

Spokane Employees' Retirement System (SERS)
Board Meeting, 12:30 p.m. December 6, 2017
City Hall - Conference Room 5A

AGENDA

- 1) Jayson Davidson, Hyas Group
 - Third Quarter 2017 Performance Review – Information
- 2) Minutes of the October 25, 2017 Meeting
 - Motion
- 3) Outside Counsel Contract Renewals
 - Motion
- 4) Director's Report
 - a. Retirements
 - Motion
 - b. Withdrawals
 - Motion
 - c. Vesting
 - Information
 - d. Deaths
 - Information
 - e. Expenditure Summary Report – October 2017
 - Motion
 - f. Schedule of Investments – October 2017
 - Information
 - g. Monthly Cash Reconciliation
 - Information
 - h. Rule of 90 Implementation
 - Motion
 - i. Other Business
- 5) Other Business
- 6) Next Meeting – **Wednesday January 3, 2018 at 1:30 p.m.**

**Spokane Employees' Retirement System (SERS)
Board Meeting Minutes
October 25, 2017**

The regular monthly meeting was called to order at 1:30 p.m. in the 5th Floor Conference Room at City Hall.

Present: Mike Cavanaugh, Jim Tieken, Candace Mumm, Dean Kiefer, Brian Brill, and J.D. Morscheck

Absent: Mike Coster

Staff: Phill Tencick, Donald Brown, and Tim Szambelan

Guests: Joe Cavanaugh, Joan Hamilton, John Bjork, and Richard Czernik

Minutes of the September 27, 2017 Meeting

Dean Kiefer moved and Brian Brill seconded the motion to approve the minutes of the September 27, 2017 meeting as presented. The motion passed unanimously.

Director's Report

Service Retirements

<i>Name</i>	<i>Age</i>	<i>Retirement Date</i>	<i>Years of Service</i>	<i>Option</i>
Aaron J. McDanold	61	10/20/2017	16.01	ST
Cassandra D. Friesen	50	12/01/2017	5.80	E
Daniel L. LaPorte	61	12/05/2017	9.78	ST
Chris J. Lampe	69	02/03/2018	3.69 portable	ST

Mike Cavanaugh moved and J. D. Morscheck seconded the motion to approve the service retirements as amended on the October Retirement Transaction Report. The motion passed unanimously.

Candace Mumm arrived at 1:32 p.m.

Withdrawals for October 2017

<i>Name</i>	<i>Years of Service</i>	<i>Termination Date</i>
Katherine V. Ross	0.84	02/05/2016
Grifynn M. Clay	0.98	05/06/2017
Judy T. Petrucci	3.15	06/08/2017
Gina R. Rogers	0.74	07/29/2017
Diana Whaley beneficiary of Hunt Whaley	3.86	08/11/2017

Dean Kiefer moved and Mike Cavanaugh seconded the motion to approve the requests for withdrawal as presented on the October Retirement Transaction Report. The motion passed unanimously.

Deaths

<i>Name</i>	<i>Date Retired</i>	<i>Age</i>	<i>Date of Death</i>	<i>Information</i>
Virginia M. Watt	09/16/2000	80	08/28/2017	No Further Benefits
Alice M. Hartford	07/01/1993	86	09/27/2017	No Further Benefits
Bernice H. Rosendahl	11/11/2013	92	10/15/2017	No Further Benefits
Russell W. Beseler	04/02/2011	68	10/17/2017	D Option Continues

Death information provided to the Board for review.

Expenditure Summary Report – October 2017

The Expenditure Summary Report was presented to the Board and discussed.

Mike Cavanaugh moved and Candace Mumm seconded the motion to approve the September 2017 Expenditure Summary Report. The motion passed unanimously.

Schedule of Investments – October 2017

The monthly investment report was presented to the Board for review. The estimated market value of the SERS portfolio on September 30, 2017 was \$302 million with an estimated rate of return of 1.5% for the month.

Monthly Cash Reconciliation

The monthly cash reconciliation report was presented to provide the Board with additional insight into the ongoing liquidity, transactions, and cash position of the plan.

Rule of 90 Implementation

Mr. Tencick updated the Board on the process and challenges for implementing the new Rule of 90 tier. The biggest obstacles to implementing by year-end are the PeopleSoft updates, Plan document revisions, and the approval of all bargaining units. At the time of the Board meeting, the Managerial and Professional Association, Local 29 Civilians, Local 270 Library, and Local 270 Prosecutors have not entered into a tentative agreement or MOU regarding the Rule of 90. Discussion ensued.

3Q Funding Ratio

On a pro-forma, market basis, the funding ratio for the plan as of September 30th was 59.7%, which was 820 basis points higher than projected. This increase is due primarily to investment returns that are 120% higher than assumed.

2018 Educational Opportunities

Mr. Tencick gave a brief overview of the educational opportunities that were included with the Board packet and encouraged Board members to contact staff if they were interested in attending any of the conferences.

Plan Design Benchmarking Review

Mr. Tencick presented a benchmarking study comparing the new Rule of 90 plan design provisions to other large government plans. Overall, the Rule of 90 provisions are not as generous as many other plans, but the trend with other plans is moving towards less generous defined benefit plans similar, or more restrictive, than the Rule of 90 design.

There being no other business, the meeting adjourned at 2:47 p.m.

Phillip Tencick, Retirement Director

DRAFT

SERS Retirement Transaction Report

November 2017

Retirements

	Name	Age	Retirement Date	Years of Service	Department	Option
1	Gregory N. Lorenzi	57	11/01/2017	8.6	Advanced Wastewater Treatment	ST
2	Lee W. Joslyn	53	11/07/2017	26.7	Advanced Wastewater Treatment	ST
3	Shari L. Austin	56	11/18/2017	23.1	CD/HS Operations	ST
4	Lisa M. Dillmann	58	12/02/2017	26.2	Finance	A
5	Daniel R. Keison	68	12/30/2017	28.8	Sewer Maintenance	A
6	Andrew J. McElvaney	62	01/07/2018	20.1	Streets	E
7	Daniel L. Hagerman	64	01/09/2018	14.3	Public Works & Utilities	E
8	Lu A. Glasser	62	01/20/2018	30.0	Public Works & Utilities	E
9	Gita S. George-Hatcher	60	04/07/2018	27.0	Civil Service	B
	Retirements YTD	52				
	2016 Total Retirements	69				

Withdrawals

	Name	Years of Service	Department	Termination Date
1	Cole C. Marchant	1.8	Water	08/17/2017
2	Trynitee M. Peat	0.1	Police	08/18/2017

Vesting

	Name	Department	Years of Service
1	Marvin D. Tucker	Police	18.2
2	Janean V. Phillips	Legal	10.6

Deaths

	Name	Date Retired	Age	Date of Death	Information
1	Mary L. Franklin	04/22/2010	59	10/21/2017	E Option Continues
2	Michael H. McGhee	03/30/1989	80	10/30/2017	No Further Benefits
3	Edith A. Sramek	07/02/2002	70	10/30/2017	No Further Benefits
4	Walter R. Cummings	11/08/1980	99	11/03/2017	E Option Continues
5	Rodney R. Bishop	08/19/2003	65	11/20/2017	E Option Continues

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2017 EXPENDITURE SUMMARY REPORT
 OCTOBER 31, 2017

	2016 ACTUAL	2017 BUDGET	OCTOBER ACTUAL EXPENDITURES	2017 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
OPERATING EXPENDITURES						
Departmental Salaries	261,984.86	279,341.00	20,424.81	214,445.51	64,895.49	76.8%
Departmental Benefits	76,531.55	80,482.00	6,231.43	64,147.84	16,334.16	79.7%
Reserve for Budget Adjustment	-	10,000.00	-	-	10,000.00	0.0%
Administrative Income	(19,375.31)	(10,000.00)	-	(14,853.04)	4,853.04	
Postage/Supplies/Other	11,432.31	16,500.00	192.43	3,088.55	13,411.45	18.7%
State Audit Charges	11,172.03	12,000.00	1,146.20	8,509.39	3,490.61	70.9%
Contractual Services	80,222.66	173,475.00	3,150.43	124,621.41	48,853.59	71.8%
Travel	7,972.23	15,000.00	3,657.98	8,701.20	6,298.80	58.0%
Registration/Schooling	805.00	30,285.00	-	15,835.00	14,450.00	52.3%
Other Dues/Subscriptions/Membership	1,993.20	2,500.00	-	731.00	1,769.00	29.2%
Other Miscellaneous Charges	1,278.26	1,826.00	55.00	594.18	1,231.82	32.5%
Amortization	17,649.00	-	-	-	-	
TOTAL OPERATING EXPENDITURES	451,665.79	611,409.00	34,858.28	425,821.04	185,587.96	69.6%
INTERFUND EXPENDITURES						
Interfund - Centralized Accounting	2,303.96	2,347.00	586.73	2,346.92	0.08	100.0%
Interfund - IT Phones	1,505.77	1,451.00	122.24	1,137.69	313.31	78.4%
Interfund - Risk Management	991.00	760.00	-	570.00	190.00	75.0%
Interfund - Worker's Compensation	198.00	104.00	-	78.00	26.00	75.0%
Interfund - Reprographics	4,930.49	4,500.00	1,268.19	5,936.49	(1,436.49)	131.9%
Interfund - IT	12,980.37	14,078.00	1,173.17	10,558.53	3,519.47	75.0%
Interfund - IT Replacement	1,926.96	2,772.00	231.00	2,079.00	693.00	75.0%
Interfund - My Spokane	751.00	-	-	296.59	(296.59)	
TOTAL INTERFUND EXPENDITURES	25,587.55	26,012.00	3,381.33	23,003.22	3,008.78	88.4%
TOTAL ADMINISTRATIVE EXPENDITURES	477,253.34	637,421.00	38,239.61	448,824.26	188,596.74	70.4%

SPOKANE EMPLOYEES' RETIREMENT SYSTEM - 6100
 2017 EXPENDITURE SUMMARY REPORT
OCTOBER 31, 2017

	2016 ACTUAL	2017 BUDGET	OCTOBER ACTUAL EXPENDITURES	2017 ACTUAL YTD EXPENDITURES	VARIANCE	PERCENTAGE USED
PENSIONS						
Pensions-Annuity Benefit Payments	23,765,712.64	26,000,000.00	2,092,050.93	20,641,819.81	5,358,180.19	79.4%
Pensions-Disability Payments	125,328.48	160,000.00	10,444.04	104,440.40	55,559.60	65.3%
Pensions-Survivor Annuity Benefits Payments	1,846,473.52	2,000,000.00	155,647.59	1,598,565.63	401,434.37	79.9%
TOTAL PENSIONS	<u>25,737,514.64</u>	<u>28,160,000.00</u>	<u>2,258,142.56</u>	<u>22,344,825.84</u>	<u>5,815,174.16</u>	79.3%
Refunds	729,741.16	1,000,000.00	93,207.25	509,211.24	490,788.76	50.9%
TOTAL EXPENSES	<u><u>26,944,509.14</u></u>	<u><u>29,797,421.00</u></u>	<u><u>2,389,589.42</u></u>	<u><u>23,302,861.34</u></u>	<u><u>6,494,559.66</u></u>	78.2%
INVESTMENT EXPENSE*						
Advisory Technical Service	380,964.60	450,000.00	52,681.20	317,697.12	132,302.88	70.6%

* investment expenses are netted against investment income in the statement of changes of plan net assets to arrive at a net investment income amount.

