



**City of Chattanooga
General Pension Plan
and Retirement Health Benefits**

General Pension Plan

Purpose of the Plan

“The Plan is designed to provide a lifetime income after retirement. It also offers optional benefit payments to designated beneficiaries. The Plan’s benefits are separate from any other retirement plan.”

-- *from the General Pension Plan booklet*

Who participates?

- Permanent employees of the City of Chattanooga
- Includes elected officials
- Does **not** include
 - Seasonal or temporary employees
 - Sworn fire and police employees
 - they have a separate pension plan
 - Part time employees working < 1,000 hours per year
 - Persons providing service under a contract

Who Administers the Plan?

- Seven member General Pension Plan Board appointed by the Mayor
- First Tennessee Bank is custodian of the Plan
 - Oversees the funds
 - Pays the benefits
- City of Chattanooga Human Resources
 - Record-keeper
 - Contact for retirement benefits analysis, plan information, and administration of changes

Features of the Plan

- Defined Benefit Pension Plan
- Formula based on age, average of three highest calendar year earnings, and service credits
 - Pension service credits are earned monthly, up to 12 per year, to determine the years of service in the plan
- Requires contributions of 2% of earnings
- Vested after 60 service credits earned

When may I retire?

- Normal retirement age is **62** with full benefits
 - Early retirement, with reduced benefits, may commence beginning at age **55**
- Except, Rule of 80** allows a participant to retire with **full benefits** before age 62 if the sum of age and service credits is 80 or more.



What are the benefit options?

- Basic Life Annuity
- 5 Optional forms of payment
 - Life Annuity with 120 Payments Certain
 - Joint and 100% Contingent Annuity
 - Joint and 50% Contingent Annuity
 - Modified Joint and 100% Contingent Annuity
 - Modified Joint and 50% Contingent Annuity
- DROP payment with 26 years of service

What is the DROP?

- **Deferred Retirement Option Plan**
- Must have at least 26 years of service to have the option
- Allows participant to convert a portion of the monthly benefit to a lump sum cash payment

CASH + Monthly Benefit!

- Reduces the original monthly benefit payment
- Cash payment is taxable immediately unless it is transferred to a retirement account, for example, a City 457b account or a Traditional IRA

What if I terminate employment before I retire?



- Not vested – contributions are refunded as a lump sum or transferred into an IRA or new employer’s plan as requested
- Vested
 - Benefit is payable at 62 ,or, if desired, as early retirement on or after age 55
 - Rule of 80 may still apply
 - May request refund or transfer of contributions; this terminates the retirement benefit with the City

What if I die before retirement?

- **Not vested** – beneficiary receives refund of contributions
- **Vested** -- beneficiary chooses
 - Refund of contributions
 - Ten year annuity based on your earnings and service
 - Or, benefits are paid based on your pre-retirement election



What if I become disabled?

- City and Plan together pay premiums to provide a commercial LTD policy
 - Covers on-job and non-job related disabilities
 - Disability definition to qualify
 - Own occupation for first two years
 - Any occupation thereafter
 - Booklets ~~are provided at orientation, and may~~ be requested from Employee Benefits Office
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What steps can I take to plan for my retirement?



- Keep designated beneficiaries current!
- good idea to review each year (January 1, on your birthday)
- Select an optional benefit when you become vested
- in effect until retirement election made
- Plan ahead for funding your retirement from several sources – personal savings, deferred compensation plans (457b), other sources of income such as SS or employment, life insurance, etc.
- Plan for future expenses – debt payment, medical expenses, etc.

Contact and Website Information

Human Resources Office: 423 643-7200

Cheryl Powell : 423 643-7224

<http://www.chattanooga.gov/general-pension-plan>



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Retirement Health Benefits

Do I qualify for retiree health benefits?

