



# Police & Fire Department Retirement Plan

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Tier 1\* & Tier 1 Classic\*\*  
Retirement Benefits Handbook

March 2025

\*Tier 1 applies to sworn Police Department employees hired on or before August 3, 2013, and sworn Fire Department employees hired on or before January 1, 2015.

\*\* Tier 1 Classic applies to sworn employees hired in the Police Department or Fire Department on or after June 18, 2017, who are otherwise eligible for this Plan and who were active members in another California public retirement system with which this Plan has reciprocity under Part 16 of the San José Municipal Code ("SJMC") prior to January 1, 2013, and who had a break in service of less than six (6) months from that covered employment and employment with the City, other than those who meet the definition of new members as defined by Government Code Section 7522.04(f) as may be amended.



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## Chapter 1: Introduction

The purpose of this handbook is to summarize Tier 1 and Tier 1 Classic retirement benefits available to members and beneficiaries of the 1961 Police & Fire Department Retirement Plan. The Plan provides benefits to qualifying sworn employees of the City of San Jose's Police and Fire Departments and their qualifying beneficiaries. The terms and conditions of benefits under the Plan are established in the San José Municipal Code ("SJMC"), the San José City Charter, and other applicable state and federal laws.

This handbook is based on the Office of Retirement Services ("ORS")' understanding of the SJMC and any other applicable law as of the time of this handbook's preparation. Applicable law and the SJMC, or interpretations thereof, may change from time to time. **IF THIS HANDBOOK DIFFERS IN ANY WAY FROM THE SJMC OR APPLICABLE LAW, THE SJMC OR LAW WILL PREVAIL.**

Changes to retirement benefits are subject to the meet and confer process under the Meyers-Milius-Brown Act, which requires employers to meet with employee representatives to confer about changes in wages, hours, or terms and conditions of employment. Proposed changes in retirement benefits are discussed during negotiations between City representatives and representatives of the recognized employee bargaining organizations.

Please consult with the ORS staff if you have questions regarding your retirement benefits that cannot be answered by this handbook. We are here to help!

City of San José  
Office of Retirement Services  
1737 North First Street, Suite 600  
San José, California 95112

(408) 794-1000 ☎ (800) 732-6477 ☎ (408) 392-6732 (FAX)  
Email: [retirement.dept@sanjoseca.gov](mailto:retirement.dept@sanjoseca.gov) ☎ Official Website: [www.sjretirement.com](http://www.sjretirement.com)



## Chapter 2: Plan Management

This chapter describes the structure and responsibilities of the Board of Administration for the Police and Fire Department Retirement Plan. In addition, information on the schedule for regular monthly Board meetings and the process for hearings are included.

### Board of Administration

The Board of Administration (referred to in this handbook as the “Retirement Board” or the “Board”) administers the Police and Fire Department Retirement Plan (referred to in this handbook as the “Retirement Plan” or the “Plan”). The Retirement Board consists of two City employees elected by members of the system – one Police member and one Fire member, two Retired Plan members elected by the Retiree Association, four public members, who are not connected with the City, and another public member, who is recommended to the City Council for approval by the eight other Board members.

[S]MC 2.08.1210; 2.08.1240; 2.08.1245]

The Retirement Board may make and enforce reasonable rules and regulations for the administration, management, and control of the Retirement Plan and fund, subject to the provisions of the San José Municipal Code and the Charter of the City of San José. In addition, professional investment advisors may be retained, as needed, to assist the Board in setting and implementing investment policies for the retirement fund.

[S]MC 3.36.350 & 3.36.530]

The Retirement Board must keep all necessary records for the Plan including the following:

- Member’s contributions;
- City’s contributions;
- The investment and disposition of the money in the plan; and
- The names of all persons receiving benefits under the retirement system, the nature of such benefits and the amounts paid to each.

[S]MC 3.36.430]



## **Actuarial Evaluation**

The Retirement Board must keep data for actuarial valuations of the Plan. These are statistical calculations that analyze the soundness of the Plan. An actuarial evaluation of the Plan must be conducted at least once every five years. In practice, the Board conducts a valuation every year. In addition, an actuarial experience investigation must be conducted at least once every five years. This investigation will result in a report that includes the mortality, disability, service and compensation experience of members and persons receiving benefits. It is also the Board's practice to conduct a third-party audit of the actuarial firm every five years unless there is a change in the actuary.

[S]MC 3.36.400]

## **Board Meetings**

The Retirement Board holds regular monthly meetings the first Thursday of every month at 9:00 a.m, except July, the Board does not meet in July. Please visit [www.sjretirement.com](http://www.sjretirement.com), or contact ORS to verify the dates, times and location of the Board meetings. There is a section of the Board agenda for Public Comments. You may attend the Board meeting and address the Board during this time.

You may also watch the meetings online at [www.sjretirement.com](http://www.sjretirement.com). In the upper right hand corner there will be a link to upcoming board meetings. From there you will be taken to a page with a link watch the meeting live.

## **Hearings**

The Retirement Board may, at its own discretion, hold hearings to determine any question involving any right, benefit or obligation of a person under the Retirement Plan. If the Board has not held a hearing with regard to its determination, any person affected by the determination may petition the Board in writing for a hearing. The request for a hearing must be filed within 30 days of the Board's determination. After the hearing, the Board may affirm, reverse, or modify its prior determination.

[S]MC 3.36.450]



## Chapter 3: Membership

This chapter explains the eligibility requirements for membership in the Retirement Plan, criteria for suspension of membership and members' responsibilities.

### Eligible Employees

The Tier 1 Retirement Plan became effective on February 1, 1962, and applies to sworn Police Department Employees hired on or before August 3, 2013, and sworn Fire Department Employees hired on or before January 1, 2015. **Note:** While in the Academy, Police Recruits and Firefighter Recruits are not members of the Plan. No service is credited to the Plan and no contributions are paid while serving in these job classifications.

[S]MC 3.36.170; 3.36.200; 3.36.160(B)]

Your membership in this Retirement Plan continues until you retire or leave the position that qualifies you for membership in the Plan.

[S]MC 3.36.1610]

### Ineligible Employees

The following classes of employees are not qualified for membership in the Retirement Plan:

- Independent contractors who are not City employees;
- Persons in City service principally for training or educational purposes, whether or not they receive any compensation (this includes police & firefighter recruits during their academy time);
- Persons serving or employed on a part-time basis;
- Auxiliary or voluntary police officers or fire fighters, whether or not they receive any compensation;
- Persons serving or employed who are paid on a per diem, per hour, or any basis other than monthly (monthly includes bi-weekly); or
- Persons who are members of any other retirement or pension system and who are receiving credit in the other system for services are, as to such service, excluded from this system.

[S]MC 3.36.160]

A Fire Chief or Police Chief, with an effective employment start date on or after August 1, 2010, would be ineligible, if on the effective date of such person's appointment they



are not entitled to credit for service in this Retirement Plan and if the person is not entitled to redeposit withdrawn accumulated contributions.

[S]MC 3.36.205]

## **Suspension of Membership**

Your membership in the Retirement Plan will automatically be suspended during such time as:

- You are suspended from City service;
- You are temporarily laid off due to lack of work requiring your services;
- You are on a leave of absence without bi-weekly compensation; or
- You are not receiving or you are not entitled to receive your full bi-weekly compensation.

Your membership in this Plan will automatically be reinstated when such time period expires and you have returned to full-time City service. If suspended, you will not be entitled to:

- A disability retirement allowance due to any disability that occurs during your suspension; or
- A return of your contributions or interest on your contributions because of your suspension or during your suspension.

[3.36.1600]

## **Members' Responsibilities**

### **Beneficiary Designation**

Members are responsible for completing a beneficiary designation form and keeping their designation information current.

### **Change of Name and/or Address**

Active members must change their address through the venue provided by Human Resources. Active member information, including name and address, is electronically transferred from the City's payroll system to Retirement Services every pay period. Please note that if the change is made with Retirement Services and not made with Human Resources, it is possible that older information from Human Resources will automatically override any information updated in our system.

Retirees and former City employees who have contributions on deposit must fill out a "Change of Name Form" and/or a "Change of Address Form" when changing names



or addresses and submit the form and any necessary documentation to the Office of Retirement Services. These forms and other forms can be found on the Retirement Services website ([www.sjretirement.com](http://www.sjretirement.com)).

### **Change of Family Status and/or Beneficiaries**

All members of the Retirement Plan must inform Retirement Services of any changes to your family status (i.e. marriage/domestic partnership, divorce, adoption, birth or death in the family) and changes to your beneficiary designations. The beneficiary form is available under “Forms” on the Retirement Services website ([www.sjretirement.com](http://www.sjretirement.com)). Be sure to select the appropriate form (active employees should use the Beneficiary Designation - Active Members and retirees should use the Beneficiary Designation - Police & Fire Retiree).

### **Necessary Documentation for Changes in Family Status**

Following is a list of the documents that must be submitted along with any applicable Office of Retirement Services forms related to the various scenarios referred to below.

#### **Marriage**

- A copy of your Marriage Certificate which has been filed with the county in which you were married; and
- A copy of your new spouse’s birth certificate.

Note: If you are retired and considering a post-retirement marriage, please see the section on Post-Retirement Marriage or Domestic Partnership in Chapter 11: Optional Settlements (Payment Options) for more information.

#### **Registered Domestic Partnership**

- A copy of your State Certified Domestic Partnership Certificate; and
- A Declaration of Domestic Partnership (notarized).
- A copy of your Domestic Partners Birth Certificate

Note: For your domestic partner to be eligible for a survivorship after your death, you must register your domestic partnership in California or other eligible state prior to your retirement. If you are registering your domestic partnership in a different state than California, please contact Retirement Services to be sure the state of registration qualifies under the Plan.

#### **Divorce**

You must provide a copy of the full divorce stipulation identifying the community property settlement. It must clearly address the community property interest in your City of San Jose Police & Fire Dept. Retirement Plan pension. This document is usually referred to as the Judgment of Dissolution with a Marital Settlement Agreement attached.



If your pension is being divided, you must also provide the filed Plan Approved Domestic Relations Order (PADRO) with a copy of your Judgment of Dissolution. If you or your attorney need more detailed information on PADRO's, please see Chapter 22: Dissolution of Marriage or Domestic Partnership regarding Dissolution of Marriage or Domestic Partnership in this handbook. You can access the *Guidelines for Plan Approved Domestic Relations Orders*, which will guide you and your attorney through the PADRO process, at [www.sjretirement.com](http://www.sjretirement.com).

**Birth, Adoption or Legal Guardianship of a Child**

- Copy of your new child's birth certificate; or
- Legal Documentation of the Adoption or Guardianship

**Death in the Family**

- Copy of the certified death certificate for that family member.

Active employees should submit information regarding the above-mentioned changes of status to both Human Resources Department and Retirement Services. Retirees and former members who left their contributions on deposit should notify the Office of Retirement Services of any changes in family status. Notification should be given within 30 days of the event.

**Member's Responsibility to Prove Claims**

Any person who applies for any allowance or benefit under this Retirement Plan has the burden of proving all the facts, circumstances and conditions that must be established to entitle such person to the allowance or benefit.

[S]MC 3.36.090]

**Examples of Proof That Will be Required for Retirement Allowance or Benefit**

- A certified copy of your birth certificate to verify your age which is used to determine eligibility for retirement.
- A valid United States (U.S.) Passport.
- A certified copy of your marriage certificate or Domestic Partnership to verify that you are married or in a domestic partnership and who is entitled to spousal or domestic partner benefits such as health benefits and survivorship payments upon your death.
- A certified copy of your spouse/domestic partner's birth certificate to verify your spouse/domestic partner's age which is a factor in calculating your retirement benefit optional settlements.
- A valid U.S. Passport for your spouse/domestic partner
- A certified copy of your dependent children's birth certificate to verify their age and to verify that they are entitled to benefits such as health and survivorship payments upon your death.



- A copy of your divorce related documents to verify how the community property interest in your pension has been addressed.

Any document in a foreign language needs to have a certified English translation submitted with the document.



## Chapter 4: Contributions

This chapter discusses the contributions that both you and the City make to the Retirement Plan. The contribution rates are the percentages of your salary that you and the City each pay into the Retirement Plan. Your contributions are made through payroll deductions.

The Retirement Board reviews annually and sets, the rates of contribution necessary to make this system actuarially sound. This ensures that the Retirement Plan will have sufficient funds to provide your retirement benefits. The Board's contribution rate determination is based on actuarial studies of the retirement fund.

### Record of Contributions

Although all contributions to the Retirement Plan are kept together in the retirement fund, a record is kept of your contributions, and your contributions are credited to your individual "account." Your "accumulated contributions" represent the total of all your contributions to the Retirement Plan.

[S]MC 3.36.020.1, 3.36.1510 & 3.36.1540]

You will receive an annual notice documenting your retirement service credit, your contributions to the plan, and interest earned on your contributions.

### Social Security

City employees do not contribute to the Social Security system and do not receive Social Security credit for their City service. You may still be eligible for Social Security benefits if you were previously employed by some other institution or company that did contribute to Social Security. Refer to Chapter 24: Social Security for more information.

For more information on social security benefits, visit the Social Security Administration website at [www.ssa.gov](http://www.ssa.gov).

### Medicare

The Medicare portion of Social Security (FICA) tax is withheld from payroll checks of employees hired after March 31, 1986. Refer to Chapter 15: Medical and Dental Benefits for information on Medicare plans offered through ORS.

For more information on Medicare, visit the Social Security Administration website at [www.medicare.gov](http://www.medicare.gov).



## **Tax Treatment of Contributions**

Starting April 19, 1987, the contributions made to the Retirement Plan were paid with pre-tax dollars. Prior to April 1987, the contributions were paid into the plan with after-tax dollars. Because they were made with after-tax dollars, contributions made to the Retirement Plan before April 1987 will not be subject to additional taxation when they are withdrawn. If you receive a retirement allowance or a survivorship allowance, the after-tax contributions you made prior to April 1987 are prorated over your life expectancy as a tax-free portion of your pension.

[S]MC 3.36.1580]

In addition, payments made with after-tax dollars for a service purchase or redeposit will not be subject to additional taxation. If you receive a retirement allowance or a survivorship allowance, the after-tax contributions you made are prorated over your life expectancy as a tax-free portion of your pension.

## **Contributions During Military Service**

If you take a leave of absence to serve in the military during a time of war, or if you are drafted in peacetime, you may be eligible for service credit during the leave. If you are eligible and elect to continue retirement contributions while on leave, the City will make the Employer contributions required. You will need to pay the employee contributions. Refer to City Administrative Policy Manual [4.2.2 Military Leave](#) for more information.

[S]MC 3.36.620]

## **Withdrawal of Contributions**

You may not withdraw your contributions from the Retirement Plan unless your membership in the plan is terminated. Termination of your membership may be because of voluntary resignation, termination, or death. Such return of contributions shall include an amount equal to the amount of the employee contributions, plus interest accrued thereon at the rate of two percent per annum.

If you withdraw your contributions, you or any of your survivor(s) or your estate shall thereafter not be entitled to any other allowance or benefit under this system.

[S]MC 3.36.1620(A) & 3.36.1640(A)]



## Chapter 5: Benefit Eligibility Requirements

Tier 1 and Tier 1 Classic members of the Police and Fire Plan become eligible to receive benefits according to the following schedule:

| Benefit   | Minimum Age                                       | Minimum City Service   |
|---|---|--|
| <b>Service Retirement</b><br>[S]MC 3.36.750(A),<br>3.36.810(E), &<br>3.36.750(B)]   | 55  | 20   |
|   | 50  | 25   |
|   | None<br>(CLASSIC & Reciprocal:<br>Minimum age 50) | 30   |
| <b>Early Retirement</b><br>(Reduced Allowance)<br>[S]MC 3.36.810]   | 50-54<br>Must be at least age 50                  | 20   |
| <b>Deferred Vested Retirement</b><br>(Separation from City<br>prior to Retirement)<br>[S]MC 3.36.1640(C) &<br>3.36.1640(D)] | 55  | 10<br>Only if 20 years have elapsed<br>from the date of membership |
|   | 50  | 25   |
| <b>Mandatory Retirement</b><br>[S]MC 3.36.780]  | 70  | None   |
| <b>Service Connected Disability</b><br>[3.36.1000]  | None  | None   |
| <b>Non-Service Connected Disability</b><br>[3.36.990]   | None  | 2  |



## Chapter 6: Service Retirement

This chapter explains the process and benefits of service retirement for members who retire directly from active City service. If you leave City service and qualify to retire later as a Deferred Vested member, please refer to Chapter 16: Separation from City Service Prior to Retirement (Deferred Vested).

Tier 1 Classic members, please refer to Chapter 18: Reciprocity for additional retirement requirements. In addition, all benefit calculations are based only on the years of service earned while a member of the City of San Jose Police and Fire Retirement Plan.

### POLICE

#### Police - Eligibility Requirements & Retirement Allowance Calculation

| Type of Service Retirement   | Minimum Age                                    | Minimum City Service | Retirement Allowance Calculation  |
|--|--|----------------------|---|
| <b>Service Retirement – Retiring on or after July 1, 2006</b><br>[SJMC 3.36.809] | 55   | 20                   | First 20 years of Service: 2.5% per year of service X final compensation (50% maximum)<br>Next 21-30 years of service: 4% per year of service X final compensation (90% combined maximum) |
|  | 50   | 25                   | First 20 years of Service: 2.5% per year of service X final compensation (50% maximum)<br>Next 21-30 years of service: 4% per year of service X final compensation (90% combined maximum) |
|  | None<br>(CLASSIC & Reciprocal: Minimum age 50) | 30                   | First 20 years of Service: 2.5% per year of service X final compensation (50% maximum)<br>Next 21-30 years of service: 4% per year of service X final compensation (90% combined maximum) |



| Type of Service Retirement                                     | Minimum Age | Minimum City Service | Retirement Allowance Calculation  |
|--|-------------|----------------------|---|
| <b>Early Retirement (Reduced Allowance)</b><br>[S]MC 3.36.810] | 50-54       | 20                   | Allowance reduced pursuant to Municipal Code Section 3.36.810<br>This option is not available for Deferred Vested retirees.   |
| <b>Mandatory Retirement</b><br>[S]MC 3.36.780]                 | 70          | None                 | First 20 years of Service: 2.5% per year of service X final compensation (50% maximum)<br>Next 21-30 years of service: 4% per year of service X final compensation (90% combined maximum) |

## Police - Service Retirement Allowance Calculation

The formula used to determine your monthly service retirement allowance is:

- First 20 years of Service: 2.5% per year X final compensation (50% maximum)
- Next 21-30 years of service: 4% per year of service X final compensation (90% maximum)

Example #1, if you have 20 years of City service and your final compensation was \$10,000 per month, your benefit would be:

$$20 \text{ years} \times 2.5\% = 50\%$$

$$\text{Total \% of final compensation} = 50\%$$

$$\$10,000 \times 50\% = \$5,000 \text{ Monthly Retirement Allowance}$$

[S]MC 3.36.809]

Example #2, if you have 28 years of City service and your final compensation was \$10,000 per month, your benefit would be:

$$20 \text{ years} \times 2.5\% = 50\%$$

$$8 \text{ years} \times 4\% = 32\%$$

$$\text{Total \% of final compensation} = 82\%$$

$$\$10,000 \times 82\% = \$8,200 \text{ Monthly Retirement Allowance}$$

[S]MC 3.36.809]



## FIRE

### Fire - Eligibility Requirements & Retirement Allowance Calculation

| Type of Service Retirement   | Minimum Age   | Minimum City Service | Retirement Allowance Calculation  |
|--|---|----------------------|---|
| <b>Service Retirement – Retiring on or after July 1, 2008</b><br>[S]MC 3.36.808], 3.36.808 & 3.36.808] | 55  | 20                   | First 20 years of Service: 2.5% per year of service X final compensation (50% maximum)<br><br>Beginning of 21st year of service: 3% per year of service X final Compensation (90% max) – All years convert to 3% after 20 years of service. |
|  | 50  | 25                   | First 20 years of Service: 2.5% per year of service X final compensation (50% maximum)<br><br>Beginning of 21st year of service: 3% per year of service X final Compensation (90% max) – All years convert to 3% after 20 years of service. |
|  | None<br><br>CLASSIC & Reciprocal:<br>Minimum age 50 | 30                   | First 20 years of Service: 2.5% per year of service X final compensation (50% maximum)<br><br>Beginning of 21st year of service: 3% per year of service X final Compensation (90% max) – All years convert to 3% after 20 years of service. |
| <b>Early Retirement (Reduced Allowance)</b><br>[S]MC 3.36.810]   | 50-54   | 20                   | Allowance reduced pursuant to Municipal Code Section 3.36.810<br><br>This option is not available for Deferred Vested retirees.   |



| Type of Service Retirement                     | Minimum Age | Minimum City Service | Retirement Allowance Calculation  |
|--|-------------|----------------------|---|
| <b>Mandatory Retirement</b><br>[S]MC 3.36.780] | 70          | None                 | First 20 years of Service: 2.5% per year of service X final compensation (50% maximum)<br><br>Beginning of 21st year of service: 3% per year of service X final Compensation (90% max) – All years convert to 3% after 20 years of service. |

## Fire - Service Retirement Allowance Calculation

The formula used to determine your monthly service retirement allowance is:

- First 20 years of service: 2.5% per year of service X final compensation (50% maximum)
- Beginning the 21st year of service all years convert to 3% per year: 3% per year of service (for all years of service) X final compensation (90% maximum)

Example #1, if you have 20 years of City service and your final compensation was \$10,000 per month, your benefit would be:

$$20 \text{ years} \times 2.5\% = 50\%$$

$$\text{Total \% of final compensation} = 50\%$$

$$\$10,000 \times 50\% = \$5,000.00 \text{ Monthly Retirement Allowance}$$

Example #2, if you have 28 years of City service and your final compensation was \$10,000 per month, your benefit would be:

$$28 \text{ years} \times 3\% = 84\%$$

$$\text{Total \% of final compensation} = 84\%$$

All years convert to 3% beginning the 20th year of service

$$\$10,000 \times 84\% = \$8,400 \text{ Monthly Retirement Allowance}$$

[S]MC 3.36.808]



## **Reemployment of Retired Police Member**

If a Police person who has been retired for service is retained or reemployed by the City, other than as an independent contractor or Rehired Retiree, to render any service, said person's service retirement allowance shall be suspended. The pension will be suspended as of the effective date of such reemployment and shall remain suspended while the person is retained or reemployed to perform such service. Upon cessation of such reemployment, the person's service retirement allowance shall be reinstated.

The provisions of this Section shall not apply to the election or appointment of any retired person to the City Council or to any board or commission of the City.

Currently, this section does not apply to a retired Fire Member.

[SJMC 3.36.756]

## **Limited Reemployment of Retired Person**

A person who has been retired under this system, for service or disability, may be employed by the City to perform City service on a temporary basis without reinstatement from retirement where the employment does not exceed one hundred twenty working days or nine hundred sixty hours, whichever is greater, in any payroll calendar year. For the purposes of this provision, "payroll calendar year" means the twelve-month period commencing on the first day of the first pay period for active City employees.

1. Reemployment Requirements: The procedures for the employment of a retired person under this Section shall be in accordance with the procedures set forth in the City administrative policy manual.
2. The employment of a person pursuant to this Section shall not operate to reinstate the person as a member of this system. The person shall not earn service credit in this system for any period of such reemployment, nor shall either the person or the City make any contributions to this system on account of such employment.
3. The employment of a person pursuant to this Section shall not operate to terminate or suspend the retirement allowance otherwise payable to such person.
4. A person employed pursuant to this Section shall not be entitled to a disability retirement from the position in which the person is reemployed.
5. If the Internal Revenue Service determines that a reemployment program such as that described in this Section cannot be implemented without placing a retirement system out of conformity with the qualified plan requirements of the Internal Revenue Code (Title 26 of the United States Code), this Section



shall become inoperative and any employment of a person pursuant to this Section shall be terminated immediately.

[SJMC 3.36.757]



## Chapter 7 – Early Retirement – Reduced Benefit

### Computation of Reduced Benefit Allowance

You may elect to retire early, from age 50 through age 54, if you have at least 20 years of service, but less than 25 years of service. If you select this Early Retirement option, you will receive a reduced retirement allowance to account for the fact that you will be receiving your allowance for a longer period of time. The reduction is based on the current assumed rate of retirement fund interest earnings and the number of years you are under age 55. Please note that the assumed rate of retirement fund interest can be changed at any time at the discretion of the Police & Fire Retirement Board.

Tier 1 Classic members, please refer to Chapter 18: Reciprocity for additional retirement requirements. In addition, all benefit calculations are based only on the years of service earned in the City of San Jose Police and Fire Retirement Plan.

[SJMC 3.36.610(A); 3.36.810; 3.36.1466]

You may generate an estimate of your early retirement allowance in Member Direct by logging into your Member Portal on the Retirement Services website [www.sjretirement.com](http://www.sjretirement.com). If you don't have access, you may request an estimate from Retirement Services.

Fire members on a 56-hour workweek, please note that your years of service may be inflated or deflated based on your last pay period. Your Forecasted Final Average Salary may be inflated if your last pay period included FLSA pay.

Your benefit estimate will include the following:

- Your unreduced retirement allowance;
- Your actuarially determined age reduction factor;
- Your reduced monthly service retirement allowance.

[3.36.810(B)]

**Note:** This benefit is not available to Deferred Vested retirees [3.36.1640(C)(D)]

**Note:** The age factor will change as the Retirement Board changes interest rate and life expectancy assumptions in their annual Plan actuarial valuation process. [3.36.1466]

**Note:** For Early Retirement Retirees, survivorship and death benefits will be reduced by the same factor as the retiree's early retirement benefit. [SJMC 3.36.1340, 3.36.810 (C)]



## Chapter 8: Applying for Service Retirement

This chapter covers the processes for applying for retirement. When you apply for a Service Retirement it is recommended that you submit your retirement application to the Office of Retirement Services three months prior to your retirement date. When you become eligible to retire, you may pick any retirement date you would like. However, it is generally best to select a retirement date at the end of a pay period. A date at the end of a pay period usually avoids any timecard and partial active pay issues. Please keep in mind the following factors when selecting a retirement date:

- Your Retirement Date cannot be earlier than the date your Retirement Application is received and date-stamped by Retirement Services.
- No active paid hours should be recorded on your timecard on your retirement date or beyond. If active hours are posted on or after your retirement date, it may affect our ability to set you up for payment.
- If you are an Exception Time Reporter who will retire at the end of a pay period, please arrange with your timekeepers to take you off Exception Time Reporting right after your last pay period to ensure that you do not inadvertently get paid after your retirement date.

For Exception Time Reporters who do not retire at the end of a pay period, please arrange with your timekeepers to take you off Exception Time Reporting for your last pay period so that you can manually put in hours for only the days that you worked in that pay period.

- As an active employee, your active health insurance premiums are deducted from your first and second paychecks of each month. If you select a retirement date which will not allow the second insurance payment to be deducted from your active payroll check, you will be billed directly by Human Resources for the second insurance payment. Please note that payment for active insurances cannot be deducted from your retirement check.