SERS Schedule of Cash and Investments
October 31, 2017

11/29/2017

				Allocation		
		Type		Target	Current	Diff.
Cash Held by Treasurer	Cash		\$ 22,861			
US Bank	Short-term Inv		86,874			
Total Cash			109,735	0.0%	0.0%	0.0%
Sterling Capital	Total Return		23,704,238			
Total Total Return			23,704,238	10.0%	7.8%	-2.2%
Hotchkis & Wiley	High Yield - Mutual Fund		22,247,827			
Total High Yield			22,247,827	5.0%	7.3%	2.3%
Polar	LLC		6,541,045			
American Beacon	Mutual Fund		2,487,350			
Castine Capital I	Ltd Partnership		7,571,737			
Post Limited Term High Yield	Ltd Partnership		6,011,434			
Rimrock Low Volatility	Ltd Partnership		9,681,012			
Total Absolute Return			32,292,578	8.0%	10.6%	2.6%
Total Capital Preservation			78,354,378	23.0%	25.7%	2.7%
Hotchkis & Wiley	LC Value - Mutual Fund		16,619,256			
Jackson Square (Delaware)	LC Growth - Mutual Fund		16,329,617			
MFS Heritage	LC Core		17,352,143			
Vanguard S&P 500 Index	LC Core - Mutual Fund		10,470,348			
Total US Large Cap			60,771,364	21.0%	19.9%	-1.1%
Sterling	MC Value		5,815,383			
Vanguard MC Growth	MC Growth - Mutual Fund		4,687,620			
Vanguard MC Index	MC Core - Mutual Fund		3,776,024			
Champlain	SC Core		5,557,982			
Phocas	SC Value - Mutual Fund		4,339,051			
Bridge City	SC Growth		6,005,484			
Vanguard SC Index	SC Core - Mutual Fund		1,018,917			
Total US Small/Mid Cap			31,200,461	11.0%	10.2%	-0.8%
Total US Equities			91,971,825	32.0%	30.2%	-1.8%
Artisan	SMID Value - Mutual Fund		21,463,178			
Euro Pacific	LC Blend - Mutual Fund		21,367,777			
Vanguard International	LC Index - Mutual Fund		-			
Total International Large Cap			42,830,955	15.0%	14.1%	-0.9%
Trivalent	SC Value - Mutual Fund		11,567,153			
Total International Small/Mid			11,567,153	4.0%	3.8%	-0.2%
Berens	Ltd Partnership		12,017,751			
Total Emerging Markets			12,017,751	3.0%	3.9%	0.9%
Total International Equities			66,415,859	22.0%	21.8%	-0.2%
Weatherlow Offshore	Ltd Partnership		15,310,617			
Royalty Opportunities I	Ltd Partnership		2,714,472			
Royalty Opportunities II	Ltd Partnership		2,528,494			
Troob	Ltd Partnership		-			
Total Long Biased			20,553,583	7.0%	6.7%	-0.3%
Legacy Partners Realty Fund III	Ltd Partnership		-			
Metropolitan Real Estate Partners	Ltd Partnership		248,047			
Morrison Street Fund IV	LLC		903,239			
Morrison Street Fund V	LLC		5,318,241			
Morrison Street Debt Opportunties	LP		4,111,626			
Principal (REITs)	REITs		12,084,848			
Morgan Stanley Prime	LLC		4,666,667			
Total Real Estate			27,332,668	9.0%	9.0%	0.0%
Beach Point	Ltd Partnership		10,163,848			
Total Opportunistic Credit			10,163,848	7.0%	3.3%	-3.7%
Caduceus (OrbiMed II)	Ltd Partnership		9,858,538			
Total Special Opportunities			9,858,538	0.0%	3.2%	3.2%
Total Cash and Investments			\$ 304,650,699	100.0%	100.0%	0.0%

Monthly Pension \$ (2,354,452)
As of September 30, 2017 **\$ 302,768,877**
Estimated Rate of Return 1.4%

Abs. Return and Total Return FI	Thesis 2017.1	55,996,816	18.0%	18.4%	0.4%
High Yield and Opp Credit	Thesis 2017.2	32,411,675	12.0%	10.6%	-1.4%
Equity and Special Situations	Thesis 2017.3	168,246,222	54.0%	55.2%	1.2%

Cash Recon - Nov 17

Date	Transactions	Sources	Uses	Balance
10/20/2017	Beginning Balance			385,686.60
10/20/2017	Quarterly Trust Fees		(16,271.41)	369,415.19
10/23/2017	Commission Recapture	31.45		369,446.64
10/26/2017	Capital Call - OrbiMed Royalty Opps II		(350,000.00)	19,446.64
10/27/2017	Distribution - Morrison Street MSDO	62,000.90		81,447.54
10/30/2017	Payroll Contributions	609,430.78		690,878.32
10/31/2017	Sale - Artisan International	875,000.00		1,565,878.32
10/31/2017	Sale - Euro Pacific	875,000.00		2,440,878.32
10/31/2017	Pension Payments		(2,354,452.14)	86,426.18
11/1/2017	Pension Correction		(1,567.18)	84,859.00
11/1/2017	Interest	447.67		85,306.67
11/6/2017	Pension Correction		(2,031.58)	83,275.09
11/7/2017	Returned Pension Payments	2,031.58		85,306.67
11/13/2017	Payroll Contributions	614,524.10		699,830.77
11/15/2017	Distribution - Metro V	9,462.65		709,293.42
11/16/2017	Wire to City Account (Operating Expenses)		(100,000.00)	609,293.42
11/17/2017	Commission Recapture	26.60		609,320.02
11/20/2017	Distribution - Morrison Street V	53,411.87		662,731.89
11/27/2017	Payroll Contributions	613,113.12		1,275,845.01
11/30/2017	Sale - American Beacon	1,100,000.00		2,375,845.01
11/30/2017	Pension Payments		(2,269,796.23)	106,048.78
11/30/2017	Ending Balance	4,814,480.72	(5,094,118.54)	106,048.78
	<u>Upcoming</u>			
12/11/2017	Payroll Contributions	610,000.00		
12/26/2017	Payroll Contributions	610,000.00		
12/29/2017	Capital Call - Morgan Stanley Prime Fund		(2,333,333.00)	
12/29/2017	Pension Payments		(2,300,000.00)	

RULE OF 90 OVERVIEW

December 11, 2017



Benefit Tiers

	Tier 1	Tier 2	Tier 3	Tier 4
Hire Dates	Before 1/1/2009	1/1/2009 to 12/31/2014	1/1/2015 to 12/31/2017	After 12/31/2017
Vesting	5 years	5 years	7 years	7 years
Normal Retirement Age	62	62	65	65
Alternative Retirement Eligibility	Age 50, 5 years service	Age + Service \geq 75	Age + Service \geq 80	Age + Service \geq 90 <u>or</u> Age 50+ with 30 years service
Early Retirement Factor	N/A	N/A	N/A	2.5% per year to Rule 90 or Age 65
High Salary	2 years	2 years	3 years	3 years
Salary Cap, w/ OT	N/A	N/A	N/A	120%
Accrual Rate	2.15%	2.0%	2.0%	2.0%
Max Benefit	64.5%	70.0%	70.0%	80.0%
Tier Eligibility	Tier 1,2,3,4	Tier 2,3,4	Tier 3,4	Tier 4

Contributions

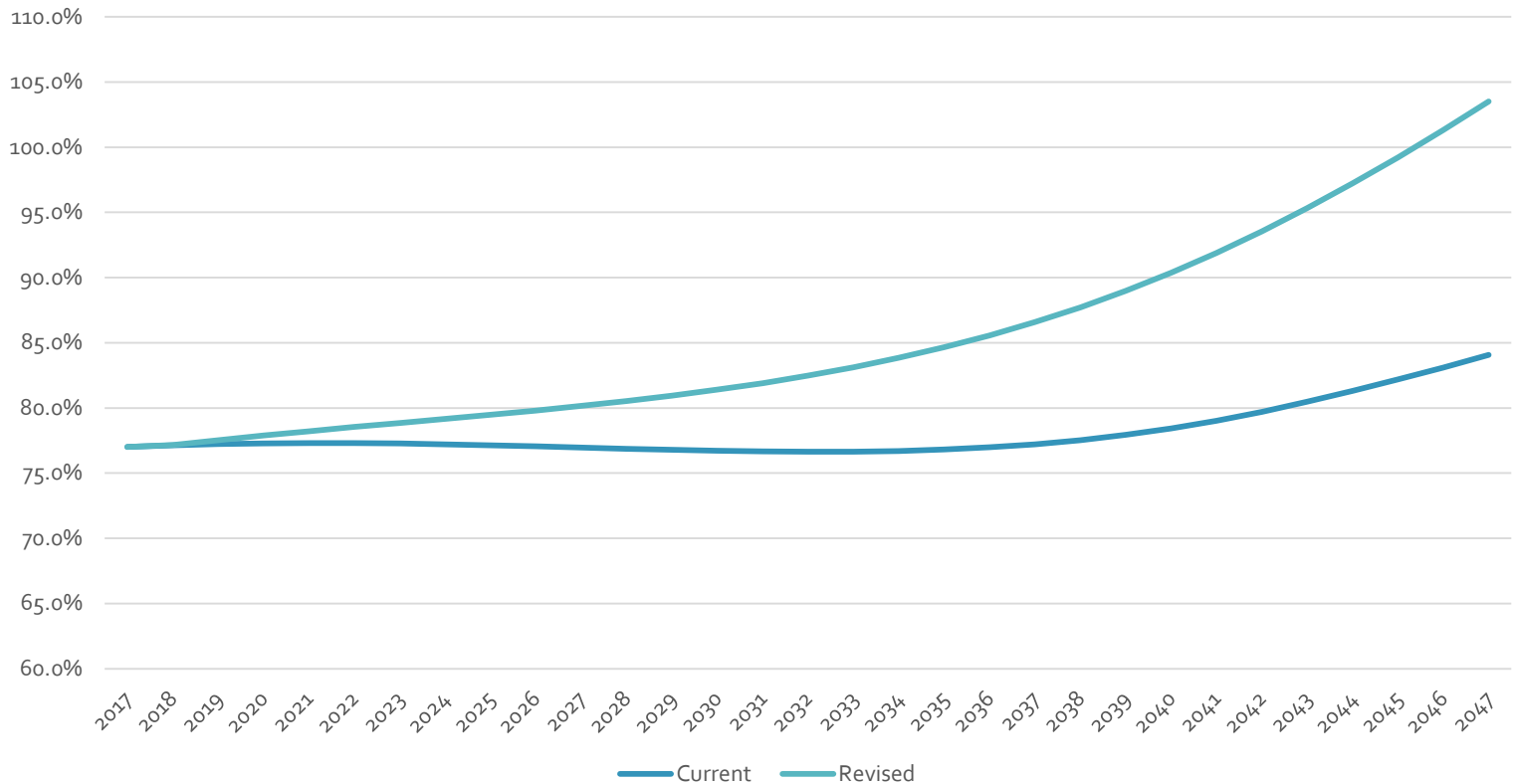
- Increase to 9.0% for both Employee and Employer
- First pay period following agreement by all Bargaining Units and City Council
- Up to 1.0% additional increase per calendar year based on Actuarially Determined Contribution Rate (ADC)

Implementation

- 1) Bargaining Unit Agreements – Pending
- 2) Plan Document Updates
 - a) **SMC 03.05 – Pending Council Approval**
 - b) Board Rules and Regulations – Pending Council Approval
- 3) PeopleSoft Updates
 - a) Rule 90, Eligibility, Service Cap – Done
 - b) Early Retirement Factors – Testing
 - c) 120% Overtime Cap – Working
- 4) **Mortality Tables Updated – Pending Council Approval**
- 5) Contribution Rates – Pending BU Agreements
- 6) Employee Communication – Pending BU Agreements

