



## Legislation Details (With Text)

**File #:** 09-0407      **Version:** 1      **Name:** 5/4/09 Amend Employees Retirement Sys Ord  
**Type:** Ordinance      **Status:** Passed  
**File created:** 5/4/2009      **In control:** City Council  
**On agenda:** 5/18/2009      **Final action:** 5/18/2009  
**Enactment date:** 5/18/2009      **Enactment #:** ORD-09-17

**Title:** An Ordinance to Amend Sections 1:552, 1:561, 1:562, 1:563, and 1:564 of Chapter 18 (Employees Retirement System) of Title I of the Code of the City of Ann Arbor (to Add the early retirement option Program for Ann Arbor Police Officers Association and the Command Officers Association of Michigan) (Ordinance No. ORD-09-17)

**Sponsors:** Leigh Greden, John Hieftje, Marcia Higgins, Stephen Rapundalo, Margie Teall

**Indexes:**

**Code sections:**

**Attachments:** 1. Ordinance No. ORD-09-17 Approved, 2. EOP Analysis.pdf, 3. B-3 Revised and Briefed.DOC, 4. Ordinance 18.DOC, 5. Ordinance 18 revised#2

Date	Ver.	Action By	Action	Result
5/18/2009	1	City Council	Held and Closed	
5/18/2009	1	City Council	Adopted on Second Reading	Pass
5/4/2009	1	City Council	Approved on First Reading	Pass

An Ordinance to Amend Sections 1:552, 1:561, 1:562, 1:563, and 1:564 of Chapter 18 (Employees Retirement System) of Title I of the Code of the City of Ann Arbor (to Add the early retirement option Program for Ann Arbor Police Officers Association and the Command Officers Association of Michigan) (Ordinance No. ORD-09-17)

Attached for your review and approval is an amendment of several sections of Chapter 18, which is the Employees Retirement System (Pension) ordinance. Human Resources recommends that the ordinance be amended to reflect the negotiated Early Retirement Option Program ("Program") for the Command Officers Association of Michigan and the Ann Arbor Police Officers Association. Highlights of the Program include:

1. The Early Retirement Option Program ("Program") will have a final participation date of June 30, 2009, with retirement effective July 1, 2009.
2. Only employees who meet the Program's eligibility requirements will be participants. The eligibility requirements are as follows:
  - a. Employees must meet all qualifications for retirement or early retirement pursuant to the requirements of the Pension Ordinance, with the additional years of service credit being offered by the City (See Paragraph 3a).
  - b. Employees must retire effective July 1, 2009.
  - c. Employees must sign a Separation Agreement containing a full and complete waiver of claims against the City ("Release").
3. The Program's features include the following:
  - d. The City will provide to eligible employees two (2) years of service credit (as determined in accordance with Section 1:561(a) of the Pension Ordinance), which

will be applicable to eligibility for retirement, as well as calculation of pension benefits.

- e. Employees can also purchase, at an actuarially determined rate individual to each participant, up to one (1) year of service credit (as determined in accordance with Section 1:561(a) of the Pension Ordinance), which will be utilized only for the determination of benefits, not for purposes of eligibility.
- f. Employees can purchase, at an actuarially determined rate individual to each participant, up to three (3) months of service credit (as determined in accordance with Section 1:561(a) of the Pension Ordinance) for purposes of eligibility if they already have at least five (5) years of participation service under the Pension Ordinance.
- g. Employees who retire under the Program, will be eligible for the retirement health benefits specified in the July 1, 2006 to June 30, 2009 collective bargaining agreements. The collective bargaining agreement language for the July 1, 2006 to June 30, 2009 contracts will govern the provision of health care benefits to these retirees, without change, throughout their retirement.
- h. Employees who retire under this Program will receive their final payouts of sick leave, compensatory leave, and vacation leave up to the collectively bargained maximum of 1650 hours, in one lump sum in their final pay. Employees who retire under this program can choose to put their final payout into their 457 plan or into a 401(a) money purchase plan, to the extent of the federal and plan limits.
- i. Employees who choose to purchase additional service credit under b and/or c above may utilize their final sick leave, vacation leave and/or compensatory time payout or direct that their 457 plan or money purchase pension plan funds be transferred to satisfy the purchase price.

