

**City of Lansing  
Employees' Retirement System  
SUMMARY PLAN DESCRIPTION**

**City of Lansing  
Employees' Retirement System  
Purpose of Booklet**

The purpose of this booklet is to describe in simplified language the main provisions of your Retirement System. The operation of the Retirement System is governed by the provisions of relevant labor agreements, City ordinance, and the Board of Trustees' official rules and regulations. Any conflict between the statements contained in this booklet and the provisions of relevant labor agreements or City ordinance will be governed by the provisions of the labor agreements and City Ordinance.

## **City of Lansing Employees' Retirement System**

As a valued member of the City of Lansing Employees' Retirement System, you are included in a program of benefits to help you meet your financial needs in retirement, or in the event of disability or death. This booklet summarizes the benefits available to you in the Retirement System.

Planning for retirement begins now. This booklet can be a valuable tool in preparing for your retirement and financial future. If you require any further information on any of the topics presented in this booklet, please contact the Retirement Office or a Retirement Board Trustee. The Board will answer any questions to help you better understand your benefits.

The booklet is intended to acquaint you with the main provisions of your Retirement System. The descriptions of benefits are greatly simplified and do not include many conditions and restrictions. For this reason, this booklet is not intended to be relied on solely when planning for your retirement. Instead, you should consult with the Retirement Office or a Retirement Board Trustee, to make certain you understand the benefits and options available to you and your beneficiaries.

**Your benefits will be based on current union contracts, City ordinance, and applicable internal revenue code provisions.**

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Retirement System

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# City of Lansing Employees' Retirement System

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## Definitions

**Accumulated contributions** - the total of all amounts contributed by you to the City of Lansing Employees' Retirement System, plus regular interest (as defined below).

**Beneficiary** – any person, except a retiree, who is entitled to a pension payable by the Retirement System.

**Board** - the Board of Trustees, which administers, manages and operates the Retirement System.

**Compensation** - compensation includes salary, wages, longevity and a specified amount of unused compensatory time. Any retroactive pay adjustments will be included in the period to which it applied for purposes of determining compensation.

**Credited service** - your total accumulated service with the City of Lansing as a member of the Employees' Retirement System. (Example 25 years x 12 months).

**Final Average Compensation (FAC)** - the average of the two highest consecutive years of annual compensation during the last 10 years of your City employment, (i.e. 24 consecutive months not to exceed 52.2 pay periods).

**Member** - an individual included in the membership of the City of Lansing Employees' Retirement System.

**Pension** - a monthly (payable and dated at months end) amount payable throughout the future life of a person or persons. Also referred to as a pension annuity, retirement allowance, or retirement benefit.

**Regular interest** - the rate of annual interest as determined by the Board of Trustees.

**Longevity** - Annual payment of compensation based on years of service paid in accordance with applicable collective bargaining agreement provisions.

## **Questions & Answers About the City of Lansing Employees' Retirement System**

### **1. How do I become a member of the Retirement System?**

The membership of the Retirement System includes all employees of the City except (1) employees who are employed by the Board of Water and Light; (2) police and fire employees; (3) certain housing commission employees; (4) employees in positions normally requiring less than 2,000 hours of work per year; (5) part-time, seasonal, temporary, casual or contractual employees; (6) any retiree, except as provided in Section 292.15 of the Retirement Ordinance; and (7) employees holding certain covered positions as defined in Section 292.14(c) of the Retirement Ordinance.

### **2. When do I become eligible for a pension?**

For most employees, you become eligible for a regular age and service pension when you reach age 50 with 25 or more years of service or age 58 with 8 or more years of service. For some employees that have been with the City for a number of years, eligibility requirements may be based on collective bargaining agreement provisions. Please check with the Retirement Office or a Retirement Board Trustee if you are unsure of your eligibility.

### **3. How is the amount of my pension computed?**

Your pension is based on the amount of your credited service, final average compensation, and applicable pension multiplier.

Credited service refers to the amount of time, measured in years and months, you are an active member of the Retirement System. Under certain conditions, the Board may approve credited service for time not spent as an active member in cases of disability or military duty (see questions 6 and 8).

Final average compensation (FAC) is the average of the highest two consecutive years of annual compensation during the last ten years of your City employment (service). Compensation includes payments such as salary, wages, longevity bonus and other items as may be defined by your collective bargaining agreement.