Impact

Funded Ratio Projections



Note: Open plans discounted using assumed rate of return

Item	Primary	Prereq	Status	Target	Notes	Drop Date	Risk-->Mitigation
0. Plan Design Clarification							
0.1. Current Participant Eligibility	Fin/HR	1.	Done	30-Oct	Yes, best of all plans		Per current TA's --> Align with prior approvals
0.2. Overtime Cap							
0.2.1. Retroactive or Go forward	Fin/HR	1.	Done	30-Oct	Retro, must take ALL design elements		Per current TA's --> Align with prior approvals
0.2.2. Per what time period	Fin/HR	1.	Done	30-Oct	Annual cap for high 3 and 3x12-months rolling		Per current TA's --> Align with prior approvals
0.2.3. 120% of base or 120% including base	Fin/HR	1.	Done	30-Oct	Cap at 120% for base plus overtime		Per current TA's --> Align with prior approvals
0.2.4. Pensionable earnings	Fin/HR	1.	Done	30-Oct	All earnings		Per current TA's --> Align with prior approvals
0.3. Early Retirement Factors							
0.3.1. Additive or Multiplicative	Fin/HR	1.	Done	30-Oct	Multiply, e.g. 4 year ERF = 90% of straight		Per current TA's --> Align with prior approvals
0.3.2. Minimum eligibility	Fin/HR	1.	Done	30-Oct	50 years old, vested		Per current TA's --> Align with prior approvals
0.3.3. To NRA/Rule 90/50+30?	Fin/HR	1.	Done	30-Oct	Lesser of NRA or Rule 90		Per current TA's --> Align with prior approvals
0.4. Contribution language	Fin/HR	1.	Done	30-Oct	All earnings; confirm with counsel		Per current TA's --> Align with prior approvals
1. Bargaining Unit Agreements							
1.0. Local 270	Admin/BU		Done				
1.1. M&P A	Admin/BU	1.0.	Pending	5-Dec		31-Dec	Cannot implement 1/1/18 w/o full agreement
1.2. M&P B	Admin/BU	1.0.	TA	5-Dec	Vote pending	31-Dec	Cannot implement 1/1/18 w/o full agreement
1.3. Local 29	Admin/BU	1.0-2.	Pending	5-Dec	Supplemental required	31-Dec	Cannot implement 1/1/18 w/o full agreement
1.4. Local 270 Prosecutors	Admin/BU	1.0-2.	Pending	5-Dec	Supplemental required	31-Dec	Cannot implement 1/1/18 w/o full agreement
1.5. Local 270 Library	Admin/BU	1.0-2.	Pending	5-Dec	Supplemental required	31-Dec	Cannot implement 1/1/18 w/o full agreement
1.6. Final Council approval	Council	1.1-5.	Pending	18-Dec		22-Jan	Pending at year-end-->Need approval for first payment; Roll back to Rule 80 for new hires
2. Plan Docs							
2.1. City Code							
2.1.1. Draft Updates	Retirement	1.0-2.	Done	6-Nov			
2.1.2. City Attorney Review	Legal	2.1.1.	Done	9-Nov			
2.1.3. City Admin Review	Finance	2.1.1.	Done	30-Nov	Started 11/9, no comments	10-Jan	BU agreement change/delay-->Supersedes SMC, finalize after implement, for Council
2.1.4. External Counsel Review	Ogletree	2.1.1.	Pending	30-Nov	ECD 11/29	10-Jan	BU agreement change/delay-->Supersedes SMC, finalize after implement, for Council
2.1.5. IRS Compliance Review	Ogletree	2.1.1.	Pending	30-Nov	ECD 11/29	10-Jan	BU agreement change/delay-->Supersedes SMC, finalize after implement, for Council
2.1.6. Finance Committee Approval	Committee	2.1.1.	Done	20-Nov	Presented 11/20	18-Dec	BU agreement change/delay-->Supersedes SMC, finalize after implement
2.1.7. SERS Board Approval	SERS	1., 2.2-5	Pending	6-Dec	On agenda for 12/6	26-Jan	BU agreement change/delay-->Supersedes SMC, finalize post-implement; Special meeting if necessary
2.1.8. City Council Approval	Council	1., 2.2-7.	Wait	18-Dec	Add to OnBase agenda 12/5 for final approval on 1/9	22-Jan	BU agreement change/delay-->Supersedes SMC, finalize after implement
2.2. Board Rules							
2.2.1. Draft Updates	Retirement	1.0-2.; 2.1-8.	Wait	21-Dec	Wait for legal comments on code to align	25-Jan	Required for January payments to meet fiduciary standard-->Special meeting notice
2.2.2. City Attorney Review	Legal	2.2.1.	Wait	28-Dec	For inclusion with Board packet	25-Jan	Required for January payments to meet fiduciary standard-->Special meeting notice
2.2.3. SERS Board Approval	SERS	2.2.1.	Wait	3-Jan	On agenda for 1/3	26-Jan	Required for January payments to meet fiduciary standard-->Special Meeting

2.3. Board Regulations							
2.3.1. Draft Updates	Retirement	1.0-2.; 2.1-8.	Wait	21-Dec	Wait for legal comments on code to align	25-Jan	Required for January payments to meet fiduciary standard-->Special meeting notice
2.3.2. City Attorney Review	Legal	2.2.1.	Wait	28-Dec	For inclusion with Board packet	25-Jan	Required for January payments to meet fiduciary standard-->Special meeting notice
2.3.3. SERS Board Approval	SERS	2.2.1.	Wait	3-Jan	On agenda for 1/3	26-Jan	Required for January payments to meet fiduciary standard-->Special Meeting
3. PeopleSoft Changes							
3.1. Eligibility							
3.1.1. Normal Retirement Age of 65	IT, Retire	1.0-2.	Done	3-Nov	IT update system; retirement tests and verifies		
3.1.2. Age plus years of service equal 90+	IT, Retire	1.0-2.	Done	3-Nov	IT update system; retirement tests and verifies		
3.1.3. 30 years service and 50+ years old	IT, Retire	1.0-2.	Done	3-Nov	IT update system; retirement tests and verifies		
3.2. Retirement Calculations							
3.2.1. Overtime Cap at 120% of Base Salary	IT, Retire	1.0-2.	Working	31-Dec	IT update system; retirement tests and verifies	N/A	System overrides for members>35 years
3.2.2. Early Retirement Factors	IT, Retire	1.0-2.	Working	31-Dec	IT update system; retirement tests and verifies	N/A	System overrides for members>35 years
3.2.3. 40 years (80%) Service Cap	IT, Retire	1.0-2.	Done	3-Nov	IT update system; retirement tests and verifies		
3.2.4. Greatest of All Plans	IT, Retire	1.0-2.	Done	3-Nov	IT update system; retirement tests and verifies		
3.2.5. Actuarial Factors	IT, Retire	4.1.	Wait	31-Dec	IT update system; retirement tests and verifies	31-Dec	
4. Actuarial Factors							
4.1. Updated Tables	SageView		Working				
4.2. SERS Board Approval	SERS	4.1.	Pending	6-Dec	Mortality table approved, review factors	31-Dec	
4.3. Finance Committee Approval	Committee	4.2.	Pending	20-Nov	Approve mortality tables	20-Nov	
4.4. City Council Approval	Council	4.2.	Pending	18-Dec	Approve mortality tables	18-Dec	
5. Contribution Rates							
5.1. Payroll Update	HR/Payroll	1.	Wait	ASAP		31-Dec	9.0% Contribution after 12/31-->Limited to 1/calendar year; push to 1/1/19
5.2. Review ADC Rate	SERS, Council	Valuation	Wait	1-Jul	Likely 12/1/18, with push for 7/1 in 2019 and ensuing years		9.0% Contribution after 12/31-->Limited to 1/calendar year; push to 1/1/19
6. Employee Communications							
6.1. New Hires							
6.1.1. Plan Books	Retirement	1.	Pending	1-Jan		31-Jan	Not complete for 1st hire-->provide at new hire orientation
6.1.2. New hire offer letters	HR	1.	Wait	ASAP	Current language broadly applies for vesting and contributions	1-Jan	Not done-->Rollback to Rule 80, keep option to retire as Rule 90
6.2. Current Employees							
6.2.1. Contribution Rates	HR	1.	Wait	ASAP	1st pay period after agreed		
6.2.2. Expanded Eligibility	HR/Retire	1.	Wait	ASAP	Coordinate with contribution communication		
6.2.3. 1st of Month Retirement	HR/Retire	1.	Done	ASAP	N/A		
6.2.4. 2 Week Notice	HR/Retire	1.	Wait	ASAP	Coordinate with contribution communication		

Note: For all tasks scheduled before agreements with ALL bargaining units completed, assumes that final agreements will mirror Local 270 contract and that ALL agreements are completed before 12/31/17

Title 03 Administration and Personnel

Chapter 03.05 Spokane Employees' Retirement System

Section 03.05.010 Purpose

The purpose of this chapter and [chapter 4.14 SMC](#) is to establish a retirement and pension system for superannuated or totally and permanently disabled employees and elected officials of the City as authorized by state law.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 1

Section 03.05.020 Definitions

- A. "Accumulated contributions" means the sum of all normal contributions deducted from the compensation of a member, and in-lieu payments of employees' contributions by the City, standing to the credit of the member's individual account, together with contribution interest as established pursuant to [SMC 4.14.070\(D\)\(1\)](#) compounded ~~quarterly~~monthly.
- B. "Annuity" means payments derived from contributions made by a member as provided in ~~SMC 3.05.199~~[3.05.025](#).
- C. "Beneficiary" means any person in receipt of a pension, annuity, retirement allowance, disability allowance, or any other benefit provided in this chapter and [chapter 4.14 SMC](#).
- D. "Board" means "board of administration" as provided in [chapter 4.14 SMC](#).
- E. "City" means the City of Spokane.
- F. "City service" means service by an employee rendered to the City for compensation and, for the purpose of this chapter and [chapter 4.14 SMC](#), a member shall be considered as being in City service only while the member is receiving compensation for such service.
- G. "Compensation" means the compensation including base pay, shift differential, overtime, holiday pay, hazardous duty pay and out-of-classification pay, payable in cash, plus the monetary value, as determined by the board, of any allowance in lieu thereof. It shall not be reduced by salary reduction contributions to the City's cafeteria plan or Section 457 plan, or effective January 1, 2001, any qualified transportation fringe benefit plan under Internal Revenue Code section 132(f)(4). Compensation in excess of the limitations set forth in Internal Revenue Code section 401(a)(17) shall not be included in determining benefits, but this restriction does not apply to any individual who was a member prior to January 1, 1996.
- H. "Contribution interest," unless changed by the board as provided in [SMC 4.14.070](#), means the interest rate on member contributions, which shall be set equal to the average daily interest rate for the 5-year US Treasury Note from July 1 of the previous year to June 30 of the current year, rounded to the nearest 0.25%. The new interest rate will be effective as of July 1 of the current year, beginning in 2016.
- I. "Creditable service" means such City service as is evidenced by the record of normal contributions received from the employee plus prior City service if credit for same is still intact or not lost through withdrawal of accumulated contributions as provided in [SMC](#)

3.05.120. The maximum creditable service ~~from all sources including military service is thirty (30) years under the formula in SMC 3.05.160 and thirty five (35) years under the formulas in SMC 3.05.165 and SMC 3.05.166~~ will be based on the benefit formula eligibility in SMC 3.05.025.