### Filing a Retirement Application

You do not have to meet with a staff member from Retirement Services to submit your Retirement Application. The Retirement Application, which includes a list of required documents, is located on our website: [www.sjretirement.com](http://www.sjretirement.com) under “Forms and Publications”. You may also print a pre-populated Retirement Application from your Member Direct Account by logging into your Member Portal on the Retirement Services [www.sjretirement.com](http://www.sjretirement.com). The following documents should be turned in with your Retirement Application:

- Birth Certificate(s):



- Certified Copy of your birth certificate;
- Certified Copy of your spouse or domestic partner's birth certificate, if applicable; and
- Certified Copies of any dependent children's birth certificates, if applicable; and
- Adoption or Legal Guardianship paperwork if applicable
- Certified Copy of your Marriage Certificate, if applicable;
- Domestic Partnership Certificate, certified by State AND Declaration of Domestic Partnership (notarized), if applicable. (SJMC 3.36.020.14)
- If applicable, a copy of any Judgment of Dissolution of Marriage, including the Marital Settlement Agreement, for any divorce(s) that took place while you were an employee of the City. These Document(s) must clearly address your pension benefits.
  - The divorce documents are reviewed to ensure that the language in the document complies with the provisions of the Retirement Plan. Please see Chapter 22: Dissolution of Marriage or Domestic Partnership for information about Plan-Approved Domestic Relations Orders.

Although Retirement Services will accept a retirement application up to the day of your effective retirement date, we suggest you submit early to avoid delays in your first retirement benefit payment. Please remember that you cannot receive retirement benefits until:

- Your application has been placed on a Board agenda and is approved.
- All required document(s) are properly completed, signed and received in our office.

## **Retirement Process**

Once your application is received by the Office of Retirement Services, the following occurs:

- If you're an active City employee, ORS notifies your department that you have submitted an application for retirement and provides your department with your Notice of Separation (NOS).
- ORS staff will contact you regarding next steps in the retirement process, including the following:
  - Provide you with the required forms to verify eligibility and complete the retirement set-up process;



- Provide you with an estimate of your retirement benefit (please note that you can run a benefit estimate for yourself anytime on our website: [www.sjretirement.com](http://www.sjretirement.com) under “Member Portal Login”);
- Schedule you for a Retirement Group Counseling Session, where all retirement forms and procedures will be discussed and applicable forms will be submitted to Retirement Services;
  - i. It is strongly recommended that you review the materials sent to you prior to attending your Retirement Group Counseling Session so you can prepare questions which address your specific circumstances.
  - ii. Please complete your form as fully as possible prior to attending your group counseling session.
- Place your application on the Board Agenda for approval of your retirement (your attendance at the meeting is not required). The Board must approve your retirement before we can issue your retirement benefits;
- Coordinate Reciprocity, if necessary.
- Staff will verify that all documentation has been properly completed and your application is complete.

It is important to note that your retirement check is issued only once a month, on the last business day of the month. ORS must wait until your final City paycheck is issued before initiating your retirement benefit. This ensures that ORS has your accurate final salary and service credit as of your last day of employment. Therefore, because one to two months may pass before you receive your first retirement check; it would be prudent to plan for that period of time without pay. Your first retirement check will be retroactive to the date of your retirement.



## Chapter 9: Disability Retirement

This chapter covers eligibility requirements for disability retirement, types of disability retirements and the associated benefits of each type. Various other scenarios and considerations related to disability retirement are also discussed.

Tier 1 Classic members, please contact your prior agency for their process and their benefit calculation when applying for a disability with San Jose. In addition, all benefit calculations for San Jose are based only on the years of service earned in the City of San Jose Police and Fire Department Retirement Plan.

[3.36.610(B)]

### Eligibility

If you are disabled, a disability retirement may be granted if:

- Your disability, short of death, is of permanent or extended and uncertain duration;
- Your disability occurred while you were a member of this system; and
- Your disability, due to injury or disease, renders you physically or mentally incapable of assuming the responsibilities and performing the duties of your position and of any other position in the same classification of positions to which the city may offer to transfer you, or your disability, not due to injury or disease, renders you mentally incapable of assuming the responsibilities and performing the duties of your position and of any other position in the same classification of positions to which the city may offer to transfer you.

The determination of disability is made by the independent medical panel. Until there is an independent medical panel the Retirement Board shall make the determination.

[SJMC 3.36.900]

### Service-Connected and Non-Service-Connected Disability

There are two types of disability retirements:

1. **Service-Connected Disability** - Your disability is considered service-connected if it is as a result of injury or disease arising out of and in the course of your employment with the City.



- 2. Non-Service-Connected Disability** - Your disability is non-service-connected if it did not arise out of and in the course of your employment with the City.

[S]MC 3.36.900(C) & [S]MC 3.36.900(B)]

**Situations Where Member is not Eligible for Disability Retirement Benefits:**

You do not qualify for any type of disability retirement if any of the following are true:

- You became disabled before you were a member of this Retirement Plan;
- You become disabled after your membership in this Retirement Plan is terminated or you are no longer a City employee;
- You become disabled during a leave of absence from City service, unless you are on military leave or leave with full compensation and pay;
- You become disabled due to a non-service-connected injury or illness and you have less than two years of city service.

In addition, you must submit your disability retirement application to ORS within the timeline below to be eligible for a disability retirement:

- If you separated or retired from City service before March 31, 2017, you must submit your application for disability retirement no more than **one year** after your date of separation or retirement, except in the case where the person demonstrates by a preponderance of the evidence that the disability is due to diseases and/or conditions caused by exposure to workplace factors and/or conditions that at the time of separation from city service had no previous medical basis to be considered harmful.
- If you separated or retired from City service on or after March 31, 2017, you must submit your application for disability retirement no more than **one month** after your date of separation or retirement, except in the case where the person demonstrates by a preponderance of the evidence that the disability is due to diseases and/or conditions caused by exposure to workplace factors and/or conditions that at the time of separation from city service had no previous medical basis to be considered harmful.

[S]MC 3.36.920(A)(1-5) & 3.36.990]

In no case may you receive both service retirement and disability retirement benefits.

[S]MC 3.36.930]

**Payment of Disability Retirement Benefits**

No disability retirement benefits are payable prior to the filing of an application and approval by the Retirement Board, or prior to the date upon which the Board makes



a motion to grant a disability retirement. If you are changing from a Service or Early retirement to a Disability retirement your effective date of retirement will not change.  
[S]MC 3.36.900(A)(2)]

### Police - Disability Retirement Benefit Chart On or after July 1, 2006:

| Retirement Type  | Minimum City Service Required | Benefit  |
|--|-------------------------------|--|
| <b>Service-Connected Disability</b><br>[S]MC 3.36.1020(A)(5)]                    | None                          | If less than 20 years of service: 50% of Final Compensation;<br>If greater than 20 years of service: 2.5% x first 20 years of service x Final Compensation; Next 21 – 30 years of service: 4% per year of service x Final Compensation (maximum of 90%).   |
| <b>Non-service-Connected Disability</b><br>[S]MC 3.36.995(B), 3.36.995(C)(5)(b)] | 2 Years                       | If less than 20 years of service: 32% of Final Compensation plus 1% for each full year in excess of 2 (maximum of 50%);<br>If greater than 20 years of service: 2.5% x first 20 years of service x Final Compensation; Next 21-30 years of service: 4% per year of service x Final Compensation (90% maximum). |

### Fire - Disability Retirement Benefit Chart On or after July 1, 2008:

| Retirement Type  | Minimum Service Required | Benefit  |
|--|--------------------------|--|
| <b>Service-Connected Disability</b><br>[S]MC3.36.1020(A)(6)(b)]  | None                     | If less than 20 years of service: 50% of Final Compensation.<br>Beginning of 21st year of service: 3% per year of service x Final Compensation (90% maximum).  |
| <b>Non-service-Connected Disability</b><br>[S]MC 3.36.995(C)(6)] | 2 Years                  | If less than 20 years of service: 32% of Final Compensation plus 1% for each full year in excess of 2 (maximum of 50%).<br>Beginning of 21st year of service: 3% per year of service x Final Compensation (90% maximum). |



## Disability Retirement Allowance

### **Service-Connected Disability Retirement (Police & Fire with less than 20 years of service)**

If you become disabled due to a service-connected injury or disease and have fewer than twenty (20) years of service, you may be eligible for a service-connected disability retirement allowance. The monthly retirement allowance would be:

Your Final Compensation x 50%

For example, if your final compensation is \$10,000 per month, then your monthly disability retirement allowance would be \$5,000 per month ( $\$10,000 \times 50\% = \$5,000$ ).

[S]MC 3.36.1020]

Please note: For those with a Separate Account Domestic Relation Orders (SADRO), please refer to the Chapter 22: Dissolution of Marriage or Domestic Partnership for potential benefit reductions.

[3.36.3660]

### **Service-Connected Disability Retirement (Police with more than 20 years of service)**

If you become disabled due to a service-connected injury or disease and have more than twenty (20) years of service, you may be eligible for a service-connected disability retirement allowance.

For example, if you have twenty-five years of service and your final compensation is \$10,000 per month, then your monthly disability retirement allowance would be:

2.5% x first 20 years of service x Final Compensation; and

Next 21 – 30 years of service: 4% per year x Final Compensation (90% max)

$20 \text{ years} \times 2.5\% = 50\%$

$\frac{5 \text{ years} \times 4\%}{20\%} = 20\%$

Total % of final compensation = 70%

$\$10,000 \times 70\% = \$7,000$

[S]MC 3.36.1020]

### **Service-Connected Disability Retirement (Fire with more than 20 years of service)**



If you become disabled due to a service-connected injury or disease and have more than twenty (20) years of service, you may be eligible for a service-connected disability retirement allowance.

For example, if you have twenty-five years of service and your final compensation is \$10,000 per month, then your monthly disability retirement allowance would be:

Over 20 years of service: 3% per year of service x Final Compensation (90% max)

$$\frac{25 \text{ years} \times 3\%}{\text{Total \% of final compensation}} = 75\%$$

$$\$10,000 \times 75\% = \$7,500$$

[S]MC 3.36.1020]

**Non-Service-Connected Disability Retirement Allowance (Police & Fire with 2-20 years of service)**

If you become disabled due to a non-service-connected injury or disease and have two or more years of service credit in the plan, you may be eligible for a non-service-connected disability retirement allowance. If you have between 2 and 20 years of service, your monthly allowance would be:

32% of Final Compensation plus 1% for each year in excess of 2 (max of 50%)

For example, if you had seven years of service and your monthly final compensation was \$10,000, then your monthly non-service-connected disability retirement allowance would be:

$$32\% \text{ for having less than 20 years} = 32\%$$

$$\frac{5 \text{ years} \times 1\%}{\text{Total \% of final compensation}} = 5\%$$

$$\text{Total \% of final compensation} = 37\%$$

$$\$10,000 \times 37\% = \$3,700$$

[S]MC 3.36.995]

**Non-Service-Connected Disability Retirement Allowance (Police with more than 20 years of service)**

If you become disabled due to a non-service-connected injury or disease and have two or more years of service credit in the plan, you may be eligible for a non-service-connected disability retirement allowance. If you have more than 20 years of service, your monthly allowance would be:

2.5% x first 20 years of service x Final Compensation,

Next 21 – 30 years of service: 4% per year x Final Compensation (90% max)



For example, if you have twenty-five (25) years of service and your final compensation is \$10,000 per month, then your monthly disability retirement allowance would be:

$$\begin{aligned} 20 \text{ years} \times 2.5\% &= 50\% \\ \underline{5 \text{ years} \times 4\%} &= \underline{20\%} \\ \text{Total \% of final compensation} &= 70\% \\ \$10,000 \times 70\% &= \$7,000 \end{aligned}$$

[S]MC 3.36.995]

### **Non-Service-Connected Disability Retirement Allowance (Fire with more than 20 years of service)**

To qualify for non-service-connected disability retirement, you must have two or more years of service credit in the plan. If you have more than 20 years of service, your monthly allowance will be:

All years greater than 20 are multiplied by 3%

3% per year of service x final compensation (90% max)

For example, if you have twenty-five (25) years of service and your final compensation is \$10,000 per month, then your monthly disability retirement allowance would be:

$$\begin{aligned} \underline{25 \text{ years} \times 3\%} &= \underline{75\%} \\ \text{Total \% of final compensation} &= 75\% \\ \$10,000 \times 75\% &= \$7,500 \end{aligned}$$

[S]MC 3.36.995]

## **Outside Earnings**

### **Reporting Requirement**

If you receive a disability retirement with fewer than 20 years of service credit in this Retirement Plan and you subsequently engage in a gainful occupation, your combined total income from your pension from City of San Jose and your current occupation cannot exceed the maximum compensation earnable in the position from which you retired. [3.36.1040]

For the purpose of Outside Earnings, income and earnings shall not include interest, dividends, or rent. [3.36.1035(C); 3.36.1040(C)]



As a condition of receiving a monthly disability retirement allowance, you must submit written statements of your total income and earnings from employment outside City service during your disability retirement. These reports are required until your years of retirement service credit in this Retirement Plan plus the time you have been retired equals 20 years.

**Note: Reporting is required even if you do not have any outside earnings.**

You have two choices of how to report your outside earnings:

1. Monthly statements with an annual summary, or
2. Annual reporting with a copy of your full federal and state income tax returns, W-2's and 1099 forms. If you file jointly, you must also submit your spouse's W-2's and 1099's.

### **Monthly Statements**

You must submit three types of statements annually:

1. A Projection of Earnings form at the beginning of each new reporting year
2. 12 Monthly Statement of Outside Earnings forms, by the 10<sup>th</sup> day of the following month
3. A notarized annual Declaration of Earnings statement, under penalty of perjury, on or before May 1<sup>st</sup> of each year. This statement indicates your total income and earnings received during the preceding calendar year and the sources of such income and earnings.

**NOTE: If you have Schedule C income to report, you may not be able to provide accurate information monthly due to expenses that will need to be calculated at year end.**

[S]MC 3.36.1035(B)(1)]

### **Annual Reporting with Income Tax Returns**

1. On or before May 1<sup>st</sup> following the tax reporting period, you must submit the following:
  - a. Copy of your federal income tax return, personal and/or business
  - b. Copy of your state income tax return, personal and/or business
  - c. Any W-2s, including those of your spouse, if filing jointly
  - d. Any 1099s, including those of your spouse, if filing jointly
  - e. Any other back up required for your tax filing
2. You will also need to submit a written statement of your reporting election and projected income and earnings for the coming year by January 10<sup>th</sup> of each year. You may file an amended statement if there is a change in your projected income.



[S]MC 3.36.1035(B)(2)]

### **Termination of Benefits for Failure to File Reports**

If you fail to report your income as described above, your disability retirement allowance will be suspended until you submit the required information. When you submit the information, your allowance will be reinstated including any allowances that have been withheld, less any applicable deductions. [S]MC 3.36.1035(D)]

### **Deductions for Earnings Outside of City Employment**

If your disability retirement allowance plus your outside earnings exceeds the maximum compensation earnable in the position from which you retired, then your retirement allowance will be reduced until your total income equals that salary or the allowance received is \$0.00.

For example:

|  |                 |
|--|-----------------|
| Current Monthly Salary of Former Position: | \$10,000        |
| Monthly Retirement Allowance:              | <u>-\$5,000</u> |
| Monthly Maximum Outside Earnings           | \$5,000         |

In this example, if your outside earnings (as reported monthly or the monthly average from your annual projection if reported annually) are less than \$5,000, then the full retirement allowance will be paid. However, if outside earnings are more than \$5,000, then the retirement allowance will be reduced. If, for example, you earn \$5,500 in a given month, your allowance will be reduced as follows:

|                                   |                |
|-----------------------------------|----------------|
| Monthly Outside Earnings:         | \$5,500        |
| Monthly Maximum Outside Earnings: | <u>\$5,000</u> |
| Monthly Offset:                   | \$ 500         |

In this example, the monthly retirement allowance will be reduced from \$5,000 to \$4,500 for a total reduction of \$500.00.

If your outside earnings itself exceeds the current base salary of the position from which you retired, then you will still receive a check for \$0. You will maintain benefits such as medical, dental, and life insurance.

If for any reason your allowance should have been offset and it was not, you are responsible for making up the overpayment. Any excess amount and applicable interest may be deducted from future allowance payments or collected from you directly.

Once your years of service in this plan plus the time you have been retired for your disability totals 20 years, this offset is no longer applicable. After any overpayments



are recovered, you may receive your full disability retirement allowance without deductions for outside employment.

[S]MC 3.36.1040]

## **Reinstatement to Duty After Disability Retirement Approval**

### **Medical Exam during Disability Retirement**

Once you have received a disability retirement, the Retirement Board may require you to undergo a medical examination to determine the status of your disability. If, based on the results of this exam, the Retirement Board determines that you have become capable of performing the duties of your position, and you are under age 55, you will be subject to reinstatement to duty.

[S]MC 3.36.1080]

### **Failure or Refusal to Submit to Medical Examination**

If you fail or refuse to undergo any medical exam that is required by the Retirement Board while you are receiving a disability retirement allowance, the Board may terminate your allowance. If your allowance is terminated, you will no longer have any right to restoration to duty, nor will you or any of your survivors be entitled to any allowances or benefits of this plan.

However, if you apply for reinstatement of your disability retirement within one year of the termination of your allowance and can prove at that time of application for reinstatement that you are still disabled, the Board may reinstate your disability retirement and your allowance as of the date decided by the Board.

If you die before having your disability retirement and your allowance reinstated, your surviving spouse/domestic partner or surviving child(ren) may apply to the Retirement Board for survivorship benefits or death benefits. If they can prove that your disability continued until your death, the Board may grant them survivorship or death benefits to which they would have been entitled if your disability retirement had not been terminated. They must apply for these benefits within one year from the date the Board terminated your disability retirement.

No survivorship allowances or death benefits will be granted to anyone unless application is made within this one-year period.

[S]MC 3.36.1120]

### **Permanent Disability After Age 55**

If a recipient of a disability allowance granted pursuant to the provisions of this chapter should, upon attaining the age of fifty-five years (55), still be incapacitated to perform the duties of the position held by him or her at the time of retirement, and of any other position in the same classification of positions as the one held by him or her



at the time of retirement pursuant to the provisions of this chapter, the recipient shall no longer be subject to recall to duty. [S]MC 3.36.1090]

### **Disability Retirement Allowance if Retiree is Determined to be no Longer Disabled**

If the Retirement Board determines you are no longer disabled, you will continue to receive your disability retirement allowance until the City reinstates you, or until:

- You reject an offer of reinstatement into your previous position or a Position in the same classification;
- You refuse or fail to report to work in your previous position or a position in the same classification when requested to do so; or
- The Board determines that you have become unable to accept reinstatement or have become unable to perform the duties of your previous position or a position in the same class of positions.

[S]MC 3.36.1140]

### **Reinstatement to Duty**

If the Board determines that you are no longer incapacitated for the performance of duty, and you are not yet 55 years old, you may be reinstated as a member in the former position or a position in the same classification of positions, subject to Civil Service Rules. After reinstatement, you will again be a member of this Retirement Plan and will be credited for your past service as if you had never been retired.

[S]MC 3.36.1090]

### **Refusal to Accept Reinstatement**

If the Board finds that you are no longer incapacitated for duty, but you fail to report for duty or reject an offer of reinstatement, your disability retirement allowance may be terminated including all rights that you or your survivors may have under the Retirement Plan.

[S]MC 3.36.1100]



## Chapter 10: Applying for a Disability Retirement

This chapter provides information on how to apply for a disability retirement and describes the disability retirement process.

### Application

An application for a disability retirement may be made by any of the following persons:

- You;
- Someone authorized to apply for you on your behalf;
- The head of your department;
- The City Manager; or
- The Retirement Board.

[S]MC 3.36.950 & 3.36.940]

### Disability Retirement Application Time Limit

If you separate or retire from City service before March 31, 2017, you must submit your application for disability retirement no more than **one year** after your date of separation or retirement, except in the case where the person demonstrates by a preponderance of the evidence that the disability is due to diseases and/or conditions caused by exposure to workplace factors and/or conditions that at the time of separation from city service had no previous medical basis to be considered harmful. [S]MC 3.36.920 (A)(4)]

If you separate or retired from City service on or after March 31, 2017, you must submit your application for disability retirement no more than **one month** after your date of separation or retirement, except in the case where the person demonstrates by a preponderance of the evidence that the disability is due to diseases and/or conditions caused by exposure to workplace factors and/or conditions that at the time of separation from city service had no previous medical basis to be considered harmful. [S]MC 3.36.920 (A)(5)]

Depending on your circumstances, it may take over a year to process your disability retirement application. Applicants with financial hardship and terminal illness are prioritized and expedited to the extent possible. If you are an active employee on 4850 time or any other paid leave it is important that you communicate with staff when that leave is expected to exhaust. If you are applying for a Non-Service Connected Disability you are required to submit all of your medical records pertaining to your disability.

The Plan's [Disability Retirement Application Rules and Procedures](http://www.sjretirement.com) can be found under Retirement Planning on the Retirement Services website, [www.sjretirement.com](http://www.sjretirement.com).



## Chapter 11: Optional Settlements (Payment Options)

This chapter provides information on the optional survivorship allowances that retirees may elect within the time periods prescribed below. These “Payment Options” provide a higher survivorship allowance to the spouse/domestic partner at the time of the retiree’s death. The higher survivorship allowance will reduce the member’s base benefit.

At the time of your retirement, your standard retirement allowance is calculated. If you are married or in a domestic partnership, your spouse or domestic partner’s unmodified survivorship allowance is also calculated, and you will be given the opportunity to select an optional settlement. The optional settlements give you less money each month in return for a higher allowance to your surviving spouse or domestic partner.

Within these options, there is an option called “Pop-up”. These are also actuarially calculated, however if your spouse pre-deceases you, your benefit will go back to your unmodified amount. Your benefit will not return to the unmodified amount in the event of a divorce or if your spouse dies after a divorce.

If an optional settlement is not selected within 30 days of your retirement date, you will automatically default to the unmodified survivorship benefit.

[S]MC 3.36.1460; 3.36.1461]

### How Options Are Calculated

The options are “actuarial equivalents” of your standard retirement allowance. An actuarial equivalent means a benefit of equal value when computed upon the basis of the interest rate, inflation rate and annuity tables and other relevant assumptions on the most recent actuarial valuation and adopted by the Board upon the advice of the Board's actuary provided that such interest rate, inflation rate, and annuity tables and other relevant assumptions comport with reasonable standards applicable to governmental Retirement Plans. For purposes of this section, the most recent actuarial valuation shall be the valuation performed as of June 30th in the calendar year prior to the effective date of the actuarial equivalence calculation.

[S]MC 3.36.1466]

You and your spouse or domestic partner’s ages are very important in determining the options. If your spouse or domestic partner is significantly younger than you, your benefit would be reduced more than if you were the same age. This is because the benefit to your spouse or domestic partner will most likely be paid for a longer period of time.



If you retired for a Service Retirement and elected an option, then you subsequently changed to a Disability Retirement retroactive to your Service Retirement date, you may owe the Plan money. This is due to the difference in mortality tables used when calculating an option for a Service Retirement and a Disability Retirement.

## Time Limits to Choose Options

An election for an optional settlement must be made in writing on a form provided by Retirement Services (Annuity Designation Form) no earlier than the time of application and no later than 30 days after the effective date of retirement. You may amend or revoke any election in writing on or before the thirtieth (30th) day after the effective date of your retirement. Any election that is not amended or revoked on or before 30 days from the effective date of your retirement shall be irrevocable.

[S]MC 3.36.1461]

If an optional settlement is not selected within 30 days of your retirement date, you will automatically default to the unmodified survivorship benefit.

[S]MC 3.36.1460]

The optional settlements shall be paid only to the person to whom you are married or to the person who is your domestic partner both at the time of your retirement and at the time of your death. Unless you have elected a Post Retirement Marriage or Domestic Partnership reduction. Please see below for details.

[S]MC 3.36.1463(E)]

## Post-Retirement Marriage or Domestic Partnership

A person who is receiving a monthly retirement allowance and who marries or establishes a domestic partnership after beginning to receive such monthly allowance may elect an optional settlement by filing a written election with Retirement Services. The Post-Retirement Optional Settlement allows for payment of a survivorship benefit that would otherwise not be payable. To do this, the member must take a reduced allowance to provide the spouse or domestic partner a survivorship payment.

The election of the Post-Retirement Optional Settlement must be **filed within 90 days** after the date of the marriage or establishment of the domestic partnership. The election becomes effective one year from the date of marriage or the establishment of the domestic partnership.

[S]MC 3.36.1468]

**Note:** If a Post-Retirement Optional Settlement is elected the surviving spouse or surviving domestic partner will only receive the survivorship allowance and no health benefits when the member dies. [3.36.1910(A); Part 8 - 3.36.1230 & 3.36.1240]



**Documents required to begin the election of a Post Retirement Marriage or Domestic Partnership:**

- Written request for the Post Retirement Marriage or Domestic Partnership Optional Settlement within 90 days of event;
- Certified Copy of your spouse's birth certificate; and
- Certified Copy of your Marriage Certificate; or
- Domestic Partnership Certificate & Declaration of Domestic Partnership (notarized), if applicable.

Once the documents above are received, Retirement Services Staff will submit your information to the Retirement Plan's actuary to calculate the Post-Retirement Optional Settlement. Retirement Staff will notify you of your reduced benefit and survivor benefits as soon as it is received from the Retirement Plan's actuary and provide you with the necessary documents to elect or decline the Post-Retirement Optional Settlement.



## **Chapter 12: Death Before Retirement – Active City Employees Only**

This chapter describes the benefits available to your survivors if you die while still an active City employee and a member of the Retirement Plan, but before you retire. The benefits available are dependent upon your years of service and whether or not your death was service-connected. This chapter does not apply to persons who left City service prior to their death. Survivorship benefits for those participants who separated from the City and who were not retired prior to their death are described in Chapter 16: Separation from City Service Prior to Retirement (Deferred Vested) or in Chapter 18: Reciprocity.

**The following persons may be eligible to receive a survivor benefit:**

### **Surviving Spouse or Surviving Domestic Partner**

The person to whom you were married or in a domestic partnership with at the time of your death and who survives your death.

[S]MC 3.36.1200(B)(1) & 3.36.1200(B)(2)]

### **Surviving Children**

Your natural or adopted children who meet all the following requirements:

- The child survives your death;
- The child is unmarried and not in a domestic partnership at the time of your death;
- The child is under the age of 18 years at the time of your death;
- The child is in existence or conceived at the time of the deceased person's death; and
- If the child is adopted, the adoption was completed prior to your death.

[S]MC 3.36.1200(B)(3)]

### **Active Non-Service Connected Death With Less Than 2 years of Service**

This section applies if you meet the following conditions:

- You die while a member of the plan and a current City employee;
- You die prior to being retired;
- You die with less than 2 years of service; and
- Your death is not due to your employment with the City.