## Illustration of Final Average Compensation (FAC)

The calculation of FAC can be illustrated using the following sample:

Year Before Retirement	Sample Annual Compensation
10	\$40,000
9	48,000
8	41,000
7	42,000
6	43,000
5	44,000
4	44,000
3.	44,000
2	45,000*
1	46,000*

*\* Earnings for these years produce the highest annual compensation.*

To calculate the final average compensation, total the annual compensation for the highest two consecutive years and divide by 2:

$$\frac{\$45,000 + \$46,000}{2} = \$45,500$$

	Example	Your Estimate
1. Compensation for the highest two consecutive years of the last 10 years:	(a)\$45,000	<hr/>
	(b)\$46,000	<hr/>
2. FAC: add (a) + (b) And divide by 2:	\$45,500	<hr/>

## **Pension Calculations\***

*Benefit Amount (UAW)* Benefit is determined as 2.75% of Final Average Compensation times years of credited service. Exception: new hires on or after 10/21/13: benefit is determined as 1.7% of Final Average Compensation times years of credited service.

*Benefit Amount (Teamsters 580/City Council Staff)* Benefit is determined as 1.8% of Final Average Compensation times years of credited service. Exception: new Teamsters hired on or after 5/18/14: benefit is determined as 1.25% of Final Average Compensation times years of credited service.

*Benefit Amount (Teamsters 214)* Benefit is determined as 1.8% of Final Average Compensation times years of credited service. Exception: new hires hired on or after 9/17/12: benefit is determined as 1.25% of Final Average Compensation times years of credited service.

*Benefit Amount (Non Bargaining, District Court, Executive Pay Plan)* Benefit is determined as 1.6% of Final Average Compensation times years of credited service.

\* For some employees that have been with the City for a number of years, pension calculations may be based on other collective bargaining agreement provisions. Please check with the Retirement Office or a Retirement Board Trustee.

## Pension Computation Form

Your pension is based on your credited service and final average compensation (FAC). This form can be used to calculate your estimated annual pension.

Note: multipliers differ by bargaining unit and hire date. The following example uses a 1.6% multiplier for illustrative purposes only.

	<b>Example</b>	<b>Your Estimate</b>
(a) Years of service at retirement	25	
(b) FAC	\$45,500	
(c) Multiplier of 1.6% (.016)		
(d) Annual pension benefit: (a) x (b) x(c)	\$18,200	

Note: a Pension Benefit Calculator is available on the retirement page of the City's website at [www.lansingmi.gov](http://www.lansingmi.gov). The calculator allows a Member to obtain a retirement allowance estimate based upon specific imputed data.

**Questions & Answers  
About the City of Lansing  
Employees' Retirement System**

**4. Can I provide for payments to a beneficiary upon my death?**

You can provide protection for a beneficiary at the time of retirement with an insurable interest in your life by electing Option A, or Option B when you retire (see page 7 for additional information). Your election cannot be changed after you retire.

## **Questions & Answers About the City of Lansing Employees' Retirement System**

Any Member may, prior to the effective date of his or her retirement, elect to receive his or her retirement allowance as a straight life retirement allowance payable throughout his or her life and terminating at death, or he or she may elect to receive the actuarial equivalent of his or her straight life retirement allowance, at that time, in a reduced retirement allowance payable throughout his or her life, and name a beneficiary, in accordance with the following options:

**Straight Life.** Provided maximum pension benefit but is limited to the retiree with no beneficiary. However, if a retiree, who elected Straight Life, dies before he or she has received in payment of his or her reduced retirement allowance an aggregate amount equal to, but not exceeding, accumulated contributions standing to his or her credit in the Employees' savings fund at the time of retirement, then the difference between his or her accumulated contributions and the aggregate amount of payments received by him or her shall be paid to such person or persons as he or she names by written beneficiary designation duly executed and filed with the Board of Trustees. If there is no such designated person surviving the retiree, then such difference, if any, shall be paid to his or her estate.

Joint and Survivor Allowance - **Option A—100%**. Upon the death of a retiree who elected Option A, his or her reduced retirement allowance shall be continued throughout the life of and paid to such person, having an insurable interest in his or her life, as he or she had named by written beneficiary designation duly executed and filed with the Board prior to the effective date of his or her retirement.

Modified Joint and Survivor Allowance - **Option B---50%**. Upon the death of a retiree who elected Option B, one-half of his or her reduced retirement allowance shall be continued throughout the life of and paid to such person, having an insurable interest in his or her life, as he or she had named by written beneficiary designation duly executed and filed with the Board prior to the effective date of his or her retirement.

## **Questions & Answers About the City of Lansing Employees' Retirement System**

### **5. What if I become disabled before retirement?**

A pension may be payable to a member who becomes disabled before retirement. Eligibility and the amount of the benefit depend on whether the disability occurred in the line of duty.

An application for disability pension can be requested by the individual or respective department director.

