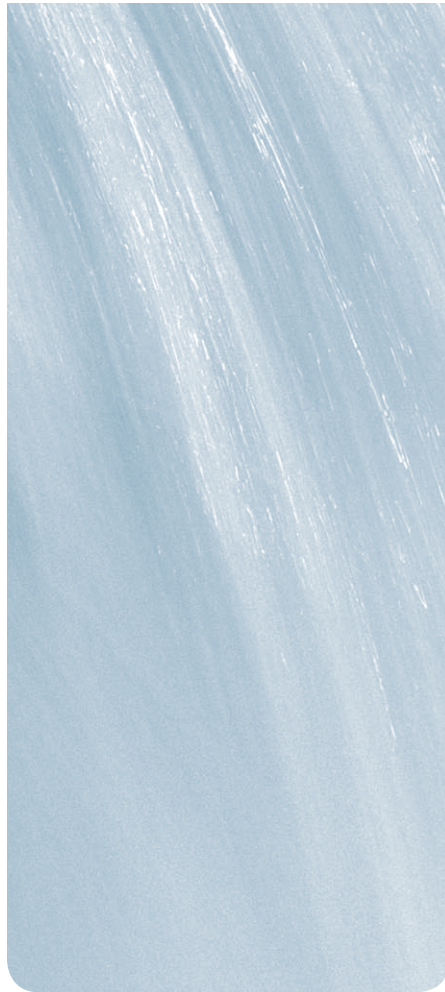




**SERS**

**Spokane Employees'  
Retirement System**



**INFORMATION HANDBOOK**


For Employees Hired on or After January 1, 2009





## TABLE OF CONTENTS

Introduction .....	1
Administration .....	2
Investment Management and Actuary .....	2
Membership .....	3
Termination of Membership .....	3
Vesting.....	3
Contributions.....	4
Contribution Rate .....	4
Withdrawal of Contributions .....	4
Redeposit of Withdrawn Contributions.....	5
Interest Rate Credited .....	5
Retirement.....	6
Eligibility.....	6
Retirement Benefit Calculation and Examples .....	6
Service Retirement Options.....	8
Leave of Absence .....	9
Part-Time Employment.....	9
Disability Retirement .....	9
Recovery from Disability .....	10
Death Prior to Retirement .....	10
Military Leave .....	11
Post-Retirement Ad Hoc Adjustments .....	11
Social Security .....	12
Income Taxes .....	12
Portability.....	12
Beneficiary.....	12





## **SPOKANE EMPLOYEES' RETIREMENT SYSTEM**

This handbook presents summary information about the Spokane Employees' Retirement System (SERS or the "System") and applies to all non-uniformed employees hired on or after January 1, 2009. Further information about SERS can be found in the Spokane Municipal Code (SMC). If there are differences in the language or interpretation between this handbook and the SMC, the language in the SMC supersedes.

SERS is a defined benefit plan for City of Spokane non-uniformed employees. The retirement plan pays benefits as described in this handbook.

### **OFFICE LOCATION**

The Spokane Employees' Retirement System office is located in City Hall, in Suite 604, at 808 W. Spokane Falls Boulevard. The telephone number is 509.625.6330.



## **ADMINISTRATION**

SERS is governed by a Board of Administration consisting of seven members. Three members are appointed by the City Council and three employee members are elected by the SERS membership. The seventh member is appointed by the other six members and is not an elected official or an employee of the City. Board meetings are normally held on the last Wednesday of each month in conference room 5A of City Hall and a current schedule of meetings is listed on the SERS website.

An annual report that contains detailed information on the System is available at [www.spokanesers.org](http://www.spokanesers.org)

## **INVESTMENT MANAGEMENT AND ACTUARY**

Professional money managers and mutual funds are used to manage the fund's investments. Investment assets are held by a separate trust custodian. The Board utilizes an independent investment consultant who provides monitoring services along with making recommendations for the fund. An actuary is also used to perform actuarial valuations; the actuary keeps staff and the Board apprised of the future liability of the retirement fund.



## **MEMBERSHIP**

All permanent employees of the City of Spokane, except uniformed police officers and firefighters, become members of SERS on their hire date.

### **Termination of Membership**

Active membership in SERS ceases upon retirement, death, or when you terminate City employment and withdraw your accumulations.

### **Vesting**

Vesting means you have earned the right to a future pension. If you terminate active employment with the City, you will be eligible to vest and receive a future pension provided at the time of termination the following conditions apply:

- ~ You have at least five years of creditable service, and
- ~ You elect to leave your retirement accumulations in the System.



## CONTRIBUTIONS

### **Contribution Rate**


Both the employee and the City pay into the System based on a specified percentage. The contribution rate is reviewed every five years by the System's actuary in a report to the Board, and the rate can increase or decrease over time. City Council has ultimate authority for changing the contribution rates. Information on the contribution rates can be found in the annual report at [www.spokanesers.org](http://www.spokanesers.org)

### **Withdrawal of Contributions**

Upon termination of employment and before earning a right to vest in the System, all of your contributions plus an interest credit are returned in a lump sum. City contributions are used for funding the overall plan and are not withdrawn as a lump sum; instead, city contributions help to fund future pension payments (annuities).

