



**CITY *of* EL PASO**

EMPLOYEES RETIREMENT TRUST

*Trust in a secure future*

# Summary Plan Description

**[www.eppension.org](http://www.eppension.org)**

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## GLOSSARY OF SELECTED TERMS

### Applicable to Trust Participants

FEATURE	CONDITIONS
Participation	<ul style="list-style-type: none"> <li>• Automatic and mandatory for regular full-time employees</li> <li>• Optional for regular part-time and eligible contract employees,</li> <li>• Optional for some others</li> </ul>
Contribution	<ul style="list-style-type: none"> <li>• Deducted from your paycheck on a pre-tax basis;</li> <li>• 8.95% of your biweekly pay</li> </ul>
Final Wages	<ul style="list-style-type: none"> <li>• Greater of: <ul style="list-style-type: none"> <li>○ Average monthly gross earnings over prior three years <b>(Tier I &amp; Tier II)</b></li> <li>○ Average monthly base salary in prior year <b>(Tier I)</b></li> <li>○ Base salary for the month prior to retirement <b>(Tier I)</b></li> </ul> </li> </ul>
Normal Retirement Depending on Tier	<ul style="list-style-type: none"> <li>• Earlier of: <ul style="list-style-type: none"> <li>○ Age 55 with 10 years of Service Credit (Tier I), or</li> <li>○ Age 60 with 7 years of Service Credit (Tier I &amp; II), or</li> <li>○ Any age with 30 years (Tier I) or 35 years (Tier II) of Service Credit</li> </ul> </li> <li>• 2.5% (Tier I) or 2.25% (Tier II) of Final Wages times Service Credit</li> </ul>
Early Retirement	<ul style="list-style-type: none"> <li>• Earlier of: <ul style="list-style-type: none"> <li>○ Age 40 with 10 years of Service Credit (Tier I), or</li> <li>○ Age 45 with 7 years of Service Credit <b>(Tier I &amp; II)</b></li> </ul> </li> <li>• Reduced retirement from Normal Retirement age</li> </ul>
Non-Job-Related Disability Retirement	<ul style="list-style-type: none"> <li>• Requires 7 years of Service Credit, regardless of age</li> </ul>
Job-Related Disability Retirement	<ul style="list-style-type: none"> <li>• Any amount of Service Credit</li> </ul>
Deferred Retirement	<ul style="list-style-type: none"> <li>• Must be eligible for Early Retirement</li> <li>• Payable at a later age, and benefit is larger</li> </ul>
Refund of Contributions	<ul style="list-style-type: none"> <li>• Contributions without interest if Service Credit is less than 5 years <b>(Tier I)</b> or 7 years <b>(Tier II)</b></li> <li>• Contributions with interest if Service Credit is greater than 5 years <b>(Tier I)</b> or 7 years <b>(Tier II)</b></li> </ul>
Death Benefits	<ul style="list-style-type: none"> <li>• Qualified spouse's and children's benefits if eligible for retirement</li> <li>• Depends on status <ul style="list-style-type: none"> <li>○ Active</li> <li>○ Regular retiree</li> <li>○ Early retiree</li> <li>○ Deferred retiree</li> </ul> </li> <li>• Depends on length of Service Credit, job or non-job-related death</li> <li>• Refund of contributions if not eligible for retirement or if death is non-job related</li> </ul>
Minimum Vesting Requirements	<ul style="list-style-type: none"> <li>• Minimum age and service requirements to retire: <ul style="list-style-type: none"> <li>○ At least 10 years of Service Credit and at least age 40 <b>(Tier I)</b>, or</li> <li>○ At least 7 years of Service Credit and at least age 45 <b>(Tier I &amp; II)</b></li> </ul> </li> </ul>
Proportionate Retirement Program	<ul style="list-style-type: none"> <li>• Participants can potentially combine Service Credit from 2 or more participating systems to help meet retirement eligibility.</li> <li>• You must meet retirement eligibility in each system before you can start drawing payments. Payments begin when you retire from the last system that you are participating in.</li> </ul>
Benefit Limit	<ul style="list-style-type: none"> <li>• The IRS Prescribed limit (Tier I &amp; Tier II)</li> <li>• Not more than 90% of the 3-year average of final pay (Tier II)</li> </ul>

For more information, visit our website at [www.eppension.org](http://www.eppension.org).

## INTRODUCTION

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The City of El Paso has created a comprehensive Retirement Trust for its employees. This Trust is called the City of El Paso Employees Retirement Trust ("the Trust" or "CEPERT"). This Trust is the type that is commonly referred to as a "defined benefit plan." It is funded by contributions made by the City of El Paso and by the participants. For financial reporting purposes, the Trust operates on the City's fiscal year, which ends on August 31. This Summary Plan Description describes Trust provisions for all employee participants.

This booklet describes the Trust. It explains how you earn a retirement and what steps you need to take to claim it.

Throughout the Summary Plan Description, there will be sections and notations for **Tier I** and **Tier II** participants. **Tier I** participants are persons who started participating in the Trust before September 1, 2011. **Tier II** participants are persons who started participating in the Trust on or after September 1, 2011.

Most employees of the City of El Paso are either required or permitted to participate in the Trust. However, policemen and firemen covered by the El Paso Firemen & Policemen's Pension Fund may not participate in this Trust. There are other special eligibility provisions that apply to certain groups, such as part-time employees, grant-funded employees, and contract employees. If you have any questions regarding your eligibility, please refer to Section 1 of this booklet or contact a benefits specialist at 915-212-0112 for a full description of the applicable provisions and benefits.