- Basic criteria to continue health benefits into retirement
 - must have accumulated 25 years of service prior to retirement, **or**
 - be at least age 62 with 10 years (or more) of consecutive service immediately prior to retirement
- Must check your status at 7/1/2010 and at actual retirement
 - If basic criteria met at retirement, then qualify for continuation until Medicare eligible, **and**
 - If basic criteria met on or before 7/1/2010, then qualify for continuation for lifetime

I qualify. What must I do to retain retiree health benefits?

- Must enroll in coverage when first eligible
 - May continue coverage of dependents and spouses only if they were covered while an active employee in the fiscal year of retirement
 - If City benefits are terminated at any time after retirement, benefits cannot be re-entered
- If retiree becomes employed at another job offering coverage, must also purchase that coverage - *it becomes primary coverage*
- Must enroll in Medicare when first eligible

Which retiree health benefits are currently available?

Medical Benefits

- BlueCross BlueShield PPO Plan
- BlueAdvantage Plan (complementary to Medicare)

Dental Benefits

- Assurant HMO
- BlueCross BlueShield PPO

How are retiree health benefits implemented?

- **Under age 65 at retirement**
 - May continue on the BlueCross BlueShield PPO plan
 - Premium rate is higher than active employee rate
 - 1.5 times the active employee rate if 25 or more yrs of service
 - with fewer years of service the rate is higher
 - At 65, must enroll in Medicare Part A and B
 - may switch to the BlueAdvantage plan or may continue on the BlueCross BlueShield PPO plan
- **Age 65 or over at retirement**
 - Must enroll or be enrolled in Medicare Part A and B
 - Encourage enrollment in the BlueAdvantage plan, but may continue on the BlueCross BlueShield PPO plan

Does the life insurance continue into retirement?

- The Group Life insurance terminates in the month when employment terminates
- Supplemental life insurance may be continued
 - directly billed by carrier
- Whole life, Critical Illness, Accident, and Long Term Care insurance may be continued
 - directly billed by carrier

Frequently Asked Questions

Q *I am retiring next month and I qualify to continue my health coverage. My spouse is my dependent but she/he can enroll in employer provided coverage and is planning to retire in the future. Can I defer adding my spouse to my coverage until she/he retires?*

A No, you have a one-time option to continue to cover your dependents (spouse and/or children) at the time of your retirement.

Frequently Asked Questions

Q *As a retiree, I qualified to continue health coverage but I did not qualify for lifetime benefits. I will be Medicare eligible this month. Will my covered spouse and dependents be able to continue coverage?*

A Yes. Your spouse may continue coverage until she/he also reaches Medicare eligibility. Your dependent children may continue coverage until age 26.

Frequently Asked Questions

Q *As an active employee, I have 'employee only' coverage. I am retiring this month and I qualify to continue my health coverage. Can I add my dependents to my coverage at retirement?*

A No. At the time of your retirement, you can only cover the dependents that are covered on your plan while an active employee at the time of your retirement.

Frequently Asked Questions

Q *As a retiree who qualified to keep health benefits, I chose 'employee and child' coverage at retirement because my dependent spouse also had employer-provided coverage. My spouse just lost medical coverage. Can I add my spouse to my coverage now?*

A **No.** At the time of your retirement, you can only cover the dependents that were on your plan while an active employee at the time of your retirement. If you choose not to

Frequently Asked Questions

Q *I am a retiree who qualified to keep health benefits. I chose PPO coverage. Can I still use the clinic and pharmacy? Can I still use the fitness equipment?*

A Yes. You and your covered dependents continue to have full access to the clinic and pharmacy as long as you are covered by the City's health plan. And you continue to have access to the fitness center.

Frequently Asked Questions

Q *I am a retiree who qualified to keep health benefits for lifetime. I am now covered by BlueAdvantage but my spouse is in the PPO. Can I still use the clinic and pharmacy? Can I still use the fitness equipment?*

A With BlueAdvantage coverage, you continue to have access to the clinic and the pharmacy. Your spouse continues to have full access to the clinic and pharmacy as long as she/he is covered by the City's health plan. And you

Frequently Asked Questions

Q *I am a retiree but I did not qualify for medical benefits in retirement. Can I still use the clinic and pharmacy? Can I still use the fitness equipment?*

A With no insurance coverage, you are no longer able to use the clinic. You may use the pharmacy for ‘over the counter’ products only. However, you do continue to have access to the fitness center.