- J. "Employee" means any regularly appointed employee or elected official of the City or of the Spokane public library.
- K. "Final compensation" means the annual average of the member's compensation- based on the benefit formula eligibility in SMC 3.05.025. during the highest consecutive two-year period of service for which service credit is allowed for purposes of determining retirement benefits for members described in [SMC 3.05.025\(A\) or \(B\)](#). For members described in [SMC 3.05.025\(C\)](#) "final compensation" means the annual average of the member's compensation during the highest consecutive three-year period of service for which service credit is allowed. For members described in SMC 3.05.025(D) "final compensation" means the annual average of the member's compensation during the highest consecutive three-year period of service for which service credit is allowed, with overtime plus base salary capped at one hundred and twenty percent (120%) of base salary for any year. Final compensation shall not be reduced to reflect salary reduction contributions to the City's cafeteria plan or Section 457 plan, or effective January 1, 2001, any qualified transportation fringe benefit plan under Internal Revenue Code section 132(f)(4). Compensation in excess of the limitations set forth in Internal Revenue Code section 401(a)(17) shall not be included as final compensation when determining benefits, but this restriction does not apply to any individual who was a member prior to January 1, 1996.
- L. "Fiscal year" means any year commencing with January 1st and ending with December 31st next following.
- M. "Member" means any person included in the membership of the retirement system as provided in [SMC 3.05.030](#).
- N. "Normal contributions" means the contributions at the rate provided for in [SMC 3.05.040\(A\) and \(B\)](#).
- O. "Participation date" means the date on which an employee initially joined the retirement system from which the employee had uninterrupted deposit of contributions. An employee participating in the retirement system in accordance with SMC 3.05.120(C) or SMC 3.05.260 shall use the employee's rehire date as the participation date.
- ~~O-P.~~ "Pension" means payments derived from contributions made by the City as provided for in [SMC 3.05.025](#) ~~SMC 3.05.190~~.
- ~~P-Q.~~ "Regular interest," unless changed by the board as provided in [SMC 4.14.070](#), means the actuarial assumption rate of interest which compounded annually shall place the retirement fund on a sound actuarial basis.
- ~~Q-R.~~ "Retirement allowance" means any payments made to a member or successor upon retirement for service or disability.
- ~~R-S.~~ "Retirement fund" means "employees' retirement fund" as created and established in [SMC 3.05.070](#) and [SMC 7.08.601](#).
- T. "Retirement system" means "Spokane Employees' Retirement System" (SERS), provided for in this chapter.
- U. "Tier 1" means the benefit formula in [SMC 3.05.160](#).
- V. "Tier 2" means the benefit formula in [SMC 3.05.165](#).
- W. "Tier 3" means the benefit formula in [SMC 3.05.166](#).
- X. "Tier 4" means the benefit formula in [SMC 3.05.167](#).

Date Passed: Monday, June 27, 2016

Effective Date: Sunday, August 7, 2016

ORD C35387 Section 1

Section 03.05.025 Benefit Formulas Eligibility

- A. An employee of the City hired with a participation date prior to January 1, 2009, The member shall be entitled to elect at the time of retirement whether to receive his-~~their~~ benefit under the current benefit formula in SMC 3.05.160 as available therein, or to receive his benefit under the alternate benefit formula in SMC 3.05.165 as available therein. A member of the retirement system who has terminated employment prior to January 1, 2009, who has not taken a withdrawal of his accumulated contributions will remain under the benefit formula in SMC 3.05.160 and shall not be entitled to elect the alternate formula in SMC 3.05.165. Tier 1, Tier 2, Tier 3, or Tier 4.
- B. ~~The alternate benefit formula in SMC 3.05.165 shall be the exclusive benefit for employees of the City hired~~An employee of the City with a participation date on or after January 1, 2009, but before January 1, 2015. The member shall be entitled to elect at the time of retirement whether to receive their benefit under Tier 2, Tier 3, or Tier 4.
- ~~B.~~ ~~The benefit formula in SMC 3.05.165 shall also apply as of January 1, 2009, to any employee who was covered by the benefit formula in SMC 3.05.160, takes a withdrawal of his accumulated contributions after termination pursuant to SMC 3.05.120(A) or (B), and is rehired on or after the applicable date in the preceding sentence, regardless of whether the employee restores his prior service under the prior benefit formula pursuant to SMC 3.05.120(C) or SMC 3.05.260. The alternate benefit formula in SMC 3.05.165 will also apply to a member who retired under the benefit formula in SMC 3.05.160, was rehired, and whose benefit was suspended pursuant to SMC 3.05.260.~~
- C. An employee of the City with a participation date on or after January 1, 2015, but before January 1, 2018. The member shall be entitled to elect at the time of retirement whether to receive their benefit under Tier 3 or Tier 4.
- ~~C.~~ ~~The alternate benefit formula in 6 shall be the exclusive benefit for employees of the City hired on or after January 1, 2015. The benefit formula in shall also apply as of January 1, 2015, to any employee who was covered by the benefit formula in or, takes a withdrawal of his accumulated contributions after termination pursuant to, and is rehired on or after the applicable date in the preceding sentence, regardless of whether the employee restores his prior service under the prior benefit formula pursuant to or. The alternate benefit formula in SMC 3.05.166 will also apply to a member who retired under the benefit formula in or, was rehired, and whose benefit was suspended pursuant to.~~
- D. An employee of the City with a participation date on or after January 1, 2018. The member shall be entitled to receive their benefit under Tier 4.
- E.

The basic provisions of the benefit formula in ~~SMC 3.05.160 and alternate benefit formulas in SMC 3.05.165 and SMC 3.05.166~~ for Tier 1, Tier 2, Tier 3, and Tier 4 are summarized in SMC 3.05.168.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 3

Section 03.05.030 Membership

- A. Any new employee must become a member of the retirement system and make contributions required by [SMC 3.05.040](#) on the date of hire, except:
1. temporary, seasonal, or new hire provisionals, as defined by the [City Charter](#) and the City civil service commission;
 2. members of the police and fire departments who are entitled to benefits under state-enacted retirement programs;
 3. participating employees hired under the Comprehensive Employment and Training Act (CETA) and United States Department of Labor (DOL). This proscription does not apply to permanent nonparticipant staff members of the City and Spokane City-County employment and training consortium or its successor. Furthermore, CETA participants whose membership was previously terminated and who received a refund of contributions may at such time as they become regular City employees redeposit refunded contributions in accordance with [SMC 3.05.120](#);
 4. other non-City-funded employees in temporary employment programs as determined by the board.
- B. Any other employee who is an elected official may, at any time prior to the completion of five (5) years of continuous service, elect to deposit with the retirement system an amount equal to what would be or would have been the elected official's normal contributions if a member of the retirement system during this period of service, with regular interest as determined by the board. The City matches said funds and deposits the same in the retirement fund in a manner similar to that provided for the matching of the normal contributions under the provisions of this chapter, provided that no such elected official shall obtain any benefits of the provisions of the retirement system except contribution interest accruing at the rate provided for interest on employees' normal contributions. The return of any such funds so deposited shall be governed by the provisions as to the return of normal contributions. If and when any such elected official becomes a member the sums so deposited by this member shall be transferred to the credit of such member. Any elected official entering the retirement system under this provision shall ~~have a participation date become a member~~ as of the date of such election to join the system and shall not be considered a member until the date of such election.

Date Passed: Monday, June 27, 2016

Effective Date: Sunday, August 7, 2016

ORD C35387 Section 2

Section 03.05.035 ~~REPEALED~~ (One-time Buy-back/Re-entry Provision)

- ~~A. Any current member of the system who had previously terminated City employment, withdrew their retirement accumulations and was subsequently rehired but did not opt to buy back previous service time when they were first rehired, will have a one-time window from October 1, 2009, through March 31, 2010, to repurchase all or part of that time. Such redeposit will use the current regular interest rate as determined by the board.~~
- ~~B. Any current permanent employee who was once a member of the system, withdrew their retirement accumulations, but never rejoined the system, will have a one-time window from October 1, 2009, through March 31, 2010, to make an irrevocable election to re-enter SERS. They will also be allowed to repurchase all or part of their previous service time in SERS during this window. This group will have their pension calculated according to SMC 3.05.160. Such redeposit will use the current regular interest rate as determined by the board.~~
- ~~C.A. Any current permanent employee, who meets the SERS eligibility requirements, who was never a member of the system will have a one-time window from October 1, 2009, through March 31, 2010, to make an irrevocable election to join SERS. This group will have their pension calculated according to SMC 3.05.160.~~

Date Passed: Monday, June 27, 2016

Effective Date: Sunday, August 7, 2016

ORD C35387 Section 3

Section 03.05.040 Contributions

- A. The normal rates of contributions of members are those adopted by the board, subject to the approval of the city council. The rates so adopted remain in full force and effect until revised or changed by the board in the manner provided in [chapter 4.14 SMC](#).
- Contributions by Members.

~~Prior to January 1, 2009, each member shall contribute six and seventy-two one-hundredths percent (6.72%) of the member's compensation. Effective January 1, 2009, the rate of contribution was prospectively increased to seven and seventy-five hundredths percent (7.75%).~~ Effective September 1, 2014, the rate of contribution is prospectively increased to eight and twenty-five hundredths percent (8.25%). ~~It is contemplated that said contribution by members will, when added to the City's contribution, be enough to properly fund the retirement benefits.~~ Effective December XX, 2018, the rate of contribution is prospectively increased to nine percent (9.00%). Although designated as employee contributions that reduce the member's salary, the City government, as the employer, shall pay such contributions to the retirement fund pursuant to Internal Revenue Code section 414(h). The member will not have an option of choosing to receive the contributed amounts directly instead of having them paid by the City government to the retirement fund. The picked-up contributions will be included as Social Security wages up to the Social Security wage base, and will also be included in calculating the member's final compensation.
 - Contribution by the City Government.

The City government will match the in-lieu payment of the employees' contribution, plus any in-lieu payments on behalf of the employee.
 - Contribution Rate Review

It is contemplated that said contribution by members will, when added to the City's contribution, be enough to properly fund the retirement benefits. In the event that an official actuarial report, prepared at the direction of the board, indicates that the Actuarially Determined Employer Contribution Rate is greater than the City's contributions, the City may, subject to approval by the board and City Council, increase the employee contributions and City contributions by up to 1.00% of the member's compensation without further bargaining unit negotiation. Increases are limited to once per calendar year.

In the event that an official actuarial report, prepared at the direction of the board, indicates that the retirement system is 100% funded, the City may, subject to approval by the board and City Council, decrease the employee contributions and City contributions by up to 1.00% of the member's compensation without further bargaining unit negotiation. Decreases are limited to once per calendar year.

- B. Subject to the provisions of this chapter and [chapter 4.14 SMC](#), the board certifies to the head of each office or department the normal rate of contribution for each member provided for in subsection (A) of this section. The head of the department applies such rate of contribution to the compensation of each and every payroll; and each of said in-lieu amounts are paid by the director of accounting into the retirement fund, hereinafter provided for, and are credited by the board, together with contribution interest, to an individual account of the member for whom the contribution was made. Contribution interest is credited to each individual account at such periods as the board may determine. ~~The Any~~ City government's in-lieu payments vests for the benefit of the employee immediately upon payment into the retirement fund.
- C. The director of accounting transfers to the retirement fund an amount equal to the aggregate normal contributions as soon as administratively practicable following each payroll period.

Date Passed: Monday, June 27, 2016

Effective Date: Sunday, August 7, 2016

ORD C35387 Section 4

[Section 03.05.050](#) Allowance for Service

- A. Determination.
 - 1. Subject to the following and all other provisions of this chapter, including such rules and regulations as the board may adopt in pursuance thereof, the board, subject to the approval of the city council, determines and may modify allowance for service.
 - 2. Time during which a member is absent on leave without pay may not be allowed in computing service.
 - 3. Each member must file with the retirement system such information affecting ~~his~~ their status as a member as the board may require.