[S]MC 3.36.1250(A)(1)]



**Return of Contributions to Surviving Spouse or Surviving Domestic Partner**

Your surviving spouse or surviving domestic partner will receive your contributions to the Retirement Plan, plus interest earned by the fund not to exceed 2% per year, or \$1,000, whichever is greater. [SJMC 3.36.1250(C)]

**Return of Contributions to Surviving Children When There is no Surviving Spouse or Surviving Domestic Partner**

If you do not have a surviving spouse or surviving domestic partner at the time of your death, your surviving children will receive your contributions to the Retirement Plan, plus interest earned by the fund not to exceed 2% per year, or \$1,000, whichever is greater. [SJMC 3.36.1250(D)]

**Return of Contributions When There is no Surviving Spouse or Surviving Domestic Partner nor Surviving Children**

If you die without leaving an eligible surviving spouse or surviving domestic partner or eligible surviving children, your estate will be entitled to receive your accumulated contributions to the Retirement Plan, plus interest as earned by the fund not exceeding 2% per year, or \$1,000, whichever is greater. [SJMC 3.36.1250(F)]

**Note:** Surviving spouses, surviving domestic partners and/or surviving children of members who die before retirement with less than 2 years of service (and whose death was not Service Connected) are not eligible to receive monthly survivorship allowances.

**Active Non-Service Connected Death with More Than 2 Years of Service**

This section applies if you die before retirement and all of the following conditions are met:

- You die while a member of this plan and current City employee;
- You die prior to being retired;
- You die before being eligible for a service retirement OR have been retired for a nonservice-connected disability but die before receiving any disability allowance or pay;
- Your death did not arise out of and in the course of your employment; and
- You have a minimum of two years of retirement service credit.

[SJMC 3.36.1210(A)]

**Benefit Options:**

Your surviving spouse/domestic partner OR surviving child(ren), if there is no surviving spouse or surviving domestic partner, may choose one of the following benefit options:



1. Return of your employee contributions to the Retirement Plan and interest payable at 2% per annum in a lump sum or monthly amount. If there is no surviving spouse or domestic partner and there are no surviving children, the amount shall be paid to deceased person's estate. It is important to note that the employee contributions and interest are taxable at the time when they are distributed in cash.

[S]MC 3.36.1210(C)(D)(E)

2. Survivorship Allowance to eligible surviving spouse or surviving domestic partner and eligible children (regardless of whether there is an eligible surviving spouse or surviving domestic partner) as described in the following sections:

- "Survivorship Allowance to Surviving Spouse or Surviving Domestic Partner if the Deceased Person was entitled to a Retirement Allowance up to Seventy Five Percent (75%) of the Deceased Persons Final Compensation;" OR
- "Survivorship Allowance to Surviving Spouse or Surviving Domestic Partner if the Deceased Person was Entitled to a Retirement Allowance of at Least Seventy Five Percent (75%) of the Deceased Persons Final Compensation;"
- Survivorship allowance for eligible child(ren) is available regardless of whether there is a surviving spouse or surviving domestic partner. Please see below in section "Survivorship Allowance to Surviving Children if You Die Before Retirement With at Least Two Years of Service".

[S]MC 3.36.1210(F)(G); 3.36.1280(C); 3.36.1300]

3. Lump Sum Payment equal to your employee contributions and interest payable AND subsequent Survivorship Allowance(s) for your eligible spouse or domestic partner and/or eligible child(ren) – as calculated in #2 above. However, the monthly survivorship allowance shall not be owing or payable and shall not commence until such time as the time elapsed between your death and the number of months equal to that number obtained by dividing the total amount of the lump sum payment by the monthly survivorship allowance as calculated in #2. It is important to note that the employee contributions and interest are taxable at the time when they are distributed in cash.

Example:

Contributions and Interest = \$100,000

Monthly Survivorship Allowance = \$2,000

# of months of benefit payments equal to lump sum payment: 50 months

Therefore, Survivorship Allowance of \$2,000, in this example, will not be owing, payable or commence until 50 months have elapsed since your death.

[3.36.1210(H)]



**Please Note:** If Option 3 is chosen, survivors will not be eligible for medical or dental benefits during the period of time in which a monthly benefit is not being paid. This option also has tax consequences your survivors should discuss this option with the Office of Retirement Services and your tax advisor.

[3.36.1910(B) & (C)]

**Survivorship Allowance to Surviving Spouse or Surviving Domestic Partner if the Deceased Person was Entitled to a Retirement Allowance up to Seventy Five Percent (75%) of the Deceased Persons Final Compensation (Police & Fire)**

If you have an eligible surviving spouse or surviving domestic partner at the time of your death, your surviving spouse or surviving domestic partner will receive a monthly allowance until he or she dies or remarries. Under the following situations the surviving spouse or surviving domestic partner can remarry and continue receiving benefits:

- If the member died as of 10/1/99; or
- If, at the time of death, the member was at least 55 years old with at least 20 years of service; or
- If, at the time of death, the member had 30 years of service regardless of age.

[S]MC 3.36.1290(A)]

The allowance will be calculated as follows:

Final Comp x 24% + 0.75% of Final Compensation for each year in excess of two years of service. (Max of 37.5% of Final Compensation).

For example, if you die before retirement (non-service connected death) and had 10 years of service and your final compensation was \$10,000 per month, the monthly survivorship allowance would be:

Base of 24% of final compensation=24%

8 years x 0.75% = 6% (total of 10 yrs. service; each yr. in excess of 2 yrs. service = 8 yrs.)

Total % of final compensation = 30%

\$10,000 x 30% = \$3,000 Monthly Survivorship Allowance

[S]MC 3.36.1210(F), 3.36.1280(C)(1), 3.36.1280(D)(1)]

**Survivorship Allowance to Surviving Spouse or Surviving Domestic Partner if the Deceased Person was Entitled to a Retirement Allowance of at Least Seventy Five Percent (75%) of the Deceased Persons Final Compensation (Police & Fire)**



If you have an eligible surviving spouse or surviving domestic partner at the time of your death, your surviving spouse or surviving domestic partner will receive a monthly allowance until he or she dies or remarries. However, under the following situations the surviving spouse or surviving domestic partner can remarry and continue receiving benefits:

- If the member died or retired as of 10/1/99; or
- If, at the time of death, the member was at least 55 years old with at least 20 years of service; or,
- If, at the time of death, the member had 30 years of service regardless of age; or
- If the member was killed in the line of duty.

[S]MC 3.36.1290(A)]

The allowance will be calculated as follows: 50% x deceased person's retirement allowance. Maximum of 42.5% of final compensation for Police and maximum of 45% of final compensation for Fire.

**Example for Police - this is under the Active Death Section**

If you die before retirement with 27 years of service and your final compensation was \$10,000 per month, your monthly benefit would have been:

$$\begin{array}{r} 20 \text{ years} \times 2.5\% = 50\% \\ \underline{7 \text{ years} \times 4\% = 28\%} \\ \text{Total \% of final compensation} = 78\% \\ 78\% \times \$10,000 = \$7,800 \text{ Monthly Retirement Allowance} \end{array}$$

If member dies before retirement, your Surviving Spouse or Domestic Partner's survivorship allowance would be calculated by multiplying 50% by your Monthly Retirement Allowance:

$$50\% \times \$7,800 = \underline{\$3,900 \text{ Monthly Survivorship Allowance}}$$

**Note:** Survivorship cannot exceed 42.5% of final compensation;  $\$10,000 \times 42.5\% = \$4,250$  (max not exceeded in this example).

[S]MC 3.36.1280(C)(2)]

**Example for Fire- this is under the Active Death Section**

If you die before retirement with 27 years of service and your final compensation was \$10,000 per month, your monthly benefit would have been:

$$\begin{array}{r} \underline{27 \text{ years} \times 3\% = 81\%} \\ \text{Total \% of final compensation} = 81\% \\ 81\% \times \$10,000 = \$8,100 \text{ Monthly Retirement Allowance} \end{array}$$



If member dies before retirement, your Surviving Spouse or Domestic Partner's survivorship allowance would be calculated by multiplying 50% by your Monthly Retirement Allowance:

$$50\% \times \$8,100 = \underline{\$4,050 \text{ Monthly Survivorship Allowance}}$$

**Note:** Survivorship cannot exceed 45% of final compensation;  $\$10,000 \times 45\% = \$4,500$  (max not exceeded in this example).

[S]MC 3.36.1280(D)(2)]

### **Survivorship Allowance to Surviving Children if You Die Before Retirement With at Least Two Years of Service (Police & Fire)**

If you have eligible children at the time of your death, they will receive a survivorship allowance until they reach the age of 18. They may continue to be eligible until age 22 if they are full-time students and meet the qualifications for a school allowance. The allowance will be calculated as follows:

|                         |                            |
|-------------------------|----------------------------|
| One Child:              | 25% x Final Compensation   |
| Two Children:           | 37.5% x Final Compensation |
| Three or More Children: | 50% x Final Compensation   |

Example #1, if you die before retirement with at least two years of service and your final compensation was \$10,000 per month, the monthly child survivorship allowance for one child would be:

$$\$10,000 \times 25\% = \underline{\$2,500 \text{ Monthly Child Survivorship Allowance}}$$

Example #2, if you die before retirement with at least two years of service and your final compensation was \$10,000 per month, the monthly child survivorship allowance for two children would be:

$$\$10,000 \times 37.5\% = \underline{\$3,750 \text{ Monthly Survivorship Allowance for two children}}$$

**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,875/month ( $\$3,750/2 = \$1,875$ ).

Example #3, if you die before retirement with at least two years of service and your final compensation was \$10,000 per month, the monthly child survivorship allowance for three (or more) children would be:

$$\$10,000 \times 50\% = \underline{\$5,000 \text{ Monthly Survivorship Allowance for three (or more) children}}$$



**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,666.66/month (\$5,000/3=\$1,666.66).

[S]MC 3.36.1210(G), 3.36.1300(B)(1), 3.36.1300(D)(1), & 3.36.1300(F)(1)]

### **Benefit Limitation**

The maximum amount of all monthly allowances payable to your surviving spouse or surviving domestic partner and children cannot exceed 75% of your final compensation. If necessary, your children's survivorship allowance will be reduced so that the total benefit to your surviving spouse or surviving domestic partner and children does not exceed 75% of your final compensation.

[S]MC 3.36.1310]

### **No Surviving Spouse or Surviving Domestic Partner nor Surviving Children**

If you die without an eligible surviving spouse or surviving domestic partner or eligible surviving children, your estate will be entitled to receive your accumulated contributions from the Retirement Plan, plus interest as earned by the fund not exceeding 2% per year. Your estate will receive a minimum of \$1,000 even if your contributions total less than \$1,000.

[S]MC 3.36.1210(E) & 3.36.1210(I)]

## **Active Death While Eligible for Service Retirement**

The survivorship benefits in this section apply to the following situations:

- You die after age 55 with at least 20 years of service but before retirement; or
- You die between the age of 50-54 with at least 25 years of service but before retirement; or
- You die with at least 30 years of service.

[S]MC 3.36.1200(A)(1-2)]

### **Survivorship Allowance to Surviving Spouse or Surviving Domestic Partner**

If you have an eligible surviving spouse or surviving domestic partner at the time of your death, your surviving spouse or surviving domestic partner will receive a monthly allowance until he or she dies, remarries, or establishes a new domestic partnership. However, under the following situations the surviving spouse or domestic partner can remarry or establish a new domestic partnership and continue receiving benefits:

- If the member died or retired as of 10/1/99; or
- If, at the time of death, the member was at least 55 years old with at least 20 years of service; or



- If, at the time of death, the member had 30 years of service regardless of age; or
- A Police member who was killed in the line of duty\* on or after January 17, 2020 (Ordinance #30348); or
- A Fire member who was killed in the line of duty\* on or after July 20, 2020 (Ordinance #30423).

\*"Killed in the line of duty" means that a member dies while a member of this plan and before being retired for service or disability as a direct result of an incident while in the performance of duty in the member's employment with the City. To be covered, the death must not result from a condition unrelated to the specific incident. A member who dies after first being on disability retirement with the City is not considered to have been killed in the line of duty for purposes of this Section.

[SJMC 3.36.1290(A); 3.36.1290(B)(4)(5)]

**The monthly allowance will be calculated as follows:**

**POLICE:** To surviving spouse or surviving domestic partner: 37.5% to 42.5% of member's Final Compensation depending on the years of service. See Chart Below:

| San Jose Years of Service | Retiree's Percentage of Final Compensation | Surviving Spouse or Surviving Domestic Partner Percentage of Final Compensation |
|---------------------------|--|---|
| Up to 20                  | 50%  | 37.5%   |
| 21                        | 54%  | 37.5%   |
| 22                        | 58%  | 37.5%   |
| 23                        | 62%  | 37.5%   |
| 24                        | 66%  | 37.5%   |
| 25                        | 70%  | 37.5%   |
| 26                        | 74%  | 37.5%   |
| >26                       | 75% - 90%                                  | 50% of Retiree's Percentage (Maximum of 42.5%)                                  |

**Example for Police**

If you died before retirement, while eligible to retire and had 27 years of service and your final compensation was \$10,000 per month, your monthly benefit would have been:

$$\begin{array}{r}
 20 \text{ years} \times 2.5\% = 50\% \\
 \underline{7 \text{ years} \times 4\% = 28\%} \\
 \text{Total \% of final compensation} = 78\% \\
 78\% \times \$10,000 = \$7,800 \text{ Monthly Retirement Allowance}
 \end{array}$$

Your Surviving Spouse or Domestic Partner's survivorship allowance would be calculated by multiplying 39% by Final Compensation:



$$39\% \times \$10,000 = \underline{\$3,900 \text{ Monthly Survivorship Allowance}}$$

**Note:** Survivorship cannot exceed 42.5% of final compensation;  $\$10,000 \times 42.50\% = \$4,250$  (max not exceeded in this example). [SJMC 3.36.1200(F) & 3.36.1270(D)]

**FIRE:** To surviving spouse or surviving domestic partner: 37.5% to 45% of member's Final Compensation depending on the years of service. See Chart below:

| San Jose<br>Years of<br>Service | Retiree's Percentage of Final<br>Compensation | Surviving Spouse or Surviving Domestic<br>Partner Percentage of Final<br>Compensation |
|---------------------------------|---|---|
| Up to 20                        | 50%   | 37.5%   |
| 21                              | 63%   | 37.5%   |
| 22                              | 66%   | 37.5%   |
| 23                              | 69%   | 37.5%   |
| 24                              | 72%   | 37.5%   |
| 25                              | 75%   | 37.5%   |
| >25                             | 75% - 90%                                     | 50% of Retiree's Percentage<br>(Maximum of 45%)                                       |

#### **Example for Fire**

If you retired with 27 years of service and your final compensation was \$10,000 per month, your monthly benefit would have been:

$$\begin{aligned} & \underline{27 \text{ years} \times 3\% = 81\%} \\ & \text{Total \% of final compensation} = 81\% \\ & 81\% \times \$10,000 = \$8,100 \text{ Monthly Retirement Allowance} \end{aligned}$$

Your Surviving Spouse or Domestic Partner's survivorship allowance would be calculated by multiplying 40.50% by Final Compensation:

$$40.50\% \times \$10,000 = \underline{\$4,050 \text{ Monthly Survivorship Allowance}}$$

**Note:** Survivorship cannot exceed 45% of final compensation;  $\$10,000 \times 45\% = \$4,500$  (max not exceeded in this example). [SJMC 3.36.1200(F) & 3.36.1270(E)]

#### **Survivorship Allowance to Surviving Children (Police & Fire)**

If you have eligible children at the time of your death, they will receive a survivorship allowance until they marry or reach the age of 18, whichever is earlier. They may continue to be eligible to receive a benefit until age 22 if they are full-time students and meet the qualifications for a school allowance. The survivorship allowance will be calculated as follows:

$$\text{One Child:} \qquad 25\% \times \text{Final Compensation}$$



Two Children: 37.5% x Final Compensation  
Three or More Children: 50% x Final Compensation

Example #1, if you die before retirement and you were eligible for Service Retirement and your final compensation was \$10,000 per month, the monthly child survivorship allowance for one child would be:

$\$10,000 \times 25\% = \underline{\$2,500 \text{ Monthly Child Survivorship Allowance}}$

Example #2, if you die before retirement and you were eligible for Service Retirement and your final compensation was \$10,000 per month, the monthly child survivorship allowance for two children would be:

$\$10,000 \times 37.5\% = \underline{\$3,750 \text{ Monthly Survivorship Allowance for two children}}$

**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,875/month ( $\$3,750/2=\$1,875$ ).

Example #3, if you die before retirement and you were eligible for Service Retirement and your final compensation was \$10,000 per month, the monthly child survivorship allowance for three (or more) children would be:

$\$10,000 \times 50\% = \underline{\$5,000 \text{ Monthly Survivorship Allowance for three (or more) children}}$

**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,666.66/month ( $\$5,000/3=\$1,666.66$ ).

[S]MC 3.36.1210(G), 3.36.1300(B)(1), 3.36.1300(D)(1), & 3.36.1300(F)(1);  
3.36.1400]

### **Lump Sum Return of Contributions Option**

Your eligible survivors are entitled to begin receiving a monthly allowance upon your death. They also have the option to receive a lump sum payment equal to your contributions, plus interest as earned by the fund up until the date of your death, not exceeding 2% per year. If they chose to receive a lump sum payment, their monthly survivorship allowance will be reduced by the amount of the lump sum payment and the start of the survivorship will be delayed. To determine how long the start of the survivorship will be delayed, the total employee contributions and interest will be divided by the calculated survivor benefit to get a number of months to delay the start of the monthly survivor allowance. It is important to note that the employee contributions and interest are taxable at the time when they are distributed in cash.

For example, assume you die before retirement with at least two years of service. Your contributions with interest were \$200,000 and your surviving spouse/domestic partner is eligible for a monthly survivorship allowance of \$5,000. If your survivors



choose the lump sum option, they would receive \$200,000 in a lump sum payment after your death. The start of their \$5,000 monthly Survivorship Allowance would be delayed 40 months after your death (\$200,000 contributions/ \$5,000 survivorship = 40 months).

[S]MC 3.36.1200 (C), 3.36.1200(D) & 3.36.1200(H)]

Choosing to receive the deceased member's contributions in a lump sum amount will delay the start of the monthly survivorship allowance, delay enrollment into health coverage, and has tax consequences. Your survivors should discuss this option with the Office of Retirement Services and their tax advisor.

[3.36.1910(B)(C)]

## **Active Service Connected Death Regardless of Years of Service**

The survivorship benefits in this section apply if you meet the following conditions:

- You die while a member of the plan and a current City employee;
- You die prior to being retired; and
- Your death arises out of and in the course of your employment with the City.

[S]MC 3.36.1200(A)(1) & 3.36.1200(A)(5)]

### **Survivorship Allowance to Surviving Spouse or Surviving Domestic Partner**

If you have an eligible surviving spouse or surviving domestic partner at the time of your death, your surviving spouse or surviving domestic partner will receive a monthly allowance until he or she dies, remarries, or establishes a new domestic partnership. Under the following situations the surviving spouse or surviving domestic partner can remarry or establish a new domestic partnership and continue receiving benefits:

- If the member died or retired as of 10/1/99; or If, at the time of death, the member was at least 55 years old with at least 20 years of service; or
- If, at the time of death, the member had 30 years of service regardless of age; or
- A Police member who was killed in the line of duty\* on or after January 17, 2020 (Ordinance #30348); or
- A Fire member who was killed in the line of duty\* on or after July 20, 2020 (Ordinance #30423).

\*"Killed in the line of duty" means that a member dies while a member of this plan and before being retired for service or disability as a direct result of an incident while in the performance of duty in the member's employment with the City. To be covered, the death must not result from a condition unrelated to the specific



incident. A member who dies after first being on disability retirement with the City is not considered to have been killed in the line of duty for purposes of this Section.

[S]MC 3.36.1290(A); 3.36.1290(B)(4)(5),

**The monthly survivorship allowance will be calculated as follows:**

**POLICE:** To surviving spouse or surviving domestic partner: 37.5% to 42.5% of member's Final Compensation depending on the years of service. See chart below:

| San José<br>Years of Service | Retiree's Percentage of<br>Final Compensation | Surviving Spouse or Surviving Domestic<br>Partner Percentage of Final Compensation |
|------------------------------|---|--|
| 20                           | 50%   | 37.5%  |
| 21                           | 54%   | 37.5%  |
| 22                           | 58%   | 37.5%  |
| 23                           | 62%   | 37.5%  |
| 24                           | 66%   | 37.5%  |
| 25                           | 70%   | 37.5%  |
| 26                           | 74%   | 37.5%  |
| >26                          | 75% - 90%                                     | 50% of Retiree's Percentage<br>(Maximum of 42.5%)                                  |

**Example for Police**

If you retired with 27 years of service and your final compensation was \$10,000 per month, your monthly benefit would have been:

$$\begin{aligned} 20 \text{ years} \times 2.5\% &= 50\% \\ \underline{7 \text{ years} \times 4\%} &= \underline{28\%} \\ \text{Total \% of final compensation} &= 78\% \\ 78\% \times \$10,000 &= \$7,800 \text{ Monthly Retirement Allowance} \end{aligned}$$

Your Surviving Spouse or Domestic Partner's survivorship allowance would be calculated by multiplying 39% by Final Compensation:

$$39\% \times \$10,000 = \underline{\$3,900 \text{ Monthly Survivorship Allowance}}$$

**Note:** Survivorship cannot exceed 42.5% of final compensation;  $\$10,000 \times 42.50\% = \$4,250$  (max not exceeded in this example).

[S]MC 3.36.1200(F) & 3.36.1270(D)]

**FIRE:** To surviving spouse or surviving domestic partner: 37.5% to 45% of member's Final Compensation depending on the years of service. See chart below:



| San Jose<br>Years of<br>Service | Retiree's Percentage of Final<br>Compensation | Surviving Spouse or Surviving Domestic<br>Partner Percentage of Final<br>Compensation |
|---------------------------------|---|---|
| Up to 20                        | 50%   | 37.5%   |
| 21                              | 63%   | 37.5%   |
| 22                              | 66%   | 37.5%   |
| 23                              | 69%   | 37.5%   |
| 24                              | 72%   | 37.5%   |
| 25                              | 75%   | 37.5%   |
| >25                             | 75% - 90%                                     | 50% of Retiree's Percentage<br>(Maximum of 45%)                                       |

### **Example for Fire**

If you retired with 27 years of service and your final compensation was \$10,000 per month, your monthly benefit would have been:

$$\begin{aligned} & \underline{27\text{years} \times 3\% = 81\%} \\ & \text{Total \% of final compensation} = 81\% \\ & 81\% \times \$10,000 = \$8,100 \text{ Monthly Retirement Allowance} \end{aligned}$$

Your Surviving Spouse or Domestic Partner's survivorship allowance would be calculated by multiplying 40.50% by Final Compensation:

$$40.50\% \times \$10,000 = \underline{\$4,050 \text{ Monthly Survivorship Allowance}}$$

**Note:** Survivorship cannot exceed 45% of final compensation;  $\$10,000 \times 45\% = \$4,500$  (max not exceeded in this example). [SJMC 3.36.1200(F) & 3.36. 1270(E)]

### **Survivorship Allowance to Surviving Children (Police & Fire)**

If you have eligible children at the time of your death, they will receive a survivorship allowance until they marry or reach the age of 18, whichever is earlier. They may continue to be eligible until age 22 if they are full-time students and meet the qualifications for a school allowance. The survivorship allowance will be calculated as follows:

|                         |                            |
|-------------------------|----------------------------|
| One Child:              | Final Compensation x 25%   |
| Two Children:           | Final Compensation x 37.5% |
| Three or More Children: | Final Compensation x 50%   |

Example #1, if you die before retirement and your death was service connected and your final compensation was \$10,000 per month, the monthly child survivorship allowance for one child would be:

$$\$10,000 \times 25\% = \underline{\$2,500 \text{ Monthly Child Survivorship Allowance}}$$



Example #2, if you die before retirement and your death was service connected and your final compensation was \$10,000 per month, the monthly child survivorship allowance for two children would be:

$$\$10,000 \times 37.5\% = \underline{\$3,750 \text{ Monthly Survivorship Allowance for two children}}$$

**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,875/month (\$3,750/2=\$1,875).

Example #3, if you die before retirement and your death was service connected and your final compensation was \$10,000 per month, the monthly child survivorship allowance for three (or more) children would be:

$$\$10,000 \times 50\% = \underline{\$5,000 \text{ Monthly Survivorship Allowance for three (or more) children}}$$

**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,666.66/month (\$5,000/3=\$1,666.66).

[S]MC 3.36.1300(B)(2), 3.36.1300(D)(2) & 3.36.1300(F)(2)]

### **Lump Sum Return of Contributions Option**

Your eligible survivors are entitled to begin receiving a monthly allowance upon your death. They also have the option to receive a lump sum payment equal to your contributions, plus interest as earned by the fund up until the date of your death, not exceeding 2% per year. If they chose to receive a lump sum payment, their monthly survivorship allowance will be reduced by the amount of the lump sum payment and the start of the survivorship will be delayed. To determine how long the start of the survivorship will be delayed, the total employee contributions and interest will be divided by the calculated survivor benefit to get a number of months to delay the start of the monthly survivor allowance. It is important to note that the employee contributions and interest are taxable at the time when they are distributed in cash.

For example, assume you die before retirement with at least two years of service, your contributions with interest were \$200,000 and your surviving spouse/domestic partner is eligible for a monthly survivorship allowance of \$5,000. If your survivors choose the lump sum option, they would receive \$200,000 in a lump sum payment after your death. The start of their \$5,000 monthly Survivorship Allowance would be delayed 40 months after your death (\$200,000 contributions/ \$5,000 survivorship = 40 months). (\$200,000 contributions/\$5,000 survivorship = 40 months).

[S]MC 3.36.1200 (C), 3.36.1200(D) & 3.36.1200(H)]

Choosing to receive the deceased member's contributions in a lump sum amount will delay the start of the monthly survivorship allowance, delay enrollment into health coverage, and has tax consequences. Your survivors should discuss this option with the Office of Retirement Services and their tax advisor. [3.36.1910(B) & (C)]



**Benefit Limitation**

The maximum amount of all monthly allowances payable to your surviving spouse or surviving domestic partner and children cannot exceed 75% of your final compensation. If necessary, your children's survivorship allowance will be reduced so that the total benefit to your surviving spouse or surviving domestic partner and children does not exceed 75% of your final compensation. [SJMC 3.36.1310]

**No Surviving Spouse or Surviving Domestic Partner nor Surviving Children**

If you die without an eligible surviving spouse or surviving domestic partner or eligible surviving children, your estate will be entitled to receive your accumulated contributions from the retirement fund, plus interest as earned by the fund not exceeding 2% per year. Your estate will receive a minimum of \$1,000 even if your contributions total less than \$1,000. [SJMC 3.36.1200(E) & 3.36.1200(I)]



## Chapter 13: Death After Retirement (Not Deferred Vested)

This chapter describes Continuance (Survivorship) benefits for eligible spouses/domestic partners and children of Police and Fire service and disability retirees who de cease after retirement. This chapter does not apply to persons who left City service prior to retirement (or their survivors). Continuance (Survivorship) benefits for those who separate from the City prior to retirement are described in Chapter 16: Separation from City Service Prior to Retirement (Deferred Vested) or in Chapter 18: Reciprocity.