We recommend that you take the time to read this booklet so that you and your family will know what benefits are provided by the Trust, and how they are determined. If you have any questions about the Trust or desire additional information at any point, do not hesitate to contact the Retirement Administration Office. You may also contact any Board Member of the Trust. The provisions of the Trust are available for review on our website at [www.eppension.org](http://www.eppension.org) or in the Retirement Administration Office, 1039 Chelsea St., El Paso, TX 79903. Any claims regarding the Retirement Trust should be addressed to the Executive Director, who will present the issue to the Board of Trustees for possible resolution.

NOTE: THIS BOOKLET IS INTENDED TO PROVIDE GENERAL INFORMATION ABOUT THE TRUST TO PARTICIPANTS IN THE TRUST. IT IS NOT INTENDED TO BE A CONTRACT, AND IT DOES NOT PROVIDE ANY CONTRACTUAL RIGHTS OR IMPOSE ANY CONTRACTUAL OBLIGATIONS. IN THE EVENT OF ANY CONFLICT BETWEEN THE PROVISIONS OF THIS BOOKLET AND THE ACTUAL PLAN PROVISIONS, WHICH CAN BE FOUND IN CHAPTER 2.64 OF THE MUNICIPAL CODE AND TITLE 8, SECTION A OF THE TEXAS GOVERNMENT CODE, THE ACTUAL PROVISIONS OF THE TRUST, AND NOT THIS BOOKLET, WILL BE FOLLOWED.

# **1. PARTICIPATION AND CONTRIBUTIONS**

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All employees of the City of El Paso are members of the Trust, subject to the following conditions and exceptions:

1. Employees participating in the El Paso Firemen & Policemen's Pension Fund may not participate in the City Retirement Trust.
2. Seasonal or temporary employees are not eligible to participate. Part-time employees have the option to participate, but they must sign an irrevocable election form regarding membership in the Trust. Such irrevocable election will remain in effect for any subsequent employment period, unless a change in employment status makes participation in the Trust mandatory.
3. Employees whose salaries are paid in part or in whole by county, state, or federal grant funds are eligible to participate, but the employer contributions must be paid by the relevant grant budget, or if that is not allowed, by the employee.
4. Certain contract employees may elect to participate, but they must sign an irrevocable election form regarding membership in the Trust. Such irrevocable election will remain in effect for any subsequent contract employment period.
5. Employees of any other participating entity shall participate on the same basis as all other employees.

If you have any questions concerning your eligibility to participate in the Trust, please contact a Benefits Technician or the Benefits Manager.

Also, if you previously terminated your service or retired, and then you are later rehired, special rules apply. See section "6. Reemployment".

Ordinarily, your membership begins when you are first employed by the City. If you are employed in a position for which participation is optional and are subsequently employed in a position where your participation is mandatory, your participation date will be the date you begin contributing to the Trust. In some cases, you will be permitted to make contributions for prior periods of service when you were not a member. Please see the following section for more details.

While you are a member, contributions are deducted from your paycheck and will continue to be deducted as long as you are an active, eligible employee. Both you and the City of El

Paso make contributions to fund your retirement. Your contribution is 8.95% of your total gross pay, deducted on a pre-tax basis, and the City of El Paso contributes 14.05% of your total gross pay. Contribution amounts to the Trust can change from time to time with future plan amendments.

If you are on an unpaid leave of absence, you may choose to make the contributions you and the City would have made if you were working during this period, based on your salary at the time your leave began. In this case, you will receive Service Credit for the period of leave. Special rules apply to leaves for active military duty and Family Medical Leave. Please see the next section.

In certain circumstances (usually because you are absent from work due to an accident), payroll deduction of your contributions will not be possible. In such a case, you will be required to make your contributions directly. Details will be supplied by the Retirement Administration Office, upon request.

## **2. SERVICE CREDIT**

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Whether you receive a benefit and how much you receive depends in part on the amount of your Service Credit. You earn Service Credit whenever you contribute to the Trust. Unpaid time while suspended or on leave of absence is not included in Service Credit unless you make the contributions for both yourself and the City based on your last regular rate of pay. Military leave and family medical leaves are treated differently; see below.

Service Credit is counted in years and months. If you are a part-time employee, your service earned in a year is equal to the ratio of (a) your actual hours worked, to (b) full-time equivalent (2,080) hours. However, for the purpose of determining your eligibility for a benefit, you will receive one year of service for each year in which you earned 1,000 hours, and you will receive pro-rata eligibility service if you worked less than 1,000 hours.

At retirement, you will receive Service Credit for your unused sick leave at the rate of 1-month Service Credit for every 22 days (8-hour days) of accrued sick leave. Please note that a maximum of 6 months of unused sick leave credit may be counted toward your eligibility for retirement, and may not be used concurrently towards Service Credit. For example, if you are below age 60, but have 34 years and seven months of service, plus 14 months of accumulated sick leave, you may apply 5 months of your sick leave to meet the 35-year requirement for an unreduced benefit. The other nine months of your sick leave will be added to your Service Credit for benefit calculation purposes, giving you a total of 35 years and 4 months Service Credit.

