

Dallas Police and Fire Pension System

HOUSE BILL 3158 - FREQUENTLY ASKED QUESTIONS

Actives not in DROP

1. How will my benefit be calculated after 9/1/2017?

Members hired before 3/1/2011 -

For members who reach the new normal retirement age of 58, the benefit for all service credit earned through 8/31/2017 is based on a 3% multiplier and the average of your highest 36 months of pay through your date of retirement. The benefit for all service credit earned after 9/1/2017 is based on a multiplier of up to 2.5% and the average of your highest 60 months of pay through your date of retirement.

The maximum benefit will now be 90% (as opposed to 96% in the current Plan) of your average best months of pay.

Exhibit 1 reflects the bifurcation of the benefit calculation between service prior to and after the effective date of the Plan changes.

Exhibit 1

Highest Avg 36 Months Computation Pay [^]	X	Service Prior to 9/1/2017	X	Multiplier	=	Partial Monthly Benefit	}	Total Benefit
						+		
Highest Avg 60 Months Computation Pay	X	Service After 8/31/2017	X	Multiplier	=	Partial Monthly Benefit		

[^] Members hired prior to 3/1/2011 with <20 yrs of service as of 9/1/17 must use the Highest Avg 60 months Computation Pay for the 20 & out benefit.

2. There are several different multipliers that may be used to calculate the benefit. See below variations of benefit multipliers based on age and years of service:

- a. If you retire or enter DROP on or after age 58 (new normal retirement age), the benefit is calculated as shown in Exhibit 1 using a multiplier of 3% for service prior to 9/1/17 and 2.5% for service after 8/31/17.
- b. For members who have at least 20 years of service as of 9/1/17 OR are at least age 45 as of 9/1/17:
 - i. If your benefit based on Exhibit 1 using a rate of 3% for service prior to 9/1/17 and 2.5% for service post 8/31/17 is $\geq 90\%$, you have reached the maximum benefit of 90% and you are eligible for the 2.5% multiplier for post 8/31/17 service regardless of what age you are.

- ii. If not $\geq 90\%$, but you had 20 years at 9/1/17, you are eligible for a “20 and out” benefit using the following Table 1 multipliers for pre-9/1/17 service and Table 2 multipliers for post 8/31/17 service.

Table 1	
Age	Multiplier
50 and older	3.0%
48-49	2.75%
47	2.50%
46	2.25%
45 and younger	2.0%

Table 2	
Age	Multiplier
58 and older	2.5%
57	2.4%
56	2.3%
55	2.2%
54	2.1%
53 or younger	2.0%

- iii. If not $\geq 90\%$ and you did not have 20 years at 9/1/2017, but you were \geq age 45 at 9/1/2017, you are eligible for an actuarially reduced early retirement benefit prior to reaching age 50.
- c. If you have reached age 50 at retirement and are not taking a “20 and out” benefit, the benefit is calculated as shown in Exhibit 1 using a multiplier of 3% for service prior to 9/1/2017 and the multiplier per Table 2, based on your age at retirement, for service after 8/31/2017.
- d. If you retire prior to age 50 and did not have 20 years of service at 9/1/2017 or were not age 45 at 9/1/2017, you may receive a “20 and out” benefit upon reaching 20 years of service. Under this 20 and out eligibility:
 - i. If your benefit based on Exhibit 1 using a rate of 3% for service prior to 9/1/2017 and 2.5% for service post 9/1/2017 is $\geq 90\%$, the 2.5% multiplier is used for all years of service and multiplied by the average of your highest 60 months of pay.
 - ii. If not $\geq 90\%$, your multiplier for all years of service is based on Table 2 and is multiplied by the average of your highest 60 months of pay.

Members hired after 2/28/2011 -

Your pension benefit is based on a multiplier of 2.5% for all years of service upon normal retirement age of 58.

A “20 and out” benefit is available based on Table 2 for all years of service, based on the average of your highest 60 months of pay.

An actuarially reduced benefit is available beginning at age 53.

2. If I am not 50 years old by 9/1/2017, will I ever qualify for the 3% multiplier?

Yes. Only members hired prior to 3/1/2011 are eligible to receive 3% for service earned up to 8/31/2017 as long as the member waits until he/she reaches age 50 to retire or enter DROP.

3. If I am not 50 and leave my job now, can I delay my retirement payments to receive a higher multiplier?

Yes, as long as you are vested prior to leaving, the multiplier is set based on your age at the time you start receiving your benefit, not when you leave active service.

