



1. Retirees in receipt of a Tier 2 monthly retirement annuity are included when determining death benefit eligibility.
2. Police officers and firefighters who were eligible for a Tier 2 monthly retirement annuity are eligible for a refund of the amount deducted from his/her salary, if he/she withdraws before age 50 or before age 57 with less than 10 years of service.
3. Salary deductions for present employees and future entrants will contribute to the Funds for Tier 2 monthly retirement annuity, in addition to age and service annuity and widow's annuity.
4. A police officer or firefighter who retires from service with at least 20 years of service, born before January 1, 1966, and is at least age 55, shall have his or her monthly annuity increased by 1½% on the first anniversary of his/her date of retirement or on the first day of the month following his/her attainment of age 55.
  - a. This increase will occur annually in January of each year thereafter up to a maximum increase of 30% Beginning January 1, 2017, for police officers and firefighters born on or after January 1, 1955 but before January 1, 1966, such annuity increases shall be 3% and they will not be subject to the 30% maximum increase.
  - b. Any qualifying police officer or firefighter born before January 1, 1966 and who retires after September 1, 1967, but has not received the initial annuity increase, is entitled to receive an initial increase of 3% per full year since retirement or 55th birthday on whichever of the following dates occurs last:
    - i. January 1, 2017
    - ii. The first anniversary of the date of retirement
    - iii. The attainment of age 55
5. Beginning January 1, 2017, the minimum widow's annuity shall be no less than 125% of the Federal Poverty Level regardless of whether or not the police officer or firefighter is in service after this bill passes.
6. Clarifying language has been added to refer to annuities paid to police officers and firefighters who began service on or after January 1st, 2011 as "Tier 2 monthly retirement annuities".

### Tier 2 Provisions

The following provisions have been added for Tier 2 police officers and Tier 2 firefighters:

1. Surviving spouses shall be deemed qualified to receive a Tier 2 surviving spouse's annuity. The Tier 2 surviving spouse annuity is in lieu of the standard widow's annuity. Surviving spouses are entitled to this annuity as long as the surviving spouse would not otherwise be excluded from receiving said annuity under the following eligibility requirements:
  - a. If the deceased member was receiving a Tier 2 monthly retirement annuity at the date of his/her death, the Tier 2 surviving spouse's annuity

- shall be in the amount of  $66\frac{2}{3}\%$  of the member's monthly annuity at the date of death.
- b. If the deceased member was not receiving a Tier 2 monthly retirement annuity at the time of death, the Tier 2 surviving spouse's annuity shall be the greater of:
    - i. 30% of the annual maximum salary attached to the rank of a first class police officer or firefighter at the time of death.
    - ii.  $66\frac{2}{3}\%$  of the Tier 2 monthly retirement annuity that the deceased member would have been eligible to receive, based upon actual service accrued through the day before the member's death, but determined as though the member was at least age 55 on the day before his/her death and retired on that day.
  - c. If the deceased member was in active service with at least  $1\frac{1}{2}$  but less than 10 years of service at the time of death, the Tier 2 surviving spouse's annuity shall be 30% of the annual maximum salary attached to the rank of a first class police officer or firefighter at the time of death.
  - d. If a member's death resulted from an act of duty or prevented him/her from resuming active service, and if the member's Tier 2 surviving spouse would otherwise meet the eligibility requirements, then in addition to the Tier 2 surviving spouse's annuity, the spouse shall be qualified to receive compensation annuity or supplemental annuity, in order to bring the total benefit up to the applicable 75% salary limitation, but subject to the existing Tier 2 salary cap. However, no such annuity shall be paid to the surviving spouse of a member who dies while in receipt of disability benefits when the death was caused by an intervening illness or injury unrelated to the duty-related incident that prevented him/her from resuming active service.
  - e. Tier 2 surviving spouse's annuities shall not be less than the amount of the minimum widow's annuity.
2. Surviving children of a deceased member, upon meeting the eligibility requirements, shall be deemed qualified to receive a Tier 2 child's annuity. The Tier 2 surviving child's annuity is in lieu of, but equal to, the standard child's annuity.
    - a. Any salary used for computing a Tier 2 child's annuity shall be subject to the existing Tier 2 salary cap.
  3. Surviving parents of a deceased member, upon meeting the eligibility requirements, shall be deemed qualified to receive a Tier 2 parent's annuity. The Tier 2 surviving parent's annuity is in lieu of, but equal to, the standard parent's annuity.
    - a. Any salary used for computing a Tier 2 parent's annuity shall be subject to the existing Tier 2 salary cap.

Appendix A

<b>Impact of SB 440, HA1 (S in millions)</b>	<b>Total Before SB 440, HA1</b>	<b>Change due to: 125% FPL Minimum Benefits</b>	<b>Change due to: Extension of 3% COLA to Members born on and before 12/31/1965</b>	<b>Total After SB 440, HA1</b>
Unfunded Actuarial Liability as of 12/31/2016	\$3,379	\$25	\$140	\$3,544
Funded Ratio as of 12/31/2016	26.17%	(0.15%)	(0.60%)	25.41%
City's Contribution paid in 2017	\$289.0	\$1.7	\$11.3	\$302.0
City's Contribution Rate paid on and after 2017 (% of Capped Pay)	59.2%	0.4%	2.3%	61.9%

JL:dkb

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