In order to withdraw your contributions plus interest, you will need to complete a withdrawal application. Funds will be available on the Friday after the regular monthly board meeting. Board meetings are normally held on the last Wednesday of each month. Withdrawal applications should be submitted to the Retirement Department office no later than the Wednesday before the board meeting. Withdrawals are not processed until after your last day of employment.

When you withdraw your contributions you will be given a choice of a check or a direct rollover to an IRA or other eligible employer



plan, or a combination partial withdrawal and partial rollover. A tax notice regarding retirement plan payments will be made available to you prior to your decision.

## **Redeposit of Withdrawn Contributions**

If you leave employment and return to work at the City, you may reinstate prior service credit by redepositing your withdrawn accumulations, plus interest, within one year from your rehire date. Interest is calculated from your withdrawal date to the redeposit date. If you choose not to make a redeposit, you become a member of the System as of your rehire date.

## **Interest Rate Credited**

Employee contributions into the retirement fund “accumulate” and these accumulations are credited with interest at a specified rate and compounded quarterly. The City Council, upon recommendation of the SERS Board, has the authority to change the interest rate on employee accumulations. In the event of withdrawal or death, interest is credited up to the date of withdrawal or payment to your beneficiary. The interest rate is disclosed in the actuarial section of the annual report at [www.spokanesers.org](http://www.spokanesers.org)





## RETIREMENT

### Eligibility

All permanent non-uniformed employees hired on or after January 1, 2009 are eligible for service retirement after completing five years of service and are age 50 or older; however, your age plus years of service must equal 75 “points” before you can draw a pension (refer to examples below). In addition, the normal retirement age for the Plan is 62. Benefits may be reduced according to the retirement annuity option selected.

### Retirement Benefit Calculation

A straight retirement benefit is calculated by multiplying 2.0% of the member’s highest consecutive two-year monthly salary by the member’s years of creditable service to a maximum of 70.0%. Your pension calculation is limited to 35 years of creditable service.

#### **Rule of 75 Example 1:**

Age plus years of service must = 75 points

Example for January, 2009 hire:

Start employment at age 30

Works .....	20 yrs.
Leaves at age .....	50
Plus yrs. service .....	20
Points = .....	70

*Result: Waits 5 yrs. to collect pension*

**Rule of 75 Example 2:**

Age plus years of service must = 75 points

Example for January, 2009 hire:

Start employment at age 40

Works .....	10 yrs.
Leaves at age .....	50
Plus yrs. service .....	10
Points = .....	60

*Result: Waits 12 yrs., until reaching the age of 62, to collect pension because Normal Retirement Age (NRA) is age 62. NRA is established in the Spokane Municipal Code.*

**Straight Pension Example:** Your two highest consecutive years of pay total \$90,000 (\$45,000 a year) divided by 24 months resulting in a monthly pay rate of \$3,750. Calculation assumes you have met the criteria listed above and in the SMC and that you have worked 20 years.

**CALCULATION:**

Highest 2 years <u>Avg. Monthly salary</u>	X	<u>Factor</u>	X	<u>Yrs. of Cred. Service</u>	=	<u>Monthly Pension</u>
\$3,750	X	2.0%	X	20	=	\$1,500

Other pension options are available and are briefly explained in the “Service Retirement Options” section of this handbook.



## Service Retirement Options

At least 30 days prior to the date of retirement, you will need to choose one of six pension options. In each option, a pension will be paid to you for your lifetime. The options provide different types of settlement to your beneficiary upon your death. Briefly, the options are as follows:

1. **Straight Service** The total pension is deducted each month from your total accumulated contributions, leaving any remaining balance to be paid to your beneficiary in one lump-sum upon your death.
2. **Option “A”** An annuity portion is deducted monthly from your total accumulations, with a lump-sum cash refund of any remaining balance being paid to your beneficiary upon your death.
3. **Option “B”** The death benefit is the same as in Option A, but it is paid in monthly payments until the balance of the total accumulations is exhausted.
4. **Option “C”** In case of death within the guaranteed period, your beneficiary receives your pension for the remainder of the pre-selected time period of 5, 10, 15, or 20 years.
5. **Option “D”** Upon your death, 50% of your pension is continued to your spouse for life.
6. **Option “E”** Upon your death, 100% of your pension is continued to your spouse for life.

If you elect options “A” through “E,” your monthly pension will be actuarially reduced to provide a death benefit.

At the time of retirement, you also have the option of withdrawing your accumulations plus interest in a lump-sum payment and giving up all rights to any further benefits from the Spokane Employees’ Retirement System.



## **Leave of Absence**

When calculating your retirement benefit, any time taken off for a leave of absence without pay during your career will be deducted from your years of creditable service. This also includes days taken off without pay during any pay period.

## **Part-time Employment**

For employees working other than a full-time schedule, credit for years of service will be pro-rated based on employment status. For example, a half-time employee is 50% of a full-time equivalent (FTE) and will earn service credit at a reduced rate. In this case, the half-time employee would need to work ten years to receive five years of creditable service and obtain vesting rights.