### Survivorship Benefits after Service Retirement

If you die while receiving a service retirement allowance, your eligible surviving spouse or surviving domestic partner and/or surviving children will receive benefits from the Retirement Plan. [SJM C 3.36.1230, 3.36.1270, & 3.36.1300]

**The following persons are eligible to receive benefits:**

#### Surviving Spouse or Surviving Domestic Partner

The person to whom you were married to or in a domestic partnership with both at the time of your death and at the time you retired for service or disability. [SJM C 3.36.1230(B)(1) & (2)]

#### Post Retirement Marriage

If you marry or enter a Domestic Partnership after retirement, you may elect to reduce your benefit to provide a survivorship benefit to your spouse. There are specific rules to be eligible. Please see Chapter 11: Optional Settlements (Payment Options) for more information.

#### Surviving Children

Your natural or adopted children who meet all of the following requirements:

- The child survives your death;
- The child is unmarried at the time of your death;
- The child is under the age of 18 years at the time of your death;
- The child is in existence or conceived at the time of your death; and
- If the child is adopted, the adoption was completed prior to your death.

[SJM C 3.36.1230(B)(3)]

If you have children who are over 18 years old but under 22 years old at the time of your death, they may qualify for a surviving child's school allowance.

[SJM C 3.36.1410]



### **Survivorship Allowance to Surviving Spouse or Surviving Domestic Partner**

If you have an eligible surviving spouse or surviving domestic partner at the time of your death, your surviving spouse or surviving domestic partner will receive a monthly allowance until he or she dies, remarries, or establishes a new domestic partnership.

However, under the following situations the surviving spouse or surviving domestic partner can remarry or establish a new domestic partnership and continue receiving a monthly allowance:

- If the member died or retired prior to 10/1/99; or
- If, at the time of death, the member was at least 55 years old with at least 20 years of service; or
- If, at the time of death, the member had 30 years of service regardless of age.

[S]MC 3.36.1290 & 3.36.1230(C)(1)]

### **Monthly Survivorship Allowance Calculations**

**POLICE:** To surviving spouse or surviving domestic partner with a minimum of 20 years of service in the Retirement Plan (37.5% to 42.5% of member's final compensation depending on the years of service. See chart below:

| San Jose Years of Service | Retiree's Percentage of Final Compensation | Surviving Spouse or Surviving Domestic Partner Percentage of Final Compensation |
|---------------------------|--|---|
| <20                       | 2.5% per YOS in SJPF                       | 1.875% per Retiree's YOS in SJPF  |
| 20                        | 50%  | 37.5%   |
| 21                        | 54%  | 37.5%   |
| 22                        | 58%  | 37.5%   |
| 23                        | 62%  | 37.5%   |
| 24                        | 66%  | 37.5%   |
| 25                        | 70%  | 37.5%   |
| 26                        | 74%  | 37.5%   |
| >26                       | 75% - 90%                                  | 50% of Retiree's Percentage (Maximum of 42.5%)                                  |

**Note:** For Early Retirement Retirees, survivorship and death benefits will be reduced by the same factor as the retiree's early retirement benefit.

[S]MC 3.36.1340, 3.36.810 (C)]

#### **Example for Police**

If you retired with 27 years of service and your final compensation was \$10,000 per month, your monthly benefit would have been:



$$\begin{array}{r}
 20 \text{ years} \times 2.5\% = 50\% \\
 \underline{7 \text{ years} \times 4\% = 28\%} \\
 \text{Total \% of final compensation} = 78\% \\
 78\% \times \$10,000 = \$7,800 \text{ Monthly Retirement Allowance}
 \end{array}$$

Your Surviving Spouse or Domestic Partner's survivorship allowance would be calculated by multiplying 39% by final compensation:

$$39\% \times \$10,000 = \underline{\$3,900 \text{ Monthly Survivorship Allowance}}$$

**Note:** Survivorship Allowance cannot exceed 42.5% of final compensation;  $\$10,000 \times 42.5\% = \$4,250$  (max not exceeded in this example).

[S]MC 3.36. 1270(D)]

**FIRE:** To surviving spouse or surviving domestic partner with a minimum of 20 years of service in the Retirement Plan (37.5% to 45% of member's final compensation depending on the years of service. See chart below:

| San José Years of Service | Retiree's Percentage of Final Compensation | Surviving Spouse or Surviving Domestic Partner Percentage of Final Compensation |
|---------------------------|--|---|
| <20                       | 2.5% per YOS in SJPF                       | 1.875% per Retiree's YOS in SJPF  |
| 20                        | 50%  | 37.5%   |
| 21                        | 63%  | 37.5%   |
| 22                        | 66%  | 37.5%   |
| 23                        | 69%  | 37.5%   |
| 24                        | 72%  | 37.5%   |
| 25                        | 75%  | 37.5%   |
| >25                       | >75% - 90%                                 | 50% of Retiree's Percentage (Maximum of 45%)                                    |

**Note:** For Early Retirement Retirees, survivorship and death benefits will be reduced by the same factor as the retiree's early retirement benefit.

[S]MC 3.36.1340, 3.36.810 (C)]

### Example for Fire

If you retired with 27 years of service and your final compensation was \$10,000 per month, your monthly benefit would have been:

$$\begin{array}{r}
 \underline{27 \text{ years} \times 3\% = 81\%} \\
 \text{Total \% of final compensation} = 81\%
 \end{array}$$



$$81\% \times \$10,000 = \$8,100 \text{ Monthly Retirement Allowance}$$

Your Surviving Spouse or Domestic Partner's survivorship allowance would be calculated by multiplying 40.5% by final compensation:

$$40.5\% \times \$10,000 = \underline{\$4,050 \text{ Monthly Survivorship Allowance}}$$

**Note:** Survivorship Allowance cannot exceed 45% of final compensation;  $\$10,000 \times 45\% = \$4,500$  (max not exceeded in this example).

[S]MC 3.36.1270(E)]

### **Survivorship Allowance to Surviving Children (Police & Fire)**

If you have eligible surviving children at the time of your death, they will receive a survivorship allowance until they marry or reach the age of 18, whichever is earlier. They may continue to be eligible until age 22 if they are full-time students and meet the qualifications for a school allowance (please see Chapter 14: Surviving Child's School Allowance). The survivorship allowance will be calculated as follows:

|                         |                            |
|-------------------------|----------------------------|
| One Child:              | Final Compensation x 25%   |
| Two Children:           | Final Compensation x 37.5% |
| Three or More Children: | Final Compensation x 50%   |

Example #1, if you die while receiving a service retirement allowance and your final compensation was \$10,000 per month, the monthly child survivorship allowance for one child would be:

$$\$10,000 \times 25\% = \underline{\$2,500 \text{ Monthly Child Survivorship Allowance}}$$

Example #2, if you die while receiving a service retirement allowance and your final compensation was \$10,000 per month, the monthly child survivorship allowance for two children would be:

$$\$10,000 \times 37.5\% = \underline{\$3,750 \text{ Monthly Survivorship Allowance for two children}}$$

**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,875/month ( $\$3,750/2 = \$1,875$ )

Example #3, if you die while receiving a service retirement allowance and your final compensation was \$10,000 per month, the monthly child survivorship allowance for three (or more) children would be:

$$\$10,000 \times 50\% = \underline{\$5,000 \text{ Monthly Survivorship Allowance for three (or more) children}}$$



**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,666.66/month (\$5,000/3=\$1,666.66)

[S]MC 3.36.1300(B), 3.36.1300(D)(1) & 3.36.1300(F)(1)]

### **Benefit Limitation**

The maximum amount of all monthly allowances payable to your surviving spouse or surviving domestic partner and surviving children cannot exceed 75% of your final compensation. If necessary, your surviving children's survivorship allowance will be reduced so that the total benefit to your surviving spouse or surviving domestic partner and surviving children does not exceed 75% of your final compensation.

[S]MC 3.36.1310]

### **No Eligible Surviving Spouse or Surviving Domestic Partner and/or Eligible Surviving Children**

If you die and do not have an eligible surviving spouse or surviving domestic partner or eligible surviving children, your named beneficiary or estate will receive a total death benefit of \$1,000.

[S]MC 3.36.1230(E)]

## **Survivorship Benefits on a Service-Connected Disability Retirement**

If you die while receiving a service-connected disability retirement allowance, your eligible surviving spouse/domestic partner and children will receive benefits from the Retirement Plan.

[S]MC 3.36.1230, 3.36.1240, 3.36.1270, 3.36.1280 & 3.36.1300]

### **Surviving Spouse or Surviving Domestic Partner:**

The person to whom you were married or in a domestic partnership with both at the time of your death and at the time you were granted a disability retirement.

[S]MC 3.36.1230(B)(1) & (2)]

### **Surviving Children:**

Your natural or adopted children who meet all of the following requirements:

- The child survives your death;
- The child is unmarried at the time of your death;
- The child is under the age of 18 years at the time of your death;
- The child is in existence or conceived at the time you retired; and
- If the child is adopted, the adoption was completed prior to your death.

[S]MC 3.36.1230(B)(3)]



If you have children who are over 18, but under 22, at the time of your death, they may still qualify for a surviving child's school allowance. [SJMC 3.36.1410(E)]

### **Survivorship Allowance to Surviving Spouse or Domestic Partner**

If you have an eligible surviving spouse or surviving domestic partner at the time of your death, your surviving spouse or surviving domestic partner will receive a monthly allowance until he or she dies or remarries.

However, under the following situations the surviving spouse or surviving domestic partner can remarry and continue receiving benefits:

- If the member died or retired as of 10/1/99 [SJMC 3.36.1230(C)(1)]; or
- If, at the time of death, the member was at least 55 years old with at least 20 years of service; or
- If, at the time of death, the member had 30 years of service regardless of age. [SJMC 3.36.1290(A)]

**The monthly service-connected disability survivorship allowance will be calculated as follows:**

### **POLICE (For those that retired on or after February 4, 2000)**

To surviving spouse or surviving domestic partner: 37.5% to 42.5% of member's Final Compensation depending on the years of service. See chart below:

| San Jose<br>Years of<br>Service | Retiree's Percentage of Final<br>Compensation | Surviving Spouse or Surviving Domestic<br>Partner Percentage of Final<br>Compensation |
|---------------------------------|---|---|
| Up to 20                        | 50%   | 37.5%   |
| 21                              | 54%   | 37.5%   |
| 22                              | 58%   | 37.5%   |
| 23                              | 62%   | 37.5%   |
| 24                              | 66%   | 37.5%   |
| 25                              | 70%   | 37.5%   |
| 26                              | 74%   | 37.5%   |
| >26                             | 75% - 90%                                     | 50% of Retiree's Percentage<br>(Maximum of 42.5%)                                     |

### **Example for Police**

If you die while receiving a service-connected disability retirement allowance and had 27 years of service and your final compensation was \$10,000 per month, your monthly benefit would have been:

$$\begin{aligned} 20 \text{ years} \times 2.5\% &= 50\% \\ \underline{7 \text{ years} \times 4\%} &= 28\% \\ \text{Total \% of FAS} &= 78\% \end{aligned}$$



$$78\% \times \$10,000 = \$7,800 \text{ Monthly Retirement Allowance}$$

Your Surviving Spouse or Domestic Partner's survivorship allowance would be calculated by multiplying 39% by Final Compensation:

$$39\% \times \$10,000 = \$3,900 \text{ Monthly Survivorship Allowance}$$

**Note:** Survivorship cannot exceed 42.5% of final comp;  $\$10,000 \times 42.5\% = \$4,250$  (max not exceeded in this example).

[S]MC 3.36.1230(C) & 3.36.1270(D)]

**FIRE (for those that retired on or after July 1, 2008):** To surviving spouse or surviving domestic partner: 37.5% to 45% of member's Final Compensation depending on the years of service. See chart below:

| San José<br>Years of<br>Service | Retiree's Percentage of Final<br>Compensation | Surviving Spouse or Surviving Domestic<br>Partner Percentage of Final<br>Compensation |
|---------------------------------|---|---|
| Up to 20                        | 50%   | 37.5%   |
| 21                              | 63%   | 37.5%   |
| 22                              | 66%   | 37.5%   |
| 23                              | 69%   | 37.5%   |
| 24                              | 72%   | 37.5%   |
| 25                              | 75%   | 37.5%   |
| >25                             | >75% - 90%                                    | 50% of Retiree's Percentage<br>(Maximum of 45%)                                       |

### Example for Fire

If you die while receiving a service-connected disability retirement allowance and had 27 years of service and your final compensation was \$10,000 per month, your monthly benefit would have been:

$$\begin{aligned} & \underline{27 \text{ years} \times 3\% = 81\%} \\ & \text{Total \% of final compensation} = 81\% \\ & 81\% \times \$10,000 = \$8,100 \text{ Monthly Retirement Allowance} \end{aligned}$$

Your Surviving Spouse or Domestic Partner's survivorship allowance would be calculated by multiplying 40.50% by Final Compensation:

$$40.50\% \times \$10,000 = \$4,050 \text{ Monthly Survivorship Allowance}$$

**Note:** Survivorship cannot exceed 45% of final comp;  $\$10,000 \times 45\% = \$4,500$  (max not exceeded in this example). [S]MC 3.36.1230 & 3.36.1270(E)]



## Survivorship Allowance to Surviving Children of Service-Connected Disability Retirees (Police & Fire)

If you have eligible children at the time of your death, they will receive a survivorship allowance until they marry or reach the age of 18, whichever is earlier. They may continue to be eligible until age 22 if they are full-time students and meet the qualifications for a school allowance. The survivorship allowance will be calculated as follows:

|                         |                            |
|-------------------------|----------------------------|
| One Child:              | Final Compensation x 25%   |
| Two Children:           | Final Compensation x 37.5% |
| Three or More Children: | Final Compensation x 50%   |

Example #1, if you die while receiving a service-connected disability retirement allowance and your final compensation was \$10,000 per month, the monthly child survivorship allowance for one child would be:

$$\$10,000 \times 25\% = \underline{\$2,500 \text{ Monthly Child Survivorship Allowance}}$$

Example #2, if you die while receiving a service-connected disability retirement allowance and your final compensation was \$10,000 per month, the monthly child survivorship allowance for two children would be:

$$\$10,000 \times 37.5\% = \underline{\$3,750 \text{ Monthly Survivorship Allowance for two children}}$$

**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,875/month (\$3,750/2=\$1,875).

Example #3, if you die while receiving a service-connected disability retirement allowance and your final compensation was \$10,000 per month, the monthly child survivorship allowance for three (or more) children would be:

$$\$10,000 \times 50\% = \underline{\$5,000 \text{ Monthly Survivorship Allowance for three (or more) children}}$$

**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,666.66/month (\$5,000/3=\$1,666.66).

[SJMC 3.36.1300(B)(3), SJMC 3.36.1300(D)(3) & SJMC 3.36.1300(F)(3)]

### Benefit Limitation

The maximum amount of all monthly allowances payable to your surviving spouse/domestic partner and children cannot exceed 75% of your final compensation. If necessary, your children's survivorship allowance will be reduced so that the total benefit to your surviving spouse/domestic partner and children does not exceed 75% of your final compensation. [SJMC 3.36.1310(A)(2) & 3.36.1310(B)]



## **No Eligible Surviving Spouse or Surviving Domestic partner or Eligible Surviving Children**

If you die and do not have an eligible surviving spouse or surviving domestic partner or eligible surviving children, your named beneficiary or estate will receive a total death benefit of \$1,000. [SJMC 3.36.1230(E)]

## **Survivorship Benefits on a Non-Service Connected Disability Retirement**

If you die while receiving a non-service-connected disability retirement allowance, your surviving spouse or surviving domestic partner and surviving children, are eligible to receive survivorship benefits. [SJMC 3.36.1240 (A)(1)]

### **Surviving Spouse or Surviving Domestic Partner**

The person to whom you were married to or in a domestic partnership with both at the time of your death and at the time you retired for service or disability. [SJMC 3.36.1240 (B)(1) & SJMC 3.36.1240(B)(2)]

### **Surviving Children:**

Your natural or adopted children who meet all of the following requirements:

- The child survives your death;
- The child is unmarried at the time of your death;
- The child is under the age of 18 years at the time of your death;
- The child is in existence or conceived at the time you retired; and
- If the child is adopted, the adoption was completed prior to your death.

[SJMC 3.36.1240(B)(3)]

If you have children who are over 18, but under 22, at the time of your death, they may still qualify for a surviving child's school allowance. [SJMC 3.36.1410(E)]

Note: If you have a non-service connected disability retirement due to a disability retirement from a reciprocal agency, please refer to Chapter 18: Reciprocity for survivorship benefit information. [3.36.3020]

### **Survivorship Allowance to Surviving Spouse or Surviving Domestic Partner**

If you have an eligible surviving spouse or surviving domestic partner at the time of your death, your surviving spouse or surviving domestic partner will receive a monthly allowance until he or she dies or remarries. However, under the following situations the surviving spouse or surviving domestic partner can remarry and continue receiving benefits:



- If the member died or retired as of 10/1/99 [SJMC 3.36.1230(C)(1)], or
- If, at the time of death, the member was at least 55 years old with at least 20 years of service; or
- If, at the time of death, the member had 30 years of service regardless of age. [SJMC 3.36.1290(A)]

The monthly Survivorship Allowance will be calculated as follows:

Final Comp x 24% + 0.75% of Final Compensation for each year in excess of two years of service (37.5% maximum).

For example, if you die while receiving a non-service connected disability retirement and had 15 years of service and your final compensation was \$10,000 per month, the monthly survivorship allowance would be:

Base of 24% of final compensation = 24.00%  
13 years x 0.75% = 9.75% (each yr. in excess of 2 yrs. service = 13 yrs.)  
 Total % of final compensation = 33.75%  
 \$10,000 x 33.75% = \$3,375 Monthly Survivorship Allowance

[SJMC 3.36.1240(C), 3.36.1280(C)(D)& 3.36.1290]

### **Survivorship Allowance to Surviving Children**

If you retire on a non-service connected disability and have eligible children at the time of your death, they will receive a survivorship allowance until they marry or reach the age of 18, whichever is earlier. They may continue to be eligible until age 22, if they are full-time students and meet the qualifications for a school allowance. The monthly allowance will be calculated as follows:

|                         |                            |
|-------------------------|----------------------------|
| One Child:              | Final Compensation x 25%   |
| Two Children:           | Final Compensation x 37.5% |
| Three or More Children: | Final Compensation x 50%   |

Example #1, if you die while receiving a non-service connected disability retirement allowance and your final compensation was \$10,000 per month, the monthly child survivorship allowance for one child would be:

$\$10,000 \times 25\% = \underline{\$2,500 \text{ Monthly Child Survivorship Allowance}}$

Example #2, if you die while receiving a non-service connected disability retirement allowance and your final compensation was \$10,000 per month, the monthly child survivorship allowance for two children would be:



$\$10,000 \times 37.5\% = \$3,750$  Monthly Survivorship Allowance for two children

**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,875/month ( $\$3,750/2=\$1,875$ ).

Example #3, if you die while receiving a non-service connected disability retirement allowance and your final compensation was \$10,000 per month, the monthly child survivorship allowance for three (or more) children would be:

$\$10,000 \times 50\% = \$5,000$  Monthly Survivorship Allowance for three (or more) children

**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,666.66/month ( $\$5,000/3=\$1,666.66$ ).

[SJMC 3.36.1300(B)(1), SJMC 3.36.1300(D)(1) & SJMC 3.36.1300(F)(1)]

### **Benefit Limitation**

The maximum amount of all monthly allowances payable to your surviving spouse/domestic partner and children cannot exceed 75% of your final compensation. If necessary, your children's survivorship allowance will be reduced so that the total benefit to your surviving spouse/domestic partner and children does not exceed 75% of your final compensation. [SJMC 3.36.1310(A)(2) & 3.36.1310(B)]

### **No Eligible Surviving Spouse or Surviving Domestic Partner or Eligible Surviving Children**

If you die and do not have an eligible surviving spouse/domestic partner or eligible surviving children, your named beneficiary or estate will receive a total death benefit of \$1,000.

[SJMC 3.36.1230(E); SJMC 3.36.1240(E)]



## Chapter 14: Surviving Child's School Allowance

Upon your death, your eligible minor children may receive a survivorship allowance until they reach the age of 18 as described in the applicable chapters of this handbook. After age 18, your surviving children may be eligible to receive an allowance if they meet all of the following conditions:

- Must have reached the age of 18;
- Must not have reached the age of 22;
- Must be neither married nor a member of a domestic partnership; and
- Must be a full-time student at a qualifying educational institution.

[S]MC 3.36.1410(B)]

### Definition of a Full-Time Student

"Full-time attendance" means:

- Enrollment in a junior college, college or university in a day or evening non-correspondence course of at least thirteen school weeks' duration which is full-time under the school's standards and practices for day students; or Enrollment in any other educational institution in a day or evening non-correspondence course of at least thirteen school weeks' duration which is full-time under the school's standards and practices for day students with scheduled attendance at the rate of twenty hours per week or more.
- The thirteen-school-week duration requirement is met if the course lasts for thirteen weeks including the beginning and ending weeks.
- The thirteen-school-week duration requirement refers to the entire course of study (e.g., a four-year high school or college course, a two-year junior college course), and not a semester, trimester, summer school session, or other segment of the course. If a student attending a course of at least thirteen school weeks' duration drops out or is dropped before completing the thirteen school weeks, he or she may still qualify for the months of full-time attendance.
- A student whose full-time attendance begins or ends in a month is in full-time attendance for that month.

"Full-Time Student" means:

- A student who is in full-time attendance, as such term is defined above, as a student at a qualifying educational institution as such term is defined below.
- **Except** that no student shall be deemed to be a full-time student if he or she is paid by his or her employer for attending an educational institution at the employer's request or pursuant to a requirement of the employer.

[S]MC 3.36.1410(C) & 3.36.1410(D)]



## **Qualifying Educational Institutions**

A qualifying educational institution is a junior college, college, university, or school (including a technical, trade, or vocational school) that meets one of the following requirements:

- An educational institution that is operated or directly supported by the United States, or by any state in the U.S., or by any local government or political subdivision of the U.S.; or
- An educational institution that is approved by a state or accredited by a state or nationally recognized accrediting agency or body; or
- An educational institution whose credits are accepted, on transfer, by not less than three institutions which have been accredited by a state recognized or nationally recognized accrediting agency.

[S]MC 3.36.1410(A)]

## **Periods of Non-Attendance**

Definition of Non-Attendance:

- A period of nonattendance is any period in which a student is not a full-time student (i.e., he is not attending school, he is attending school less than full-time, or he is attending a school that is not an educational institution).
- A period of nonattendance begins on the first day of the month following the last month in which the student was in full-time attendance and ends on the last day of the month preceding the month in which the student resumes full-time attendance.
- A student or individual shall not be deemed a full-time student or in full-time attendance during any period of nonattendance if the nonattendance is due to expulsion or suspension from school, notwithstanding that such student or individual intends to resume or actually does resume full-time attendance within four calendar months after the beginning of such period of nonattendance or later.

[S]MC 3.36.1430(B)(C)(D)]

## **When a Period of Non-Attendance is Deemed Full-Time Attendance**

A student who has been in full-time attendance at an educational institution is deemed to be in full-time attendance during a period of nonattendance at an



educational institution if the period of nonattendance is four consecutive calendar months or less (such as summer break), and the student:

- Establishes that he intends to be in full-time attendance at an educational institution in the month immediately following such period of nonattendance; or
- Is in full-time attendance at an educational institution in the month immediately following the period of nonattendance.

Note: If a student does not return to full-time attendance after a period of non-attendance, the student will owe the Plan for benefits paid during the period of non-attendance. [SJM 3.36.1430(A)]

### **Duration of School Allowance**

As long as an eligible surviving child continues to meet the conditions described above, the school allowance continues until the month before the month in which any of the following events first occurs:

- The child dies;
- The child marries or becomes a member of a domestic partnership;
- The child turns 22 years of age; or
- The child is no longer a full-time student.

[SJM 3.36.1440]

### **Amount of School Allowance**

The amount of the monthly school allowance is calculated in the same manner as the applicable surviving child's allowance described in Chapter 12: Death Before Retirement – Active City Employees Only, Chapter 13: Death After Retirement (Not Deferred Vested), and Chapter 16: Separation from City Service Prior to Retirement (Deferred Vested). [SJM 3.36.1450]

### **Reporting Requirements**

To continue receiving a monthly survivorship allowance, as well as medical and dental coverage, students must verify their eligibility. Each semester (or quarter), students must submit a copy of the school registration or a letter from the school that states that the student is attending on a full-time basis. Students must also submit a monthly statement of school attendance. Failure to provide the monthly statements and copies of school registration will result in termination of the monthly school allowance. In addition, the student will owe the Plan for benefits paid for months in which the student failed to provide monthly statements and/or verification of full-time status. [SJM 3.36.1400]



## Chapter 15: Medical and Dental Benefits

This chapter describes plan-subsidized medical and dental benefits for eligible service and disability retirees and their survivors. It also covers medical and dental benefits for survivors of Police and Fire members who died while City employees, but before receiving retirement pay. This chapter does not apply to persons who left City service prior to retirement (or their survivors). Medical and Dental benefits for those who separate from the City prior to retirement are described in Chapter 16: Separation from City Service Prior to Retirement (Deferred Vested).

**Tier 1 Classic members are members of VEBA. They are not eligible for the defined benefit retiree medical or dental plans. Please see VEBA section of this Chapter.**

[3.36.57.020.06; 3.36.57.100]

### Medical Benefits

#### Medical Insurance Eligibility Requirements for Retirees

You will be entitled to plan-subsidized medical insurance if you meet the following requirements:

- You DID NOT make an irrevocable election to instead be covered under Chapter 3.57 of the San Jose Municipal Code (Voluntary Employees' Beneficiary Association, "VEBA"). Please see below under VEBA members; or
- You are NOT a Tier 1 "Classic" member. Please see below under VEBA members.
- You retire directly from active employment for service or disability; or
- You have reciprocity and retire **directly** from **active** reciprocal employment concurrently with San José; AND
- You have 15 years of retirement service credit in the City of San Jose Police and Fire Retirement Plan or you are receiving a retirement allowance that is at least 37.5% of your final compensation; and

[S]MC 3.36.1900, 3.36.1900(A) & 3.36.1920(A)(1)]

#### Medical Insurance Eligibility Requirements for Your Spouse or Domestic Partner

Your spouse or domestic partner (DP) is eligible for medical insurance under either of the following conditions:

- You are married or in a domestic partnership at the time of your retirement; or



- You marry or establish a domestic partnership after retirement and add your spouse or domestic partner to an eligible medical plan within 30 days of marriage or the establishment of a domestic partnership or during the next open enrollment period. Note, your surviving spouse or surviving domestic partner will **not** be eligible to continue health benefits after your death.