If you are absent from work because of military active duty, you may receive Service Credit for your military time if you make up any contributions you would have made while you were on active duty. You will not be required to pay interest on this amount, and you will not be required to pay the City's contribution for this period. If you took a refund when you went on active duty, you will need to repay this, with interest, in order to receive credit for your previous service. If you are on leave for family medical reasons pursuant to the "Family Medical Leave Act," you may purchase this time if you were not paid during this period, at any time until the date of retirement. You will not be required to pay interest on this amount or be required to pay the employee's portion.

## **PROPORTIONATE RETIREMENT PROGRAM**

The Board of Trustees of the City of El Paso Employees Retirement Trust has elected to participate in the Proportionate Retirement Program authorized by Chapter 803 of the Texas Government Code. The Trust's participation was effective July 1, 2000. The Proportionate Retirement Program allows, under certain circumstances, employees who have active Service Credit in one or more of the retirement funds that participate under Chapter 803, to combine that Service Credit in order to become vested and meet service retirement eligibility in the City of El Paso Employees Retirement Trust and the other participating funds. The retirement benefit would be paid separately from each fund, based only on the Service Credit earned in that fund.

In order to retain Service Credit in a participating fund, you must not have withdrawn your contributions from the retirement fund. If you withdraw your contributions, your Service Credit can only be combined under the Proportionate Retirement Program by paying the actuarially determined value of the benefit you will receive due to reestablishing your Service Credit. Payment to reestablish previously withdrawn Service Credit may only be made at the time of termination or retirement from a subsequent participating retirement system.

**Your decision to participate in the Proportionate Retirement Program by leaving your accumulated contributions in the City of El Paso Employees Retirement Trust must be made on or before the time that your contributions to the City of El Paso Employees Retirement Trust cease.**

**There are special rules with regard to salary and payroll balances at the time your contributions to the City Employees Retirement Trust cease that apply in determining your retirement benefits under the Proportionate Retirement Program.**

The plans that currently participate under Chapter 803 are:

- Austin Employees' Retirement System
- Austin Police Retirement System
- City of El Paso Employees Retirement Trust
- El Paso Firemen & Policemen's Pension Fund
- Employees Retirement System of Texas
- Judicial Retirement System of Texas
- Teacher Retirement System of Texas
- Texas Municipal Retirement System
- Texas County and District Retirement System
- Other Texas retirement systems covering municipal employees who have qualified plans and have elected to participate in the Proportionate Retirement Program

### **3. PURCHASING PRIOR SERVICE CREDIT**

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If you did not become a participant when you first began working for the City, you may be eligible to buy back your earlier service. To do this, you will have to make up the contributions you would have paid if you had been a member during this period, plus interest. The City will pay its contributions for this period, but you will be required to pay interest on the City's contribution if you are buying more than five years of Service Credit. "Buy-backs" of prior Service Credit are paid on a post-tax basis, and must be done in one lump sum payment.

Grant-funded employees will receive credit for service periods only if (i) the grant provides for the required employer contribution, or (ii) the employee pays this amount. The same rules about paying interest on the employer contribution described in the preceding paragraph above apply to grant-funded employees. Please also see section "6. Reemployment".

### **4. TYPES OF RETIREMENT**

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**In order to comply with the Retirement Trust requirements, it is mandatory to apply for retirement within thirty days of termination of employment.**

You can receive a retirement in one of four ways. This election shall be made at the time you apply for retirement.

#### **1. NORMAL RETIREMENT**

##### **TIER I**

You can retire any time on or after you reach either (i) age 55 and 10 years of Service Credit, or (ii) age 60 and 7 years of Service Credit, or (iii) 30 years of Service Credit, regardless of age.



You will receive an unreduced retirement amount in monthly payments beginning immediately upon your retirement.

## **TIER II**

You can retire any time on or after you reach either (i) age 60 and 7 years of Service Credit, or (ii) 35 years of Service Credit, regardless of age. You will receive an unreduced retirement amount in monthly payments beginning immediately upon your retirement. Your retirement benefit is limited to not more than 90% of the 3-year average final pay.

## **2. EARLY RETIREMENT**

### **TIER I**

If you have at least 10 years of Service Credit, you can retire as early as age 40, or with at least 7 years of Service Credit at age 45. Your retirement amount will be reduced to reflect your younger age. The younger you are when you retire, the more your retirement will be reduced. Your monthly payments begin immediately upon your retirement.

### **TIER II**

If you have at least 7 years of Service Credit, you can retire as early as age 45. Your retirement amount will be reduced to reflect your younger age. The younger you are when you retire, the more your retirement will be reduced. Your monthly payments begin immediately upon your retirement.

## **3. DISABILITY RETIREMENT 2.64.210**

You are considered disabled if the Board determines that you have a condition of a significant impairment of physical, neurological, cognitive, or ambulatory abilities, or combination thereof, such that you cannot perform the duties connected with your job or any other job for which you are qualified by training and experience and where medical improvement of the impairment or combination thereof does not have medically reasonable prognosis for improvement under the conditions at the time of the application for disability which does not result in a significant reduction in pay and benefits, due to (i) an injury or illness incurred in the line of duty, or (ii) an injury or illness arising through no fault of your own.

There is no minimum age, nor service requirement for a job-related disability retirement.

If the injury or illness was not incurred in the course and scope of your employment, you must have at least seven (7) years of Service Credit to be eligible for disability retirement.

The disability retirement benefit amount is based on your Service Credit, regardless of your age. However, if your disability is job-related, you will not receive less than \$250 per month.

Your monthly payments begin immediately.