A qualifying disability may result from an injury or illness which totally and permanently incapacitates you for duty in the employ of the City. The Medical Director will perform a medical examination, recommend if you should be retired for either duty or non-duty, and certify their results to the Board. After review of the Medical Directors' recommendation, the Retirement Board will make a determination. If the Board determines you are disabled you shall be retired and you will receive a disability pension. (You must have 10 or more years of service for a non-duty disability pension.) You may be required to undergo periodic medical examinations under the direction of the Medical Director to verify you are still disabled and entitled to benefits. If it is determined by the Medical Director and the Board that you are capable of resuming employment, you will return to active service and your disability pension will terminate.

## **Questions & Answers About the City of Lansing Employees' Retirement System**

### **6. What if I leave my job with the City before I am eligible for retirement?**

If you terminate employment or your employment is terminated as an employee with the City before reaching your normal retirement age (other than by death or disability), future benefits are forfeited unless you have 8 or more years of credited service. Your accumulated contributions including credited interest will, if requested, be refunded.

If you have at least 8 years of credited service when you end your employment with the City, you or your surviving spouse will be eligible for a deferred pension if you leave your accumulated contributions on deposit in the retirement system.

Your regular pension will be calculated using your FAC and credited service at the time you ceased working for the City (or when you reach 65 points under certain employee plans). The benefit begins at age 58. You must make application at age 58 for benefits to commence.

In the event you die prior to attainment of age 58, your spouse will be eligible to receive a pension at the date retirement would have occurred.

If you are re-employed by the City within four years after your termination date, your credited service will be restored. This provision will not apply if you withdrew your accumulated contributions from the Retirement System. In this case, to recover your credited service, you must repay all funds withdrawn from the Retirement System, plus interest from the date of withdrawal to the date of repayment.

## **Questions & Answers About the City of Lansing Employees' Retirement System**

### **7. Can I receive service credit for military service?**

If you leave or have left the employ of the City to enter the armed service of the United States during a time of war, period of compulsory military service, or period of national emergency recognized by the Board, you will be granted credited service for periods of active duty to a maximum of five years provided that you are re-employed by the City within one year from the date of termination of required active duty. If accumulated contributions were withdrawn from the Retirement System, all amounts withdrawn from the employee savings fund must be repaid upon reemployment in order to receive service credit from the date of withdrawal to the date of repayment.

### **8. The City of Lansing has adopted the Michigan Reciprocal Retirement Act. Does this have any effect on my pension?**

It may have an effect if you have accrued service with another Michigan public retirement system (excluding the Lansing Police and Fire System). The Michigan Reciprocal Retirement Act allows a Michigan public retirement system to recognize a member's service with another Michigan public retirement system (does not include the Lansing Police and Fire Retirement System) for purposes of vesting and normal retirement eligibility only. It is important to note that time worked and wages earned in the other eligible Michigan public retirement system do not count in the calculation of your retirement benefit from the City. **Time earned in a reciprocal unit does not count toward service for disability retirement or for retirement health care.**

## **Questions & Answers About the City of Lansing Employees' Retirement System**

### **9. Suppose my spouse and I divorce before I retire, is my pension affected?**

If your accrued pension is included as a marital asset in a divorce property settlement, the courts can allocate the marital portion of your pension among the involved parties under an Eligible Domestic Relations Order (EDRO).

### **10. How do I apply for a pension?**

Applications for regular retirement must be filed with the Retirement Office office not less than 30 days or more than 90 days prior to retirement. All necessary forms can be obtained there. Prior to the date your pension commences, you will be advised of the estimated amounts payable under the various forms of payment, and be requested to submit your choice of benefit and required information regarding your designated beneficiary. Your effective date may not be changed once your first retirement check is paid. Upon review your estimated pension will be adjusted accordingly, normally within the first 3 months after retirement.

### **11. What does it cost me to participate in the Retirement System?**

Members contribute a percentage of annual compensation. Your contribution is determined by your collective bargaining agreement.

Contributions are automatically deducted from each paycheck and credited to your Retirement System account.

The City of Lansing also contributes a substantial amount to the Retirement System, which is mathematically determined so the combined employer and employee contributions, plus investment earnings, will fund the pension requirements of all members and beneficiaries.

## **Questions & Answers About the City of Lansing Employees' Retirement System**

**12.** Who administers the Retirement System and manages its funds?

A Board of Trustees administers the Retirement System, which is responsible for management of assets and enforcement of provisions of the system. The Board has authority over distribution of all benefits and makes final decisions on claims and appeals.

The nine member Board of Trustees is made up as follows:

- The Mayor
- A member of the City Council
- The City Treasurer
- The City Human Resources Director
- A resident of Michigan appointed by the Mayor who is not a City employee
- A retiree of the Employees' Retirement System residing in Michigan
- Three members of the Retirement System elected by the membership.

The Board manages the assets, which are maintained and invested separately from other City funds and cannot be used for any purpose other than related to the Retirement System.