations.

The following is a sample Service Retirement calculation. Also included is a worksheet for your own use in calculating your service retirement benefit.

Suppose you choose to retire at age 50 with 25 years and 5 completed months of Credited Service. Your monthly Final Wages are determined to be \$3,000. Here is how your worksheet would look:

SAMPLE SERVICE RETIREMENT

a.	Final Wages (highest consecutive 36 month average preceding retirement)	\$ 3,000.00
b.	Credited Service (20 years or more of Vesting Service)	25.4167
c.	Service Retirement Benefit (.0250 x 3,000.00 x 25.4167)	\$ 1,906.25

SERVICE RETIREMENT WORKSHEET

a.	Final Wages (highest consecutive 36 month average preceding retirement)	_____
b.	Credited Service (20 years or more of Vesting Service)	_____
c.	Service Retirement Benefit (.0250 x Final Wages x Credited Service)	_____

VIII. Forward Deferred Retirement Option Plan (Forward DROP)

Members who are at least forty-five (45) years of age and have twenty (20) years of Credited Service may elect to participate in the Forward DROP.

A Forward DROP benefit provides a one-time lump sum amount plus a monthly pension amount upon retirement.

An election to participate in the Forward DROP is irrevocable.

An election to participate in the Forward DROP cannot be made more than one time. If a member is re-hired, that member will not accumulate additional service credit.

Once the Forward DROP election has been made, a member’s monthly benefit amount will be locked-in and will not increase even though the member continues to work and continues to contribute to the pension fund. Additional service credit will not be given for accumulated sick and vacation payout upon retirement.

The following is a sample Forward DROP Retirement calculation. Also included is a worksheet for your own use in calculating your Forward DROP retirement benefit

Suppose you choose to elect to participate in the Forward DROP with 26 completed years of Credited Service and two years later you retire at age 53. Your monthly Final Wages were determined to be \$4,000. Here is how your worksheet would look:

SAMPLE FORWARD DROP RETIREMENT

a.	Final Wages	\$ 4,000.00
b.	Forward DROP Period (in months)	24
c.	Credited Service (20 years or more)	26
d.	Forward DROP Retirement Benefit (.0250 x 4,000 x 26.0)	\$ 2,600.00
e.	Lump Sum Amount (\$2,600.00 x 24)	\$ 62,400.00

FORWARD DROP RETIREMENT WORKSHEET

a.	Final Wages	\$ _____
b.	Forward DROP Period (in months)	_____
c.	Credited Service (20 years or more)	_____
d.	Forward DROP Retirement Benefit (.0250 x Forward Drop Final Wages x Credited Service)	_____
e.	Lump Sum Amount (ForwardDROP Retirement Benefit x ForwardDROP Period)	_____

IX. Disability Retirement

If you become totally and permanently disabled through an injury received or disease contracted while in the line of duty or not by your own wrongful conduct, you may apply for **Disability Retirement**. To be considered disabled, you must provide medical proof, satisfactory to the Board of Trustees, that you are incapacitated from the performance of duty as a firefighter.

If you are considering this option, please contact a Benefits Specialist for a consultation and Disability Retirement package.

Your monthly disability benefit is calculated in the same manner as your Service Retirement Benefit, regardless of your age. However, your monthly disability income will not be less than 50% of your Final Wages. In certain cases, retirement benefits may be reduced to comply with IRC Section 415 limitations.

X. Deferred Retirement

If you terminate your service after completing 10 or more years of Vesting Service but you are not eligible for any other benefits, you are eligible to receive a monthly benefit commencing at age 50. If you are 50 years of age or over at the time of termination, your benefit will commence immediately. Your monthly benefit will be equal to 2.50% of your Final Wages times your years of Credited Service at the date of termination. In order to receive this benefit, you must leave your contributions in the Plan. Withdrawal of your contributions will result in the forfeiture of your monthly benefit. In certain cases retirement benefits may be reduced to comply with IRC Section 415 limitations.

XI. Proportionate Retirement Program

The Proportionate Retirement Program (PRP) permits employees who have service credit in more than one retirement system, participating under Chapter 803 of the Texas Government Code, to combine service credit in order to meet the eligibility requirements for vesting.

XII. Death Benefits

In the event of your death, the Plan may pay a benefit to your dependents, beneficiary, or estate. If you are eligible and you have a qualified spouse and/or children, they will receive regular pension payments as long as they remain alive and qualified. If you do not have a qualified spouse and/or children, a lump-sum amount will be paid to any beneficiary that you have designated in writing, or to your estate, provided you had at least 5 years of Vesting Service at your date of death. The lump-sum amount will consist of only your employee contributions without interest to the Plan.

First, let's look at who is considered a qualified spouse or child.

A Qualified Spouse:

- o has not remarried, AND
- o is married to you at the time of your death, AND
- o is married to you before your retirement, OR
- o if married to you after your retirement, then at least two (2) years before and up to your death.

A Qualified Child:

- o is not married, AND
- o is less than age nineteen (19), OR
- o if less than twenty-three (23), then a full-time student, OR
- o regardless of age, is deemed physically or mentally disabled.

If a child who is at least 19 years old is non-self-supporting due to excessive use of drugs or alcohol, the child is not considered qualified, regardless of whether or not the child is a full-time student or disabled.

Eligibility for Survivor Pension Payments

A regular pension will be paid to your qualified spouse and/or children if you die while you are (i) an active member, (ii) receiving a pension, or (iii) eligible for a deferred pension but not yet receiving it.

Payments Begin:

- o immediately if you are an active member.
- o immediately if you are already receiving a pension.
- o when you would have reached age 50 if you are eligible for but not yet receiving a Deferred Retirement.

