Pension Board Meeting Summary – Employee Case

Background:

- The employee was originally hired on **11/30/1998**, terminated employment on **2/17/2000**, and presumably took a refund of contributions.
- They were rehired on **2/25/2002** and participated in the **DB/DBVH plan** until termination on **6/26/2014**, accumulating **12 years, 4 months, and 2 days** of service.
- They were rehired again on **11/17/2014** but were enrolled in the **401(a) plan**, not the DB plan.

Key Considerations:

- Historically, employees who moved from the **DB to DC plan (401(a))** have been allowed to draw normal retirement from the DB plan once they reach **30 years of credited service**, without a reduction in benefits.
- **Issue:** It is unclear if this provision applies to the employee, given their employment history and previous termination.

Legal & Actuarial Review:

- Actuarial analysis suggests that, based on past precedent, the employee's **pensionable credited service ended on 6/26/2014** because they stopped contributing to the DB plan.
- As a result, under the current plan rules, they would be eligible for a pension at **age 65** (January 1, 2039).
- However, the Board may need to consider whether the employee qualifies for retirement benefits under the **30-year credited service rule** due to their continuous employment with the City.

Recommended Action:

- Consider an amendment to the **Plan Freeze** section to include Clarify eligibility criteria for employees who transitioned from DB to 401(a) with or without terminations.

  Suggestion by Bonnie - In accordance with Internal Revenue Code Section 401 (a)(36), a member who has reached their otherwise normal retirement date (what would have been 30 years of total credited service or age 65 and five years of service), has not separated from employment, and is enrolled in the City's 401(a) plan, may begin receiving distributions from this Plan, upon application to the Board of Trustees on a form provided for that purpose. This provision is only applicable to former members who are enrolled 401(a) Plan.