



## A SUMMARY OF THE CITY OF GALVESTON EMPLOYEES' RETIREMENT PLAN FOR NON-CIVIL SERVICE EMPLOYEES

This document contains a summary of your retirement benefits. The summary has been approved by the Pension Board and the City of Galveston's (the "City") Third Party Administrator (the "TPA") – Ham, Langston & Brezina, LLP.

If you have questions regarding the information provided, please contact the City of Galveston's Human Resources Department at (409) 797-3650 or the TPA at (409) 765-9311 or (800) 819-1936.

### WHAT IS THE VESTING SCHEDULE UNDER THIS PLAN?

<u>Years of Service</u>	<u>Percent Vested</u>
Less than 5 years	0%
5 years	50%
6 years	60%
7 years	70%
8 years	80%
9 years	90%
10+ years	100%

An employee (also referred to as "member") who separates from the City of Galveston with less than five (5) years of service is eligible to receive 100% of *the member's* contributions from the pension plan. The member will not be eligible for any additional benefits.

### WHEN WILL I FIRST BE ELIGIBLE FOR NORMAL RETIREMENT?

Your normal retirement age is sixty-five (65) years. Any employee with a minimum of five (5) years of service and who is at least sixty-five (65) years of age is eligible for a normal retirement benefit.

### HOW MUCH CAN I EXPECT TO RECEIVE?

Your annual benefit is determined by multiplying your years of Benefit Service times your average monthly compensation times two and one-fourth percent (2.25%).

Example: Assume 20 years of Benefit Service and an average compensation of \$50,000 (\$4,166.67/mo.).

$$20 \times \$4,166.67 \times 0.0225 = \mathbf{\$1,875.00}$$
 monthly benefit

The member's average compensation is calculated over five (5) calendar years, during the member's period of service covered by the plan, which produces the highest average. *The maximum monthly retirement benefit will not exceed \$4,166.67 per month.*

### CAN I RETIRE EARLY AND STILL RECEIVE BENEFITS?

You may retire early if you satisfy one of the following criteria:

- You are at least fifty-five (55) years old and have completed a minimum of ten (10) years of service; or
- You are at least sixty-two (62) years old and have completed a minimum of five (5) years of service.

### WILL THERE BE A REDUCTION OF BENEFITS IF I RETIRE EARLY?

Yes – If an employee separates from employment with the City prior to the retired member's normal retirement date, the amount determined for normal benefits will be reduced by one, one-hundred-eightieth (1/180) for each of the first sixty (60) months and one, three-hundred-sixtieth (1/360) for each additional month by which the starting date of pension payments precedes the member's normal retirement date.

How it works: The formula for calculation of early retirement benefits is the same as the one used to calculate normal retirement benefits. However, the benefit will be reduced accordingly. Example: Assume 20 years of Benefit Service and an average compensation of \$50,000 (\$4,166.67/mo.) at age 62.

1.  $20 \times \$4,166.67 \times 0.0225 = \$1,875.00$
2.  $\$1,875.00 \times (36 \times 0.00555555) = \$375.00$  early retirement benefit reduction per month
3.  $\$1,875.00 - \$375.00 = \mathbf{\$1,500.00}$  adjusted early retirement benefit per month

**HOW WILL SOCIAL SECURITY AFFECT MY RETIREMENT?**

The two benefits are not interdependent. What you receive from your pension plan will not be affected by any Social Security benefit to which you may be entitled.

**HOW MUCH MUST I CONTRIBUTE TO THE RETIREMENT PLAN?**

Your plan requires a contribution of six (6) percent from your compensation. The City matches with a nine (9) percent contribution. Membership in the plan is mandatory and a condition of employment for all employees, excluding those employees authorized by the City Council to participate in an alternate retirement plan.

**WILL MY BENEFIT INCLUDE INTEREST?**

Contributions withdrawn upon termination of service will not include interest.

**CAN I BORROW MONEY FROM MY PENSION?**

No member of the plan may withdraw contributions prior to separation of employment from the City. Loans are prohibited under the current plan.

**WHAT HAPPENS IF I DIE WHILE IN THE MILITARY?**

If a member dies while performing a qualified military service, the survivors of the member will be entitled to any additional benefits provided under the plan as if the member had resumed and then terminated employment on account of death.

**WHAT HAPPENS IF I DIE BEFORE RETIREMENT?**

If you die before distributions have been made, your retirement benefits will be distributed to the designated beneficiary. In the event there are no designated beneficiaries or surviving beneficiaries, the Board of Trustees for the Retirement Plan will be empowered to designate a beneficiary or beneficiaries on your behalf, to the extent allowed by law. The following list of individuals will be considered in order:

- a. Surviving Spouse;
- b. Surviving children and children of deceased children per *stirpes* (meaning each branch of the family will receive an equal share of the benefits);
- c. Surviving Parents;
- d. Surviving brothers and sisters and nephews and nieces who are children of deceased brothers and sisters per *stirpes*; and
- e. Employee's Estate.

**WHAT HAPPENS TO MY BENEFITS IF I LEAVE THE CITY OF GALVESTON?**

The City's pension plan allows for vesting after five (5) years of credited service. Vesting allows you to leave your employer before normal retirement age and defer receipt of any pension benefits until normal retirement age is attained. When you receive your benefits at normal retirement age, the monthly checks will include both the City's and the member's contribution.

You must contact the City's TPA Ham, Langston & Brezina, LLP at (409) 765-9311 or (800) 819-1936 to ensure your eligibility for a vested benefit.

**WHAT IF I LEAVE AND AM NOT ELIGIBLE FOR BENEFITS?**

If you terminate employment and are not eligible for a retirement benefit, all of your personal contributions to the plan will be returned to you.

**DOES THE PLAN HAVE ANY DISABILITY BENEFITS, AND IF SO, WHAT KIND?**

The plan does provide for a disability retirement, provided the member has qualified for and receives disability benefits under the federal Social Security Act. A member who meets the requirements for a Disability Pension will begin receiving benefits once removed from the City's payroll.

*The above represents a general description of the City of Galveston's Retirement Plan for Non-Civil Service Employees. In case of misunderstanding or conflict with the administration of the benefits, the actual language of the Plan document(s) will be the determinant of your benefits.*