[S]MC 3.36.1920(C)(D) & 3.36.1230(B)(1)(2)]

### **Medical Insurance Eligibility Requirements for Eligible Children/Dependents**

Effective January 1, 2011, your natural, adopted, legal guardianship and/or stepchildren are eligible for medical insurance until the end of the month they turn 26 years old or cease to be eligible. If you have an adult disabled child, medical coverage will cease when the member and survivor(s) are no longer living or no longer eligible for coverage.

Your dependent will receive a letter the beginning of the month before the end of their enrollment eligibility letting them know his/her coverage is terminating. At the time of loss of coverage, the child will be offered Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage, which is a federally mandated provision of continuation of medical, dental and vision care benefits which the full premium must be paid by the recipient. The maximum duration of this self-paid coverage is 36 months.

### **Medical Insurance for Your Survivor(s)**

Once your eligible surviving spouse, surviving domestic partner, and/or child(ren) begin receiving a survivorship allowance, they are entitled to medical insurance if the following requirements are met:

- You had 15 years of service credit at the time of your death or your surviving spouse, surviving domestic partner, child, or children (as defined in Chapters 12 and 13) are entitled to receive a survivorship allowance that is 37.5% or more of your final compensation;
- At the time of your death, you and your survivor(s) were both enrolled or were eligible to be enrolled in a medical insurance plan offered by the City (post-retirement spouses/DP are not eligible); and
- The eligible survivor applies to continue medical insurance coverage or enrolls in Medical-in-Lieu within sixty (60) days of your death and agrees to pay any applicable premiums.

[S]MC 3.36.1200(B)(3); 3.36.1910 & 3.36.1920(B)]

### **Single Coverage Only for Surviving Spouse or Surviving Domestic Partner**

Generally, your surviving spouse/DP will only receive single coverage. However, if there are eligible surviving children or a guardianship arrangement at the time of



your death, your surviving spouse/DP will be eligible for member plus child(ren) coverage. [S]MC 3.36.1920(E),3.36.1230(B)(3), 3.36.1955]

### **Coverage in the Case of Guardianship**

A surviving spouse or surviving domestic partner shall be eligible for member plus child(ren) coverage if the surviving spouse or the surviving domestic partner is the court-appointed guardian of the person of a minor child or children and such minor child or children are eligible for coverage under the terms of the eligible medical plan. A surviving spouse or surviving domestic partner may continue family coverage after such child reaches the age of majority in any case where, if such child had been a surviving child of the member or former member, such child would be an eligible surviving child for purposes of receiving a school allowance.

[S]MC 3.36.1920(E)(2); 3.36.1935]

### **Required Dependent Documentation**

| <b>DEPENDENT</b>   | <b>DOCUMENTATION*</b>   |
|--|---|
| Spouse   | <ul style="list-style-type: none"><li>• <i>Government issued</i> Marriage Certificate; AND</li><li>• Government issued Birth Certificate</li></ul>  |
| Domestic Partner   | <ul style="list-style-type: none"><li>• Declaration of Partnership filed with the California Secretary of State; AND</li><li>• Government issued Birth Certificate</li></ul>  |
| Natural Child(ren)   | <ul style="list-style-type: none"><li>• <i>Government issued</i> Birth Certificate</li></ul>  |
| Stepchild(ren) or Child(ren) of Domestic Partner<br><br>NOTE: Coverage will end upon divorce or termination of domestic partnership; or death of retiree | <ul style="list-style-type: none"><li>• <i>Government issued</i> Birth Certificate; AND</li><li>• <i>Government issued</i> Marriage Certificate or Declaration of Partnership filed with the California Secretary of State between retiree and parent of child(ren)</li></ul> |
| Legally Adopted Child(ren)   | <ul style="list-style-type: none"><li>• Court Documentation (Must include presiding Judge Signature and Court Seal)</li></ul>   |
| Guardianship Child(ren)  | <ul style="list-style-type: none"><li>• Court Documentation (Must include presiding Judge Signature and Court Seal)</li></ul>   |



| DEPENDENT                              | DOCUMENTATION*   |
|--|--|
| Child(ren) with Permanently Disability | <ul style="list-style-type: none"> <li>• Certification of disability from Social Security; or</li> <li>• Documentation of Disability from Physician, if not SSA Certified</li> <li>• Must recertify as required by Medical Plan</li> </ul> |

\* If any documents are in a foreign language, a certified English translation must be provided

## Medical Insurance Premiums

You will be required to pay the portion of the premium that is not paid by the Medical Trust Fund (Fund). The Fund subsidizes 100% of the lowest cost plan available to an active employee for your coverage type (tier). If you enroll in a plan that is more expensive than the lowest cost plan, you will be required to pay the difference in premiums by deductions from your monthly pension check.

The lowest cost plan for any current or future retiree in the defined benefit plan may not be set lower than the "silver" level as specified by the Affordable Healthcare Act (ACA) in effect in July 2015. This specifically includes the provision that the healthcare plan must be estimated to provide at least 70% (the "floor") but no more than 79% (the "ceiling") of healthcare expenses (actuarial valuation) as per the current ACA "silver" definition.

[S]MC 3.36.1930(C) & 3.36.1930 (D)]

For example, if "Plan A" is the lowest cost plan and the monthly premium is \$1,000 and the retiree elects "Plan B", which costs \$1,200/month, then a \$200 monthly premium deduction will be taken from the retiree's pension check.

|                                      |                   |
|--------------------------------------|-------------------|
| Plan B (Ex. Member + Child(ren))     | \$1,200.00        |
| <u>Less Plan A (Mbr +Child(ren))</u> | <u>\$1,000.00</u> |
| Retiree's monthly premium            | \$ 200.00         |

## Health In Lieu Option

Effective March 31, 2017, retirees, their dependents, and their surviving spouse/surviving domestic partner, and/or children who are eligible for plan-subsidized medical and dental insurance coverage, may enroll in the Health In-Lieu (HIL) credit program instead of a medical and/or dental plan. The credit amount is equal to twenty-five percent (25%) of the monthly premium of the lowest cost



medical plan and the lowest cost dental plan. These credits accumulate in an account and may be used to offset future medical premiums if and when the retiree enrolls in a City of San José (CSJ) retiree medical plan. HIL credits have no cash value and may only be applied toward retiree medical plan premiums. Credits may not be refunded in cash.

Enrollment in the HIL credit program is for one year only and does not automatically carry over from year-to-year. Retirees must re-enroll for In-Lieu every year during Open Enrollment.

Below are additional rules and requirements for the Health In Lieu ("HIL") option:

- Eligible retirees who receive retiree healthcare coverage as a dependent of another CSJ employee or retiree are **NOT** eligible for the family HIL premium credit. **They may only elect the single HIL premium credit.**
- To the extent a retiree and/or the retiree's eligible dependents select to receive the credits and the retiree and his or her surviving dependents **do not use** the accumulated credits while eligible for CSJ healthcare coverage, **any remaining credits will be forfeited.** In **no** event can a retiree, surviving spouse, surviving domestic partner, and/or eligible dependent **receive the credits in-lieu of coverage as cash. Credits may only be applied to the cost of future premiums for CSJ coverage.**
- A retiree enrolled in HIL will not be required to enroll in Medicare. However, if such retiree later enrolls in a retiree medical plan, he or she will be required to enroll in Medicare and any charges or penalties imposed by Medicare associated with enrollment outside the "initial enrollment period" shall be borne by such retiree.
- One month **may** elapse before HIL credits are applied towards the monthly health premiums of a CSJ health plan.
- HIL lifetime balances are listed on the upper left-hand side of the monthly pay advices under Medical In Lieu LTD (Life to Date).
- Enrollment in the in-lieu credit program does not carry over from year-to-year automatically. You **must** re-enroll for in-lieu program every year during Open Enrollment by submitting an Open Enrollment Form.

[S]MC 3.36.1955]

| <b>Health-In-Lieu (HIL) Coverage Eligibility Table</b> |               |                  |                                  |                |
|--|---------------|------------------|----------------------------------|----------------|
| Medical Coverage                                       | M<br>(Member) | M+Child(r<br>en) | M+Spouse<br>/Domestic<br>Partner | M+SP/DP+<br>CH |
| ORS Retiree HIL & CSJ Active Employee Coverage         | X             |                  |                                  |                |



| <b>Health-In-Lieu (HIL) Coverage Eligibility Table</b>     |               |                  |                                  |                |
|--|---------------|------------------|----------------------------------|----------------|
| Medical Coverage   | M<br>(Member) | M+Child(r<br>en) | M+Spouse<br>/Domestic<br>Partner | M+SP/DP+<br>CH |
| ORS Retiree Coverage & ORS Retiree HIL (Both are Retirees) | X             |                  |                                  |                |
| All Others   | X             | X                | X                                | X              |

#### Coverage for VEBA Members

In some cases, VEBA members (those who opted out of Retiree medical and Classic members) will be allowed to purchase retiree healthcare. The requirements are as follows:

- Must have an account in the City of San Jose's VEBA Plan; and
- Must have at least five (5) years of service with the City of San Jose; and
- Must pay 100% of the healthcare premium; and
- The premiums of such plans available to VEBA members are based on retirees only and will not be blended with active employees. As such, the premiums may be higher than premiums paid by the Retirement Plan and/or member eligible to participate in retiree medical pursuant to SJMC 3.36.1900 and 3.36.2000.

Rate sheets for VEBA members are available on the Retirement Services website [www.sjretirement.com](http://www.sjretirement.com).

**COBRA is not available to VEBA members.** [SJMC 3.57.020.03]

### Catastrophic Disability Healthcare Program

VEBA members who are approved for a service-connected disability retirement are eligible for plan-subsidized medical coverage as part of the VEBA program and when certain conditions are met.

#### Eligibility for catastrophic disability healthcare benefits under VEBA

A member who is covered by the VEBA shall be entitled to receive a benefit as described under [Section 3.57](#) if the following requirements are satisfied:

- The member is receiving a service-connected disability retirement benefit under the terms of [Chapter 3.36](#); and
- The member is not eligible for an unreduced service retirement under [Chapter 3.36](#); and
- The member must have exhausted all funds credited to his or her VEBA account; and



- The member does not have other employment that provides healthcare coverage; and
- The member is not eligible for Medicare.

[S]MC 3.57.300; 3.57.310; 3.57.320]

### **Catastrophic disability healthcare benefit under VEBA**

A member who meets the requirements of Section 3.57.300 may be entitled to receive a benefit similar to those established under Parts 14 and 15 of Chapter 3.36. These provisions entitle a member to a benefit equal to the amount of the premium for single coverage under the lowest cost medical insurance coverage available under the City's retiree medical program. Such benefit shall cease at the time that such member is eligible for coverage under Medicare. This catastrophic disability healthcare benefit shall be paid from the police department healthcare trust fund or the fire department healthcare trust fund, as applicable. [S]MC 3.57.310]

### **Limitations on payment of catastrophic healthcare benefit from defined benefit plan**

A member who is receiving a catastrophic healthcare benefit from the plan must submit, on an annual basis, an affidavit in the form prescribed by the administrator of VEBA verifying that the member has no other employment which provides healthcare coverage.

If it is determined that the member has other employment which provides healthcare coverage, the member's eligibility for benefits under this program shall automatically cease, subject to the ability for the member to again qualify, if the member subsequently loses such employment-provided healthcare coverage.

[S]MC 3.57.320]

### **Medicare**

Effective March 31, 2017, a retiree and/or dependent and/or survivor who is eligible for retiree healthcare benefits is required to enroll in Medicare Part A and B during the individual's "initial enrollment period" under the applicable federal rules. The initial enrollment period shall begin three (3) months before the Plan member and/or dependent and/or survivor's sixty-fifth (65th) birthday (or other event providing eligibility for enrollment in Medicare) and end three (3) months after the Plan member and/or dependent and/or survivor's sixty-fifth (65th) birthday. Even if you did not pay into Medicare yourself, you may be eligible for Medicare through a spouse (former or deceased spouse included). Members who were hired prior to March 1986 and do not qualify for Premium Free Medicare Part A either through their own employment or through that of a spouse, ex-spouse or deceased spouse, are only required to enroll in Medicare Part B. However, spouses/domestic partners of Plan members are required to enroll in Medicare Part A regardless of whether they qualify for Premium Free Medicare Part A. The City offers Medicare Advantage Plans which



include Part A (Hospital Insurance) and Part B (Medical Insurance) benefits. Employees hired after March 1986 pay Medicare taxes through payroll deductions and are eligible for premium-free Part A coverage. All retirees must pay a premium directly to Medicare for Part B coverage. The cost of your Part B premium is set by Medicare and depends on your income. The City's Medicare Advantage Plans automatically include drug coverage (Part D).

To continue your health coverage after age 65, you and your spouse/DP must enroll in Medicare and assign your Medicare coverage to a City Medicare Advantage Plan. The Office of Retirement Services will send you information on Medicare and Medicare Advantage enrollment about 3 months before you or your spouse/DP turn 65. You will need to contact the Social Security Administration (SSA) to enroll in Medicare and then submit the necessary forms to enroll in a Medicare Advantage Plan (i.e. INS650 Medicare Transition Form and the Medicare Enrollment Form specific to your plan) to the Office of Retirement Services along with a copy of your Medicare card. It is recommended that you contact the Social Security Administration as soon as possible to avoid delays in your Medicare enrollments.

If you are age 65 or older when you retire, you must enroll in Medicare and assign your Medicare coverage to a City Medicare Advantage Plan within four months after you retire as part of a "Medicare special enrollment period." The Office of Retirement Services will send you information on Medicare and Medicare Advantage enrollment at the time of your retirement. You will need to contact the Social Security Administration to enroll in Medicare and then submit the necessary forms to enroll in a Medicare Advantage Plan (i.e. INS650 Medicare Transition Form and the Medicare Enrollment Form specific to your plan) to the Office of Retirement Services along with a copy of your Medicare card.

If you fail to enroll in Medicare during your "initial enrollment period" (or "special enrollment period" if age 65 or older at time of retirement) and/or fail to submit the necessary forms to the Office of Retirement Services by the due dates, your health enrollment through the City will be terminated (including that of your spouse and dependents). In addition, if you enroll in Medicare but stop paying your Medicare premiums, your health enrollment through the City will be terminated (including that of your spouse and dependents). To reinstate your medical coverage, you will have an opportunity to enroll or re-enroll in Medicare during Medicare's annual "general enrollment period." Once you are enrolled in Medicare, you will be eligible to enroll in a City Medicare Advantage Plan.

Please be aware that Medicare charges penalties and late fees for late enrollments and lapses in payments. The Office of Retirement Services and/or the Retirement Plan is not responsible for any Medicare penalties and late fees incurred by you.

For more information, visit the Medicare website: [www.medicare.gov](http://www.medicare.gov).  
[S]MC 3.36.1920(M)]



## **Medicare Income-Related Monthly Adjustment Amount (IRMAA)**

If your income is above a certain level, you may have to pay the Medicare Income-Related Monthly Adjustment Amount (IRMAA) in addition to your Medicare Part B premium.

You may also get an IRMAA bill directly from the Social Security Administration for prescription coverage (Part D), even though your prescription coverage is included in your medical coverage with the Retirement Plan.

For more information, please visit the Medicare website: [www.medicare.gov](http://www.medicare.gov).

## **Reimbursement for Medicare Part-B Payments**

The Plan will reimburse retirees, eligible spouses/DPs and survivors for the amounts paid to the Social Security Administration for the Medicare Part-B coverage, subject to the following limitations:

1. Retiree, eligible spouse/DP or survivor must be eligible for medical insurance and must be enrolled in an eligible medical plan. (Health-In-Lieu enrollment is not eligible.)
2. The total amount paid for medical benefits plus the Medicare Part-B reimbursement shall not exceed the premium for the lowest cost medical plan.
3. The retiree or survivor must submit proof of payment for Medicare Part-B no later than April 1<sup>st</sup> immediately following the calendar year for which reimbursement is sought.
4. The reimbursement shall not exceed the amount of the Medicare Part-B payments for which proof of payment is submitted.
5. The reimbursement may be reduced or eliminated pursuant to San José Municipal Code §3.36.1950.

[S]MC 3.36.1925]

The maximum amount eligible for reimbursement can be found on the medical plan rate sheets which are available on the Office of Retirement Services' website: [www.sjretirement.com](http://www.sjretirement.com).

### **Example of When Medicare Part-B Will be Reimbursed**

Lowest Cost Plan (Medical Trust Fund Subsidy Amount) = Medical Plan A

Medical Plan A (Member + Spouse coverage) = \$1,000 monthly premium

Medicare Supplemental Medical Plan C (Member +Spouse coverage) = \$600 monthly premium



If the Medicare Part-B monthly premium is \$170.00, and the member and his spouse/DP are both enrolled in Medicare Part-B, their monthly Medicare Part-B payments equal to \$340.00/month (\$170.00 x 2).

|  |                  |
|--|------------------|
| Lowest Cost Plan (Plan A)                    | \$1,000.00       |
| <u>Less the Medicare Supplemental Plan C</u> | <u>\$ 600.00</u> |
| Unused Subsidy Amount                        | \$ 400.00/month  |

Since the total payment for Part-B is less than the unused subsidy amount, the member will be reimbursed the full \$340.00/month in Medicare Part-B Reimbursement.

**Note:** The maximum reimbursement will be the LESSER amount of the available amount for reimbursement and the Medicare Part-B payment.

### **Example of When Medicare Part-B Will Not be Reimbursed**

Lowest Cost Plan (Medical Trust Fund Subsidy Amounts) = Medical Plan A

Medical Plan A (Member + Spouse coverage) = \$1,000/month premium

Medicare Supplemental Medical Plan F (Member + Spouse coverage) = \$1,100/month premium

If the Medicare Part-B monthly premium is \$170.00/person, and the member and his spouse/DP are both enrolled in Medicare Part-B, their monthly Medicare Part-B payments equal to \$340.00 (\$170.00 x 2).

|                                       |                   |
|---------------------------------------|-------------------|
| Medicare Supplemental Plan F          | \$1,100.00        |
| <u>Less Lowest Cost Plan (Plan A)</u> | <u>\$1,000.00</u> |
| Member's Monthly Deduction            | \$ 100.00/month   |

Since the medical premium is more than the lowest cost plan, there is no Subsidy left to reimburse the member. If the member pays a monthly premium, the member is not eligible for a reimbursement because the Fund is already subsidizing 100% of the lowest cost plan.

## **Dental Benefits**

### **Dental Insurance Eligibility Requirements for Retirees**

Retirees who are not enrolled in VEBA are entitled to plan-subsidized dental insurance if you meet the following requirements:

- You retire directly from active employment for service or disability; and
- You are entitled to 15 years of service or receive a retirement allowance equal to at least 37.5% of final compensation;



- You leave City service after 7/5/92, but prior to retirement with 20 or more years of service, you leave your contributions in the Retirement Plan, and you receive an allowance (i.e., you applied for retirement and are receiving payments); and
- At the time of your retirement, you apply for dental insurance coverage in one of the dental insurance plans sponsored by the City or sign a waiver of coverage.

[S]MC 3.36.2000 & 3.36.2020]

#### **Dental Insurance for Your Spouse or Domestic Partner:**

You may obtain dental insurance for your spouse or domestic partner under either of the following conditions:

- You are married or in a domestic partnership at the time of your retirement; or
- You marry or establish a domestic partnership after retirement and add your spouse or domestic partner in accordance with the terms of an eligible dental plan within 30 days of marriage or at the next open enrollment period. This coverage will **not** continue after your death.

[S]MC 3.36.2020(D)(E) & 3.36.1230(B)(1)(2)]

#### **Dental Insurance Eligibility Requirements for Eligible Children and/or Dependents**

Your natural, adopted, legal guardianship and/or stepchildren are eligible for dental insurance until the end of the month they turn 24 or until they cease to be eligible. If you have an adult disabled child, dental coverage will cease when the member and survivor(s) are no longer living or no longer eligible for coverage. Please refer to “Required Dependent Documentation” section of this chapter for more information.

If you have child dependent(s), about a month before the end of their enrollment eligibility, they will receive a letter letting them know his/her coverage is terminating. At the time of loss of coverage, the child will be offered Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage, which is a federally mandated provision of continuation of medical, dental and vision care benefits which the full premium must be paid by the recipient. The maximum duration of this self-paid coverage is 36 months.

#### **Dental Insurance Eligibility for Survivors**

Your survivors will be entitled to dental insurance if they meet the following requirements:

- Must be an eligible survivor as defined in 3.36.1200.



- Your survivor is receiving a monthly survivorship allowance;
- At the time of your death, you and your survivor were both enrolled or would have been eligible to be enrolled in a dental insurance plan sponsored by the City (post-retirement spouses/DP are not eligible);
- The survivor applies to continue dental insurance coverage within 30 days of your death; and
- At the time of your death, the member was entitled to credit for 15 or more years of service or the spouse/domestic partner and or children were entitled to an allowance of at least 37.5% of the member's final compensation (if hired after 7/1/98).

**Note:** If the child is adopted or in the case of guardianship, the adoption or legal guardianship arrangement must have been completed prior to the deceased members death for the child to be eligible.

[SJMC 3.36.2010(A), 3.36.2020(B) & 3.36.1230(B)(3)]

## **Dental Insurance Premiums**

The retirement fund pays the costs of providing dental insurance coverage for eligible members. [SJMC 3.36.2030]

## **Dental In Lieu Option**

Please refer to "Health-in-Lieu" section above for eligibility and details for participation. If the retiree is eligible for subsidized medical coverage by the Retirement Plan and there is no retiree paid dental premium, credits accrued for dental-in-lieu may be used to off-set retiree paid medical premiums.

## **Open Enrollment**

Open Enrollment is the annual period, from November 1st to November 30th, when retirees and survivors can make changes to their health insurances. Changes made during Open Enrollment become effective on January 1 of the following year.

The Office of Retirement Services typically mails Open Enrollment packets to eligible retirees and survivors by the end of October. These packets include information about plan changes, required forms, the date of the Health Fair and the times and locations of the carrier representatives' presentations, if any. Change forms must be submitted to the Office of Retirement Services no later than the last day of Open Enrollment, typically November 30<sup>th</sup> or they will not be accepted.



Open Enrollment information is available on the Office of Retirement Services website: [www.sjretirement.com](http://www.sjretirement.com). Retirees and survivors are encouraged to electronically submit their Open Enrollment changes through Member Direct. To do so, login to Member Direct and click on the Open Enrollment Link and follow the instructions to make your Open Enrollment changes online.

**IMPORTANT:** Health In Lieu enrollment ends in December of each year. To continue Health In Lieu for another year, the retiree or survivor must submit an Open Enrollment form during Open Enrollment.

## **Qualifying Life Events**

A Qualifying Life Event (QLE) is a specific life event that allows City of San José Retirees to request their benefit elections be changed outside of the annual Open Enrollment period. Qualifying events include, but are not limited to, the events below. An INS100 form and proof of the QLE are required within 30 days from the date of the event. Benefit changes will start the first of the month following the date of the event. The following are typical qualifying life events:

- Gain of health insurance coverage elsewhere
- Loss of coverage elsewhere
- Birth of a child
- Adoption of a child
- Post-Retirement marriage
- Post-Retirement domestic partnership
- Dissolution of domestic partnership
- Divorce or legal separation
- Change in residence (moving)



## Chapter 16: Separation from City Service Prior to Retirement (Deferred Vested)

This chapter describes options and benefits available if you separate from City service prior to retirement. Your options and possible benefits depend, in part, on the number of years of retirement service credit you earned prior to separating from City service.

Upon receiving notice of your separation from City service, Retirement Services will send you a Distribution Election form which must be completed and returned to Retirement Services within 90 days. The Distribution Election form documents your election to either leave your contributions in the fund, if eligible, or withdraw your contributions. Failure to submit the form within 90 days shall be deemed an irrevocable election to withdraw your contributions. However, if your contributions total more than \$1,000.00, you must submit a distribution election form to Retirement Services to receive the funds.

[SJMC 3.36.1640(A) & (B)]

### Options at the Time of Separation From the City

#### **Less Than 10 Years of Service (Without Reciprocity)**

If you have earned less than 10 years of service credit and separate from City service without reciprocity, your only option is to withdraw your contributions to the plan, plus interest on your contributions (not to exceed two percent per year). You, your survivors, or your estate will not be entitled to any other benefit under the Retirement Plan. [SJMC 3.36.1620 & 3.36.1640(A)]

#### **Less Than 10 Years of Service (With Reciprocity)**

If you are eligible for reciprocity, you may elect to leave your contributions on deposit even if you have earned less than 10 years of service credit. You must notify both the Office of Retirement Services and CalPERS of your intent to establish reciprocity as soon as possible. Reciprocity is explained in Chapter 18: Reciprocity.

#### **10 or More Years of Service**

If you leave City employment after earning 10 or more years of service credit you have the following options:

- Elect to leave your contributions in the retirement fund and apply to receive a lifetime retirement allowance when you turn age 55 and at least 20 years has passed since you first became a member of the Retirement Plan. If you have at least 25 years of service, you may begin receiving your benefits at age 50. Note: You must submit a retirement application to begin receiving your benefits.
- Deferred vested members are not eligible for Early Service Retirement; or



- Elect to withdraw your contributions, plus interest, and forfeit a lifetime retirement allowance. You, your survivors, or your estate will not be entitled to any other benefit under the Retirement Plan.

## Return of Contributions

If you elect to withdraw your contributions, you will receive a lump sum payment equal to the contributions you paid into the Retirement Plan plus interest earned by the fund, not to exceed 2% per year. You will not receive any of the contributions the City paid into the Retirement Plan on your behalf. You will also lose all rights to an allowance or benefits that you, a surviving spouse, a surviving domestic partner, or child(ren) may have been entitled to under the Retirement Plan. You will also forfeit any rights to a disability retirement.

If you elect to receive a return of contributions, you have a choice to rollover your contributions and interest to an Individual Retirement Account (IRA) or to a qualified Retirement Plan. If you choose to receive a cash disbursement, we must withhold 20% for Federal taxes. You have the option to withhold more than 20% by submitting a W-4R form at the time of withdrawal. You also may be subject to a 10% penalty for early withdrawal if you are under age 59.5. At your request, we will withhold 2% for State taxes.

**Note:** In order to receive a return of your contributions once you have been separated you will need to submit a Distribution Election Form to the Office of Retirement Services. As mentioned above, the Office of Retirement Services will send you this form upon receiving notice of your separation. If you do not receive it, please contact Retirement Services.