If your disability is not job-related and you have less than 7 years of Service Credit, you will only be entitled to a refund of your contributions (**Tier I** employees are eligible for interest if they have at least 5 years of Service Credit).

#### **4. DEFERRED RETIREMENT**

If you are eligible for Early Retirement but do not wish to begin receiving your benefits immediately, you may instead elect to defer receiving your retirement.

##### **TIER I**

Your deferred benefit can begin at any age up until you reach age 55 if you have at least 10 years of Service Credit or age 60 if you have at least 7 years of Service Credit but less than 10 years (or, if earlier, the date as of which you would have completed 30 years of Service Credit).

##### **TIER II**

Your deferred benefit can begin at any age up until you reach age 60 if you have at least 7 years of Service Credit (or, if earlier, the date as of which you would have completed 35 years of Service Credit had you remained with the City).

To receive this retirement, you must leave your contributions in the Trust. Choosing to participate in the Proportionate Retirement Program by combining Service Credit in two or more participating systems can also be considered a form of deferred retirement.

### **5. WITHDRAWING YOUR CONTRIBUTIONS**

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##### **TIER I**

If you terminate your service prior to completing 5 years of Service Credit, your contributions will be refunded without interest. If you leave employment with at least 5 years of Service Credit, but are not age 40 with at least 10 years of Service Credit, or age 45 with at least 7 years of Service Credit, your contributions will be refunded with interest, compounded annually at 5.5%. You are not entitled to a refund of the employer's contributions. If you terminate your service after attaining your early retirement age, you may elect to (i) withdraw your contributions with interest, (ii) receive a deferred monthly retirement commencing at your normal retirement age, or (iii) receive an Early Retirement benefit with reduced payments at an earlier age.

Remember that if you have attained age 40 with at least 10 years of Service Credit, or age 45 with at least 7 years of Service Credit, and you want to receive a Deferred Benefit, you must leave your contributions in the Trust. Also, if reemployment is a possibility, you should first

consider the repayment rules that may take effect upon reemployment if you want to have your Service Credit restored. Please also see section “6. Reemployment”.

You must make a refund application with the Retirement Administration Office in order to process your refund of contributions.

## **TIER II**

If you terminate your service prior to completing 7 years of Service Credit, your contributions will be refunded without interest. If you leave employment with at least 7 years of Service Credit, but are not age 45 with at least 7 years of Service Credit, your contributions will be refunded with interest, compounded annually at 3%. You are not entitled to a refund of the employer’s contributions. If you terminate your service after both attaining age 45 and completing 7 years of Service Credit, you may elect to (i) withdraw your contributions with interest, (ii) receive a deferred monthly retirement commencing at your normal retirement age, or (iii) receive an Early Retirement benefit with reduced payments at an earlier age.

Remember that if you have attained age 45 with at least 7 years of Service Credit, and you want to receive a deferred benefit, you must leave your contributions in the Trust. Also, if reemployment is a possibility, you should first consider the repayment rules that may take effect upon reemployment if you want to have your Service Credit restored. Please also see section “6. Reemployment” below.

You must make a refund application with the Retirement Administration Office in order to process your refund of contributions.

## **6. REEMPLOYMENT**

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### **TIER I**

If you withdraw your contributions when you leave your job, you lose your Service Credit. In some cases, you can have your Service Credit restored when you return to work. To have it restored, you must repay any contributions you withdrew, plus interest from the date of withdrawal to the date of repayment. Interest is currently computed at a rate of 7½% compounded annually.

If you received a refund of contributions prior to September 1, 2011, and were reemployed before September 1, 2011, you may purchase your prior Service Credit any time before you finally retire and combine your retirement service periods.

If you received a refund prior to September 1, 2011, and are rehired on or after September 1, 2011, and participate in the Trust, there are mandatory notice and time constraints that must

be followed in order to reestablish your prior Service Credit. Specific time constraints are specified in Chapter 2.64 of the City Code and provide that a written “Declaration of Intent to Purchase Prior Service Credit” must be made in the Retirement Office within 30 days from the date of reemployment. You have 90 days from the date of reemployment to repay, on a post-tax basis, in one lump sum, with interest, the amount required to reestablish your prior Service Credit. The notice and time constraints must be strictly followed, or you will forfeit your right to reestablish your prior Service Credit, which may result in the loss of a valuable benefit. If you decide not to reestablish your prior Service Credit or fail to comply with the requirements to reestablish prior retirement service, a new service period will begin, and no prior service period(s) may be combined.

If you retire and later return to work, you may reenter the plan. You will be required to have your original retirement benefit suspended and begin making contributions again. You will be permitted to reimburse the Retirement Trust for all retirement benefits received during your period of separation from City service in one lump sum payment together with interest on the total, computed according to the Retirement Trust actuarial reimbursement analysis on the date of reimbursement, plus any additional liability to the fund. All repayments are made on a post-tax basis. If you retired before September 1, 2011, and were reemployed prior to September 1, 2011, then you may reestablish your Service Credit at any time until you retire and receive the benefits in effect prior to September 1, 2011. If you choose not to reimburse the Trust, your final retirement benefit will be equal to (i) your original benefit, plus (ii) a new benefit based on your second period of service only.