Amount

The amount of the survivor pension is based on your pension amount or your Final Wages. If there is more than one dependent, each dependent's amount is based on the number of other dependents receiving payments and may be restricted by a maximum amount payable to a family.

The amount allocated to qualified children is divided equally among all the qualified children. When a child loses eligibility, the total amount allocated to the children is re-divided among the remaining eligible children.

If you are either active or receiving a **Service, Forward DROP, or Disability** (but not a Deferred) **pension** at your death, your qualified spouse and/or children will receive the following amount:

- If you have a qualified spouse, but no qualified children...
 - ⇒ Your spouse receives 75% of your pension amount.
- If you have qualified children but no qualified spouse...
 - ⇒ Your children share equally an amount that is two-thirds of 75% your pension amount.
- If you have both a qualified spouse and qualified children...
 - ⇒ Your spouse will receive two-thirds of 75% your pension amount, AND
 - ⇒ Your children will share one-third of 75% your pension amount, AND
 - ⇒ Once your children are no longer qualified, your spouse will receive 75% of your pension amount.

- If your death occurs while you are an active member, your total survivor benefit will not be less than 50% of your Final Wages.

If you are eligible for a **Deferred Retirement** or are receiving a **Deferred Retirement** at your death, your qualified spouse and/or children will receive the following amount:

- If you have a qualified spouse, but no qualified children...
 - ⇒ Your spouse receives two-thirds of your pension amount, but not more than one-third of your Final Wages.
- If you have qualified children but no qualified spouse...
 - ⇒ Your children share equally in an amount that is two-thirds of your pension amount, but their benefit is limited to one-third of your Final Wages.
- If you have both a qualified spouse and qualified children...
 - ⇒ Your spouse receives two-thirds of your pension amount, AND
 - ⇒ Your children will share one-third of your pension amount, AND
 - ⇒ The total benefit is limited to 50% of your Final Wages.
- If you have not yet started to receive payments, your pension amount for this purpose is the benefit you would have received at age 50.

In the event a deceased member is not survived by a spouse or child, dies from injuries received or disease contracted while in the line of duty, and is survived by a father, mother, brother or sister wholly dependent upon the member, such Beneficiary may be entitled to survivor benefits.

Eligibility for Lump Sum Payment

If you are an active member or a terminated member who has not taken a refund of contributions or started receiving benefits, and you have 5 or more years of Vesting Service, but you do not have a qualified spouse and/or beneficiary, your estate will receive your employee contributions to the Plan.

If you do not have a qualified spouse and/or children but you are receiving a Service, Forward DROP, or Deferred pension, your beneficiary or estate will receive a refund of the difference in employee contributions and benefit payments already received. If you have received at least the full amount of your contributions upon your death, no lump-sum payment will be made. In addition, no contributions made while in the Forward DROP Accumulation Period shall be refunded.

XIII. Questions & Answers

1. How do I apply for a benefit when I am ready to retire?

Submit a letter of your intent to retire to your Department Head. Notice should be provided at least one month before your retirement date. Contact your payroll clerk and notify him/her of your intent to retire. Obtain a *Separation & Clearance* form from your Payroll Clerk and contact the Fund at (915) 771-8111 to schedule an appointment with a Benefits Specialist.

2. How do I prove that I am qualified for a disability pension?

Supply supporting documentation from your doctor. Contact a Benefits Specialist with the Fund to receive a Disability Retirement package. The Board may require an Independent Medical Examination by a physician of its choice at the Fund's expense.

3. Do I receive credit for sick leave and vacation leave?

Yes. While on active duty, you receive credit for vacation and sick leave. At retirement, you can "sell back" to the City unused vacation and sick leave and receive Credited Service for this time.

Note: credit for your accrued leave time can be used to meet the requirements for Credited Service but cannot be used to meet the age requirements for retirement. Also, you will not receive Credited Service for unused vacation and sick leave if you are participating in the Forward DROP retirement.

4. Do I receive credit for military service?

It depends. If you returned to employment with the City, and you paid contributions to the Plan to cover your absence, then that period of military service is recognized as Credited Service. If these requirements are not met, then you receive Vesting Service for the period of your absence.

5. Can I withdraw from the Plan and rely on my savings for retirement?

No. As long as you are employed in a position covered by the Plan, you may not withdraw from participation in or waive any right under the Plan. Please note that if you terminate your employment after ten years of service and choose to withdraw your contributions from the Plan, you will forfeit your right to a deferred benefit under the Plan.

6. Is my pension taxable?

Generally you may be required to pay federal and state income taxes on your pension payments from the Fund but not on the portion that can be attributed to your own employee after tax contributions. Individual tax issues can be complicated however, and you are encouraged to consult with a professional tax advisor or the IRS to answer questions concerning the tax affect given your personal circumstances.

7. Does the return on the Plan's Investments affect the size of my benefit?

No. Your benefit is determined according to the method described in this booklet, in particularly based on service and age. The interest earned by the investments does not affect the amount of the benefit.

8. Who administers the Plan?

The Board of Trustees is composed of three members elected from the Fire Department, three members elected from the Police Department, three mayoral appointees and two appointees by the City Manager. The Board, in turn, appoints committees to oversee the Fund's investments and actuarial valuations. Each trustee serves a four-year term and receives no compensation for his or her work on the Board.

Additionally, the Board hires administrative personnel, as needed, including an Executive Director.

9. Can my benefits be modified or taken away?

The Plan is established and governed by State statute and the City may not amend or terminate the Plan. Benefits which are already vested under the Plan and State Constitution cannot be taken away.

However, future benefits may be adjusted if there is an error resulting in an over or underpayment of past benefits contrary to the terms of the Plan.

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