B. Military Service.

Any member is given credit for any period served by him in the military service of the United States, in time of war or upon the call of the President, if at the time of such service such member was a regular employee under leave of absence. Certificate of honorable discharge from and/or documentary evidence of such service must be submitted to the board in order to obtain credit for such service.

C. Preservation of Credits Under Contract.

The board is authorized from time to time to enter into agreements with other public retirement systems in the state relative to the mutual acceptance of members and preservation of service credits under such rules and regulations as may be necessary to carry into effect the provisions of this chapter or for its proper operation.

D. Notwithstanding anything in this chapter to the contrary, effective December 12, 1994, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Internal Revenue Code section 414(u). The board may promulgate regulations implementing this section.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 6

[Section 03.05.060 Administration](#)

The administration of the retirement system is vested in the board as provided for in [chapter 4.14 SMC](#).

In addition to other records and accounts, the board keeps such detailed reports and accounts as are necessary to show the financial condition of the retirement fund at all times.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 7

[Section 03.05.070 Employees' Retirement Fund](#)

- A. The City treasurer shall be the custodian of the retirement fund as provided in [SMC 7.08.601](#). The retirement fund created hereby shall be a trust fund held for the exclusive benefit of the members of the retirement system and their beneficiaries. Except as provided under [3.05.240\(B\)](#), no part of the corpus or income of the retirement fund shall be used for, or diverted to, purposes other than for the exclusive benefit of the members or their beneficiaries and the payment of fees and expenses of maintaining and administering the retirement system. All benefit formulas under [SMC 3.05.160](#), [SMC 3.05.165](#) ~~and~~, [SMC 3.05.166](#) ~~and~~ [SMC 03.05.167](#) are encompassed within the

retirement fund without separate accounting.

B. This section shall be interpreted to allow the following:

1. A return of the contribution to the City or its application as a credit on future contributions after the board determines that the City has paid or overpaid the contribution under a mistake of fact.
2. The making of refunds required by law; and
3. Termination of the retirement system and distribution of its assets to the City after all liabilities with respect to the members and their beneficiaries have been satisfied.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 8

Section 03.05.080 City's Contribution

There shall be paid into the retirement fund by contributions of the City the amounts necessary to pay all pensions and other benefits allowable under this chapter to members on account of prior service and minimum allowances provided for in [SMC 3.05.160](#) , [SMC 3.05.165](#), ~~and~~ [SMC 3.05.166](#), ~~and~~ [SMC 3.05.167](#). There shall also be paid into the retirement fund by contributions of the City the amounts necessary to pay its share of disability pensions allowable under this chapter. **Until the amount accumulated in the retirement fund becomes at least as large as the present value of all amounts thereafter payable from said fund, the amount annually due to the said fund under this section shall be no less than the amount payable from said fund in the ensuing fiscal year on account of prior service, disability, and minimum allowances above referred to.**

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 9

Section 03.05.090 Released Matching Funds

Contributions by the City shall match contributions made by the employee or in-lieu payments. The City is not entitled to a repayment of the matching contributions made when an employee ceases to be employed by the City.

All such contributions are identified as released matching funds to provide for future retirements. The City's liability for prior service credits, disability pensions, minimum pensions, and military service is offset by the released matching funds.

Date Passed: Monday, February 26, 2007

Effective Date: Wednesday, April 4, 2007

Recodification ORD C33984 Section 1

[Section 03.05.110](#) Administration of Social Security Act

- A. The director of accounting is designated as the officer to administer such accounting, reporting and other functions as are required for the effective operation for extending the Federal Old Age and Survivors Insurance program to members of the retirement system approved by said employees on June 5, 1956. The director shall make such reports in such form and containing such information as the governor from time to time may require, and shall comply with such provisions as the governor or the secretary of health, education and welfare of the United States may from time to time find necessary to assure the correctness and verification of such reports. The governor is authorized to terminate said plan if it is found that there has been failure to comply substantially with its provisions, such termination to take effect at the expiration of such notice and on such conditions as may be provided by regulations of the governor consistent with the provisions of the Social Security Act.
- B. The director of accounting deducts from the salary of each employee and elected official the amount of tax imposed by the Federal Insurance Contributions Act, and the amount so deducted from such salaries shall be paid into the contributions fund as provided in chapter 4, Laws of Washington, extraordinary session, 1955, section 4(1). Failure to make such deductions does not relieve the employees or elected officials from liability for such deductions.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 10

[Section 03.05.120](#) Refund of Contributions

- A. Accumulated Contributions in Excess of One Thousand Dollars.
Should the service of a member be discontinued, except by death or retirement, and the member has accumulated contributions in excess of one thousand dollars (\$1,000), the member may elect to withdraw the member's accumulated contributions. Such payment shall be made as soon as administratively practical after the board approves the member's election, which election shall be made not later than six (6) months after the day of discontinuance. The City shall receive credit for the full amount deposited by the City in the retirement fund for such member's benefit plus contribution interest. If a member's service is discontinued and the member ~~leaves does not elect to withdraw~~ accumulated contributions ~~in from~~ the retirement system, the board may, in its discretion, charge each such member reasonable administrative expenses for maintenance of the accumulated contributions. Upon reaching the age for required distributions under IRC ???, a lump sum distribution of all contributions plus contribution interest will be made as soon as administratively possible.

- B. Accumulated Contributions of One Thousand Dollars or Less.
Should the service of a member be discontinued, except by reason of death, and the member has accumulated contributions of one thousand dollars (\$1,000) or less, the member shall be paid, not later than six (6) months after the day of discontinuance, the member's entire accumulated contributions.
- C. Redeposit.
Any member may redeposit in the retirement fund, within one (1) year of being rehired, an amount equal to that which the member previously withdrew therefrom, or a portion thereof, at the last termination of membership, such redeposit using the current regular interest rate as determined by the board to be paid into the retirement fund in accordance with rules established by the board. In the event such redeposit is made by a member, an amount equal to the accumulated contributions so redeposited shall again be held for the benefit of said member, and shall no longer be included in the amounts available to meet the obligations of the City on account of benefits that have been granted or liabilities that have been assumed on account of prior service of members, and the retirement system shall reinstate the prior service credit, or the portion thereof, for such member, who will rejoin the retirement system pursuant to [SMC 3.05.025\(B\)](#). Effective January 1, 2009, redeposit may also be made by a direct trustee-to-trustee transfer to the retirement fund from a plan qualified under Internal Revenue Code sections 457(b) or 403(b) or by a direct rollover to the retirement fund from an individual retirement account or annuity qualified under Internal Revenue Code section 408. The board may establish rules and procedures for acceptance of such deposits, transfers, or rollovers, including procedures to account for pre-tax transfers and rollovers and after-tax payments.

Date Passed: Monday, June 27, 2016

Effective Date: Sunday, August 7, 2016

ORD C35387 Section 5

[Section 03.05.130](#) Service Retirement

Retirement of members for service is made by the board as follows:

- A. Any member in the City service may voluntarily retire by filing with the retirement system a written application, stating a desire to be retired and the effective date of retirement, which date shall ~~not be earlier than the date on which such application is filed with the retirement system~~ be the later of the first day of the calendar month coinciding with or next following the date of application and the member's Normal Retirement Date as described in the following:
- B. Normal Retirement Date, for members retiring under Tier 1 or Tier 2 described in 3.05.25(A) and 3.05.25(B):
A member's normal retirement date is the first day of the calendar month coinciding with or next following the latest of the day on which the member has:
1. attained the age of sixty-two (62), or
 2. completed five (5) years of creditable service.
- C. Normal Retirement Date, for members described in 3.05.25(C) retiring under Tier 3 or Tier 4:

A member's normal retirement date is the first day of the calendar month coinciding with or next following the latest of the day on which the member has:

1. attained the age of sixty-five (65), or
2. completed seven (7) years of creditable service.

A member is fully vested upon attaining the member's normal retirement date, provided the member remains actively employed with the City through such normal retirement date.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 12

[Section 03.05.140](#) Local 270 – AFSCME Employees' Retirement

Employees of the City who are represented by Local 270, AFSCME, AFL-CIO, are subject to the following additional provision with respect to their retirement benefits: The administrative procedures of the City employees' retirement plan are nonnegotiable and will be in accordance with Ordinance C7540, enacted September 22, 1941, as amended or hereafter amended.

Date Passed: Monday, December 15, 2008

Effective Date: Thursday, January 1, 2009

ORD C34366 Section 9

[Section 03.05.150](#) REPEALED (Other Employees' Retirement)

Repealed by ORD C34352.

Date Passed: Monday, December 15, 2008

Effective Date: Thursday, January 1, 2009

ORD C34366 Section 10

[Section 03.05.160](#) Allowance on Service Retirement, Tier 1

The provisions of this section govern the retirement benefits of members described in with eligibility under SMC 3.05.025(A), including the members who were retirees prior to January 1, 2009, and those active employees as of January 1, 2009, and who affirmatively elect to receive benefits under it pursuant to SMC 3.05.025 and electing to retire under Tier 1.

A. Normal Retirement Benefit.

1. Subject to the minimum and maximum retirement benefits described in this section, a member's annual normal retirement benefit is determined by multiplying two and fifteen one-hundredths percent (2.15%) of the member's final compensation by the member's years of creditable service exclusive of qualified military service, and a benefit purchased by the contributions of the City equal to one and two-thirds percent (1-2/3%) of the final compensation multiplied by the number of years of qualified military service, not to exceed five (5) years as this type of service is otherwise defined and provided for in this chapter. In no case can the normal retirement benefit exceed sixty-four and five-tenths percent (64.5%) of final compensation.
2. A member shall be eligible to receive annual normal retirement benefits on or after the member's normal retirement date pursuant to [3.05.130\(B\)](#), provided the member has made application with the retirement system pursuant to [3.05.130\(A\)](#) and has terminated active employment with the City.

B. Accrued Retirement Benefit.

A member's annual accrued retirement benefit is determined for any date by multiplying two and fifteen one-hundredths percent (2.15%) of the member's final compensation by the member's years of credited service. In no case can the annual accrued retirement benefit exceed sixty-four and five-tenths percent (64.5%) of final compensation.

C. Vested Benefit.

1. Any member who terminates active employment with the City will be eligible to receive a service retirement allowance at the age of fifty (50), provided at time of member's termination, the member both:
 - a. has at least five (5) years of creditable service; and
 - b. elects to leave member's accumulated contributions in the retirement system.
2. Every member desiring to take advantage of this vesting provision must file a request with the retirement system when terminating active employment.

D. Early Retirement.

A member may retire before the member's normal retirement date under [3.05.130\(B\)](#) if the member has met all the following requirements:

1. attained the age of fifty (50);
2. applied for early retirement;
3. terminated active employment with the City; and
4. completed five (5) years of creditable service.

E. Early Retirement Benefit.

Early retirement benefits are calculated in the same manner as normal retirement benefits.

F. Payment of Benefits.

After retirement, normal or early retirement benefits will be payable throughout the remainder of the member's lifetime. However, if a member dies before the total of the retirement benefits paid to the member equals the member's accumulated contributions at the time of retirement, and if the member has not elected an optional form of retirement benefit in accordance with [SMC 3.05.210](#), an amount equal to the difference between the retirement benefits paid and the member's accumulated contributions at the time of retirement will be paid to the member's beneficiary.