## **Disability Retirement**

In the event of total and permanent disability, you are eligible for a disability pension, provided you have at least five years of City service. If the disability should occur on the job, the five years of service requirement is not applicable. Applicants for disability retirement may be given an examination by a designated SERS Board physician before the disability application is considered by the Board.

The amount of your disability pension is calculated as 1.25%, times your highest consecutive two years salary, times the years of service you would have had if you had been able to work to age 62.



## **Recovery From Disability**

If you recover from a disability after electing to take a disability retirement, and you are re-employed by the City, your pension will stop and your active retirement membership will be restored.

## **DEATH PRIOR TO RETIREMENT**

If an active employee member dies before achieving retirement eligibility, his or her retirement accumulations will be paid in a lump sum to the designated beneficiary.

If an active vested employee member dies who has named a spouse as their primary beneficiary, and if the active vested member has met the conditions described above under the “Eligibility” section of this Handbook and in the SMC, the spouse may elect to receive a life annuity based on Option “E” (described under Service Retirement Options). The surviving spouse may also elect to take a lump sum distribution. Alternately, the spouse may elect to receive a portion (up to 50%) of the lump sum and a smaller life annuity.

If an active member dies who has named a spouse as their primary beneficiary, and the member is vested but has not met the other conditions described above under the “Eligibility” section of this Handbook and in the SMC, the spouse may elect to vest and begin a life annuity under Option “E” when the employee would have attained full eligibility if he or she had lived.



## **MILITARY LEAVE**

During a qualified military service without pay, retirement contributions are not taken. If an employee returns to city service within the time period stated in applicable federal law, he/she will have the opportunity to make missed contributions and receive credited service for the period of time served in the military. The employee is permitted up to three times the length of time he/she was gone to repay the contributions that would have been made had the leave not occurred.

Alternatively, if an employee returns from qualified military service within the time period required in federal law, he/she will qualify for credited service without repaying the missed contributions but the factor applied to that service will be 1.67%. Service credited under this provision may not exceed five years. Other rules may apply; please contact the Retirement Department for further information.

## **POST-RETIREMENT AD HOC ADJUSTMENTS**

The Board is authorized to grant an “ad hoc” performance adjustment based on a financial ratio established by the Board with the advice of the SERS’ actuary. The ad hoc adjustment may be made annually on July 1 of each year. If granted, the ad hoc adjustment is non-compounding and based on each retiree’s original pension amount. An Option “D” survivor, receiving one-half of the original pension amount, will have the ad hoc adjustment calculated on one-half of the original pension.



## **SOCIAL SECURITY**

During employment, SERS members pay Social Security taxes and may receive Social Security benefits in addition to their City pension. Please contact your local Social Security office for more information regarding this federal retirement program.

## **INCOME TAXES**

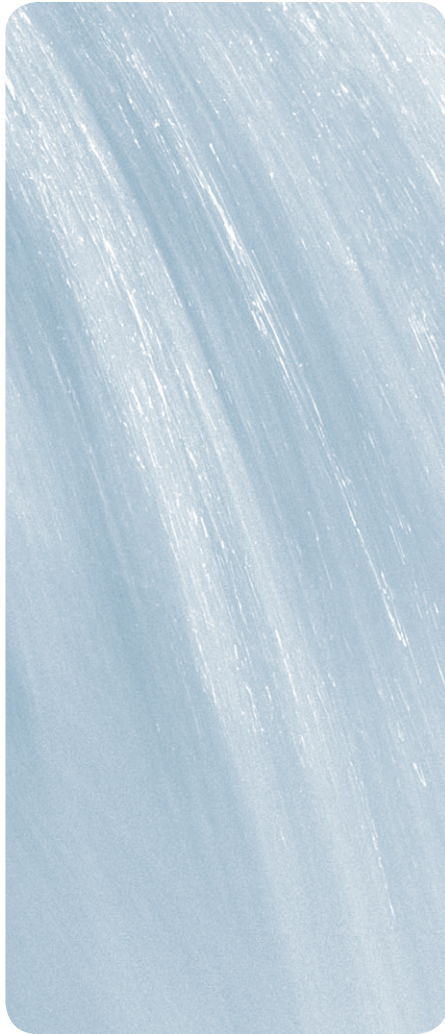
Employee contributions into the SERS Plan are tax deferred. Federal income tax might be due once money is withdrawn from SERS through an annuity, death benefit, or refund.

## **PORTABILITY**

Have you ever been a member of one of the Washington State retirement systems or the city systems of Seattle or Tacoma? If so, you may be eligible for portability which could give you vesting rights in SERS earlier than five years. In addition, portability rules may benefit you in other ways. Please contact the SERS Retirement Office for further information.

## **BENEFICIARY**

An employee's beneficiary designation can be changed at any time. If you choose to name minor children or your "estate" as your beneficiary, we recommend that you seek legal advice before doing so. You should also seek legal advice about your beneficiary designation if you are going through a divorce or are divorced. It is important to keep your beneficiary designation up to date. Beneficiary forms are available online at [www.spokanesers.org](http://www.spokanesers.org)



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