[S]MC 3.36.1640(A)]

## Leaving Contributions in the Retirement Fund

### Right to Request Return of Contributions

Vested members who initially elected to leave your contributions in the retirement fund and have not claimed reciprocity may request a return of your contributions at any time by submitting a new Distribution Election Form. If you request a return of contributions, you will receive your accumulated contributions, plus interest earned by the fund, not to exceed 2% per year. Thereafter, you will lose any rights to an allowance or benefits that you, a surviving spouse, a surviving domestic partner and/or surviving child(ren) may have been entitled to under the Retirement Plan. If you elected reciprocity, you may not withdraw your contributions as long as you are employed by a reciprocal agency. Please refer to Chapter 18: Reciprocity for additional information on reciprocity. [S]MC 3.36.1640(H)]



## Deferred Vested Benefits Eligibility Requirements

If you separate from City service before retirement and choose to leave your contributions in the fund, you are eligible to apply to receive a monthly retirement allowance when you reach the age of 55 and 20 years have elapsed from the time you first became a member of the Retirement Plan and have at least 10 years of benefit service in the Police and Fire Retirement Plan.

[S]MC 3.36.1640(C)]

- If your separation from City service is after July 5, 1992, you may apply to receive a retirement allowance: At age of 50; and
- You have at least 25 years of retirement service credit at the time of your separation.

[S]MC 3.36.1640(D)]

**The calculation of the monthly Retirement Allowance if you separate from City service before retirement and qualify for a benefit will be calculated as follows:**

| Separation Date  | Formula  | Maximum |
|--|--|---------|
| Police: On or after July 1, 2006   | See Samples Below for Police   | 90%     |
| Fire: On or after July 1, 2008   | See Samples Below for Fire   | 90%     |
| Police: Feb. 4, 2000 – July 1, 2006<br>[3.36.1640(E)(3)]                 | 2.5% for each year of service up to 20 years; then<br>3% for the next 5 full years; then<br>4% for each full year after 25 | 85%     |
| Fire: Feb. 4, 2000 – July 1, 2008<br>[3.36.1640(E)(3)]                   | 2.5% for each year of service up to 20 years; then<br>3% for the next 5 full years; then<br>4% for each full year after 25 | 85%     |
| Police or Fire Feb. 4, 1996 – Feb. 3, 2000<br>[3.36.1640(E)(2)]          | 2.5% for each year of service up to 20 years; then<br>3% for each year after 20  | 80%     |
| Police or Fire from July 1, 1976 – February 3, 1996<br>[3.36.1640(E)(1)] | 2.5% for every full year of service x your final compensation  | 75%     |

**POLICE:** For those that separated from City Service on or after July 1, 2006, the formula used to determine your monthly retirement allowance is:



- First 20 years of Service: 2.5% per year X final compensation.
- Next 21-30 years of service: 4% per year of service X Final Compensation (90% maximum).

Example #1 for Police:

If you have 10 years of City service and your final compensation was \$10,000 per month, your benefit would be:

$$10 \text{ years} \times 2.5\% = 25\%$$

$$\text{Total \% of final compensation} = 25\%$$

$$\$10,000 \times 25\% = \underline{\$2,500 \text{ Monthly Retirement Allowance}}$$

[S]MC 3.36.1640(E)(4)]

Example # 2 for Police:

If you have 28 years of City service and your final compensation was \$10,000 per month, your benefit would be:

$$20 \text{ years} \times 2.5\% = 50\%$$

$$\underline{8 \text{ years} \times 4\% = 32\%}$$

$$\text{Total \% of final compensation} = 82\%$$

$$\$10,000 \times 82\% = \underline{\$8,200 \text{ Monthly Retirement Allowance}}$$

[S]MC 3.36.1640(E)(4)]

**FIRE:** For those that separated on or after July 1, 2008, the formula used to determine your monthly retirement allowance is:

- First 20 years of Service: 2.5% per year (50% maximum)
- Beginning the 21st year all years of service convert to 3% per year (90% maximum)

Example #1 for Fire:

If you have 10 years of City service and your final compensation was \$10,000 per month, your benefit would be:

$$10 \text{ years} \times 2.5\% = 25\%$$

$$\text{Total \% of final compensation} = 25\%$$

$$\$10,000 \times 25\% = \underline{\$2,500 \text{ Monthly Retirement Allowance}}$$

[S]MC 3.36.1640(E)(5)]



Example #2, for Fire:

If you have 28 years of City service and your final compensation was \$10,000 per month, your benefit would be:

28 years x 3% = 84%

Total % of final compensation = 84%

All years convert to 3% after 20 years of service

$\$10,000 \times 84\% = \underline{\$8,400 \text{ Monthly Retirement Allowance}}$

[S]MC 3.36.1640(E)(5)]

### **Deferred Vested Survivorship Benefits If Death Before Eligible to Receive Benefits**

If you separate from City service and choose to leave your contributions in the retirement fund, but die before being eligible to retire, pursuant to 3.36.1640(C) or 3.36.1640(D), your eligible survivor or your estate will receive a return of your contributions, plus interest as earned by the plan not exceeding 2% per year. Your survivor will receive a minimum of \$1,000. Eligibility to retire must meet these criteria:

- You have reached age 55; AND
- 20 years have elapsed since you first became a member of this system: OR
- You separated from City service on or after July 5, 1992; AND
- You have reached age of 50; AND
- You have at least 25 years of retirement service credit at the time of your separation.

[S]MC 3.36.1680]

### **The following persons are eligible for the return of contributions:**

#### **Surviving Spouse or Surviving Domestic Partner**

This is the person to whom you were married or in a domestic partnership with at the time of your death and who survives your death.

[S]MC 3.36.1680 & 3.36.1250(B)(1),(2)]

#### **Surviving Children**

If there is no surviving spouse or surviving domestic partner at the time of your death, your natural or adopted children who meet all of the following requirements will receive a benefit:

- The child survives your death;



- The child is neither married nor a member of a domestic partnership at the time of your death;
- The child is under the age of 18 years at the time of your death; and
- If the child is adopted, the adoption was completed prior to your death.

[SJMC 3.36.1680 & 3.36.1250(B)(3)]

Your estate will receive the return of your contributions if you die without a surviving spouse or surviving domestic partner or eligible surviving child(ren) as defined above.

[SJMC 3.36.1680 & 3.36.1250(F)]

### **Deferred Vested Survivorship Benefits if Death While Eligible to Receive Benefits, but Before Starting to Receive a Retirement Allowance**

If you die after becoming eligible to receive a monthly benefit, but before you begin to receive a retirement allowance, the following persons will be eligible to receive a survivorship allowance:

#### **Surviving Spouse or Surviving Domestic Partner**

The person to whom you were married or in a domestic partnership with at the time of your death and who survives your death. [SJMC 3.36.1200(B)(1),(2)]

#### **Surviving Children**

Your natural or adopted children who meet all of the following requirements:

- The child survives your death;
- The child is neither married nor a member of a domestic partnership at the time of your death;
- The child is under the age of 18 years at the time of your death;
- The child is in existence or conceived at the time of the deceased person's death; and
- If the child is adopted, the adoption was completed prior to your death.

[SJMC 3.36.1200(B)(3)]

If you have children who are over 18, but under the age of 22, at the time of your death, they may qualify for a surviving child's school allowance. [SJMC 3.36.1660(C)]

#### **Survivorship Allowance to Surviving Spouse or Surviving Domestic Partner**

If you have an eligible surviving spouse or surviving domestic partner at the time of your death, your surviving spouse or surviving domestic partner will receive a monthly allowance until he or she dies, remarries, or establishes a domestic



partnership. However, under the following situations the surviving spouse or domestic partner can remarry or establish a domestic partnership and continue receiving benefits:

- If the member died or retired as of 10/1/99; or
- If, at the time of death, the member was at least 55 years old with at least 20 years of service (or 30 years of service regardless of age).

[3.36.1200(F) & 3.36.1290(A)]

**The surviving spouse or surviving domestic partner's monthly allowance will be calculated as follows:**

Years of Service x 1.875% x Final Compensation (max of 37.5%)

For example, if you left City service with 15 years of service, 20 years have elapsed from your date of entry into the Retirement System, and your final compensation was \$10,000 per month, the survivorship allowance would be:

15 years of service x 1.875% = 28.125%

28.125% x \$10,000 = \$2,812.50 Monthly Survivorship Allowance

[SJMC 3.36.1660(B) (1)]

**Survivorship Allowance to Surviving Children if Death While Eligible for Benefits, but Before Starting to Receive Them**

If you have eligible children at the time of your death, they will receive a survivorship allowance until they reach the age of 18. They may continue to receive an allowance until age 22 if they are full-time students and meet the qualifications for a school allowance.

The survivorship allowance will be as follows:

One Child:                      Years of Service x 1.25% x Final Compensation  
(the monthly allowance cannot exceed 25% of  
your final compensation).

Two Children:                      Years of Service x 1.875% x Final Compensation  
(the combined monthly allowance to both  
children cannot exceed 50% of your final  
compensation).

Three or More Children:                      Years of Service x 2.5% x Final Compensation  
(the combined monthly allowance to all surviving



children cannot exceed 75% of your final compensation).

Example #1, if you separate from the City and then die while eligible for retirement benefits, but prior to collecting the retirement benefits and you had 15 years of service and your final compensation was \$10,000 per month, the monthly child survivorship allowance for one child would be:

$$\begin{aligned} 15 \text{ years} \times 1.25\% &= 18.75\% \\ \text{Total \% of final compensation} &= 18.75\% \end{aligned}$$

$$\$10,000 \times 18.75\% = \underline{\$1,875 \text{ Monthly Child Survivorship Allowance}}$$

Example #2, if you separate from the City and then die while eligible for retirement benefits, but prior to collecting the retirement benefits and you had 15 years of service and your final compensation was \$10,000 per month, the monthly child survivorship allowance for two children would be:

$$\begin{aligned} 15 \text{ years} \times 1.875\% &= 28.125\% \\ \text{Total \% of final compensation} &= 28.125\% \end{aligned}$$

$$\$10,000 \times 28.125\% = \underline{\$2,812.50 \text{ Monthly Child Survivorship Allowance}}$$

**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,406.25/month (\$2,812.50/2=\$1,406.25).

Example #3, if you separate from the City and then die while eligible for retirement benefits, but prior to collecting the retirement benefits and you had 15 years of service and your final compensation was \$10,000 per month, the monthly child survivorship allowance for three (or more) children would be:

$$\begin{aligned} 15 \text{ years} \times 2.5\% &= 37.50\% \\ \text{Total \% of final compensation} &= 37.50\% \end{aligned}$$

$$\$10,000 \times 37.50\% = \underline{\$3,750 \text{ Monthly Child Survivorship Allowance}}$$

**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,250/month (\$3,750/3=\$1,250).

[S]MC 3.36.1660(B)(2)(a), 3.36.1660(B)(3)(a) & 3.36.1660(B)(4)(a)]

### **Benefit Limitation**

The maximum amount of all monthly allowances payable to your surviving spouse or surviving domestic partner and surviving children cannot exceed 75% of your final compensation. If necessary, your children's survivorship allowance will be reduced



so that the total benefit to your surviving spouse or surviving domestic partner and children does not exceed 75% of your final compensation.

[S]MC 3.36.1660(B)(2)(b), 3.36.1660(B)(3)(b) & 3.36.1660(B)(4)(b)]

### **No Surviving Spouse, Surviving Domestic Partner, and No Surviving Children**

If you die without leaving an eligible surviving spouse or surviving domestic partner or eligible surviving children, your estate will be entitled to receive your accumulated contributions to the retirement fund, plus interest as earned by the fund not exceeding 2% per year. [S]MC 3.36.1660(A)(2)]

## **Deferred Vested Survivorship Benefits if Death After Receiving Monthly Benefits**

Your survivors may be entitled to benefits if you die after beginning to receive a monthly retirement allowance. The following persons will be eligible to receive benefits:

**Surviving Spouse or surviving domestic partner:** The person to whom you were married or in a domestic partnership with at the time of your death and at the time you began to receive your retirement allowance.

[S]MC 3.36.1230(B)(1),(2) & 3.36.1670(A),]

**Surviving Children:** Your natural or adopted child and/or children who meet all of the following requirements:

- The child survives your death; and
- The child is neither married nor a member of a domestic partnership at the time of your death; and
- The child is under the age of 18 years at the time of your death; and
- The child is in existence or conceived at the time of the deceased person's death; and
- If the child is adopted, the adoption was completed prior to the date of the deceased person's death.

[S]MC 3.36.1230(B)(3) & 3.36.1670(A)]

If you have children who are over 18 but under the age of 22 at the time of your death, they may qualify for a surviving child's school allowance. Please see the chapter on Surviving Child's School Allowance for more details on the Surviving Child's benefits. [S]MC 3.36.1670(C)]

**Survivorship Allowance to Surviving Spouse or Surviving Domestic Partner:** If you have a surviving spouse or surviving domestic partner at the time of your death,



your surviving spouse or surviving domestic partner will be eligible for a monthly allowance until he or she dies. The monthly allowance will be calculated as follows:

$$\text{Years of Service} \times 1.875\% \times \text{Final Compensation (max of 37.5\%)}$$

For example, if you left City service with 15 years of service (20 years have elapsed from your date of entry into the Retirement System) and your final compensation was \$10,000 per month, the survivorship allowance would be:

$$\begin{aligned} 15 \text{ years of service} \times 1.875\% &= 28.125\% \\ 28.125\% \times \$10,000 &= \underline{\$2,812.50 \text{ Monthly Survivorship Allowance}} \end{aligned}$$

The monthly allowance cannot exceed 37.5% of your final compensation.  
[S]MC 3.36.1670 (B)(1)]

### **Survivorship Allowance to Surviving Children:**

One Child:                      Years of Service  $\times$  1.25%  $\times$  Final Compensation = Allowance  
The monthly allowance cannot exceed 25% of your final compensation.

Two Children:                Years of Service  $\times$  1.875%  $\times$  Final Compensation = Allowance  
The combined monthly allowance to children cannot exceed 50% of your final compensation.

Three or More Children:    Years of Service  $\times$  2.5%  $\times$  Final Compensation  
The combined monthly allowance to all surviving children cannot exceed 75% of your final compensation.

Example #1, if you left City service with 15 years of service (20 years have elapsed from your date of entry into the Retirement System) and your final compensation was \$10,000 per month, the monthly child survivorship allowance for one child would be:

$$\begin{aligned} 15 \text{ years} \times 1.25\% &= 18.75\% \\ \text{Total \% of final compensation} &= 18.75\% \end{aligned}$$

$$\begin{aligned} \$10,000 \times 18.75\% &= \underline{\$1,875 \text{ Monthly Child Survivorship Allowance}} \\ &(\text{Monthly allowance cannot exceed 25\% of your final compensation}) \end{aligned}$$

Example #2, if you left City service with 15 years of service (20 years have elapsed from your date of entry into the Retirement System) and your final compensation was \$10,000 per month, the monthly child survivorship allowance for two children would be:

$$15 \text{ years} \times 1.875\% = 28.125\%$$



Total % of final compensation = 28.125%

$\$10,000 \times 28.125\% = \$2,812.50$  Monthly Child Survivorship Allowance  
(Monthly allowance cannot exceed 50% of your final compensation)

**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,406.25/month ( $\$2,812.50/2 = \$1,406.25$ )

Example #3, if you left City service with 15 years of service (20 years have elapsed from your date of entry into the Retirement System) and your final compensation was \$10,000 per month, the monthly child survivorship allowance for three (or more) children would be:

15 years  $\times$  2.5% = 37.50%  
Total % of final compensation = 37.50%

$\$10,000 \times 37.50\% = \$3,750$  Monthly Child Survivorship Allowance  
(Monthly allowance cannot exceed 75% of your final compensation)

**Note:** The survivorship amount is divided equally among each child; in this example each child would receive \$1,250/month ( $\$3,750/3 = \$1,250$ )

[S]MC 3.36.1670(B)(2), 3.36.1670(B)(3)(a) & 3.36.1670(B)(4)(a)]

**Survivorship Allowance to Surviving Spouse or Surviving Domestic Partner:  
Benefit Limitation**

The maximum amount of all monthly allowances payable to your surviving spouse or surviving domestic partner and surviving child or children cannot exceed 75% of your final compensation. If necessary, your children's survivorship allowance will be reduced so that the total benefit to your surviving spouse or surviving domestic partner and surviving child or children does not exceed 75% of your final compensation. [S]MC 3.36.1670(B)(3)(b) & 3.36.1670(B)(4)(b)]

**No Surviving Spouse or Surviving Domestic Partner and no Surviving Children:**

If you die after starting to receive monthly benefits, but you do not have an eligible surviving spouse or surviving domestic partner or eligible surviving child or children, your named beneficiary or your estate will receive a total death benefit of \$1,000.

[S]MC 3.36.1670(A) & 3.36.1230(E)]



## Cost of Living Adjustment

All monthly allowances described in this chapter qualify for cost of living increases. Please refer to Chapter 19: Additional Annual Payments for more information.

[SJMC 3.36.1690]

## Deferred Vested Medical Insurance Eligibility

If you separate from City service prior to retirement, you may be eligible to receive medical benefits once you start receiving a monthly allowance. To be eligible you must meet all the following qualifications:

- Separation from City service must be after July 5, 1992;
- At the time of separation, you have 20 or more years of San Jose Police or Fire retirement service credit;
- You DID NOT make an irrevocable election to instead be covered under Chapter [3.57](#) of the San Jose Municipal Code (Voluntary Employees' Beneficiary Association, "VEBA");
- You elected to leave your contributions in the Retirement Plan; and
- You receive a monthly allowance.

**Tier 1 Classic members are enrolled in VEBA and not eligible for the defined benefit retiree medical or dental plans. Please see VEBA section of this Chapter.**

[SJMC 3.36.1900(C) & 3.36.1920(A)(2) 3.36.57.020.06; 3.36.57.100]

### Deferred Vested Medical Benefits for your Spouse or Domestic Partner

If you are eligible to receive medical benefits, your spouse or domestic partner (DP) will be eligible to receive medical benefits under either of the following conditions:

1. You are married or a member of a domestic partnership at the time of retirement; or
2. You get married or establish a domestic partnership after retirement, and you apply to add your spouse or domestic partner within thirty (30) days of the marriage or establishment of a domestic partnership or during open enrollment.

If you get married or establish a domestic partnership after beginning to receive a monthly allowance, the coverage for your spouse or domestic partner will last only until your death. Your spouse or domestic partner qualifies for continued medical coverage after your death as a "surviving spouse" or "surviving domestic partner"



only if you were married or a member of an established domestic partnership at the time of retirement.

[S]MC 3.36.1920(C)(D) & 3.36.1230(B)(1)(2)]

### **Deferred Vested Medical Benefits for your Child(ren)**

Please refer to Chapter 15 regarding eligibility and document requirements for dependent children.

### **Medical Benefits for Your Survivors if you Separate From City Service**

Your surviving spouse or surviving domestic partner, and/or surviving child(ren) are eligible to receive medical benefits if they meet the following requirements:

- You separate from City service after July 5, 1992;
- At the time of separation, you had 20 or more years of retirement service credit;
- You DID NOT make an irrevocable election to instead be covered under Chapter [3.57](#) of the San Jose Municipal Code (Voluntary Employees' Beneficiary Association, "VEBA");
- After your death, your survivors are eligible for, and begin receiving, a monthly allowance described in this chapter;
- At the time of your death, you and your survivor(s) were enrolled in, or would have been eligible to have been enrolled in, one of the medical insurance plans sponsored by the City at the time of member or former members death;
- Your survivor applies to continue medical insurance coverage within 60 days of your death; and
- Your survivor agrees to pay any applicable premiums.

[S]MC 3.36.1910(B) & 3.36.1920(B)]

Your surviving spouse/DP will be eligible for single coverage. If there is an eligible surviving child(ren), your surviving spouse/DP (as defined above) will be eligible to add them as dependents and enroll in family coverage. Please refer to Chapter 15 for more detail. [S]MC 3.36.1920(E)]

### **Cost of Medical Insurance**

You will be required to pay the portion of the premium that is not paid by the Medical Trust Fund (Fund). The fund pays the full premium of the active employee lowest cost medical plan. [S]MC 3.36.1930(C)(2),(D)]



## **Medicare**

Please refer to the Medicare Section of Chapter 15 for more detail.

## **Medicare Income-Related Monthly Adjustment Amount (IRMAA)**

Please refer to the IRMAA Section of Chapter 15 for more detail.

## **Reimbursement for Medicare Part-B Payments**

Please refer to the Reimbursement for Medicare Part-B Payments of Chapter 15 for more detail.

## **Deferred Vested Dental Insurance Eligibility**

If you separate from City Service prior to retirement, you may still be eligible to receive dental benefits once you start receiving a monthly allowance. To be eligible you must meet all of the following qualifications:

- You separated from City service after July 5, 1992;
- At the time of separation, you have 20 or more years of retirement service credit;
- You DID NOT make an irrevocable election to instead be covered under Chapter [3.57](#) of the San Jose Municipal Code (Voluntary Employees' Beneficiary Association, "VEBA");
- You elected to leave your contributions in the Retirement Plan;
- You apply for dental insurance coverage within 30 days of first receiving your monthly allowance or request a waiver of coverage (you can enroll later due to the occurrence of a qualifying event or during the annual open enrollment period).
- You must be receiving a monthly allowance.

If you separated from City service prior to July 5, 1992, and prior to retirement, and satisfy all of the following requirements:

- At the time of separation from city service you were entitled to credit for twenty or more years of service; and
- You elected to allow your accumulated contributions to remain in the retirement fund pursuant to [Section 3.36.1640](#); and
- As of April 1, 2002, you were receiving a monthly allowance pursuant to [Section 3.36.1640](#); and



- You are receiving a monthly allowance pursuant to Section 3.36.1640 at the time you applied for dental insurance coverage.

**Please Note: Tier 1 Classic members are enrolled in VEBA and not eligible for the defined benefit retiree medical or dental plans. Please see VEBA section of this Chapter.**

[S]MC 3.36.2000(C) & 3.36.2020(A)(2)(4); 3.36.57.020.06; 3.36.57.100]

### **Dental Benefits for Your Spouse or Domestic Partner if you Separated From City Service Prior to Retirement**

Your spouse/DP may also be eligible to receive dental benefits even if you marry or establish a domestic partnership after you start to receive your monthly allowance. You must apply to add your spouse/DP in accordance with the terms of the eligible dental plan.

If you get married or establish a domestic partnership after beginning to receive a monthly allowance, the dental coverage for your spouse/DP will last only until your death. Your spouse/DP qualifies for continued dental coverage after your death as a “surviving spouse” or “surviving domestic partner” only if you were married or a member of a domestic partnership at the time of retirement.

[S]MC 3.36.2020(D) & (E) & 3.36.1230(B)(1)(2)]

### **Dental Benefits for Your Survivors if you Separated From City Service Prior to Retirement**

Your surviving spouse or surviving domestic partner and/or surviving child(ren) are eligible to receive dental benefits if they meet the following requirements:

- You separate from City service after July 5, 1992;
- At the time of separation, you had 20 or more years of retirement service credit;
- You DID NOT make an irrevocable election to instead be covered under Chapter [3.57](#) of the San Jose Municipal Code (Voluntary Employees’ Beneficiary Association, “VEBA”)
- After your death, your survivors are eligible for, and begin receiving, a monthly allowance described in this chapter;
- At the time of your death, you and your survivor(s) were enrolled in one of the dental insurance plans sponsored by the City, or were eligible to be enrolled at the time of the members death; and
- Your survivor applies to continue dental insurance coverage within 30 days of your death or applies within 60 days if previously not enrolled.



[S]MC 3.36.2010(C) & 3.36.2020(B)]

## **Cost of Dental Insurance**

The cost of dental insurance coverage will be paid in full by the retirement fund.  
[S]MC 3.36.2030]

## **Coverage for Deferred Vested VEBA Members**

In some cases, VEBA members (those who opted out of Retiree medical and Tier 1 Classic members) will be allowed to purchase retiree healthcare. The requirements are as follows:

- Must be receiving a monthly allowance;
- Must have an account in the City of San Jose's VEBA Plan; and
- Must have at least five (5) years of service with the City of San Jose; and
- Must pay 100% of the healthcare premium; and
- The premiums of such plans available to VEBA members are based on retirees only and will not be blended with active employees. As such, the premiums may be higher than premiums paid by the Retirement Plan and/or member for those eligible to participate in retiree medical pursuant to 3.36.1900 and 3.36.2000.

Rate sheets for VEBA members are available on the Retirement Services Website: [www.sjretirement.com](http://www.sjretirement.com).

Please note: COBRA is not available to VEBA members.

[S]MC 3.57.020.03]

## **Deferred Vested In-Lieu Option**

Effective March 31, 2017, former members and their surviving spouse/surviving domestic partner, and/or children who are eligible for City of San José (CSJ) medical and dental insurance coverage, may instead enroll in the Health In-Lieu credit program. The credit amount is equal to twenty-five percent (25%) of the monthly premium of the lowest cost medical plan and the lowest cost dental plan. These credits accumulate in an account for you. If in the future you decide to enroll in a City of San José Retiree medical plan coverage, you can use your in-lieu credits to pay future CSJ healthcare premiums. Enrollment in the In-Lieu credit program does not



carry over from year-to-year automatically. You must re-enroll for In-Lieu every year during Open Enrollment.

- Deferred Vested retirees must meet eligibility for medical or dental coverage as outlined above.
- Eligible retirees who receive retiree healthcare coverage as a dependent of another CSJ employee or retiree are **NOT** eligible for the family in-lieu premium credit. **He or she may only elect the single in-lieu premium credit.**
- To the extent a former member and/or the former member's eligible dependents selects to receive the credits and the member and his or her surviving dependents **do not use** the accumulated credits while eligible for CSJ healthcare coverage **any remaining credits will be forfeited.** In **no** event can a former member, surviving spouse, surviving domestic partner, and/or eligible dependent **receive the credits in-lieu of coverage as cash and such credits may only be applied to the cost of future premiums for CSJ coverage.**
- Any member who retires for service or disability who waives coverage will not be required to enroll in Medicare Parts A or B. However, if such member or former member later joins a CSJ plan, he or she will be required to enroll in Medicare Parts A and B and any charges or penalties imposed by Medicare associated with enrollment outside the "initial enrollment period" shall be borne by such member or former member.
- One month may elapse before HIL credits are applied towards the monthly health premiums of a CSJ health plan.
- HIL lifetime balances are listed on the upper left-hand side of the monthly pay advices under Medical In Lieu LTD (Life to Date).
- Enrollment in the in-lieu credit program does not carry over from year-to-year automatically. You **must** re-enroll for in-lieu program every year during Open Enrollment by submitting an Open Enrollment Form.

[3.36.1955]

| <b>Health-In-Lieu (HIL) Coverage Eligibility Table</b>     |               |              |                                  |                |
|--|---------------|--------------|----------------------------------|----------------|
| Medical Coverage   | M<br>(Member) | M+Child(ren) | M+Spouse/<br>Domestic<br>Partner | M+SP/<br>DP+CH |
| ORS Retiree HIL & CSJ Active Employee Coverage             | X             |              |                                  |                |
| ORS Retiree Coverage & ORS Retiree HIL (Both are Retirees) | X             |              |                                  |                |
| All Others   | X             | X            | X                                | X              |



## **Open Enrollment**

Please refer to the Open Enrollment section of Chapter 15 for more detail.