G. Ad Hoc Performance Adjustment.

The board is authorized to grant discretionary annual ad hoc performance adjustments effective July 1st of each fiscal year. The rate of the performance adjustment is determined by the board based upon financial, actuarial, and other data and is limited to a maximum of a three percent (3%) adjustment in any given fiscal year. The adjustment is noncompounding and based upon a retiree's original pension amount. The board has adopted a board rule which contains further information on the necessary criteria for ad hoc performance adjustments.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 13

Section 03.05.165 Allowance on Service Retirement, ~~Tier 2—Alternate Formula (Rule of 75)~~

The provisions of this section govern ~~(a) the retirement benefits of members with eligibility under described in SMC 3.05.025(A) whose benefits are not governed by or SMC 3.05.160 and (b) the retirement benefits of members described in 3.05.025(B) who elect to retire under Tier 2.~~

A. Normal Retirement Benefit.

1. A member's annual normal retirement benefit is determined by multiplying two percent (2%) of the member's final compensation by the member's years of creditable service exclusive of qualified military service, and a benefit purchased by the contributions of the City equal to one and two-thirds percent (1-2/3%) of the final compensation multiplied by the number of years of qualified military service, not to exceed five (5) years as this type of service is otherwise defined and provided for in this chapter. In no case can the normal retirement benefit exceed seventy percent (70%) of final compensation.
2. A member shall be eligible to receive annual normal retirement benefits on or after the member's normal retirement date under [3.05.130\(B\)](#), provided the member has made application with the retirement system pursuant to [3.05.130\(A\)](#) and has terminated active employment with the City.

B. Accrued Retirement Benefit.

A member's annual accrued retirement benefit is determined for any date by multiplying two percent (2%) of the member's final compensation by the member's years of credited service. In no case can the annual accrued retirement benefit exceed seventy percent (70%) of the member's final compensation.

C. Vested Benefit.

1. Any member who terminates active employment with the City will be eligible to receive a service retirement allowance at the member's normal retirement date under [SMC 3.05.130\(B\)](#), provided that at time of termination, the member both:
 - a. has at least five (5) years of creditable service; and
 - b. elects to leave member's accumulated contributions in the retirement system.

2. Every member desiring to take advantage of this vesting provision must file a request with the retirement system when terminating active employment.

D. Retirement Benefit.

A member may retire before the member's normal retirement date under [SMC 3.05.130\(B\)](#) if the member has, as of the desired retirement date, met all the following requirements:

1. ~~as of the desired retirement date~~ the member has attained a minimum age of fifty (50);
2. ~~,~~ has at least five (5) years of creditable service;
3. ~~,~~ and the sum of the member's age and years of creditable service total at least seventy-five (75);
4. applied for retirement; and
5. terminated active employment with the City at the time of retirement.

Solely for purposes of the "Rule of 75" in the preceding sentence, creditable service for part-time employees will be determined pursuant to regulations established by the board. An active member may also retire on or after having attained the member's normal retirement date under [SMC 3.05.130\(B\)](#) In either case the member must apply for retirement benefits under [SMC 3.05.130\(A\)](#) and terminate active employment with the City in order to retire.

D-E. Payment of Benefits.

After retirement, benefits will be payable throughout the remainder of the member's lifetime. However, if a member dies before the total of the retirement benefits paid to the member equals the member's accumulated contributions at the time of retirement, and if the member has not elected an optional form of retirement benefit in accordance with [SMC 3.05.210](#), an amount equal to the difference between the retirement benefits paid and the member's accumulated contributions at the time of retirement will be paid to the member's beneficiary.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 14

[Section 03.05.166](#) Allowance on Service Retirement—~~Alternate Formula (Rule of 80), Tier 3~~

The provisions of this section govern the retirement benefits of members with eligibility described in ~~SMC 3.05.025(C)~~SMC 3.05.025 and who elect to retire under Tier 3.

A. Normal Retirement Benefit.

1. A member's annual normal retirement benefit is determined by multiplying two percent (2%) of the member's final compensation by the member's years of creditable service exclusive of qualified military service, and a benefit purchased by the contributions of the City equal to one and two-thirds percent (1-2/3%) of the final compensation multiplied by the number of years of qualified military service, not to exceed five (5) years as this type of service is otherwise defined

and provided for in this chapter. In no case can the normal retirement benefit exceed seventy percent (70%) of final compensation.

2. A member shall be eligible to receive annual normal retirement benefits on or after the member's normal retirement date under [SMC 3.05.130\(C\)](#), provided the member has made application with the retirement system pursuant to [3.05.130\(A\)](#) and has terminated active employment with the City.

B. Accrued Retirement Benefit.

A member's annual accrued retirement benefit is determined for any date by multiplying two percent (2%) of the member's final compensation by the member's years of credited service. In no case can the annual accrued retirement benefit exceed seventy percent (70%) of the member's final compensation.

C. Vested Benefit.

Any member who terminates active employment with the City will be eligible to receive a service retirement allowance at the member's normal retirement date under [SMC 3.05.130\(C\)](#), provided that at time of termination, the member both:

- a. has at least seven (7) years of creditable service; and
 - b. elects to leave member's accumulated contributions in the retirement system.
2. Every member desiring to take advantage of this vesting provision must file a request with the retirement system when terminating active employment.

B. Retirement Benefit.

A member may retire before the member's normal retirement date under [SMC 3.05.130\(C\)](#) if as of the desired retirement date the member

1. has attained a minimum age of fifty (50);
2. has at least seven (7) years of creditable service;
3. and the sum of the member's age and years of creditable service total at least eighty (80);
4. applied for retirement; and
5. terminated active employment with the City at the time of retirement.

Solely for purposes of the "Rule of 80" in the preceding sentence, creditable service for part-time employees will be determined pursuant to regulations established by the board. An active member may also retire on or after having attained the member's normal retirement date under [SMC 3.05.130\(C\)](#). In either case the member must apply for retirement benefits under [SMC 3.05.130\(A\)](#) and terminate active employment with the City.

B-C. Payment of Benefits.

After retirement, benefits will be payable throughout the remainder of the member's lifetime. However, if a member dies before the total of the retirement benefits paid to the member equals the member's accumulated contributions at the time of retirement, and if the member has not elected an optional form of retirement benefit in accordance with [SMC 3.05.210](#), an amount equal to the difference between the retirement benefits paid and the member's accumulated contributions at the time of retirement will be paid to the member's beneficiary.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 15

Section 03.05.166 Allowance on Service Retirement, Tier 4³

The provisions of this section govern the retirement benefits of members with eligibility described in SMC 3.05.025 and who elect to retire under Tier 4.

A. Normal Retirement Benefit.

1. A member's annual normal retirement benefit is determined by multiplying two percent (2%) of the member's final compensation by the member's years of creditable service exclusive of qualified military service, and a benefit purchased by the contributions of the City equal to one and two-thirds percent (1-2/3%) of the final compensation multiplied by the number of years of qualified military service, not to exceed five (5) years as this type of service is otherwise defined and provided for in this chapter. In no case can the normal retirement benefit exceed eighty percent (80%) of final compensation.
2. A member shall be eligible to receive annual normal retirement benefits on or after the member's normal retirement date under SMC 3.05.130(C), provided the member has made application with the retirement system pursuant to 3.05.130(A) and has terminated active employment with the City.

B. Accrued Retirement Benefit.

A member's annual accrued retirement benefit is determined for any date by multiplying two percent (2%) of the member's final compensation by the member's years of credited service. In no case can the annual accrued retirement benefit exceed eighty percent (80%) of the member's final compensation.

C. Vested Benefit.

Any member who terminates active employment with the City will be eligible to receive a service retirement allowance at the member's normal retirement date under SMC 3.05.130(C), provided that at time of termination, the member both:

- a. has at least seven (7) years of creditable service; and
- b. elects to leave member's accumulated contributions in the retirement system.

Every member desiring to take advantage of this vesting provision must file a request with the retirement system when terminating active employment.

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D. Normal Retirement Benefit.

A member may retire before the member's normal retirement date under SMC 3.05.130(C) if as of the desired retirement date the member:

1. Meets all of the following criteria:
 - a. has attained a minimum age of fifty (50);

- b. has at least seven (7) years of creditable service;
 - c. the sum of the member's age and years of creditable service total at least ninety (90);
 - d. applied for retirement; and
 - e. terminated active employment with the City at the time of retirement.
- 2. Or, alternately meets all of the following criteria:
 - a. has attained a minimum age of fifty (50);
 - b. has at least thirty (30) years of creditable service;
 - c. applied for retirement; and
 - d. terminated active employment with the City immediately preceding the date of retirement.

Solely for purposes of the "Rule of 90" in the preceding criteria, creditable service for part-time employees will be determined pursuant to regulations established by the board. An active member may also retire on or after having attained the member's normal retirement date under SMC 3.05.130(C). In either case the member must apply for retirement benefits under SMC 3.05.130(A) and terminate active employment with the City.

E. Early Retirement.

- 1. A member may retire before the member's normal retirement date under 3.05.130(B) if the member has met all the following requirements:
 - a. attained the age of fifty (50);
 - b. applied for early retirement;
 - c. terminated active employment with the City; and
 - d. completed five (5) years of creditable service.
- 2. Early retirement benefits are calculated in the same manner as normal retirement benefits and then an early retirement factor reduces the normal retirement benefit by two and five-tenths (2.5%) per year for the lesser of the following at the time the retirement benefit will begin:
 - a. The difference between (a) ninety (90) and (b) the member's age plus years of service, each rounded down to the nearest whole number
 - b. The (a) sixty-five (65) and (b) the member's age

In either case the member must apply for retirement benefits under SMC 3.05.130(A) and terminate active employment with the City.

F. Payment of Benefits.

After retirement, benefits will be payable throughout the remainder of the member's lifetime. However, if a member dies before the total of the retirement benefits paid to the member equals the member's accumulated contributions at the time of retirement, and if the member has not elected an optional form of retirement benefit in accordance with SMC 3.05.210, an amount equal to the difference between the retirement benefits paid and the member's accumulated contributions at the time of retirement will be paid to the member's beneficiary.

- A. Plan defaults for those retiring under [SMC 3.05.160, Tier 1](#):
1. Calculation factor equals two and fifteen hundredths percent (2.15%) per year of creditable service.
 2. Calculation is capped at thirty (30) years of creditable service or sixty-four and one-half percent (64.5%) of final compensation.
 3. Final compensation based on highest two (2) consecutive years.
 4. At time of retirement, employee can switch to retirement structure in subsection (B) of this section – all criteria must be met.
 5. Five (5) years vesting.
 6. Minimum early retirement age is fifty (50) with five (5) years creditable service.
 7. Normal retirement age is sixty-two (62) years.
 8. Disability factor is one and twenty-five hundredths percent (1.25%).
 9. Military leave factor is one and two-thirds percent (1-2/3%).
 10. Portability and vested groups in place prior to January 1, 2009, are part of these defaults.
- B. Plan defaults for those retiring under [SMC 3.05.165, Tier 2—Alternate Formula \(Rule of 75\)](#):
1. Calculation factor equals two percent (2%) per year of creditable service.
 2. Calculation is capped at thirty-five (35) years of creditable service or seventy percent (70%) of final compensation.
 3. Final compensation based on highest two(2) consecutive years.
 4. “Rule of 75” (age plus years of creditable service must equal at least seventy-five (75) points).
 5. Five (5) years vesting.
 6. Minimum retirement age is fifty (50) years.
 7. Normal retirement age is sixty-two (62) years.
 8. Employee with at least five (5) years creditable service will be able to retire at sixty-two (62).
 9. No change to disability calculation.
 10. Military leave factor is one and two-thirds percent (1-2/3%) and these defaults.
 11. Portability and vested groups in place after January 1, 2009 but prior to January 1, 2015, are part of these defaults.
- C. Plan defaults for those retiring under [SMC 3.05.166—Alternate Formula \(Rule of 80\), Tier 3](#):
1. Calculation factor equals two percent (2%) per year of creditable service.
 2. Calculation is capped at thirty-five (35) years of creditable service or seventy percent (70%) of final compensation.
 3. Final compensation based on highest three (3) consecutive years.
 4. “Rule of 80” (age plus years of creditable service must equal at least eighty points(80).
 5. Seven (7) years vesting.
 6. Minimum early retirement age is fifty (50) years.
 7. Normal retirement age is sixty-five (65) years.
 8. Employee with at least seven (7) years creditable service will be able to retire at sixty-five (65).
 9. No change to disability calculation.
 10. Military leave factor is one and two-thirds percent (1-2/3%) and these defaults.
- D. Plan defaults for those retiring under [SMC 3.05.167, Tier 4](#):
1. Calculation factor equals two percent (2%) per year of creditable service.

