



# PENSION PLAN DIVISION 788 O&M - ATU



The Pension Plan is a valuable Metro benefit which provides you with a monthly payment when you retire to supplement your Social Security and personal savings.

## ELIGIBILITY / PARTICIPATION / ENROLLMENT

Participation is automatic for full-time employees of Metro who are represented by the Memorandum of Agreement between Division 788 O&M - ATU and Metro. You do not need to enroll to be eligible.

## VESTING

You become 100% vested in the Pension Plan after 10 years of Credited Service with Metro. This means that you will be eligible for a monthly pension benefit following your employment with Metro.

## COST / CONTRIBUTIONS

You and Metro share in the cost of this valuable benefit plan.

Metro contribution: 70% of the total required weekly contribution.

Employee contribution: 30% of the total required weekly contribution.



## BENEFICIARY

As an active employee, you can name any person as your beneficiary. You must complete a *Beneficiary Designation Form*. You can change your beneficiary at any time before your retirement benefit begins.



## FULL PENSION BENEFITS

When you meet one of the age and/or service requirements below, you will be entitled to receive a monthly pension benefit without a reduction for early commencement. The monthly benefit will be payable for your lifetime beginning on the first day of the month following your retirement date.

➤ **Age 65:** If you have less than 25 years of Credited Service and are vested, you can retire at age 65 and receive a lifetime monthly pension of \$40 for each full year of Credited Service.

**Example:** Assume that you have 15 years of Credited Service, you can retire at age 65.

Your monthly pension benefit will be: 15 yrs. X \$40 = \$600.00 / month

➤ **At least age 55 with 20 or more years of service:** If you have at least 20 but less than 25 years of Credited Service, you can retire at age 55 and receive a lifetime monthly pension of \$40 for each full year of Credited Service.

**Example:** Assume that you have 22 years of Credited Service, you can retire at age 55.

Your monthly pension benefit will be: 22 yrs. X \$40 = \$880.00 / month

➤ **At any age with at least 25 years of service:** If you have 25 or more years of Credited Service, you can retire at any age and receive a lifetime monthly pension of \$55 for each full year of Credited Service.

**Example:** Assume that you have 28 years of Credited Service, you can retire at any age.

Your monthly pension benefit will be: 28 yrs. X \$55 = \$1,540 / month



## BENEFITS FOR EARLY RETIREMENT



➤ **At least age 55 with at least 15 years of service:** If you have at least 15 years of Credited Service, you can retire from Metro anytime after age 55 and receive a lifetime benefit of \$40 for each full year of Credited Service beginning on the first day of the month following your retirement date. However, your monthly benefit will be reduced by 1/4% for each month that your benefit begins before you would attain age 65.

**Example:** Assume that you have 18 years of Credited Service and you want to retire at age 58.

Since you will be receiving your pension benefit 84 months early, it will be reduced 21% (.0025 X 84 months). Your monthly pension benefit will be: 18 yrs. X \$40 X .79 = \$568.80 /month.

## BENEFITS FOR DISABILITY IN ACTIVE SERVICE



An employee who has at least 10 years of Credited Service and who meets the disability requirements will be eligible for a disability pension benefit. To qualify, an employee:

- Must apply with Metro and be approved for a disability pension and be off work due to the disabling condition for a period of six (6) months;
- **For the first 3 years:** Must be either physically or mentally incapable of performing the duties of the last position held with Metro or approved for Federal Social Security Disability Benefits, and
- **After 3 years:** Must be approved for Federal Social Security Disability Benefits.

The disability pension benefit is based on the years of Credited Service as of the date determined to be disabled.

## DEATH IN ACTIVE SERVICE

In the event of the death of an employee in active employment with at least 10 years of Credited Service, the plan provides a monthly pension benefit payable to the participant's spouse or other named beneficiary based on the years of the participant's Credited Service at the date of death.

If the employee had at least 15 years of Credited Service, the benefit is payable beginning with the first day of the month of the death.

If the beneficiary is a surviving spouse, the surviving spouse may elect a benefit payable for his/her lifetime or the survivor portion of either the 10 or 15 Year Certain Option. If the beneficiary is not the employee's spouse, the beneficiary can elect the survivor portion of either the 10 or the 15 Year Certain Option only. Payments under the survivor portions of the 10 or 15 Year Certain Options cease after 10 or 15 years, respectively.



## TERMINATED VESTED BENEFIT

An employee who terminates employment prior to meeting the requirements for a pension benefit outlined above and who has at least 10 years of Credited Service, may elect to receive (1) a refund of the participant contributions plus an interest factor or (2) a monthly vested pension benefit at age 65.

## BENEFIT OPTIONS

Which option is best for me?



