

CITY OF KNOXVILLE PENSION SYSTEM PENSION PROVISION SUMMARY PLAN C

This document was prepared on September 29, 2005 and all information is believed to be correct as of this date. All information on pension system provisions contained in this document are subject to the City of Knoxville Charter provisions on pensions (title XIII). Actual benefits payable must be in accordance with such provisions.

Participation: Regular employees of the uniformed bodies of the City of Knoxville (City) commonly referred to as policeman or fireman.

Employee Contributions: 6% of regular bi-weekly salary (does not include overtime); 6% of longevity pay; 6% of holiday pay; 6% of first responder supplement; 6% of any bonus; 6% of the insurance supplement (only employees hired prior to 1/1988). Employee contributions are partial funding for benefits which become payable. Maximum of 30 years contributions.

Employer's Contributions: Determined actuarially to fully fund the accruing benefits

Credited Service: All service in a pension covered position as an employee of the uniformed bodies with the City; General government service transferred to Plan C per charter requirements; Transfer of unused sick days at termination to credited service 20 days = 1 month service. MAXIMUM SERVICE IS 30 YEARS (75%) of Final average monthly salary.

Final Average monthly Salary: Determined by the two (do not have to be consecutive) twelve month (must be consecutive months) periods when divided by 24 yields the highest monthly average. Includes insurance supplement for those employees who were employed prior to January 1, 1988.

Normal Retirement Benefit: Monthly benefit payable at age 50 with 25 years of service determined by multiplying the Final Average monthly salary by 2.5% and then multiplying the result by the total completed years, months and days of credited service. Maximum of 30 years included in calculation.

An employee who terminates employment prior to completing five years of service is entitled to a return of their 6% employee contributions PLUS simple interest at 4% of total employee contributions on January 1 of each calendar year.

In Line of Duty Disability Benefit: 50% of final average monthly salary irrespective of years of credited service.

Not in line of Duty Disability Benefit: Employee must have 5 years of service to be eligible for a benefit. Benefit is 2% of final average final salary X years, months and days of credited service.

In Line of Duty Death Benefit: If a pre-retirement option is on file with Pension Board at the time of death, benefit will be payable in accordance with the retirement option on file. Otherwise spousal benefit is 50% of employees final average monthly salary. \$75.00 monthly benefit to each dependent child in addition to spousal benefit. Dependent child is child who has not attained 19 years of age.

Not in Line of Duty Death Benefit: Employee must have 5 years of service for spouse to be eligible for a benefit. If a pre-retirement option is on file with Pension Board at the time of death, benefit will be payable in accordance with the retirement option on file. Otherwise, spouse will receive 50% of the monthly benefit which would have payable to the member in accordance with the Not in Line of Duty Disability Benefit defined above.

Significant Dates:

5th year of creditable service: An employee vests for a lifetime monthly benefit beginning when employee is at least 50 years of age and has at least 25 years of service. Survivor benefits are payable if member were to die while in service with the City. Employee should file with the Pension Board a pre-retirement optional benefit form to direct any benefits which may be payable. An active employee who is determined to be disabled by the pension board is entitled to a not in line of duty disability benefit.

25th year of creditable service: An employee is eligible for early retirement. Member may apply for a benefit to begin upon termination of employment prior to age 50. Benefit will be calculated as described above using a 2% factor instead of the 2.5% for normal retirement. A permanent benefit reduction will be applied based on their age at the time the benefit commences.

A member at retirement has several alternate retirement options in lieu of the Normal Retirement Benefit. There are Joint and Survivor options (50,75,100%); period certain options (5,10,15 years) and cash refund option. Please contact the Pension Office at 215-1444 for additional details on these options and other information on Plan C.

DELAYED RETIREMENT OPTION PROGRAM (DROP)

The City adopted a Delayed Retirement Option Program (DROP) for Plan C participants effective on January 1, 1999. Members who are eligible for Normal Retirement may elect to fix a delayed retirement date. The Delayed Retirement Date may be no more than 24 months after the election to DROP is effective. The Delayed Retirement Date may be extended for up to two additional years in one year increments upon recommendation by the Police or Fire Chief and the approval of the Mayor. A member will no longer be permitted to make contributions to the pension system once the election to DROP has become effective. A member's retirement benefit entitlement is computed when the member elects to DROP. A DROP participant's death, disability or termination of employment prior to the established Delayed Retirement Date changes the Delayed Retirement Date to the date of occurrence. None of these events affect the monthly benefit entitlement. The accumulated benefits in the DROP plan at the Delayed Retirement Date are payable in a one-time payment in the month following the Delayed Retirement Date. This one-time payment of the accumulated benefits to the Delayed Retirement Date is an eligible rollover distribution. The member has the option to "roll over" all or part of the distribution to another eligible tax-deferred arrangement. The member's regular monthly benefit entitlement, which was established at the member's election to DROP, will also begin in the month following the Delayed Retirement Date. Any post retirement benefit adjustments for which the member is eligible during the member's DROP period will increase the monthly benefit entitlement established at the time of the member's election to DROP.

Important Highlights:

An employee must be eligible for a Normal Retirement Benefit in order to participate in the DROP. See Normal Retirement Benefit description above.

The election to DROP and the established Delayed Retirement Date are irrevocable decisions.

Once the monthly benefit entitlement is computed and fixed, as of the DROP effective date, additional service and increased salaries do not affect this entitlement.

The employee is no longer required to contribute to the pension system once the DROP election is effective.

City of Knoxville Pension Board
917 E. 5th Avenue
Knoxville, TN 37917-7737
Office phone: 215-1444
Facsimile: 215:1440

Michael Cherry – Executive Director
Karen Gourley – Executive Assistant
Nancy Curnutt – Pension Benefit Administrator