If you retired before September 1, 2011, and are reemployed on or after September 1, 2011, you may be eligible to repay the retirement benefits you previously received and combine your retirement service periods. You will be required to have your original retirement benefit suspended and begin making contributions again. However, in order to combine your service periods, you must follow certain notice and time constraints pursuant to Chapter 2.64 of the City Code. You must file a written “Declaration of Intent to Purchase Prior Service Credit” in the Retirement Office within 30 days of reemployment. You have 90 days from the date of reemployment to repay in one lump sum with interest, on a post-tax basis, the amount required to reestablish your prior Service Credit, plus any additional liability to the fund. The notice and time constraints must be strictly followed, or you will forfeit your right to reestablish your prior retirement service, which may result in the loss of a valuable benefit. If you reestablish your prior Service Credit, your retirement benefits will be calculated based upon the benefit provisions in effect prior to September 1, 2011.

If you decide not to reestablish your Service Credit, you will begin a new service period, and if the vesting requirements are met, you may receive a new second retirement based only on your second period of service in addition to the retirement earned from your first service period.

## **TIER II**

If you withdraw your contributions when you leave your job, you lose your Service Credit. In some cases, you can have your Service Credit restored when you return to work. To have it restored, you must repay any contributions you withdrew, plus interest from the date of withdrawal to the date of repayment. Interest is currently computed at a rate of 7½% compounded annually.

There are mandatory notices and time constraints required if you are able to purchase prior Service Credit. Once reemployed, you will have 30 days from the date of your reemployment to file a written “Declaration of Intent to Purchase Prior Service Credit” in the Retirement Office. You have 90 days from the date of reemployment to repay in one lump sum with interest the amount required to reestablish your prior Service Credit. Should you not strictly follow the mandatory notice and time constraints identified above, you will forfeit your right to reestablish your prior Service Credit, which may result in the loss of a valuable benefit. (If you had service-

credit prior to September 1, 2011, and are reemployed after September 1, 2011, you may be able to

reestablish your prior service and receive benefits in effect prior to September 1, 2011.)

If you retire and later return to work, you may reenter the Trust. You will be required to have your original retirement benefit suspended and begin making contributions again. You will be permitted to reimburse the Retirement Trust for all retirement benefits received during your period of separation from City service in one lump sum payment, together with interest on the total, computed according to the Retirement Trust actuarial reimbursement analysis on the date of reimbursement, plus any additional liability to the fund. There are mandatory notices and time constraints required if you are able to reestablish your prior Service Credit. You have 30 days from the date of reemployment to file a written “Declaration of Intent to Purchase Prior Service Credit” in the Retirement Office. You have 90 days from the date of reemployment to repay, in one lump sum, with interest, the amount required, pursuant to Chapter 2.64 of the City Code, to reestablish your prior Service Credit. All repayments are made on a post-tax basis. If you repay the required amount in a timely manner, your final retirement benefit will be recomputed based on your total Service Credit. If you retired before September 1, 2011, and are later reemployed after September 1, 2011, you may be allowed to repay your previously received retirement benefits and have your retirement benefits calculated based upon the retirement rules in effect as of the date of your first employment period. If you choose not to reimburse the Trust, your final retirement benefit will be equal to (i) your original benefit, plus (ii) a new benefit based on your second period of service only.

## 7. FINAL WAGES

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### TIER I

Your Final Wages are defined as the greatest of (i) your average monthly gross earnings over the three years prior to retirement, (ii) your average monthly base salary pay during the year immediately prior to retirement, or (iii) your base pay for the month immediately prior to retirement.

### TIER II

Your Final Wages are defined as the average monthly gross earnings over the three years prior to retirement.

## 8. NORMAL RETIREMENT

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### TIER I

Your **Normal Retirement Date** is the date you reach age 55 and have completed 10 years of Service Credit, or the date you reach age 60 with 7 years of Service Credit, or, if earlier, the date you complete 30 years of Service Credit.

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

**2.5% X Years of Service Credit (including any fraction)**

**multiplied by**

**Your Final Wages**

Your minimum monthly benefit is \$75.

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

Suppose you choose to retire at age 60 with 25 years and 5 completed months of Service Credit. Let's assume your Final Wages are \$2,000 per month. Here is how your worksheet would look:

### TIER I - SAMPLE NORMAL RETIREMENT

A. Service Credit	25.417
B. Final Wages	\$ 2,000.00
C. Normal Retirement Benefit (not less than \$75) (0.025 times Item A. times Item B., or 0.025x 25.417 x 2,000)	\$ 1,270.85

You would therefore be entitled to a monthly income of \$1,270.85 for as long as you live. In addition, your spouse, assuming you are married at the time of retirement, would be entitled to certain death benefit protection based on 2/3 of this amount. Your retirement benefit is limited to not more than 90% of the 3-year average final pay. You can also elect other forms of payment; see Section 12.

### TIER I - NORMAL RETIREMENT WORKSHEET

A. Service Credit	
B. Final Wages	\$
C. Normal Retirement Benefit (not less than \$75) (0.025 times Item A times Item B, but not less than \$75)	\$

Please visit the online benefits calculator located on our website at [eppension.org](http://eppension.org) for a quick way to obtain a retirement benefit estimate.

### TIER II

Your **Normal Retirement Date** is the date you reach age 60 and have completed 7 years of Service Credit or, if earlier, the date you complete 35 years of Service Credit.

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

**2.25% X Years of Service Credit (including any fraction)**

**multiplied by**

**Your Final Wages**

Your minimum monthly benefit is \$75.