In connection with this Program, Gabriel, Roeder, Smith & Company, actuary to the City of Ann Arbor Employees Retirement System has prepared a supplemental actuarial analysis of the long-term costs of the Program, which is attached for review. In addition, Management comments regarding the supplemental actuarial analysis are attached for Council's review.

Sponsored by: Councilmembers Greden, Hieftje, Higgins, Rapudalo, Teall

Prepared and Reviewed by: Robyn Wilkerson, Director, Human Resources and Labor Relations and Nancy Niemela, Asst. City Attorney

Approved by: Roger Fraser, City Administrator

ORDINANCE NO. ORD-09-17

First Reading : May 4, 2009  
Public Hearing : May 18, 2009

Approved: May 18, 2009  
Published: May 24, 2009  
Effective: June 3, 2009

## EMPLOYEES RETIREMENT SYSTEM

AN ORDINANCE TO AMEND SECTIONS 1:552, 1:561, 1:562, 1:563, AND 1:564 OF CHAPTER 18 (EMPLOYEES RETIREMENT SYSTEM) OF TITLE I OF THE CODE OF THE CITY OF ANN ARBOR (TO ADD THE EARLY RETIREMENT OPTION PROGRAM FOR ANN ARBOR POLICE OFFICERS ASSOCIATION AND THE COMMAND OFFICERS ASSOCIATION OF MICHIGAN)

The City of Ann Arbor ordains:

Section 1. That Section 1:552 of Chapter 18 of Title I of the Code of the City of Ann Arbor is amended as follows:

**1:552. Definitions.**

The following words and phrases used in this chapter, unless a different meaning is clearly required by the context, shall have the following meanings:

- (1) *Board*. The Board of Trustees of the Retirement System provided in this chapter.
- (2) *Retirement system* or *systems*. The City of Ann Arbor Employees Retirement System.
- (3) *Member*. Any person who is included in the membership of the retirement system.
- (4) *Covered member*. Any member who is covered under the federal social security old age survivors' and disability insurance program on account of City employment.
- (5) *Non covered member*. Any member who is not covered under the federal social security old age survivors' and disability insurance program on account of City employment.
- (6) *Police officer or firefighter member* or *police officer and firefighter*. In the case of a police officer, any employee of the police services unit of the City holding the rank of patrol officer, including probationary patrol officer, or higher rank; and, in the case of a firefighter, any employee of the fire services unit of the City holding the rank of firefighter, including probationary firefighter, or higher rank. The terms "police officer or firefighter member" and "police officer and firefighter" shall not include:
  - (a) Any person temporarily employed by the City as a police officer or firefighter, or
  - (b) Any civilian employee of either the police or fire services units.
- (7) *General City member*. Any member except a police officer or firefighter member.
- (8) *Retirant*. Any member who retired with a pension or retirement allowance payable by the retirement system.
- (9) *Beneficiary*. Any person, except a retirant, who is in receipt of or has entitlement to a pension, retirement allowance, or other benefit payable by the retirement system.
- (10) *Service*. Personal service rendered to the City by an officer or employee of the City.
- (11) *Credited service*. The sum of a member's prior service and membership service to the extent credited the member by the Board of Trustees.
- (12) *Break in service*. A period during which the member is not contributing to the retirement system, except that a period of payment under workers' compensation shall not constitute a break in service nor shall a period of temporary employment preceding permanent status for which the employee elects to purchase service credit, in accordance with section 1:561. For an employee who does not return from a leave of absence, the break starts with the last day of pay status, except that for purpose of calculating the special window allowance in accordance with section 1:563 any period of approved unpaid leave granted an employee by the City shall not be considered a break in service. Member contributions shall be due and payable for any period of approved unpaid leave used in calculating an employee's special window allowance.
- (13) *Regular interest*. Such rate or rates of interest per annum, compounded annually, as the Board shall from time to time adopt.
- (14) *Accumulated contribution*. The sum of all amounts deducted from the compensation of a member and credited to the member's individual account to the annuity savings fund, together with applicable regular interest thereon.
- (15) *Compensation*. The remuneration, exclusive of fees, paid a member by the City for personal services rendered to the City. In case a member's remuneration is not all paid in money, the City Administrator shall fix the value of that part of the remuneration which is not paid in money. Compensation includes amounts deferred under a deferred compensation plan and any amount deferred in accordance with the City's Section 125 flexible benefits plan and/or a voluntary employees beneficiary association (VEBA). For purposes of the special window