2. Calculation is capped at forty (40) years of creditable service or eighty percent (80%) of final compensation.
3. Final compensation based on highest three (3) consecutive years, with overtime and base salary capped at one hundred and twenty percent (120% of base salary).
4. "Rule of 90" (age plus years of creditable service must equal at least ninety points (90)).
5. Seven (7) years vesting.
6. Minimum early retirement age is fifty (50) years.
7. Normal retirement age is sixty-five (65) years.
8. Employee with at least seven (7) years creditable service will be able to retire at sixty-five (65).
9. Early retirements reduced by two and five-tenths percent (2.5%) for each year that the member is under normal retirement age or for each year that the member's age and years of creditable service are less than ninety (90)
10. No change to disability calculation.
11. Military leave factor is one and two-thirds percent (1-2/3%) and these defaults.

D-E. General Plan Defaults.

1. Portability members hired or repurchasing time on or after January 1, 2009, will be part of the defaults for ~~the "Alternate Formula" under either SMC 3.05.165 or 3.05.166, plan tier whichever that~~ coincides with their ~~date of repurchase~~participation date, and must meet the criteria in relating subsection (B or C) of this section between both systems to be eligible to retire in SERS.
2. Pensioners who are rehired by the City on or after January 1, 2009, and suspend their pensions, will be part of the defaults for the "Alternate Formula" under ~~either SMC 3.05.165 or 3.05.166, whichever the plan tier that~~ coincides with their ~~date of rehire~~participation date, as they earn time toward a second pension.
3. Employees who had previously withdrawn their retirement contributions and are rehired on or after January 1, 2009, will be part of the defaults for the ~~"Alternate Formula" under either SMC 3.05.165 or 3.05.166, whichever plan tier that~~ coincides with their ~~date of rehire~~participation date, regardless if they buy back previous service time.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 16

[Section 03.05.170](#) Payment Upon Death of Member

A. Eligible to Retire.

If a member who had not retired but had named the member's spouse as the sole primary beneficiary and who was eligible to retire pursuant to [SMC 3.05.160](#), [SMC 3.05.165](#), ~~or~~ [SMC 3.05.166](#), or [SMC 3.05.167](#) whichever applies, or who had at least thirty (30) years of creditable service dies, then the member's surviving spouse may elect to receive:

1. death benefits provided for in this section, or

2. a retirement allowance payable only for the remainder of the surviving spouse's life and equal to that which would have been received had the deceased member retired on the date of death under the provisions of Option E as provided in [SMC 3.05.210](#), or
 3. in lieu of either of the above, a lump sum cash payment not to exceed one-half of the deceased member's accumulated contributions and a retirement allowance in accordance with Option E as provided in [SMC 3.05.210](#), but reduced proportionately by the amount of cash withdrawn from this selection.
- B. Not Eligible to Retire.
1. Repayment of Contributions.
Upon the death of any member not eligible to retire, there shall be paid to the member's estate, or to such persons as the member shall have nominated by written designation duly executed and filed with the retirement system, the member's accumulated contribution with contribution interest, less payments made therefrom to the member, if any. Effective January 1, 2009, a non-spouse designated beneficiary shall be permitted to elect a direct trustee to trustee transfer of such distribution to an individual retirement account established for the purposes of receiving the distribution on behalf of an individual who is a designated beneficiary and who is not the surviving spouse of the participant, which shall be treated as an inherited individual retirement account within the meaning of Internal Revenue Code section 408(d)(3)(C).
 2. Death of Active Married Member.
Alternatively, upon the death of any active member who is eligible to vest in the retirement system, who is married at the time of death, and whose surviving spouse has been properly nominated as sole primary beneficiary, the surviving spouse may elect to leave the accumulated contributions in the retirement system and, on such date as the member would have been eligible, apply for and receive such retirement allowance as is allowed under retirement Option E as provided in [SMC 3.05.210](#) as established in this chapter. Such retirement will be calculated as if the member had been eligible to retire at the time of death, and will be based upon the age of the surviving spouse at the time when the member would have been eligible to retire. Any retirement allowance calculated under this section will be based on the accumulations and earnings of the member as of the date of retirement.

Date Passed: Monday, June 27, 2016

Effective Date: Sunday, August 7, 2016

ORD C35387 Section 6

[Section 03.05.180](#) Disability Retirement

- A. Any member while in City service may be retired by the board for permanent and total disability, either ordinary or accidental, upon examination, if the member has not attained normal retirement age but has at least five (5) years of creditable service if the member is described in [SMC 3.05.025\(A\)](#) or (B), or has at least seven (7) years of creditable service if the member is described in [SMC 3.05.025\(C\)](#) or (D), provided that the required number of years of creditable service must have been credited to the member over a

period of not to exceed ten (10) years immediately preceding member's disability retirement. The member's disability retirement shall be under the tier corresponding to their participation date and the member does not have the option to receive a disability retirement under subsequent tiers.

- B. Such member, within three (3) months after the discontinuance of City service, or while physically or mentally incapacitated for the performance of duty, if such incapacity has been continuous from discontinuance of City service, but not later than one (1) year after discontinuance of City service, shall be examined by a physician or surgeon appointed by the board upon the application of the head of the office or department in which said member is employed, or upon application of said member or a person acting in the member's behalf, stating that the member is permanently and totally incapacitated, either physically or mentally, for the performance of duty and ought to be retired. If such medical examination shows, to the satisfaction of the board, that the member is permanently and totally incapacitated either physically or mentally for the performance of duty and ought to be retired, the board shall retire the member for disability forthwith. Alternatively, the Board may elect to confirm a disability determination made by the Social Security Administration for the purposes of determining disability status in the system.
- C. Any member who shall suffer accidental permanent and total disability while engaged in the City service shall be retired forthwith and shall not be required to have the minimum number of years of creditable service as required for ordinary disability under [SMC 3.05.180\(A\)](#).
- D. The board shall secure such medical services and advice as it may deem necessary to carry out the purpose of this section and of [SMC 3.05.200](#), and shall pay for such medical services and advice such compensation as the board shall deem reasonable.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 18

[Section 03.05.190](#) Allowance on Disability Retirement

- A. Upon retirement for disability (disability retirement) as hereinabove provided, so long as the disability is not due to substance abuse, willful misconduct, or violation of law (of which the board shall be the judge), a member shall receive a disability retirement allowance consisting of:
1. an annuity which shall be the actuarial equivalent of the member's accumulated contributions at the time of retirement; and
 2. a pension purchased by the contributions of the City which, together with the annuity provided by the member's accumulated contributions, shall make the disability retirement allowance, equal to one and one-fourth percent (1.25%) of the member's final compensation (defined as appropriate based on ~~whether~~ the member's eligibility is described in ~~SMC 3.05.025(A) SMC 3.05.025, (B) or (C)~~), multiplied by the number of years of service which would be creditable to the

member were the member's services to continue until the member had attained normal retirement age (i.e. age 62 for members described in [SMC 3.05.025\(A\)](#) and (B), and age 65 for members described in [SMC 3.05.025\(C\) and \(D\)](#)); provided, however, the minimum disability retirement allowance shall be two thousand four hundred dollars (\$2,400) per year for duty-related causes, and one thousand two hundred dollars (\$1,200) per year for non-duty-related causes.

- B. If disability is due to substance abuse, willful misconduct or violation of law on the part of the member, the board in its discretion may pay to said member in one lump sum the member's accumulated contributions in lieu of a retirement allowance, and such payment shall constitute full satisfaction of all obligations of the City to such member and, upon receipt of such payment, membership in the retirement system shall cease.
- C. Upon the death of a member while in receipt of a disability retirement allowance, the member's accumulated contributions, as they were at the date of retirement, less any annuity payments, shall be paid to the member's estate, or to such persons as the member shall have nominated by written designation duly executed and filed with the retirement system.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 19

[Section 03.05.200](#) Safeguards of Disability Retirement

- A. The board may, at its pleasure, require any member receiving a disability retirement who has not yet attained normal retirement age to undergo medical examination to be made by a physician or surgeon appointed by the board at a place to be designated by the board. Upon the basis of such examination, the board determines whether such member is still totally and permanently incapacitated either mentally or physically for service in the office or department of the City where previously employed or in any other City service for which the member receiving a disability retirement is qualified. If the board determines that said member is not so incapacitated, the disability retirement allowance is canceled and the member is reinstated forthwith in the City service.
- B. Should a member receiving a disability retirement re-enter the City service and be eligible for membership in the retirement system in accordance with [SMC 3.05.030](#), any disability retirement allowance is canceled and the member immediately becomes a member of the retirement system. The member's individual account is credited with the member's accumulated contributions less the annuity payments paid as a disability retirement. An amount equal to the accumulated contributions so credited is again held for the benefit of said member and is no longer included in the amounts available to meet the obligations of the City on account of benefits that have been granted and on account of prior service of members. Such member receives credit for prior service in the same manner as if the member had never been retired for disability.

- C. Should any member receiving a disability retirement who has not yet attained normal retirement age refuse to submit to medical examination, any disability retirement allowance may be discontinued until such member withdraws such refusal, and should such refusal continue for one (1) year, any disability retirement allowance otherwise payable to such member may be prospectively canceled. Should such member receiving a disability retirement allowance, prior to attaining normal retirement age, engage in a gainful occupation not in City service, or should such member re-enter the City service and be ineligible for membership in the retirement system in accordance with [SMC 3.05.030](#), the board shall reduce the amount of the member's disability retirement allowance to an amount which, when added to the compensation earned by the member shall not exceed the amount of the final compensation adjusted for cost of living as determined by the board. Should the earning capacity of such member be further altered, the board may further alter any disability retirement allowance as hereinbefore provided. When said member receiving a disability retirement allowance reaches member's normal retirement age, the disability retirement allowance shall be made equal to the amount upon which the member was originally retired on account of disability, and shall not again be modified for any cause except as provided in [SMC 3.05.260](#).
- D. Should the disability retirement allowance of any member receiving a disability retirement be canceled for any cause other than re-entrance into the City service, the member shall be paid ~~his~~ their accumulated contributions, less annuity payments made.

Date Passed: Sunday, August 31, 2014

Effective Date: Monday, July 28, 2014

ORD C35128 Section 20

[Section 03.05.210](#) Optional Allowance on Retirement

A member may elect to receive, in lieu of the retirement allowance, as provided for in [SMC 3.05.160](#), [SMC 3.05.165](#) ~~or~~, [SMC 3.05.166](#), or [SMC 3.05.167](#), its actuarial equivalent in the form of a lesser retirement allowance, payable in accordance with the terms and conditions of one of the options set forth below. Election of any option must be made by written application filed with the retirement system and does not become effective unless approved by the board.

A. Option A.

The lesser retirement allowance will be payable to the member throughout the member's life, provided that if the member dies before the member receives in annuity payments referred to in [SMC 3.05.160\(A\)\(1\)](#), [SMC 3.05.165\(A\)\(1\)](#) ~~or~~, [SMC 3.05.166\(A\)\(1\)](#), or [SMC 3.05.167\(A\)\(1\)](#) a total amount equal to the amount of accumulated contributions as it was at the date of retirement, the balance of such accumulated contributions will be paid in one sum to the member's estate or to such person as the member shall nominate by written designation duly executed and filed with the retirement system.