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

Suppose you choose to retire at age 65 with 25 years and 5 completed months of Service Credit. Let's assume your Final Wages are \$2,000 per month. Here is how your worksheet would look:

#### TIER II - SAMPLE NORMAL RETIREMENT

A. Service Credit	25.417
B. Final Wages	\$ 2,000.00
C. Normal Retirement Benefit (not less than \$75) (0.0225 times Item A times Item B, or 0.0225x 25.417 x 2,000)	\$ 1,143.76*

You would therefore be entitled to a monthly income of \$1,143.76 for as long as you live. In addition, your spouse, assuming you are married at the time of retirement, would be entitled to certain death benefit protection based on 2/3 of this amount. You can also elect other forms of payment; see Section 12.

#### TIER II - NORMAL RETIREMENT WORKSHEET

A. Service Credit	
B. Final Wages	\$
C. Normal Retirement Benefit (not less than \$75) (0.0225 times Item A times Item B, but not less than \$75)	\$

**\* Note: Your retirement benefit is limited to not more than 90% of the 3-year average final pay.**

Please visit the online benefits calculator located on our website at [eppension.org](http://eppension.org) for a quick way to obtain a retirement benefit estimate.



## 9. EARLY RETIREMENT

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### TIER I

You are eligible for an Early Retirement benefit if you terminate your service with the City after age 40 and after completing at least 10 years of Service Credit or after age 45 with at least 7 years of Service Credit.

To calculate your Early Retirement Benefit, follow the steps used to calculate your Normal Retirement Benefit, using your Service Credit and Final Wages at the time you retire. Then this amount will be reduced based on age at retirement. The \$75 minimum benefit does not apply to Early Retirement benefits.

### TIER II

You are eligible for an Early Retirement benefit if you terminate your service with the City after age 45 and after completing at least 7 years of Service Credit.

To calculate your Early Retirement Benefit, follow the steps used to calculate your Normal Retirement Benefit, using your Service Credit and Final Wages at the time you retire. Then this amount will be reduced based on age at retirement. The \$75 minimum benefit does not apply to Early Retirement benefits.

## 10. DEFERRED RETIREMENT BENEFITS

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If you are eligible for Early Retirement but do not want to begin receiving your benefits yet, you may defer your benefits until as late as age 60. However, you may not defer your benefits beyond your Normal Retirement Date.

Your monthly benefit will be equal to 2.5% (**Tier I**) or 2.25% (**Tier II**) of your Final Wages times your years and months of Service Credit at your date of termination, times the Early Retirement Reduction Factor based on your age when you start receiving your benefits. In other words, your deferred benefit is calculated just like an Early Retirement benefit, but with the Early Retirement Reduction Factor based on your later age. If you wait until your Normal Retirement Date, there will be no Early Retirement reduction applied.

In order to receive this benefit, you must leave your contributions in the Trust. Withdrawal of your contributions will result in the forfeiture of all monthly benefits.

Choosing to participate in the Proportionate Retirement Program (PRP) by combining Service Credit in two or more participating systems can also be considered a form of deferred retirement. In order to qualify for participation in the PRP, you must qualify under Chapter 803

of the Texas Government Code, as well as the City of El Paso Employees Retirement Trust provisions regarding PRP.

## **11. DISABILITY RETIREMENT**

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If you become disabled as an active employee either in the line of duty or due to an illness or injury for which you are not at fault, you may apply for **Disability Retirement**. To be considered disabled, you must provide medical proof, satisfactory to the Board of Trustees, that your condition is of a significant impairment of physical, neurological, cognitive, or ambulatory abilities, or combination thereof, to such an extent that a participant is unable to perform a job for which he is qualified by training and experience, and where medical improvement of the impairment or combination thereof does not have medically reasonable prognosis for improvement under the conditions at the time of the application for disability. Please contact the Retirement Administration Office to obtain a copy of “Procedures for Applying for Disability Retirement”. Application for Disability Retirement must be made within 30 days of your Termination date. “Termination date” means the date when you separate from the City, whether voluntary or involuntary. If you have completed at least 7 years of Service Credit or if your disability is job-related, your monthly disability benefit is calculated in the same manner as your Normal Retirement Benefit, regardless of your age, but based on your current Service Credit. The \$75 per month minimum benefit applies, but if your disability is job-related, your monthly disability income will not be less than \$250 per month.

You will not be eligible for a disability retirement if your disability is a result of:

1. Excessive and habitual use of illegal drugs, intoxicants, or narcotics;
2. Injury or disease sustained while willfully and illegally participating in fights, riots, civil insurrections, or while committing a felony;
3. Injury or disease diagnosed or discovered after termination of service with the City;
4. Injuries sustained through attempted suicide or intentionally self-inflicted.

If you have less than 7 years of Service Credit and your disability is not job-related, you will be entitled to a refund of your contributions (**Tier I** employees are eligible for interest if they have at least 5 years of Service Credit).

## 12. DEATH BENEFITS

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In the event of your death, the Trust may pay a benefit to your dependents, beneficiary, or estate. If you are eligible for Early or Normal Retirement when you die, or if you die as the result of an accident which occurs in the course of your employment, and you have a qualified spouse and/or children under age 19, they will receive regular retirement payments as long as they remain qualified.

If you do not have a qualified spouse and/or children under age 19, or if you are not eligible for retirement and your death is not due to a job-related accident, a lump-sum amount will be paid to your beneficiary or to your estate. The lump-sum amount will include only your contributions to the Trust (plus interest if you have at least 5 years (**Tier I**) or 7 years (**Tier II**) of Service Credit at your death).