allowance in accordance with section 1:563, compensation shall not include any retroactive payment for personal services rendered to the City.

(16) *Final average compensation.*

- (a) The average of the highest annual compensation received by a member during 3 successive years of service (excluding any breaks in service) within the last 10 years of the member's employment with the City;
- (b) If a member has fewer than 3 years of service, the final average compensation shall be the average of the annual rates of compensation for the total years of service. If less than 12 months of service was credited in a year, the compensation utilized for the year shall be annualized by dividing the compensation earned by the service credited;
- (c) Final average compensation may include compensation paid to a retirant for personal services rendered as a member prior to retirement in accordance with Section 1:564(5);
- (d) Notwithstanding the provisions of 16(a)--(c), final average compensation for purposes of the special window allowance shall be calculated in accordance with Section 1:563;
- (e) Final average compensation for purposes of the Section 1:563A Early Retirement Option Program shall be calculated in accordance with 16(a)--(c)

(17) *Annuity.* An annual amount derived from the accumulated contributions of a member, payable in equal monthly installments throughout the future life of a person.

(18) *Pension.* An annual amount, derived from money provided by the City, payable in equal monthly installments throughout the future life of a person or for a temporary period as provided in this chapter.

(19) *Retirement allowance.* The sum of the annuity and the pension.

(20) *Annuity reserve.* The present value of all payments to be made on account of any annuity. The annuity reserve shall be computed upon the basis of such mortality table and regular interest as the Board shall from time to time adopt.

(21) *Pension reserve.* The present value of all payments to be made on account of any pension. The pension reserve shall be computed upon the basis of such mortality and other tables of experience, and regular interest, as the Board shall from time to time adopt.

(22) *Pension contingency reserve.* A reserve in addition to the actuarially determined annuity and pension reserves for retirants and beneficiaries and is to be determined by the Board at an amount not to exceed 20% of the annuity and pension reserves for retirants and beneficiaries.

(23) *Early retirement age:*

- (a) Except as provided in (c), age 55 years for general City members;
- (b) Age 50 years for police officers and firefighter members;
- (c) Age 50 years for nonunion employees, or for union employees with collective bargaining agreements specifying age 50 as the early retirement age.

(24) *Voluntary retirement age:*

- (a) Age 60 years for general City members who entered or enter the employ of the City after December 31, 1953;
- (b) Age 55 years for police officers and firefighter members; or effective July 1, 2001, the age at which 25 years of credited service is acquired, whichever occurs first, for police officer and firefighter members;
- (c) Effective July 1, 2001, age 50 years or at such older age at which 25 years of credited service is acquired for nonunion employees or union employees for whom the benefits of this subsection are specified in a collective bargaining agreement.
- (d) Any combination of age and years of credited service which equals 75, for general City members who elect to retire under the provisions of section 1:563;

(25) *Social security salary.* A member's annual salary, or the portion thereof, which is subject to federal social security taxes.

(26) *Services area administrator.* As used in Sections 1:563 and 1:568, if an employee is employed in a unit or office that is not within a services area headed by a services area administrator, the term services area administrator means instead the city administrator, city attorney, administrator of the fifteenth district court, executive director of the housing

commission, executive director of the retirement system or executive director of the downtown development authority, as appropriate, who has responsibility for oversight of the office, unit or agency where the employee is employed.

(27) *Spouse*. As used in Section 1:569, the term "spouse" means the person to whom the deceased member or retirant was married at the termination of employment with the City.