### Things to consider

1. The income that you need for retirement.
2. Social Security.
3. The income that your spouse will need if you die first.
4. Any pension benefit that your spouse has.
5. Any life insurance that you have.
6. Other assets and/or savings that you have.
7. Your health and the health of your spouse.

At retirement, you elect an option on how you want your retirement benefit paid. Regardless of which form of payment you elect, your retirement benefit will be payable to you for your lifetime. *Remember*, once you elect an option and begin receiving benefit payments, you cannot change your benefit payment option.



The available forms of payment are:

**Straight Life Option:** This is the normal form and provides a monthly retirement benefit that will be payable for your lifetime. This option offers you the highest monthly benefit; however, there is no benefit payable to anyone after your death.

**Ten (10) Year Certain Option:** This option provides a monthly benefit that will be payable for your lifetime. However, if you should die before receiving 120 monthly payments (10 years), your designated beneficiary (or your estate) will receive the same amount for the remainder of the 120 monthly payments. If you should die after the 10 year period, no additional benefit will be paid to your designated beneficiary. Since this option provides a minimum of 120 monthly payments, your monthly benefit is reduced from the Straight Life Option.

**Fifteen (15) Year Certain Option:** This option provides a monthly benefit that will be payable for your lifetime. However, if you should die before receiving 180 monthly payments (15 years), your designated beneficiary (or your estate) will receive the same amount for the remainder of the 180 monthly payments. If you should die after the 15 year period, no additional benefit will be paid to your designated beneficiary. Since this option provides a minimum of 180 monthly payments, your monthly benefit is reduced from the Straight Life Option.

**Contingent Annuitant Options:** These options provide a monthly benefit that will be payable for your lifetime or the lifetime of your spouse, whoever lives longer. With these options, your spouse at the date that you make your election continues to receive either 50% or 100% of your benefit for his/her lifetime if you should die first. If you elect this option, the amount of your monthly benefit will be less than under the Straight Life Option since it provides a benefit for whoever lives longer between you or your spouse. The amount of your monthly retirement benefit will be determined by (1) your age, (2) the age of your spouse and (3) the percentage (50% or 100%) that you elect. If your spouse at the date the you make your election dies before you, monthly benefit payments will be discontinued upon your death.

Upon retirement, the value of your accumulated sick leave hours will be converted to a Supplemental Pension Benefit which can be paid in either a single lump sum or monthly payments.

**Lump Sum Option:** If you elect to receive your Supplemental Pension Benefit in a lump sum payment, your benefit will be equal to your hourly rate of pay at retirement multiplied by 85% of the lesser of your accumulated sick leave hours or 1,152 hours.

**Monthly Payments:** If you elect to receive your Supplemental Pension Benefit in monthly payments, your monthly benefit will be equal to your hourly rate of pay at retirement multiplied by your total accumulated sick leave hours, and then multiplied by a conversion factor based on the number of years that you elect to receive payments. You can elect to receive your monthly payments over 3, 5, 7, 10, 15, or 20 years. The longer that you elect to receive your payments, the lower the monthly benefit; however, your total payments over time will be larger.

**Example:** Assume your accumulated sick leave hours at retirement equals the maximum number of hours (1152 hours), plus "excess" sick leave of 500 hours for a total accumulated sick leave of 1652 hours. Also assume that your hourly rate at retirement is \$21.00.

**Lump Sum Option:** If you elect the Lump Sum Option, your Supplemental Pension will be calculated as follows:

$$\$21.00 \times 1,152 \text{ hours (max.)} \times .85 = \underline{\$20,563.20 \text{ total payout}^*}$$

\*IRS regulations require 20% withholding for taxes.

**Monthly Payments:** If you elect the Monthly Payments Option, your Supplemental Pension will be calculated as follows:

$$\$21.00 \times 1,652 \text{ hours} = \$34,692.00 \text{ (accumulated sick leave value at retirement)}$$

Then, if you elect to receive your payments over 10\* years, .....

you would receive \$337.21 /month for a total payout of \$40,465.20

If you die before the 10 years of monthly payments, your beneficiary would receive the remaining payments.

\* The conversion factor for a 10 year payout is \$9.72 / \$1,000.

## SUPPLEMENTAL PENSION BENEFIT

I need to really think about this!



## APPLYING FOR RETIREMENT



Applications for retirement benefits must be made in writing and received by the Human Resources Department no later than the first day of the month immediately preceding your retirement commencement date. However, to ensure that your first retirement payment begins in a timely manner, it is recommended that your written request be received at least 60 days in advance.

This summary offers a brief overview of the Metro Division 788 O&M Pension Plan provisions. If this summary differs from the information in the Metro Division 788 O&M Pension Plan document, the provisions of the pension plan document will govern.