When you die, whoever will be claiming the death benefit will need to notify the Retirement Administration and will have to provide a death certificate. If your spouse is claiming the benefit, he or she may also need to furnish a copy of a marriage certificate.

The plan considers the following as a qualified spouse or child:

### A QUALIFIED SPOUSE

- Has not remarried,  
AND
- married you before your retirement.

### A QUALIFIED CHILD

- Is not married,  
AND
- is less than age 19, or
- is substantially physically or mentally disabled.

Stepchildren are considered qualified if they meet the following additional requirements:

- Stepchild was a legal member of the employee's family when the employee died,  
and
- Stepchild was supported by the employee.

### ELIGIBILITY FOR SURVIVOR RETIREMENT PAYMENTS

A regular retirement will be paid to your qualified spouse and/or children if you die while you are (i) an active member with at least 7 years of Service Credit, (ii) a retired member currently receiving a retirement, or (iii) a member who is eligible for a deferred retirement but not yet receiving it.

## **PAYMENTS BEGIN**

- Immediately, if you were an active member eligible for retirement.
- Immediately, if you were already receiving a retirement.
- If you were eligible for but not yet receiving a Deferred Benefit, payments may begin immediately or may be deferred at your survivor's option. Payments may not be deferred beyond your normal retirement age.

## **AMOUNT**

The amount of the Survivor's retirement is based on your accrued retirement amount and whether or not your death was job-related. Your accrued retirement amount is based on your Service Credit and Final Wages as of your date of death. The amount of the benefit and the division, if any, will depend on whether there is both a widow and eligible children, or only a widow, or only a child or children.

## **DEATH FROM JOB-RELATED ACCIDENT**

If you are an active employee and you die as a result of a job-related accident, your qualified spouse and/or children will receive the greater of:

- \$550 per month, or
- the monthly amount they would have been entitled to receive under the next subsection if you had been employed by the City for 30 years and if you had been age 70 at your death.

## **DEATH FROM OTHER CAUSES**

If you are an active employee who is eligible for retirement, and you die from a cause other than a job-related accident, your qualified spouse and/or children will receive the following amount:

- If you have a qualified spouse, but no qualified children:
  - Your spouse receives the greater of (i) two-thirds of your accrued retirement amount, or (ii) the amount payable under the joint and 100% contingent option (see Optional Settlement 2 in Section 13).
- If you have qualified children but no qualified spouse:
  - Your children share equally an amount that is equal to the greater of (i) two-thirds of your accrued retirement amount, or (ii) the amount payable under the joint and 100% contingent option (see Optional Settlement 2 in Section 13).
- If you have both a qualified spouse and qualified children:
  - Your spouse will receive for the joint benefit of his/herself and such qualified child or children an amount equal to the full amount of your

accrued retirement amount.

- Once your children are no longer qualified, your spouse will receive the greater of (i) two-thirds of your accrued retirement amount, or (ii) the amount payable under the joint and 100% contingent option (see Optional Settlement 2 in Section 13).

The total amount payable to qualified spouses and/or children is subject to a minimum of \$75.00 per month.

If you were receiving monthly benefit payments at the date of your death, and you did not select one of the Settlement Options described in Section 13, your qualified spouse will receive the following amount:

- 2/3 of the amount you were receiving prior to your death

If you elected one of the settlement options, your qualified spouse will receive the benefit called for under the option. However, if your spouse is deceased and you still have qualified children, their benefits will be computed without regard to the Settlement Option elected.

The total amount payable to qualified spouses and/or children is subject to a minimum of \$75.00 per month.

#### **ELIGIBILITY FOR LUMP-SUM PAYMENT**

If you are an active employee when you die, but (i) you are not eligible for Early Retirement and your death is not the result of a job-related accident, or (ii) you do not have a qualified spouse or children, a refund of your contributions (with interest if you have at least 5 years (**Tier I**) or 7 years (**Tier II**) of Service Credit) will be paid to your beneficiary or to your estate.

### **13. OPTIONAL FORMS OF INCOME**

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Before your retirement payments begin, you may choose one of the following optional forms of payment in lieu of the normal form of income:

#### **NORMAL**

You will receive a monthly income payable for your lifetime, and if your spouse survives you, he or she will receive 2/3 of that monthly income until his or her death or remarriage. This option is available only to married participants.

#### **OPTIONAL SETTLEMENT 1**

You will receive a monthly income payable for your lifetime, and if you die before you have received at least the amount of your contributions, the balance of your contributions will be paid to your beneficiary or your estate. This option is available only to single participants.

**OPTIONAL SETTLEMENT 2**

You will receive a monthly income payable for your lifetime, and if your spouse survives you, he or she will receive 100% of that monthly income until his or her death or remarriage. This option is available only to married participants.

**OPTIONAL SETTLEMENT 3**

You will receive a monthly income payable for your lifetime, and if your spouse survives you, he or she will receive 50% of that monthly income until his or her death or remarriage. This option is available only to married participants.

**OPTIONAL SETTLEMENT 4**

You will receive a monthly income payable for your lifetime. This option is available only to married employees and requires written consent of the participant's spouse.

Employees who choose deferred retirement must make an election regarding the optional settlements for survivor's benefits at the time they apply for retirement.

Please note that you may not change the option you elected once your application for retirement has been approved by the Board.

Also note that these options change the death benefit available to your spouse after retirement. However, they do not change the benefit available to your unmarried minor children, if any.