Section 2. That Section 1:561 of Chapter 18 of Title I of the Code of the City of Ann Arbor is amended as follows:

**1:561. Service credit for retirement.**

(a) The Board shall fix and determine, by appropriate rules and regulations, the amount of service to be credited any member. In no case shall less than 100.8 hours for firefighting platoon personnel or 80 hours for all other personnel of service rendered in any calendar month be credited as a month of service, nor shall less than 8 months of service rendered in any fiscal year be credited as a year of service, nor shall more than 1 year of service be credited any member for all service rendered in any fiscal year.

(b) Should any person who while employed by the City be called or enlist, or was called or enlisted, in the military, naval, marine, air, or other armed service of the United States Government during time of war, or other national emergency recognized by the Council, and should said person be re-employed by the City within 90 days following the date of termination of required service, then such war service shall be credited as City service, provided that the employee returns to the annuity savings fund all amounts the employee may have withdrawn therefrom at the time of entrance into, or while in, such armed service, together with regular interest thereon from the date of withdrawal to the date of repayment, as provided in section 1:572(c). In any case of doubt as to period to be so credited any member, the Board shall have final power to determine such period. During the period of such war service, and until return to City service, the said person's contributions to the annuity savings fund may be suspended and the balance therein shall be accumulated at regular interest.

(c) A member may elect to receive service credit for periods of temporary employment leading directly to permanent employment with the City by agreeing to pay into annuity savings fund an amount equal to the contribution that would have been required if such person had been a member of the retirement system during the period of temporary employment. The election must be made within 30 days after obtaining permanent status. Temporary service in a student training or student intern program or on a contractual basis is not eligible for service credit under this section. This provision shall be effective for periods of temporary employment beginning after July 1, 1979.

(d) The Board shall maintain a service credit account for each member and, as of the end of each fiscal year, shall enter into the account the service credit earned in such year. The City shall provide the Board, or its designee, on an as needed basis earned service account data for a member.

(e) A member who has served in any armed service of the United States prior to their city employment shall be entitled to credited service for periods of active duty lasting 30 or more days, if each of the following conditions are satisfied:

(1) The member has at least 5 years of credited service, not including any credited service acquired for intervening military service under the provisions of subsection (b). Service time which has been purchased shall not be credited towards the satisfaction of a member's 5-year vesting requirement;

(2) The member submits a written application and supporting documentation to the Board of Trustees of the Retirement System;

(3) A member purchasing military service credit shall pay into the annuity savings fund 5

percent of the member's annual compensation multiplied by the period of credited service being purchased in accordance with the applicable rules and regulations as adopted by the Board of Trustees of the Retirement System. The purchase of military service can be completed with a one time lump-sum payment or fixed payments through payroll deduction at any time prior to retirement. Payments made to the Retirement System for the purchase of military service are not refundable in whole or part, nor will they be reimbursed to members under any annuity withdrawal option or in the event of termination of employment.

A) In the event of termination of membership in the Retirement System for reasons other than retirement, a former member who had previously entered into a fixed payment schedule or his or her beneficiary as may be appropriate, shall complete the purchase and pay all amounts due by means of a lump-sum payment within 60 days of termination. If payment in full is not completed within said 60- day period, the Board of Trustees' actuary shall calculate the amount of service to be credited based upon the amount of funds paid into the Retirement System at the time of termination;

B) A beneficiary has the option of purchasing military service credit based on a deceased member's period of military service by lump-sum payment within 60 calendar days after the death of an employee. An application for military service credit by a beneficiary must be filed with the Retirement System in compliance with all terms and conditions stated in this Section as if the military service credit had been purchased by the member.

(4) Military service can be purchased in increments of one month or more up to a maximum of 4 years.

(5) Credited service shall not be granted for periods of military service which are or could be used for obtaining or increasing a benefit from another federal, state or local publicly supported retirement system, except for service that is or would be credited under the federal government for service in the reserves; and

(6) Only military service of members who spent time in the armed services of the United States as indicated as active service on the member's military service separation papers (DD-214 or equivalent form) shall qualify for purchase. Active service for active duty training for the reserves or national guard program shall be creditable for purchase as military service credit. To be eligible, the individual shall have been discharged or released from active military service under honorable conditions.