## **Qualifying Life Events**

Please refer to the Qualifying Life Events Section of Chapter 15: Medical and Dental Benefits for more detail.



## Chapter 17: Service Purchases

This chapter summarizes the various types of Service Purchase options available. The Police and Fire Retirement Plan offers several Service Purchase options which are defined in the San Jose Municipal Code. Service Purchases can assist you in meeting eligibility requirements for retirement and, depending on the type of service purchases elected, may increase your retirement allowance. It is important to note that there are limitations on your eligibility to make service purchases, so please read this chapter carefully to determine if you are eligible for a service purchase.

It is important to begin the Service Purchase process well before you have applied for retirement. All service purchases must be paid in full before the Retirement Plan member retires, except for the Military Service Purchase. Each type of service purchase may have different payment options, which will be explained at the time your estimate is provided to you. Depending on the type of service purchase selected, the following payment options may be available: rollover payment from your deferred compensation account, personal check, and bi-weekly post-tax payroll deductions or a combination of two or more- lump sum and installments.

### Summary of Service Purchases

|   |  |
|---|--|
| <b>"REGULAR" REHIRE REDEPOSIT<br/> (§3.36.710.B-D.)</b>             | Newly rehired Police & Fire (P&F) members can redeposit prior withdrawn contributions. Cost is the total of withdrawn contributions plus 2% per year of interest.  |
| <b>"PRIOR" REHIRE REDEPOSIT<br/> (§3.36.710.I.1-3)</b>              | On or after July 1, 2006, a Police member, and on or after March 31, 2017, a Fire member, who, has not redeposited prior withdrawn contributions from when they were originally re-hired can request a new calculation. Cost is the total of withdrawn contributions plus actual earned interest rate per year, plus assumed rate until all moneys are paid.                                 |
| <b>SERVICE PURCHASE OF LEAVE OF ABSENCES (LOA)<br/> (§3.36.717)</b> | P&F members may purchase eligible unpaid LOA service time. A Police member must be a member on or after July 1, 2006. A Fire member must be a member on or after March 31, 2017. Cost is actuarially calculated, and no cost to the Plan. DOES NOT COUNT TOWARDS MEDICAL OR DENTAL COVERAGE.   |
| <b>DOMESTIC RELATIONS ORDER (DRO) REDEPOSIT<br/> (§3.36.3620)</b>   | A P&F member can redeposit DRO contributions withdrawn by an alternate payee (ex-spouse). Cost is the total of withdrawn contributions and interest plus interest that would have been earned and interest at the actual earned interest rate plus interest on the unpaid balance at the interest rate in effect until the redeposit is complete. Must elect within 5 years of notification. |



|   |   |
|---|---|
| <b>"REGULAR" TRANSFER BETWEEN P/F AND FED</b><br><b>(§3.36.610.D.1.2 &amp; §3.36.615)</b> | A P&F member "newly" transfers from the Federated plan to the Police and Fire plan, and has terminated Federated membership, may elect within 90 days to transfer their Federated service credit into the Police and Fire plan. Cost is the Federated contributions plus additional contributions to make the P&F Plan whole, plus interest on accumulated contributions at 2% per year.  |
| <b>"PRIOR" TRANSFER BETWEEN P/F AND FED (3.36.610.D.3 &amp; §3.36.615)</b>                | On or after July 1, 2006, a Police member, and on or after March 31, 2017, a Fire member, who has not transferred their prior Federated service credit, as described in §3.36.610.D.1.a-c, can transfer their prior Federated service credit into the Police and Fire plan. Cost is the Federated contributions plus additional contributions to make the P&F Plan whole, plus interest on accumulated contributions at the actual rate earned per year.  |
| <b>MILITARY SERVICE PURCHASE</b><br><b>(SJMC 3.36.3700 &amp; 3.36.3710)</b>               | A P&F member who retires on or after August 21, 2001, may purchase service credit in the Plan for eligible prior service with the Armed Forces or the Merchant Marine of the United States. Please see below for additional details regarding "eligible" military service. DOES NOT COUNT TOWARDS MEDICAL OR DENTAL COVERAGE.   |
| <b>RECIPROCITY REDEPOSIT</b><br><b>(§3.36.3030)</b>                                       | A former P&F member who is eligible for reciprocity can redeposit prior withdrawn contributions if their reciprocal transfer between agencies took place after 09/30/1994. Cost is the total of withdrawn contributions plus interest that would have been earned at the actual earned rate from the date of withdrawn contributions until the redeposit is complete. Note: If you were previously a Tier 1 member of the Police and Fire Retirement Plan, your PERS membership began prior to January 1, 2013, and you are eligible for reciprocity, you will be eligible for membership in the Tier 1 Classic Plan. |

### **"Regular" Rehire Redeposit Contributions**

A newly rehired P&F Retirement Plan member can redeposit their prior withdrawn contributions. Police members rehired after 8/14/2013 and Fire members rehired after 1/2/2015 may redeposit into Tier 2 (See the Police & Fire Tier 2 Handbook). If you elect this option, you must pay the total amount of previous contributions you withdrew. The cost of the redeposit will include:

- All of the accumulated contributions previously withdrawn by or returned to said member; plus



- Interest on the accumulated contributions at the rate of two percent per year from the date said contributions were withdrawn by or paid to said member to the date the member repays such contributions to the retirement fund.

If you are eligible, Retirement Services will notify you with a letter mailed to your residence. It is important to note that you will have 90 days from the initial notification from Retirement Services to make the “Regular” Rehire Redeposit. If you do not elect this purchase within such time, it will be deemed that you have declined the “Regular” Rehire Redeposit.

Note: Tier 2 members will receive Tier 2 credit, even if the redeposit is for former Tier 1 contributions. Please see Police and Fire Tier 2 Handbook for Plan information.

[S]MC 3.36.020.15; 3.36.710.B-D]

### **"Prior" Rehire Redeposit Contributions**

On or after July 1, 2006, a member of the Police Department, and on or after March 31, 2017, a member of the Fire Department, who has not yet redeposited prior withdrawn contributions after being rehired by the City is eligible to redeposit at any time prior to retirement. Police members rehired after 8/14/2013 and Fire members rehired after 1/2/2015 may redeposit into Tier 2 (See the P&F Tier 2 Handbook). The cost of the redeposit will include:

- All of the accumulated contributions previously withdrawn by or returned to said member; or
- All of the accumulated contributions previously withdrawn by or returned to said member less Tier 1 medical contributions, if you are redepositing into Tier 2; plus
- An amount equal to the interest that would have been earned on the accumulated contributions, at the actual rate earned by the Retirement Plan, as of the date the member files the election to redeposit if the contributions had not been withdrawn by or returned to the member; plus
- Interest on the unpaid balance of all such moneys, at the actuarially assumed interest rate in effect on the date the member files the election, from the date the member files the election to redeposit to the date all such moneys are fully paid into the retirement fund.

If you are eligible, please contact the Office of Retirement Services for your Prior Rehire Redeposit Service Purchase Estimate.



Note: Only current Tier 1 members will be allowed to receive Tier 1 credit for their redeposit. Tier 2 members will receive Tier 2 credit, even if the redeposit is for former Tier 1 contributions. Please see the Police and Fire Tier 2 Handbook for Plan information.

[S]MC 3.36.710.I.1-3; 3.36.020.15]

## Service Purchase of Leave of Absences

Police and Fire members may purchase eligible unpaid Leave of Absence (LOA) service time. A Police member must be a member on or after July 1, 2006. A Fire member must be a member on or after March 31, 2017. The cost of this purchase is actuarially calculated. The member must pay for the actuarial calculation. The service credit purchased for the LOA is not counted towards vesting for medical or dental coverage. If you are eligible please contact Retirement Services to request your LOA Service Purchase Estimate. [S]MC 3.36.717(A)(B)]

## Domestic Relations Order Redeposit

If an active Police or Fire member's retirement account is divided via a Domestic Relations Order (DRO) due to a divorce or dissolution of domestic partnership, the Police and Fire participant can redeposit DRO contributions if withdrawn by their ex-spouse.

The cost of the redeposit will include:

- All contributions and interest distributed to the alternate payee; plus
- All additional interest which would have been earned on the distributed contributions and interest at the actual rate earned by the retirement fund, as of the date the participant elects to redeposit, if the contributions and interest had not been distributed to the alternate payee; plus
- Interest on the unpaid balance of all such moneys, at the interest rate in effect on the date the participant files the election, from the date the participant elects the redeposit to the date all such moneys and interest are fully redeposited into the retirement fund.

If you elect to make this redeposit, it must be paid in full before retirement. If it is not paid in full before retirement the member will not receive the years of service credit earned through the redeposit; they will only receive the redeposited contributions. If you are eligible, Retirement Services will notify you with a letter mailed to your residence. It is important to note that you will have five years from the initial notification from Retirement Services to elect the DRO Redeposit. If you do not elect to redeposit within such time, it will be deemed that you have declined the DRO Redeposit. **Note: This purchase is not eligible for a pre-tax rollover payment.**

[S]MC 3.36.3620]



## **“Regular” Transfer of Contributions to Police & Fire Plan From Federated System**

A Police and Fire Retirement Plan member who has newly transferred from the Federated plan to the Police and Fire plan, and has ceased Federated membership, may elect within 90 days to transfer their Federated service into the Police and Fire Plan. This transfer includes the transfer of Federated employee contributions.

If you elect this option, you must pay into the Police and Fire Plan the amount of money equal to what your Police and Fire contributions would have been if you had been a member of the Police and Fire Plan during all of your service in the Federated City Employees Retirement System, plus interest at 2% per year. If you are eligible Retirement Services will notify you with a letter mailed to your residence. It is important to note that you will have 90 days from the initial notification from Retirement Services to make the Transfer Service Purchase. If you do not elect this purchase within such time, it will be deemed that you have declined the Transfer Service Purchase.

**Please note:** Only former Federated Tier 1 members (entered the Federated System before September 30, 2012) or Federated Tier 1 Classic members (entered a reciprocal agency before 01/01/13) will be allowed to transfer to Police or Fire Tier 1 or Police or Fire Tier 1 Classic. Federated Tier 2 members will transfer into Police and Fire Plan Tier 2. Please see the Police and Fire Plan Tier 2 Handbook for plan information. [SJMC 3.36.610.D.1.2 & 3.36.615; 3.36.020.15(C)(3-5)]

## **“Prior” Transfer of Contributions to Police & Fire Plan From Federated System**

On or after July 1, 2006, a Police member, and on or after March 31, 2017, a Fire member, who have not transferred their prior Federated service, as described above in the Regular Transfer of Contributions to the Police and Fire Plan from the Federated System can still transfer their service into the Police and Fire plan. This transfer includes the transfer of employee contributions from the Federated System. If you elect this option, you must pay into the Police and Fire Plan the amount of money equal to what your Police and Fire Plan account would have been had you been a member of the Police and Fire Plan during all of your service in the Federated City Employees Retirement System, plus actual earned interest amounts. If you are eligible please contact the Retirement Services for your Prior Transfer Service Purchase Estimate.

Please note: Only former Federated Tier 1 members (entered the Federated System before September 30, 2012) or Federated Tier 1 Classic members (entered a reciprocal agency before 01/01/13) will be allowed to transfer to Police or Fire Tier 1 or Police or Fire Tier 1 Classic. Federated Tier 2 members will transfer into Police



and Fire Plan Tier 2. Please see the Police and Fire Plan Tier 2 Handbook for plan information.

[SJMC 3.36.610(D)1-4);3.36.615; 3.36.020.15(C)(3-5)]

## **Military Service Purchase**

If a Police and Fire member retires on or after August 21, 2001, they may purchase service credit in the Plan for eligible prior service with the Armed Forces or the Merchant Marine of the United States. The election of this purchase must be made within 30 days after filing for retirement. The cost of this purchase is actuarially calculated and will include all additional benefits that accrue to the member or the member's survivors who purchase military service. The Police and Fire Retirement Plan shall pay for one actuarial calculation for purchasing military service. The actuarial determination is good for 30 days. If the member does not retire within the 30 days of the actuarial study, the member shall pay for any additional calculations. [3.36.3710 & 3.36.3720]

In addition, "eligible" military service must satisfy the following conditions:

- The military service was performed prior to the member's first employment by the City of San Jose;
- The member does not receive any service credit toward a military pension for the same period of time;
- The member does not receive any service credit in a reciprocal system for the same period;
- The military service is continuous; and
- The military service for which the member elects to purchase service credit does not exceed four years.

The service credit purchased through the Military Service Purchase is not counted towards vesting for medical or dental coverage. If you are eligible for a Military Service Purchase please contact Retirement Services.

[SJMC 3.36.3700]

## **Reciprocity Redeposit Contributions**

A former member of the Police and Fire Plan who is eligible for reciprocity can redeposit previously withdrawn contributions if their transfer between reciprocal agencies took place after 09/30/1994. The cost of the redeposit will include:



- All contributions and accrued interest previously withdrawn plus the interest that would have been earned by such contributions and interest, at the retirement fund's actual earnings rate, had they remained on deposit in the retirement fund.
- Such redeposit is made within the time and in the manner prescribed by the board, such time not to extend beyond the date of such former member's retirement from this Retirement Plan or from a reciprocal system, whichever first occurs.

If election for redeposit is made, it must be paid in full before retirement. If you are eligible please Contact Retirement Services for your Reciprocity Redeposit Estimate.

Note: If you are not a current member of the Police and Fire Retirement Plan and your membership in a reciprocal agency began prior to January 1, 2013, and you will be eligible for reciprocity with the redeposit, your membership will be in the Police or Fire Tier 1 Classic Plan.

If you are not a current member of the Police and Fire Retirement Plan and your membership in a reciprocal agency began on or after January 1, 2013, and you will be eligible for reciprocity following your redeposit, you will be placed in the Police or Fire Tier 2 Plan, even if you are redepositing Tier 1 contributions. Please see Tier 2 Handbook for your benefit information.

[S]MC 3.36.30303.36.020.15(C)(3)]



## Chapter 18: Reciprocity

This chapter covers various topics related to reciprocity, including general eligibility requirements, benefits, redeposit provisions, and election process.

### Summary

Effective September 30, 1994, the City of San José entered into an agreement with the California Public Employees' Retirement System (PERS) that extends reciprocal benefits to members of the Police and Fire Department Retirement Plan. Reciprocity is an agreement between the City and PERS that in certain situations results in improved retirement benefits for persons who move from one eligible retirement system to another. It may apply, for example, if you leave San José employment and begin working for a City, County or State agency where you become a member of PERS (or the new employer has a reciprocal agreement with PERS). Reciprocity also may apply if you formerly worked for a reciprocal agency and joined the San José Police & Fire Department Retirement Plan upon leaving the reciprocal system.

Reciprocity does not mean that your contributions or retirement credit will be transferred from one system to another. You are still subject to the rights and obligations of each system. At retirement, you may be eligible to receive retirement benefits from more than one system, and you will receive separate checks from each system.

This chapter describes the reciprocity provisions that are part of the San José Police and Fire Department Retirement Plan. These provisions will apply when you are eligible for reciprocal benefits from San José. Although San José adopted the uniform reciprocal provisions requested by PERS, other reciprocal systems (including PERS) may have different provisions. You should contact the reciprocal system to determine the reciprocal benefits of that system to which you may be entitled.

**TIER 1 CLASSIC MEMBER** - Any person accepting employment in the Police Department or Fire Department of the City who is otherwise eligible for this Plan and who was an active member in another California public retirement system with which this Plan has reciprocity under Part 16 of the SJMC prior to January 1, 2013, and who has a break in service of less than six (6) months from that covered employment and employment with the City, other than those who meet the definition of new members as defined by Government Code Section 7522.04(f) as may be amended. Classic members are not eligible for the defined benefit retiree healthcare plan.



## General Eligibility Requirements

1. You must join the San José Police & Fire Department Retirement Plan within six months of terminating employment with a reciprocal system or you must join a reciprocal system within six months of terminating City of San José employment.
2. Classic eligibility also requires that your entry into the reciprocal system must have occurred prior to January 1, 2013.
3. There cannot be any concurrent (overlapping) service in two retirement systems. An employee cannot receive retirement credit from two systems for the same time. This includes time that is credited (i.e. paid for) even though an employee is not physically working (vacation, for example).

[S]MC 3.36.020.15; 3.36.3010(A)&(B); 3.36.160(F)]

The full benefits of reciprocity apply only if your transfer between this Retirement Plan and a reciprocal system, or from a reciprocal system to this Retirement Plan, took place after September 30, 1994. If your transfer took place before September 30, 1994, you may only receive the benefit of the use of average monthly salary. This is referred to as “partial reciprocity.”

[S]MC 3.36.3010(B) & (C)]

## Benefits of Reciprocity

### **Right to Leave Contributions on Deposit Regardless of Length of Service**

Normally, when leaving City service you must have 10 years of service to be eligible to leave your contributions on deposit. However, if you qualify for reciprocity, you may leave your contributions on deposit with the Retirement Plan no matter how many years of service you have credited with the Plan. If you leave your contributions on deposit, you may not withdraw your contributions as long as you are still a member of a reciprocal system. [S]MC 3.36.3020(A)]

### **Classic Tier 1 Membership**

Any person eligible for Classic membership in the Police and Fire Department Retirement Plan is eligible for regular Tier 1 benefits as described in other section of this handbook, except for the defined benefit retiree medical and dental benefit plans. **HOWEVER, if the Classic member is later found not to be Classic eligible upon verification at retirement, the member will be placed into Tier 2 and the retirement benefit and eligibility will be based only on the service with the City of San Jose Police and Fire Department Retirement Plan.**



### **Combining Service in Reciprocal Systems to Meet Minimum Service Requirements**

If your transfer happened after September 30, 1994 and solely for the purpose of meeting minimum service requirements for qualification to receive benefits, you may be eligible to combine service in this Retirement Plan with service in a reciprocal system.

For example, let's assume that you have five years of service in this Retirement Plan. If you leave San José employment and join a reciprocal system within six months, you have the right to leave your contributions on deposit with San José. Typically you must have at least 10 years of service in San José and 20 years must have passed since your first day of membership in the plan in order to be eligible to receive a benefit.

This provision will allow you to count your service with a reciprocal system to meet the 10 year requirement. In this example, you will need to work at least five years in a reciprocal system to meet the minimum requirements to receive a benefit from this Retirement Plan. You will then be eligible to receive a pension benefit from San José if you retire concurrently from both systems. **You will only be eligible to receive a pension benefit from San José based on your actual years of service in San José. The combination of service is only used to meet minimum qualifications to receive a monthly benefit.** It cannot be used to meet the minimum service required to receive medical or dental benefits.

[3.36.3020(D)]

#### **To be eligible for reciprocity, you must meet all of the following conditions:**

- You must satisfy each reciprocal agencies retirement eligibility rules;
- You must still meet minimum age requirements of this Plan and the reciprocal system;
- You must retire concurrently from this Retirement Plan and the reciprocal system; and
- You must be credited with the service in the reciprocal system.

[S]MC 3.36.3020(C)(D)]

### **Use of Final Compensation from Reciprocal System**

Your final compensation is an important factor in determining how much your retirement benefit will be. If you qualify for reciprocity, the highest final salary in either system will be used by both systems to calculate your benefit.

For example, let's say you have 10 years of service in the San José Police and Fire Department Retirement Plan. You resigned from your position with the City of San Jose on December 31, 1994, and left your retirement contributions on deposit with the Police and Fire Retirement Plan.



When you left, your final compensation was \$2,500 per month. On January 1, 1995, you started working for an agency whose retirement system is administered by PERS. Let's assume that you continued working there for 20 years. Now you are 55 years old and ready to retire. Your final compensation at the PERS agency is \$5,000 per month. What happens?

**Without reciprocity, an example of your possible benefits is:**

Reciprocal System:  $2\% \times 20 \text{ Years} \times \$5,000 = \$2,000$  per month  
(Note: 2% is used as an example. The reciprocal system would use whatever percentage applies under its benefit formula).

San José:  $2.5\% \times 10 \text{ Years} \times \$2,500 = \$625$  per month

**If you qualify for reciprocity, your benefits could be:**

Reciprocal System:  $2\% \times 20 \text{ Years} \times \$5,000 = \$2,000$  per month

San José:  $2.5\% \times 10 \text{ Years} \times \$5,000 = \$1,250$  per month

As you can see in this example, if you meet the qualifications for reciprocity, your benefit from the City of San José could go from \$625 per month to \$1,250 per month. This is because both systems will use your highest final compensation from either employer. Since the final compensation was much higher in the PERS system than the final compensation in San José, both San José and the reciprocal system would use your PERS salary in their formula.

[3.36.3020(C)]

**Note:** You may also be entitled to Reciprocity if you had prior PERS service before coming to San José. In addition, the benefit of using a final average salary from a reciprocal system may apply even if your transfer between systems took place on or before September 30, 1994. [S]MC 3.36.3010(C)]

**Reciprocal Benefit When Member Receives Disability Allowance From Reciprocal System**

If you receive a disability allowance from a reciprocal system, San José will pay a retirement allowance with two limitations:

1. The San Jose Non Service Connected Disability allowance, when added to the amount of the allowance paid by the reciprocal system, cannot be more than what the reciprocal system would have paid for a Non-Service Connected Disability had all of the service been at the reciprocal system; and



2. The San Jose pension cannot be less than an annuity, which is the actuarial equivalent of your San Jose contributions plus interest. In this situation, the actuary may calculate that there is NO survivorship benefit.

[S]MC 3.36.3020(E)]

### **Survivorship or Death Benefits When Member Dies as a Member of a Reciprocal System**

The survivorship benefits or death benefits payable if you die from non-service connected causes as a member of a reciprocal system shall not exceed an amount which, when added to the survivorship and death benefits paid to you under the reciprocal system equals the maximum death benefit payable under that system. This is subject to the following limitations:

1. The survivorship and death benefits shall be at least the amount of your accumulated contributions plus the interest accrued at the rate of 2% per year as of the date of death; and
2. If your death is caused by service-connected injury or disease in the reciprocal system, the survivorship and death benefits shall be the amount of your accumulated contributions plus interest accrued at the rate of 2% per year calculated as of the date of death.

[S]MC 3.36.3020(F)]

### **Special Reciprocity Redeposit Provisions**

If you are a former member of this Retirement Plan who terminated City employment after September 30, 1994, and withdrew your accumulated contributions and interest, you may be allowed to redeposit those contributions and accrued interest. You may then be eligible for the benefits of reciprocity. To be eligible, you must meet the following requirements:

- You must meet the “General Eligibility Requirements” as detailed in this chapter; and
- You must redeposit the amount of the previously withdrawn contributions including interest that would have been earned by the withdrawn contributions at the Retirement Fund’s actual earnings rate; and
- You must redeposit the above amount before retiring from this Plan or from the reciprocal system; and
- If you are not a current member of the Police and Fire Retirement Plan and your membership in a reciprocal agency began prior to January 1, 2013, and you will be eligible for reciprocity with the redeposit, your membership will be in the Police or Fire Tier 1 Classic Plan.
- If you are not a current member of the Police and Fire Retirement Plan and your membership in a reciprocal agency began on or after January 1, 2013, and



you will be eligible for reciprocity following your redeposit, you will be placed in the Police or Fire Tier 2 Plan, even if you are redepositing Tier 1 contributions – Please see Tier 2 Handbook for your benefit information.

[S]MC 3.36.3030 & 3.36.3010]

## **Electing Reciprocity**

If you leave City service to join a reciprocal retirement system and meet the qualifications for reciprocal benefits, you can elect reciprocity by written request at any time prior to retiring. You should check with the agency you are joining to see if they have any time requirements on claiming reciprocity. The Reciprocity Election Form is available on the Office of Retirement Services website ([www.sjretirement.com](http://www.sjretirement.com)). Send the completed Reciprocity Election Form to Retirement Services at the address in the Introduction chapter. You may also find helpful our FAQ on reciprocity on our website.



## Chapter 19: Additional Annual Payments

This chapter provides information on additional annual payment to retirees or survivors through an annual cost-of-living adjustment.

### Cost of Living Adjustments (COLA)

#### Determination of Cost-of-Living Adjustment

Effective February 1, 2002, the Police and Fire Retirement Plan will provide a 3% flat rate of cost-of-living adjustment to retirees and survivors.

On February 1<sup>st</sup> of every year, your retirement allowance or your survivorship allowance will be adjusted. Cost-of-living increases are compounded. [S]MC 3.44.150]

#### Cost-of-Living Adjustment Eligibility

To receive the annual cost-of-living increase on February 1<sup>st</sup>, you must be retired or a survivor on or before January 31<sup>st</sup>.

Example #1: If a person retires Jan 31, 2013, they would receive their first COLA on February 1, 2013.

Example #2, if a person retires April 1, 2013, they would receive their first COLA on February 1, 2014.

#### Cost-of-Living Calculation Examples

If you retired on June 1, 2013, with an assumed retirement allowance of \$5,000.00 per month, your cost-of-living adjustment would be calculated as follows. [3.44.150(A)(1) & (2)]

##### Example #1:

From June 1, 2013 through January 31, 2014, your retirement allowance will remain \$5,000.00 per month.

On February 1, 2014, you would receive your first cost-of-living adjustment to be calculated as follows:

$3\% \times \$5,000.00 = \$150.00$  (cost-of-living increase, effective February 1, 2014).

Effective February 1, 2014, your retirement allowance will become \$5,150 per month (\$5,000.00 + \$150.00 = \$5,150.00 per month).



From February 1, 2014 through January 31, 2015, your retirement allowance would remain \$5150.00 per month. On February 1, 2015, you would receive your second cost-of-living adjustment to be calculated as follows.

$3\% \times \$5,150.00 = \$154.50$  (cost-of-living increase, effective February 1, 2015).

Effective February 1, 2015, your retirement allowance would become \$5,304.50 per month ( $\$5,150.00 + \$154.50 = \$5,304.50$  per month).

### **Guaranteed Purchasing Power (GPP)**

Beginning in 2018, the annual retirement benefit of each member who is not a Tier 2 member will be reviewed to determine if the member's retirement allowance (including any cost of living adjustments) is equal to at least seventy-five percent (75%) of the purchasing power of the member's retirement allowance calculated as of the member's retirement date, adjusted for inflation by reference to the most current consumer price index for all urban consumers (CPI-U), San Francisco-Oakland-San José metropolitan area. If the value of the member's retirement allowance falls below seventy-five percent (75%) of purchasing power, the member shall receive a lump sum payment of the difference between the member's current retirement allowance and the amount required to achieve seventy-five percent (75%) purchasing power as a separate line item on the February pension check.

[S]MC 3.36.580]



## **Chapter 20: Termination of Benefits**

This chapter describes the grounds for suspension, cancellation or termination of retirement allowances.

### **Termination of Retirement Benefits for Treason or Conviction of a Felony**

Any and all service or disability retirement allowances may be cancelled and terminated by the Retirement Board, in its sole discretion, if the recipient should commit treason or be convicted of a felony. Such cancellation may not affect survivor's benefits.