B. Option B.

The lesser retirement allowance will be payable to the member throughout the member's life, provided that if the member dies before the member receives in annuity payments referred to in [SMC 3.05.160\(A\)\(1\)](#), [SMC 3.05.165\(A\)\(1\)](#) ~~or~~, [SMC 3.05.166\(A\)\(1\)](#), [SMC](#)

[3.05.167\(A\)\(1\)](#) a total amount equal to the amount of accumulated contributions as it was at the date of retirement, the said annuity payments resulting from accumulated contributions will be continued and paid to the member's estate or such person as the member shall nominate by written designation duly executed and filed with the retirement system, until the total amount of annuity payments shall equal the amount of accumulated contributions as it was at the date of retirement.

C. Option C.

The member elects a "guaranteed period" of any number of years. If the member dies before the lesser retirement allowance has been paid for the number of years elected as the "guaranteed period," the lesser retirement allowance will be continued to the end of the "guaranteed period," and during such continuation be paid to the member's estate or to such person as the member shall nominate by written designation duly executed and filed with the retirement system.

D. Option D.

The lesser retirement allowance will be payable to the member throughout life and, after the death of the member, one-half of the lesser retirement allowance shall be continued throughout the life of, and paid to, the spouse of the member, named at time of retirement, if surviving.

E. Option E.

The lesser retirement allowance will be payable to the member throughout life, and after death of the member, it shall be continued throughout the life of, and paid to, the spouse of the member named at time of retirement, if surviving.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 21

[Section 03.05.230](#) Monthly Installment Payments

A pension annuity or a retirement allowance granted under the provisions of this chapter, unless otherwise specified herein, is payable in monthly installments, and each installment shall cover for the current calendar month.

Date Passed: Monday, February 26, 2007

Effective Date: Wednesday, April 4, 2007

Recodification ORD C33984 Section 1

[Section 03.05.240](#) Pension Not Subject to Execution

- A. The right of a person to a pension, as annuity or a retirement allowance, the return of contributions, the pension annuity or retirement allowance itself, any optional benefit,

any other right accrued or accruing to any person under the provisions of this chapter or any prior ordinance, and the moneys in the retirement fund, shall not be subject to execution, garnishment, attachment, or any other process whatsoever and shall be unassignable except as specifically provided in this chapter.

- B. Notwithstanding the foregoing, benefits due a member hereunder pursuant to the provisions of this chapter shall be paid to an alternate payee in accordance with the applicable requirements of any qualified domestic relations order, or as directed in an order to withhold and deliver under RCW 74.20A.080. A qualified domestic relations order means a domestic relations order which creates or recognizes the existence of an alternate payee's right to, or assigns to the alternate payee the right to, receive all or a portion of the benefits payable with respect to a member under this chapter. A domestic relations order means any judgment, decree, or order (including approval of a property settlement agreement) which relates to the provisions of child support, alimony payments, or marital property rights to a spouse, former spouse, child, or other dependent of a member and is made pursuant to a state domestic relations law. A domestic relations order will be qualified only if it:
1. unambiguously specifies the amount or percentage of the member's benefits to be paid by the retirement system to each alternate payee or the manner in which such amount or percentage is to be determined;
 2. does not require the retirement system to provide any type of form or benefits or any option not otherwise provided under this chapter;
 3. does not require the retirement system to provide increased benefits (determined on the basis of actuarial value);
 4. does not require the payment of benefits to an alternate payee which are required to be paid to another alternate payee or to a person pursuant to an order to withhold and deliver;
 5. does not require the retirement system to pay a benefit to the alternate payee before the earliest date on which a benefit could be elected by a member who had the same years of creditable service as a member had at the date of the entry of the order;
 6. provides that the division of benefits will end upon the death of either the member or the alternate payee; and
 7. complies in all respects with the requirements of the board's rules with respect to qualified domestic relations orders as they are in effect from time to time.

Date Passed: Monday, December 15, 2008

Effective Date: Thursday, January 1, 2009

ORD C34366 Section 19

[Section 03.05.250](#) Estimate Permitted

If it be impracticable for the board to determine from the records the length of service, the compensation or the age of any member, the board may estimate, for the purpose of this chapter, such length of service, compensation or age.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 22

[Section 03.05.260](#) Suspension of Allowance During Employment

The payment of any retirement allowance to a member who has been retired will be suspended during the time the member is for any reason an employee of the City and until qualifying for a benefit pursuant to [SMC 3.05.165](#), ~~or SMC 3.05.166~~, ~~or SMC 3.05.167~~ provided that payment for vacation or sick leave earned in the City service prior to retirement may be made without suspension of allowance, and, provided further, that this provision does not apply to retirees who:

- A. become elected officials of the City ~~and do not elect to join the system~~; or
- B. enter into personal services contracts with the City; or
- C. employees who, subsequent to retirement, are rehired pursuant to the following criteria:
 - 1. The position filled is of a temporary/seasonal nature; and
 - 2. The position is filled only with the approval of the director of human resources or the mayor's office ~~and their bargaining unit~~; and
 - 3. Employment is limited to nine hundred sixty (960) hours per twelve-month period; and
 - ~~4. The human resources office prepares an annual report to the board on the usage of retirees.~~
 - 5.4. There is a minimum of one pay period between the time an employee retires and is rehired as a temporary/seasonal employee.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 23

[Section 03.05.270](#) Preliminary Cost

The city council appropriates annually from the retirement fund the amount it deems necessary for the purpose of paying the expenses of administering the retirement system and the purchase of fiduciary responsibility insurance. The board annually submits to the city council its estimate of the amount necessary to pay such expenses.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

Section 03.05.275 Portability of Benefits

- A. The board is authorized to contract with the board of administration of the Tacoma employees' retirement system and/or board of administration of the Seattle employees' retirement system (each called a "participating system") for the portability of retirement benefits of employees who are also members of the retirement systems of the cities of Tacoma and Seattle, respectively. The following terms and conditions shall apply in addition to such other requirements as may be established by rule of the board or the agreement with participating systems:
1. The member must be in the active service of a participating system on or after the effective date of the board's agreement for portability; a member retired from any of the three systems on the effective date of the ordinance codified in this chapter is not eligible.
 2. Creditable service may accrue in only one participating system at a time. A member who leaves City employment to enter military service may only receive creditable service for ~~his~~ their military service in one of the participating systems according to its rules.
 3. A member may combine service credit in two or more participating systems for the sole purpose of determining the member's eligibility to receive a service retirement allowance, but the member may not aggregate service credit in two or more retirement systems for the purpose of determining the percentage factor to be used in calculating a service retirement allowance.
 4. A member of two or more participating systems who is eligible to retire under any system may elect to retire from all the member's systems and to receive a service retirement allowance. Each participating system shall calculate the allowance using its own criteria except that the member shall be allowed to use the member's base salary from any participating system as the compensation used in calculating the allowance. "Base salary" means the salary or wages used by the participating system during a payroll period for making contributions to the system by its members generally. It includes salary or wages paid for personal services and wages and salary deferred under the provisions of the Internal Revenue Code. It excludes overtime payments (except as to service for the City of Spokane), non-money maintenance compensation and lump-sum payments for deferred annual leave, unused accumulated vacation, unused accumulated annual leave, any form of severance pay, any bonus for voluntary retirement, any other form of leave, or any similar lump-sum payment.
 5. The retirement allowances shall be paid separately by each participating system. Post-retirement adjustments, if any, shall be based upon the payments made by each participating system to the member.
 6. The total retirement allowances provided through portability of benefits shall not be less than the benefits payable by each participating system were there no portability.
 7. A participating system may pay a member of two or more systems a lump sum in lieu of a monthly benefit if the initial monthly benefit would be less than fifty dollars.
 8. If a member of two or more participating systems dies in service in any system, the surviving spouse shall receive the same benefit from each system that would

have been received if the member were active in the system at the time of ~~his~~ their death based upon service actually established in that system.

9. The terms and conditions of the board's agreement with the board of a participating system both establishes and limits the portability of benefits provided. The board's agreements may be amended from time to time or supplemented by an agreement with the State of Washington for portability with state retirement systems. If the board amends its agreement with the board of a participating system or makes modifications to provide portability with state systems, the rights, terms and conditions for portability are subject to amendment or abolition at any time before a member retires.
10. A member who:
 - a. earned retirement credit for service in a participating system,
 - b. withdrew ~~his- their~~ contributions from that system,
 - c. lost service credit by making the withdrawal, and
 - d. is now an active member of another participating system may restore their ~~his or her~~ prior service credit in the participating system of their ~~his or her~~ former municipal employer by redepositing an amount determined by the system board within one year after January 1, 1991. Any individual hired after January 1, 1992, shall be provided with a one-year period under portability to repay contributions. This does not extend the time period for those individuals in the system who have not taken advantage of the one-year "windowed" period from January 1, 1991, to December 31, 1991. The amount shall be measured by the accumulated contributions withdrawn, plus compound regular interest which would have accumulated on the withdrawn contributions from the date of withdrawal until the date of ~~his~~ redeposit.
- B. As authorized by RCW 41.54.061 the City irrevocably elects to participate in the portability of public retirement systems as contemplated by chapter 41.54 RCW, and to pay for the additional cost it may incur as a result of the benefits provided. The eligibility of members for the portability of public retirement systems, the benefits available thereunder, the limitations (including RCW 41.54.080), and the procedures shall be as set out in chapter 41.54 RCW.
- ~~C. The benefit formula in shall also apply prospectively to for~~ any member who was covered by an earlier ~~the~~ benefit formula ~~in, and~~ takes a withdrawal of their ~~his~~ accumulated contributions after termination pursuant to [SMC 3.05.120\(A\) or \(B\)](#), and who is subsequently rehired, will have benefits determined based on their participation date, on or after January 1, 2009, regardless of whether the member restores their ~~his~~ prior service under the prior benefit formula pursuant to portability rights under this [SMC 3.05.275](#). ~~Additionally, the benefit formula in SMC 3.05.166 shall also apply prospectively to any member who was covered by the benefit formula in SMC 3.05.160 or SMC 3.05.165, takes a withdrawal of his accumulated contributions after termination pursuant to SMC 3.05.120(A) or (B), and is rehired on or after January 1, 2015, regardless of whether the member restores his prior service under the prior benefit formula pursuant to portability rights under this SMC 3.05.275.~~

Date Passed: Monday, June 27, 2016

Effective Date: Sunday, August 7, 2016

ORD C35387 Section 7

Section 03.05.280 Severability

If any one or more sections, subsections, subdivision, sentences, clauses or phrases of this chapter are for any reason held to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions of this chapter, but the same shall remain in full force and effect.

Date Passed: Monday, February 26, 2007

Effective Date: Wednesday, April 4, 2007

Recodification ORD C33984 Section 1

Section 03.05.290 Compliance with Internal Revenue Code

This chapter shall be administered in a manner to comply with Internal Revenue Code of 1986, as amended ("Internal Revenue Code") requirements for government qualified plans, including but not limited to Internal Revenue Code sections 401(a)(2), (a)(7), (a)(8), (a)(9), (a)(16), (a)(17), (a)(25), and (a)(31), 414(u) and 415. The board shall promulgate regulations designed to assure compliance with such requirements which will become party of the retirement system subject to change by amendment of said regulations by the board. Upon the termination of or complete discontinuance of contributions to the retirement system, the accrued retirement benefit of each member, to the extent then funded, shall be non-forfeitable.

Date Passed: Monday, July 28, 2014

Effective Date: Sunday, August 31, 2014

ORD C35128 Section 26