(f) Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with IRC § 414(u) and Regulations.

(g) A member who retires under the Section 1:563A Early Retirement Option Program shall receive two years of additional service credit for retirement eligibility and benefit calculation purposes and may purchase additional service credit for eligibility and benefit calculation purposes in accordance with Section 1:563A.

Section 3. That Section 1:562 of Chapter 18 of Title 1 of the Code of the City of Ann Arbor is amended as follows:

**1:562. Voluntary retirement.**

(1) Any member with 5 or more years of service who has attained or attains voluntary retirement age for the member's classification, or any member with 20 or more years of service who has attained or attains early retirement age, may retire upon written application to the Board setting forth at what time, not less than 30 days nor more than 90 days subsequent to the execution and filing thereof, the member desires to be

retired. A member retiring under the Early Retirement Option Program of Section 1:563A may elect to waive the 30-day application restriction. Upon retirement, a covered member shall be paid a retirement allowance provided for in section 1:564(1)(a), and a noncovered member shall be paid a retirement allowance provided for in section 1:564(1)(b); except that the date of retirement for a covered or noncovered member who has elected to retire in accordance with the provisions of section 1:563 shall be determined by the City, with notice to the Retirement Board, as set forth therein and the retirement allowance paid shall be as provided in 1:563.

(2) Once a member satisfies the requirements for voluntary retirement, the member's right to a retirement allowance is nonforfeitable.

Section 4. That Section 1:563 of Chapter 18 of Title I of the Code of the City of Ann Arbor is amended as follows:

**1:563. Special retirement window allowance.**

(1) No member may receive a retirement allowance under this Section unless the following occurs:

(a) Member must elect to participate in the Special Retirement Window by filing the necessary documentation with the Retirement System commencing April 1, 2001 and ending August 15, 2001. Applications for retirement after August 15, 2001, will not qualify for an allowance under this Section.

(b) Member must be certified as eligible for retirement under either 1:552(23) or 1:552(24) on the member's date of retirement.

(c) Member's date of retirement must occur no later than August 31, 2002.

(2) For the purposes of this Section retirement benefits under the special retirement window allowance shall be calculated using the following definitions:

(a) *Final average compensation.* The highest rate of pay for any consecutive 12-month period during any one of the last 3 successive years of service prior to the member's date of retirement. FAC will not include any retroactive lump sum payments for personal services rendered to the City received during that year. FAC will include overtime payments and a 1/3 payout of accrued vacation, unused sick leave, personal leave, comp time, longevity, fire holiday pay benefits or such other accrued benefits for which the member qualifies for under the personnel rules and/or collective bargaining agreements and/or would have otherwise been included in the calculation of FAC for retirement allowance purposes under any other provision of this Chapter.

1) Rate of pay increases resulting from temporary promotions during the elected 12-month period will not be considered in calculating FAC under this provision.

2) Any firefighter member who receives a permanent promotion during the thirty-six months prior to his or her date of retirement which results in a reduction in regular work hours from 50.4 to 40 per week may, for purposes of the special retirement window only, elect to have his or her FAC based on the rate of pay at the date of retirement and total number of hours based on the 12-month period immediately prior to the date of promotion.

(b) *Retirement date.* Date of retirement shall be determined in consultation with the employee by the employee's services area administrator based on operational staffing needs

and shall be provided to the employee in writing. Employee will be required to acknowledge receipt of the decision. In any case where the employee wishes to dispute the date of retirement determined by his or her services area administrator, the employee may appeal the decision to the city administrator. Any appeal must be made within thirty (30) days of receipt of the notice of decision from the employee's services area administrator. The decision of the city administrator shall be final.

(c) *Credited service.* To the extent credited to the member by the Board of Trustees, credited service shall consist of the sum of a member's prior service, including military credit, and membership service.