Frequently Asked Questions

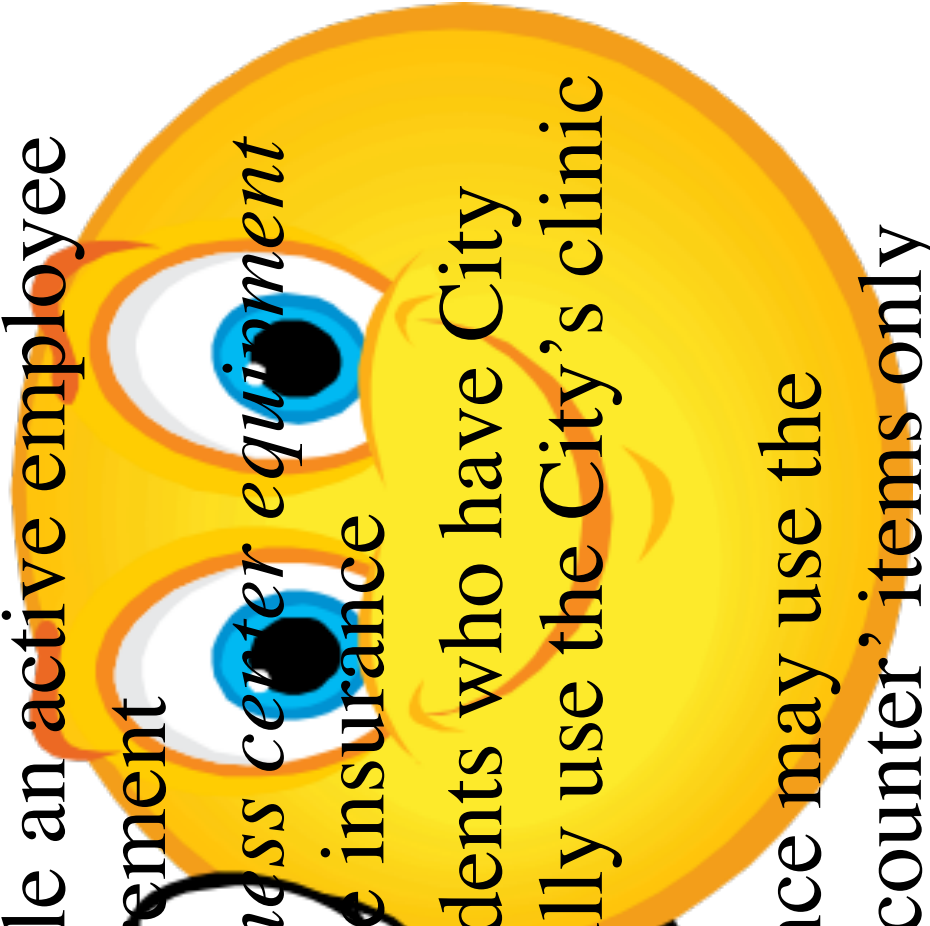
Q *I am planning to retire this month. I do not qualify for lifetime health coverage. I know that I can remain on the plan until I am Medicare eligible. My spouse, currently my dependent, is already enrolled in Medicare. Can I cover my spouse in retirement?*

A No. Since you do not qualify for lifetime health benefits, you cannot cover your spouse under your retiree health plan.

Remember . . .

- May is the month for open enrollment
- Health insurance may continue only for dependents insured while an active employee in the fiscal year of retirement
- Retirees may use the *fitness center equipment* whether or not they have insurance
- Only retirees and dependents who have City health insurance may fully use the City's clinic and pharmacy
- Retirees without insurance may use the pharmacy for 'over the counter' items only

Don't FORGET!



Contact and Website Information

Employee Benefits Office 423 643-7220

www.mychattanoogaBenefits.com



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