## **14. MAXIMUM BENEFIT LIMIT**

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**TIER I**

The maximum amount which you may receive is based on the IRS-mandated limit.

**TIER II**

The maximum amount which you may receive is the lesser of any IRS-mandated limit or 90% of the 3-year average of final pay.

## **15. QUESTIONS AND ANSWERS ON OTHER TOPICS**

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

Submit your retirement application to the Retirement Administration office before leaving employment or within 30 days of your termination of employment with the City.

(The Retirement Administration office recommends that you make your application at least 60 days in advance of your projected retirement date.)

**2. How do I prove that I am disabled?**

Come to the Retirement Administration Office to obtain a copy of “Procedures for Applying for Disability Retirement”. You are responsible for supplying the supporting medical documentation from your doctor(s).

**3. Do I receive credit for unused sick leave?**

Yes. While in active employment, you accrue sick leave credit. At retirement, you will receive Service Credit for any sick leave you have not used. However, see Section 2 for certain restrictions on how this service can be used.

**4. Do I receive credit for military service?**

It depends. If you paid contributions to the Trust during your absence, then that period of military service is recognized as credited service for retirement purposes. If you did not pay contributions, you do not receive Service Credit during your absence. You may elect to receive Service Credit for your military service that was for active duty by repaying your employee contributions (without interest).

**5. Can I withdraw from the Trust and rely on my own savings for retirement?**

No. Once you begin participation in the plan, you may not withdraw.

Please note that if you terminate your employment after becoming eligible for an Early Retirement benefit, and you choose to withdraw your contributions from the Trust, you will forfeit your right to a deferred benefit under the Trust.

**6. Can I borrow money against my contributions to the Retirement Trust?**

No. You may not obtain loans using your contributions to the Trust.

**7. Is my retirement taxable?**

Yes. Generally, you must pay federal income taxes on your retirement payments, but not on the portion that can be attributed to your own post-tax contributions. Employees who were participants in the Retirement Trust prior to May 1, 2007, made contributions on a post-tax basis. All retirement deductions beginning with the first full pay-period after May 1, 2007, were taken before taxes and are therefore taxable when distributed. You should discuss the taxability of your benefits with your professional tax advisor.

**8. Does the return on the Trust's investments affect the size of my benefit?**

No. Your benefit is determined according to the benefit formula described in this booklet. The interest earned by the investments does not affect the amount of the benefit.

**9. Who administers the Trust?**

The Board of Trustees is composed of two district representatives appointed by the City Council, one City retiree appointed by the Mayor, four City employees elected by members of the Trust, and two other mayoral appointees who are not officers or employees of the City. The Board, in turn, appoints committees to oversee the operation of the Trust. Each elected member serves a four-year term, and each appointed member serves a two-year term. Trustees receive no compensation for their work on the Board.

The Board hires administrative personnel, as needed, including a Trust Executive Director and staff.

**10. What happens to my retirement benefits upon divorce?**

If retirement benefits are divided, you must submit a copy of your divorce decree, including a Qualified Domestic Relations Order, once your divorce becomes final.

**11. Do I have Tier I or Tier II benefits?**

If your participation date is before September 1, 2011, you are in **Tier I**. If your participation is on or after September 1, 2011, you are in **Tier II**. Your annual benefit statement will also tell you what tier group you are in.

**12. Can I contribute more or less to my retirement?**

No, the contribution rate is established by ordinance.



**13. How long will it take to be refunded my contributions?**

You must apply for a refund. You should receive your refund approximately 8 weeks after your final separation. Your employment status with the City must be “terminated” and a final paycheck issued.

**14. How can I get more information about retirement?**

You can visit our website at [www.eppension.org](http://www.eppension.org), review the Summary Plan Description Handbook, attend one of the pre-retirement seminars, or meet with a Benefits Technician or Benefits Manager.

**15. What limits are there on my benefit?**

The Internal Revenue Code sets limits which may affect the final average pay, your annual benefit, and service purchases. These limits affect very few people. We will notify you if these limits affect you when you make a service purchase or retire.

**16. When does CEPERT distribute benefit statements?**

Benefit statements are distributed annually. The annual benefit statement shows the account status of your contributions, Service Credit, final monthly average earnings, and an estimated monthly retirement benefit through December 31 of the previous year. If you are a retiree, you will not receive an annual statement.

**17. What are my responsibilities as a City of El Paso Employees Retirement Trust member?**

1. Know when you are eligible for benefits.
2. Notify the fund of any proportionate service from other Texas retirement systems.
3. If you are getting divorced and it is determined that you and your spouse will be dividing your CEPERT benefit, you will need to submit a certified Qualified Domestic Relations Order (QDRO).
4. Contact CEPERT to apply timely for benefits.
5. Review your annual benefit statements. If you believe that the balances presented in your annual benefit statement are inaccurate or incomplete, you must notify CEPERT in writing.
6. Notify the Retirement Office of the death of any participant, retiree, or beneficiary.

**18. What are my responsibilities after I retire?**

You are required to keep us informed of your contact information, or your payments from the Trust may be suspended. Contact information includes your address, phone number, email address, tax, and banking information. Any changes to your contact information must be filed in our office in writing. Please contact the Retirement Administration Office at (915) 212-0112.

**19. What happens if I decide to return to work for the City after retiring?**

It is important that you contact a Benefits Technician or the Benefits Manager to discuss the rules and restrictions on your benefit prior to returning to work for the City of El Paso after retirement.

## ***Notes***

## ***Notes***