- 1) Members may utilize reciprocal retirement credit pursuant to the Michigan Reciprocal Retirement Act (PA 88 of 1961, as amended) for purposes of complying with the service eligibility requirements under the provisions herein.
- 2) Reciprocal retirement credit shall not be utilized in the computation of a member's service retirement allowance.

Upon retirement, a member, who is eligible for voluntary retirement or early retirement as provided in section 1:552(23) or 1:552(24) respectively on or before August 31, 2002, and made application for retirement under this Section shall receive a straight life retirement allowance consisting of the following:

(3) An annuity which shall be the actuarial equivalent of the member's accumulated contributions in the annuity savings fund at the time of retirement.

(a) For covered members, a pension, which when added to the annuity, shall provide a retirement allowance of 2.5% of final average compensation as defined by this Section multiplied by the number of years of credited service and any fraction thereof.

(b) In the case of a noncovered member, a pension, which when added to the annuity, will provide a retirement allowance of 2.75% of the final average compensation as defined by this Section multiplied by the number of years of credited service and any fraction thereof.

(4) In the event a member retires prior to voluntary retirement age, the amount of the pension provided in paragraph 3 of this Section which would otherwise have been reduced if the member had received a retirement allowance under 1:564(2) shall be waived or the member shall receive an increase of ten percent (10%) in his or her final average compensation as defined in this Section, whichever is greater.

(5) In the event a member retires at voluntary retirement age under the provisions of this Section, the amount of his or her final average compensation used in paragraph 3 of this Section shall be increased by ten percent (10%).

(6) In the event that a member elected to retire under this section while rate of pay increases remain unresolved in collective bargaining for July 1, 2001, through June 30, 2002, and the member after his or her date of retirement receives a retroactive payment which is based on a rate of pay increase, the amount of the retirant's pension provided in paragraph (3) of this section shall be recomputed to the retirant's date of retirement based on the rate of pay in effect under the applicable collective bargaining agreement. The retirant may on receipt of the recomputation by the Retirement System make a one-time election to have FAC as defined by this section or FAC as defined in section 1:552(16) used in the calculation of his or her retirement allowance.

(7) Nothing herein is intended to limit the selection of allowance options provided for in 1:566 by a



member electing to retire under this Section.

(Ord. No. 24-01, § 2, 5-21-01; Ord. No. 43-04, § 8, 1-3-05)

**1:563A. Early Retirement Option Program for Eligible Members Represented by COAM and AAPOA.**

- (1) Retirement under the Early Retirement Option Program described in this Section is separate from a Section 1:563 special retirement window allowance and applies only to eligible members who are represented by the Command Officers Association of Michigan ("COAM") and Ann Arbor Police Officers Association ("AAPOA").
- (2) For purposes of determining a member's eligibility for a retirement allowance under this Section, the member shall receive two additional years of service credit, which also shall be used for calculating the amount of the member's retirement benefit in accordance with (5) below .
- (3) A member with at least five years of service credit under the Retirement system may purchase up to an additional three months of service credit for purposes of determining eligibility for a retirement allowance (but not the amount of the allowance) under this Section.
- (4) No member may receive a retirement allowance under this Section unless the following occurs:
  - (a) Member must elect to participate in the Early Retirement Option Program by filing the necessary documentation with the Retirement system commencing May 5, 2009 and ending June 19, 2009 Applications for retirement after June 19, 2009 shall not qualify for an allowance under this Section.
  - (b) Member must be certified as eligible for retirement under Section 1:562 (taking into account the additional two years of service credit for eligibility in (2) above and the purchase of any additional service credit for eligibility under (3) above for purposes of satisfying Section 1:552(24)).
  - (c) Member's date of retirement must occur no later than June 30, 2009, effective July 1, 2009.
- (5) The two additional years of service credit provided in (2) above shall be included when computing the amount of a member's Section 1:563A retirement allowance under Section 1:564.
- (6) A member also may purchase up to one additional year of service credit for purposes of computing the member's Section 1:563A retirement allowance under Section 1:564 (but not retirement eligibility).
- (7) For purposes of determining a member's retirement date no later than June 30, 2009, effective July 1, 2009, the date shall be mutually determined by the member in consultation with the member's service area administrator, based on operational staffing needs.
- (8) Any purchase of service credit under this Section 1:563A shall be at the full actuarial cost; a member's election to purchase service shall be submitted prior to retirement based on the good faith estimate prepared by the Retirement Board with the understanding that the final purchase cost shall be adjusted based on the member's final average compensation, calculated in accordance with Section 1:552(16)(e).