4. Do I have to wait until age 58 to retire?

No. If hired prior to 3/1/2011, you can retire and start receiving your pension payments if at least one of the following criteria is met at the time of retirement:

- a. Have at least 5 years of service and are at least age 45 at 9/1/2017,
- b. Have at least 20 years of service (any age), or
- c. Are at least 50 years of age (any years of service)

If hired after 2/28/2011, you can retire and start receiving your pension payments if at least one of the following criteria is met at the time of retirement:

- a. Have at least 5 years of service and are at least age 53,
- b. Have at least 20 years of service (any age), or
- c. Are at least 53 years of age (any years of service)

5. How is my contribution changing?

Contributions for all active members are increasing to 13.5% effective September 1, 2017.

6. Where will my 13.5% contributions go?

All contributions paid go to the general pension fund to fund current and future benefits.

7. Will the COLA (cost of living adjustment) change after 9/1/2017?

The 4% automatic annual COLA will no longer exist as of 9/1/2017. The new Plan allows the Board to grant an ad hoc COLA, not to exceed 4%, depending on the Plan reaching certain financial benchmarks related to funding and investment returns. It is not anticipated that those benchmarks will be met for many years.

8. If I ultimately enter DROP, what will happen to my DROP balance when I retire?

Your DROP balance will be annuitized over your life expectancy and paid out in equal monthly or annual payments (you will elect monthly or annual upon retirement) as an annuity over your expected lifetime.

9. How will my life expectancy be determined if I retire with a DROP balance?

Specific tables with estimated life expectancy based on age are to be determined by the future board after 9/1/2017. They will be based on mortality expectations as provided by DPFP's actuary and will be updated periodically.

10. What will the interest be on my DROP balance?

Only balances in DROP as of 9/1/2017 will earn interest. No future deferrals into DROP will ever earn interest.

11. Can the DROP annuity payment be rolled over?

No. Annuity payments are not eligible for rollover.

12. Can I switch between the monthly or annual annuity options once the annuity begins?

No. Once an election has been made, it cannot be changed.

13. What if I have an emergency and need money from my DROP account?

There is an Unforeseeable Emergency Policy which allows for requests of funds from DROP for certain hardships. The policy currently exists, but will be updated by the new Board after 9/1/2017. It is expected that the revised policy will allow for more situations where requests can be made. If money is withdrawn under this policy, the remaining balance will still be subject to an annuity payment over your remaining life expectancy.

14. Is there a time limit on how long I can be in DROP?

Yes. You can only participate in DROP for 10 years as an active member and you can no longer defer benefit payments once retired.

15. Will I have to retire after 10 years in DROP?

No. You can continue to work after 10 years in DROP, however, after 10 years is completed, the monthly pension benefit is no longer allowed to be deferred into your DROP balance. Instead, these monthly benefits would be forfeited for as long as you continue to work.

16. Will I still have to contribute after I reach my 10 years in DROP?

Yes. If you continue to work after 10 years in DROP, you will be required to continue to pay contributions.

17. If I become an Active DROP participant, can I retire anytime?

Yes. You can retire and start drawing your pension benefit at any time after entering DROP.

18. What happens to my annuity payments on my DROP balance when I die?

The same annuity payments will continue to be paid to your named beneficiaries. The timing of payments to beneficiaries will be subject to rules set by the future board.

19. Is the Benefit Supplement going away?

Members who are not receiving a benefit supplement as of 9/1/2017 will no longer have an opportunity to receive the benefit supplement. This includes all future retirees.

20. If I leave and later re-hire with the department, will I have to pay the 13.5% contributions?

Yes, all active members will contribute 13.5%.

21. Will the City control DPFP effective September 1, 2017?

No. DPFP will not be controlled by the City. The structure of the Board will be as follows:

- a. Six trustees selected by the Mayor, in consultation with the City Council.
- b. Three trustees elected by the active members and pensioners from a slate of nominees selected by the nominations committee. The nominations committee is made up of one representative from each of the 11 police and fire associations named in HB 3158.
- c. One police representative (active or retired) to be elected by active members.
- d. One fire representative (active or retired) to be elected by active members.

22. Where can I find more information?

We are in the process of updating the Member Handbook, which will be available on our website once finalized at www.dfp.org. Also, you may contact our office with questions or to set up an appointment with one of our Retirement Counselors by calling 214-638-3863, or send questions to info@dfp.org.