If a retirement allowance is terminated, the Board may, in its sole discretion, pay to the spouse and/or minor children under the age of eighteen of the convicted person all or any portion of the retirement allowance which would have been payable to the convicted person, for such period and subject to such conditions as the board in its sole discretion determines or imposes, and subject to the further right and power of the board to cancel such payments to the spouse and/or minor children at any time, in its sole discretion, with or without notice. Such payment to the spouse or minor children shall not be made until and unless application therefor shall have been made and the board shall have determined that the allowance or a portion thereof is required to provide the spouse or minor children with necessities of life.

[SJMC 3.36.830 & 3.36.1150]

### **Termination of Survivorship Benefits for Treason or Conviction of a Felony**

Any and all benefits payable to any survivor may be cancelled and terminated by the Retirement Board, in its sole discretion, if the recipient should commit treason or be convicted of a felony. [SJMC 3.36.1370]

### **Other Grounds for Termination of Allowances or Benefits**

The Board may, in its discretion, permanently terminate or temporarily suspend all or a portion of any allowance or benefit. The Board may do so if the recipient of any allowance or benefit should willfully disobey any lawful order of the Board or willfully violate any provisions of the Retirement Plan. [SJMC 3.36.070]



## Chapter 21: IRS Limits

This chapter discusses limitations the Internal Revenue Service (IRS) has imposed on pension plan allowances and benefits that employers can pay to their employees under qualified plans such as the Police and Fire Department Retirement Plan. These limitations may reduce the allowance and benefits that you would otherwise receive from the City after you retire.

### Internal Revenue Code (IRC) Section 401(a)(17)

Generally, IRC Section 401(a)(17) limits the amount of compensation that may be used to calculate a retirement benefit. The limit may be adjusted annually; the maximum compensation that can be used to calculate your retirement benefit for the current calendar year can be found on our website at [www.sjretirement.com](http://www.sjretirement.com) under Members > Active > Know Your Benefits > Benefit Limits. If you earned more than the annual amount in your compensation, Retirement Services will not be able to include the excess in calculating your benefit.

This “compensation cap” applies to your benefits if you became a member of the plan on or after January 1, 1996.

[S]MC 3.36.735]

### Internal Revenue Code Section 415

The Internal Revenue Service (IRS) has imposed limits on pension plan allowances that a Retirement Plan can pay to their beneficiaries under qualified plans such as the Police and Fire Department Retirement Plan. These limitations may reduce the allowance and benefits that you would otherwise receive from the City after you retire. Those Retirement Plans that are not in compliance with Section 415 of the Internal Revenue Code are subject to severe financial penalties, including the loss of tax-exempt status for the Retirement Plan and immediate annual taxability of each employee’s pretax contributions to the retirement benefits.

If you became a member of this Retirement Plan on or after January 1, 1990, your benefits are subject to all the limitations of Section 415 of the Internal Revenue Code (IRC). You can find the current year IRC 415(b) maximum on our website at [www.sjretirement.com](http://www.sjretirement.com).

[S]MC 3.36.730]

### Section 415 Benefit Limits for Persons Who Became Members Before January 1, 1990



If you were a member of this plan before January 1, 1990, your potential allowance in any given year will be one of the following:

- Your benefit under the formula in effect as of the day you retire if your benefit is less than the 415 limit; or
- The maximum allowed by IRC 415 if your benefit exceeds the 415 limit; or
- No lower than your benefit under the formula in effect on October 14, 1987.

[3.36.730(B) & (C)]

### **IRC Section 415 Benefit Limits for Persons Who Became Members after January 1, 1990**

If you were hired on or after January 1, 1990, your retirement allowance will be one of the following:

- Your benefit under the formula in effect as of the day you retire if less than your 415 limit; or
- Your dollar limit set by Section 415 if your benefit is higher.

The maximum benefit payable under Section 415 can be adjusted annually based on national cost-of-living changes.

Note: If you choose a survivorship option that is less than 50% of your benefit your 415(b) limit will be reduced. It is important to note that in some situations, the automatic continuance is less than 50% and if chosen, it may decrease your annual 415(B) limit.

Also Note: If you choose a survivorship “Pop-up” option your 415(b) limit will be reduced.

### **Additional IRC Section 415 Limitations**

The list below summarizes additional adjustments put into effect by Section 415. These adjustments include that:

- Survivorship benefits may be reduced; and
- Fewer than 15 years of full-time service in the City of San Jose Police or Fire Department (Military time may count, but reciprocity will not count) will subject your 415 limit to a reduction based on your age at retirement, if under age 62 at the time of retirement. This reduction shall not apply if you retired with a disability retirement; and
- Fewer than 10 years of membership in the Retirement Plan may reduce your 415 limit further. This reduction shall not apply if you retired with a disability retirement; and



- If you choose a survivorship option that is less than 50% of your benefit your 415 limit reduces. It is important to note that for Police employees, the automatic continuance may be less than 50% of your benefit.
- If you choose a survivorship “Pop-up” option your 415(b) limit will be reduced.

[S]MC 3.36.730(E), 3.36.730(G), 3.36.730(H)]



## Chapter 22: Dissolution of Marriage or Domestic Partnership

This chapter explains several ways the community property interest in your pension can be addressed in the event of the dissolution or legal separation of a marriage or registered domestic partnership. You may reach an agreement which awards your pension to you as your sole and separate property, or you may divide your pension by means of a Plan Approved Domestic Relations Order (PADRO). In either case, you must provide Retirement Services with copies of the legal documents which set forth you and your ex-spouse's community property interest in your pension. Retirement Services will need a filed Judgment of Dissolution with all attachments which may include a Marital Settlement Agreement. A filed PADRO will be needed if the pension is to be divided.

**Note:** Under California's community property laws, retirement benefits earned during a marriage or State-registered domestic partnership are community property assets. Any questions regarding the rights of your spouse or domestic partner to a community property interest in your retirement benefits must be resolved before your retirement benefits can be issued to you. The Police and Fire Department Retirement Plan is a governmental plan under federal law. It is not subject to the Employee Retirement Income Security Act (ERISA).

### Plan Approved Domestic Relations Order (PADRO)

Chapter 3.36 Part 17 of the San Jose Municipal Code sets forth the requirements for a Plan Approved Domestic Relations Order (PADRO). A PADRO is a court order that establishes the terms and conditions for the division of retirement benefits. These requirements can be found in our *Guidelines for Plan Approved Domestic Relations Orders* which we will provide to you and/or your attorney upon request. You can access the PADRO Guidelines on our website at [www.sjretirement.com](http://www.sjretirement.com).

Dividing your pension can be a lengthy process as there are several legal steps and processes that must be followed. Below is a general description of the necessary steps:

1. You or your attorney must join the Retirement Plan to the Divorce matter.
2. You or your attorney will create a draft Domestic Relations Order and submit it to Retirement Services for review.
3. If there are no questions or requests for clarification from the Retirement Services' Legal Counsel regarding the draft Domestic Relations Order, your attorney will receive a letter from Retirement Services' Legal Counsel requesting a copy of the filed Domestic Relations Order and a copy of the filed Judgment of Dissolution for final review.



4. You or your attorney will need to submit the filed Domestic Relations Order and a copy of the filed Judgment of Dissolution to Retirement Services for final review.
5. If there are no corrections or clarifications from Retirement Services' Legal Counsel regarding the filed Domestic Relations Order and the filed Judgment of Dissolution, your attorney will receive a letter from Retirement Services' Legal Counsel advising that the Domestic Relations Order and Judgment of Dissolution are acceptable, and Retirement Services Staff will be authorized to implement the order (e.g. divide the retirement account according to the order).

There are two types of divisions of a retirement account: a Separate Account and a Combined Account. Each type of account has its own set of rules and requirements. Below is a general description of each type of division. For more detailed information on the rules and requirements, and calculations of each type of division, for a copy of the Guidelines for Plan Approved Domestic Relations Orders please visit our website at [www.sjretirement.com](http://www.sjretirement.com).

### **Combined Account Domestic Relations Order (CADRO)**

In the Combined Account Domestic Relations Order (CADRO), the Retirement Plan maintains one account. When the member retires, the Plan pays a portion of the monthly benefit to each person. Typically, each person's share of the community property interest in the retirement benefit is calculated as a percentage. The calculation is done at the time of the participant's retirement, and the percentage is then applied to each monthly retirement benefit when the benefit is paid. If you are already retired or separated from City service, the only option available is the Combined Account Option. If you elected a Pop-Up Option at the time of your Retirement, you are not eligible for the Pop-Up after a divorce. [S]MC 3.36.3580]

### **Separate Account Domestic Relations Order (SADRO)**

In the Separate Account Domestic Relations Order (SADRO), the member's retirement account is divided at the time of the marital dissolution and a separate account is established in the name of the ex-spouse. The member's earned service credit and the associated employee contributions (plus interest) accrued during the marriage or domestic partnership is divided between the member and the ex-spouse. The member's share of the earned service credit and contributions (plus interest) remain in the member's account. The ex-spouse's share of the earned service credit and contributions (plus interest) are removed from the member's account and placed in a separate account for the ex-spouse. The division is determined using the method specified in the SADRO. The Separate Account division is available only if the member



is an active City employee; members who have retired or separated from City service are not eligible. [S]MC 3.36.3600]

If you are going through a divorce and/or will be dividing your retirement account, Retirement Services cannot issue any retirement benefits until the community property interest in your pension is resolved and all the legal documents (Judgment of Dissolution and/or DROs) are received and approved by Retirement Services' Legal Counsel.

### **Distribution of Contributions in Separate Account**

If the member is entitled to less than ten (10) years of service credit in this plan, the alternate payee (ex-spouse) shall receive a lump sum distribution of the accumulated contributions and credited interest placed in the alternate payee's account.

If, as of the date of entry of the DRO with the court, the member is entitled to ten (10) or more years of service credit in this plan, the alternate payee may elect to receive a distribution of the accumulated contributions and credited interest placed in the alternate payee's account.

- The alternate payee may make such election at any time after the establishment of the alternate payee's separate account.
- The alternate payee shall make such election by filing an application.
- Once a distribution has been made (if check is mailed, "distribution" is at the point of deposit in the mail), the alternate payee may not cancel the refund or revoke the election for distribution; and
- The alternate payee may not cancel the refund or revoke the election for distribution; and
- The alternate payee shall be deemed to have permanently waived all rights in this Plan and all rights to the payment of any other benefits; and
- The alternate payee shall have no right to redeposit the distributed accumulated contributions.

Please Note: If the alternate payee receives a lump sum distribution, the member may redeposit distributed contributions to regain years of service. Please see Chapter 17: Service Purchases under "Domestic Relations Order Redeposit" for more details.

[S]MC 3.36.3610; 3.36.3620]

### **Disability Retirement with a Separate Account**

Generally, if you had less than 20 years of service at the time of your disability retirement, Retirement Services will recalculate your benefit at the time you become service retirement eligible and/or your ex-spouse begins receipt of their alternate



payee benefit. At this time, Retirement Services will reduce your base benefit by the base amount due to the alternate payee, your ex-spouse, with a Separate Account.

The alternate payee with a separate account does not receive payment until such time as the member would have been eligible for a service retirement had the participant continued working. Disability benefits shall be allocated between the participant and the alternate payee as follows:

- Until the date you would have been eligible for a service retirement or the date the alternate payee applies to receive a monthly allowance, whichever date is later, disability retirement benefits shall be paid to the participant without regard to the service credit awarded to the alternate payee.
- Once you would have been eligible for a service retirement had you continued working and the alternate payee applies to receive a monthly allowance from the retirement fund the amount of your monthly allowance will be reduced by the base amount due to alternate payee.

**Disability Retirement Example:**

- Member has 17.0 total years of service, is age 43 and final compensation is \$10,000.
- Alternate Payee (ex-spouse) was awarded 6 years of the members total service credit leaving the member with 11 years of service.
- Member is approved for Service Connected Disability Retirement. Since he has less than 20 years of service, member's benefit is calculated at 50% of Final Compensation.

The Disability monthly retirement allowance would be: Your Final Compensation x 50%:

$$\$10,000 \times 50\% = \$5,000 \text{ Monthly Retirement Allowance}$$

When disability retiree is eligible for Service retirement (age 50 with 25 years since membership began or age 55 with 20 years since membership began), or when alternate payee is eligible for and applies to receive a monthly allowance, whichever date is later, the combined benefit will be reduced by the amount due to the alternate payee.

**Members Disability Benefit:**

Members YOS prior to SADRO = 17 YOS

Final Compensation = \$10,000

Member's Disability Benefit  $\$10,000 \times 50\% = \$5,000$  (Service-Connected Disability Minimum)



Alternate Payee's Calculation:

Alternate Payee is eligible for 6 YOS x 2.5% = 15%  
Total % of Final Compensation – 15%

$$\$10,000 \times 15\% = \$1,500.00$$

Member's New Base Benefit after Alternate Payee begins receiving benefit:

|                                       |                 |
|---------------------------------------|-----------------|
| Member's Original Disability Benefit: | \$5,000         |
| Less Alternate Payee's Base Benefit:  | <u>-\$1,500</u> |
| Member's New Base Benefit             | \$3,500         |

[S]MC 3.36.3660]



## Chapter 23: Other Retirement Benefits Not Administered by Retirement Services

This chapter contains information on other retirement benefits not administered by Retirement Services, including deferred compensation, sick leave payout, continuation of certain insurance policies through San Jose Police Officers' Association or International Association of Firefighters, and the opportunity for membership in the Association of Retired San Jose Police Officers and Firefighters.

### Deferred Compensation Program

The City of San Jose's Deferred Compensation Plan is a governmental deferred compensation plan defined by Section 457(b) of the Internal Revenue Code, commonly called a 457 deferred compensation plan. Deferred compensation plans allow employees to supplement any existing retirement or pension benefits by saving and investing before-tax dollars (Traditional 457(b)) or after-tax dollars (Roth 457(b)) through voluntary salary deferral. For a Traditional 457(b) account, contributions and any earnings are tax-deferred until money is withdrawn, usually during retirement when the retiree is typically in a lower tax bracket than while working. Both options are a voluntary benefit and provide a convenient way for City employees to save money for retirement.

For more information about the City's voluntary Deferred Compensation program, go to the Human Resources Deferred Compensation page at [www.sanjoseca.gov/your-government/departments-offices/human-resources/benefits/deferred-compensation-program](http://www.sanjoseca.gov/your-government/departments-offices/human-resources/benefits/deferred-compensation-program). At the time of publication, Voya administers deferred compensation for City employees. You can reach Voya at <https://sanjose.beready2retire.com/> or (800) 584-6001. VOYA requests that you contact them regarding your Deferred Compensation Account at least 30 days prior to your retirement date.

### Sick Leave Payout

Certain union members may receive a sick leave payout at the time of retirement or death if they have at least 20 years of service and meet other eligibility requirements. Please reference your union's current Memorandum of Agreement (MOA) for further details. You can locate your union's current MOA on the [Office of Employee Relations](http://www.sanjoseca.gov) website (go to [www.sanjoseca.gov](http://www.sanjoseca.gov) and navigate to Your Government > Employee Relations).

**Note:** If a retiree is granted a change in status from a Service Retirement to a Disability Retirement, the member is required to pay back the difference between the



Service Retirement and the Disability Retirement Sick Leave Payout. This repayment is due immediately in a lump sum payment to the City of San Jose.

The Payroll Division of the Finance Department issues the sick leave pay out. All questions regarding the sick leave payout should be addressed to Payroll in the Finance Department at [paysuper@sanjoseca.gov](mailto:paysuper@sanjoseca.gov) or (408) 535-7070.

### **VEBA (Voluntary Employees' Beneficiary Association)**

A VEBA is a defined contribution health reimbursement arrangement plan for retiree healthcare expenses.

Employees may have irrevocably elected to participate in the VEBA if they are in Tier 1. Tier 1 Classic members are automatically enrolled in VEBA. If you elected to participate in the VEBA, your previous employee retiree healthcare contributions were placed into your individual VEBA account. Therefore, you are no longer eligible for the subsidized medical coverage by the Retirement Plan.

For more information about the VEBA Program visit contact Human Resources at (408) 535-8322 or visit the VEBA webpage on the Human Resources website at [www.sanjoseca.gov/your-government/departments-offices/human-resources/benefits/veba](http://www.sanjoseca.gov/your-government/departments-offices/human-resources/benefits/veba).

### **\$3,000 Tax Exclusion for Qualified Health Insurance Premiums**

The Pension Protection Act of 2006 allows Public Safety Officers who retired either after attaining "normal retirement age" or for disability to exclude annually up to \$3,000 of an otherwise taxable pension distribution from federal income taxation, if the money is used to pay for "qualified health insurance premiums" and is paid directly from the plan to the health insurer.

"Qualified health insurance premiums" mean premiums for coverage for the retired Public Safety Officer, his/her spouse, and his/her dependents by an accident or health plan or qualified long-term care insurance contract.

Please consult with a tax professional for guidance on this topic and how to claim the deduction. You will need to report your total eligible distribution on Form 1040, Form 1040A, or Form 1040NR, as applicable. Refer to Section 402(I) of the Internal Revenue Code and IRS Publication 575 for more information.

The amount shown in box 2a of Form 1099-R from the Office of Retirement Services will not reflect this deduction. However, retirees may provide their tax consultant with copies of their pay stubs, which include the year-to-date amount paid by members for healthcare premiums. Pay stubs can be printed by members from their MemberDirect account.



## **San Jose Police Officers' Association (SJPOA)**

If you are a member of the SJPOA you may be eligible to continue certain insurance policies (life insurance, accidental death insurance, etc.) that you had through the SJPOA. Please contact the SJPOA at (408) 298-1133 to find out more about continuing such benefits in retirement.

## **International Association of Fire Fighters (IAFF)**

If you are a member of the IAFF you may be eligible to continue certain insurance policies (life insurance, accidental death insurance, etc.) that you had through the IAFF. Please contact the IAFF at (408) 286-8718 to find out more about continuing such benefits in retirement.

## **Association of Retired San Jose Police Officers and Firefighters**

If you would like to be a member of the Association of Retired San Jose Police and Firefighters once you have retired, please contact the Association for information on how to join.

If you would like your dues automatically deducted from your retirement check, you must submit an Automatic Deduction Election form to Retirement Services. This form authorizes the deduction from your check, authorizes automatic dues increases, and authorizes Retirement Services to provide your address to the Retiree Association.



## Chapter 24: Social Security

City employees do not contribute to the Social Security system and do not receive Social Security credit for their City service. You may still be eligible for Social Security benefits if you were previously employed by some other institution or company that did contribute to Social Security.

The Social Security Fairness Act, HR 82, concerning the Windfall Elimination Provision and Government Pension Offset, was signed into law on January 5, 2025. Upon implementation, the Social Security Fairness Act eliminates the reduction of Social Security benefits while entitled to public pensions from work not covered by Social Security. This means that Federated retirees who have earned enough Social Security credits to be eligible for a Social Security benefit (through employment outside of the City of San José) will receive full Social Security benefits.

The Social Security Fairness Act does not impact City of San José pension benefits.

For more information on social security benefits, visit the Social Security Administration website at [www.ssa.gov](http://www.ssa.gov).



## Chapter 25: Glossary

Following is an explanation of the terms used in this handbook.

### **ACCUMULATED CONTRIBUTIONS**

"Accumulated Contributions" means the sum of all contributions made by a member and standing to the credit of a member's individual account. Accumulated contributions do not include contributions or interest the City makes to the plan on your behalf. [S]MC 3.36.020.1]

### **ACTIVE EMPLOYEE**

"Active Employee" means any person currently in the employ of the city, or who holds a city office, whose compensation is paid out of funds directly controlled by the city. [S]MC 3.36.020.]

### **ACTUARIAL EQUIVALENT**

A benefit of equal value when computed based on Board approved actuarial assumptions. For example, if you choose a survivorship option that pays you a lower retirement allowance in return for your spouse or domestic partner receiving a higher survivorship allowance, the total benefit is an actuarial equivalent. In other words, the total payments to you and your spouse are calculated to be equal under any option that you may choose. [S]MC 3.36.1466]

### **ACTUARY**

The Retirement Board's actuary is a statistician who compares economic and demographic assumptions with the actual experience of the Retirement Plan. The actuary then determines the projected liabilities and makes recommendations for the City and Member contribution rates. The actuary is also responsible for analysis and cost estimates of any proposed plan changes.

### **COMPENSATION**

As used in the Police and Fire Department Retirement Plan, compensation is remuneration paid by the City to a member in payment for his or her services to the City, used as a factor in any computation to be made under this Chapter. It does not include overtime, lump sum compensatory time payoffs, higher class pay, uniform allowances, travel allowances, or any other special pays.

Compensation includes the following:

- Base Salary,
- Paid Leaves used (sick leave, paid holidays, paid vacation leave, and paid compensatory time),
- Federal Labor Standards Act (FLSA) premium pay,
- Emergency Medical Technician (EMT) pay,
- Anti-Terrorist pay, and
- Police Officer Standards and Training (POST) pay.



[S]MC 3.36.020.3]

### **DEFERRED VESTED EMPLOYEE**

A former member of the Police and Fire Plan who resigned or was discharged from a position covered in the Plan with at least 10 years of service upon resignation or discharge and allows his or her contributions to remain in the fund. This does not include those that have continued their membership through Reciprocity. [3.36.1610(C); 3.36.1640(A)]

### **FINAL COMPENSATION**

Final Compensation is your highest average monthly compensation during any 12 consecutive months of City service for which you are receiving credit in this Retirement Plan. It may not exceed 108% of your compensation paid or payable to you during the 12 months immediately preceding your last 12 months of City service, if your highest 12 months includes service rendered during the last twelve months of said member's city service. Your final compensation is used for the purpose of determining the amount of your monthly retirement allowance.

[S]MC 3.36.020.5(B)(2)]

### **HEARINGS**

The Retirement Board has the discretion to hold a hearing to determine any question involving any right, benefit or obligation of the Retirement Plan. If the Board has not held a hearing with regard to such determination, anyone affected by the determination may petition the Board in writing for a hearing. The request for a hearing must be filed within 30 days of the Board's determination. After the hearing, the Board may affirm, reverse, or modify its prior determination.

[S]MC 3.36.450]

### **MEMBER - CLASSIC**

Any person accepting employment in the Police Department or Fire Department of the City who is otherwise eligible for this Plan and who was an active member in another California public retirement system with which this Plan has reciprocity under Part 16 of the S]MC prior to January 1, 2013, and who has a break in service of less than six (6) months from that covered employment and employment with the City, other than those who meet the definition of new members as defined by Government Code Section 7522.04(f) as may be amended. Classic members are enrolled in VEBA and not eligible for the defined benefit retiree healthcare plan.

### **MEMBER – TIER 1**

Any person who is hired, rehired, or reinstated by the City as an employee of the Police Department in a position covered by this Plan prior August 4, 2013; or any person who is hired, rehired, or reinstated by the City as an employee of the Fire Department in a position covered by this Plan prior to January 2, 2015; AND, any person included in the membership of this Retirement Plan. Appointment to a full-time, sworn position in the Police or Fire Department of the City of San José confers



membership in this plan as of the date of appointment, who has not terminated their membership due to resignation, discharge, retirement or death or any other permanent discontinuance of service.

Recruits are not members of this plan until they have finished the academy and have begun paying contributions.

[S]MC 3.36.020.6; 3.36.020.15; 3.36.150 – 3.36.280; 3.36.1610]

### **MORTALITY TABLE**

A mortality table typically shows the general probability of a person's death before their next birthday, based on their current age. It is considered one of the “assumptions” referenced in the Municipal Code under section 3.36.1466.

### **RECIPROCITY**

An agreement effective on September 30, 1994, between the City of San José and the California Public Employees’ Retirement System (CalPERS) that extends to the members of other participating public agency retirement systems rights in this Retirement Plan and vice versa. In certain situations, reciprocity results in improved retirement benefits for persons who move from one retirement system to the other.

[S]MC 3.36.3000-3.36.3070]

### **REGISTERED DOMESTIC PARTNERSHIP**

A legal recognition of the committed, marriage like partnership of a couple. The Domestic Partnership must be registered with the California Secretary of State (documentation must include a Domestic Partnership Certificate & a Notarized Declaration of Domestic Partnership) and the Domestic Partnership must meet all Domestic Partnership eligibility requirements under California State law.

[S]MC 3.36.020.14]

### **RETIREMENT ALLOWANCE**

The monthly service retirement allowance or disability allowance you receive after you retire. An allowance may also be called a pension. [S]MC 3.36.020.10]

### **RETIREMENT BOARD**

The Retirement Board is composed of nine trustees responsible for managing the Retirement Fund. The Retirement Board consists of:

1. One employee in the police department who is also a member of the police and fire department Retirement Plan;
2. One employee in the fire department who is also a member of the police and fire department Retirement Plan;
3. One of the members shall be a person who was employed in the fire department and has retired under the provisions of the police and fire department Retirement Plan;



4. One of the members shall be a person who was employed in the police department and has retired under the provisions of the police and fire department Retirement Plan;
5. Four public members, who are not connected with the City; and
6. Another public member, who is selected by the eight Board members and approved by the City Council.

The Board is appointed by the City Council and serves in accordance with Section 2.08, Part 12 of the San Jose Municipal Code.

### **RETIREMENT SERVICE CREDIT**

The period of time for which Retirement Plan members work as full-time, sworn employees of the City's Police or Fire Department and were enrolled in the Retirement Plan. It includes regular full-time service, eligible active military service, and absence from work with full compensation (paid administrative leave, paid compensatory time, paid disability leave, paid holidays, paid sick leave, paid vacation, etc.). [SJMC 3.36.610]

You do not receive service credit for any period of time during which you are absent from City service without pay. [SJMC 3.36.670]

Service credit does not include any service for which you receive any credit under any other retirement system or plan supported wholly or in part by any funds of the City of San Jose. [SJMC 3.36.690]

You accrue retirement service credit for each hour worked, up to a maximum of 2,080 hours of credit per payroll calendar year (2,080 hours equals one year of full-time employment). Fire members on a 56 hour work week earn a full year of service at 2,912 hours per payroll calendar year. The Payroll system allows for members to change from 56 hour work week to 40 hour work week or from 40 hour work week to 56 hour work week and account for the time to give a full year of service credit. There is a maximum of 1.0 years of service credit per Payroll Calendar Year. [SJMC 3.36.700]

### **SAN JOSÉ MUNICIPAL CODE**

The body of laws governing the City of San José and the Police and Fire Retirement Plan.

### **SURVIVING CHILD/CHILDREN**

Your natural or adopted children who meet all of the following requirements:

- The child survives your death;
- The child is neither married nor a member of a registered domestic partnership at the time of your death (and has never been married or a member of a registered domestic partnership);
- The child is under the age of 18 years at the time of your death; and
- The child is in existence or conceived prior to your death; and



- If the child is adopted, the adoption was completed prior to your death.

[S]MC 3.36.1230(B)(3)]

**SURVIVING SPOUSE OR SURVIVING DOMESTIC PARTNER**

The person to whom you were married to or in a domestic partnership with both at the time of your death and at the time you were granted a retirement.

[S]MC 3.36.1230(B)(1) & (2)]