Section 5. That Section 1:564 of Chapter 18 of Title I of the Code of the City of Ann Arbor is amended as follows:

**1:564. Service retirement allowance.**

Upon retirement, unless a member has elected to receive a retirement allowance under section 1:563, a member shall receive a straight life retirement allowance consisting of the following:

- (1) An annuity which shall be the actuarial equivalent of the member's accumulated

contributions in the annuity savings fund at the time of retirement or, in the case of a member retiring under the provisions of section 1:565, an annuity which shall be the actuarial equivalent of the sum of (i) the accumulated contributions of the member at the time of termination from City employment and (ii) actual or hypothetical interest on such accumulation, from the time of termination to when pension income begins, at the annual interest rates approved by the Board for the annuity savings fund, but in no case less than the rates used to compute annuity and pension reserves.

(a) For covered members, a pension, which when added to the annuity, shall provide a retirement allowance of 2.5% of final average compensation multiplied by the number of years of credited service and any fraction thereof.

(b) In the case of a noncovered member, a pension, which when added to the annuity, will provide a retirement allowance of 2.75% of final average compensation multiplied by the number of years of credited service and any fraction thereof.

(2) In the event a member retires prior to voluntary retirement age, the amount of the pension provided in paragraph (1) of this section shall be reduced by one-third of one percent multiplied by the number of months and fraction of a month in the period from the retirement date to the date the member would attain voluntary retirement age. The provisions of this paragraph shall not be applicable to ordinary death benefits provided in section 1:567 or disability benefits provided in section 1:568, nor to members eligible for and who elect to participate in the "special retirement window" in accordance with the provisions of section 1:563 and whose retirements become effective between July 1, 2001 and August 31, 2002.

(3) A covered member who retires prior to the age the member becomes entitled to full social security benefits may elect to receive the straight life retirement allowance actuarially equated to provide an increased retirement allowance payable to the aforementioned age and a reduced retirement allowance thereafter. The increased retirement allowance, payable to such age, shall approximate the sum of the reduced retirement allowance to be payable after that age, together with primary social security benefits to which the member will be entitled.

(4) If a retirant dies before receiving straight life retirement allowance payments equal to the member's accumulated contributions at the time of retirement, as reduced by any election under section 1:566(2), the difference between said accumulated contributions and the aggregate amount of retirement allowance paid shall be paid from the pension reserve fund to such person or persons as shall have been nominated by written designation filed with the Board. If there has been no such designation, the difference shall be paid to the member's legal representative. No payment shall be made under this paragraph if the retirant has elected options I, II or III of section 1:566, except that under options II and III if both the retirant and the beneficiary die before receiving an aggregate amount of retirement allowance payments equal to the aforementioned accumulated contributions, the difference between said accumulated contributions and the aggregate amount of retirement allowance paid shall be paid from the pension reserve fund to the legal representative of the retirant or beneficiary, whoever died last.

(5) In the event a retirant is paid compensation for personal services rendered to the City as a member prior to retirement, such compensation for final average compensation purposes only, shall be considered as received by the retirant on the day prior to his/her effective retirement date. Member contributions, if otherwise applicable, shall be deducted from such compensation. The amount of the retirant's pension provided in paragraph (1) of this section shall be recomputed to the retirant's date of retirement if the payment of such compensation results in an increase in the retirant's final average compensation. No interest shall be payable to a retirant or beneficiary for benefits paid pursuant to this provision. The terms of this

provision do not apply to a member's retirement under 1:563 but do apply to retirement under 1:563A.

Section 6. This ordinance shall take effect on the tenth day following legal publication.