

City of St. Joseph Employees Retirement System Benefit Calculation Policy

Introduction

The City of St. Joseph Employees Retirement System Board may provide actuarial estimates of retirement benefits to its members to assist them with retirement planning. A final calculation is prepared at the time of retirement, but employees may wish to review an estimate before the time of retirement.

Employees can calculate an estimate on their own using a straight life calculation. However, to more accurately understand how selecting a benefit option will affect their benefit payments, the plan actuary must prepare an estimate using specific demographic and financial data for that member.

However, there is a direct cost to the system associated with each actuarially prepared benefit estimate, as well as the administrative time involved in processing these requests.

The Board has established the following benefit estimate policy to balance these interests, and allow members reasonable opportunities to obtain accurate financial planning information without excessive cost to the Plan.

Benefit Estimate Policy

1. Type of Benefit Calculations Provided.

A Final Benefit Calculation is the authoritative final determination of the benefit available to a retiring member. The Plan pays for a Final Benefit Calculation, and it is not optional. The Final Benefit Calculation is approved as follows:

- a. Service Retirement. The Final Benefit Calculation is prepared at the time of retirement.
- b. Deferred Retirement. The Final Benefit Calculation is prepared at the time the member begins to collect the deferred benefit.
- c. Disability Retirement. The Final Benefit Calculation is prepared upon determination of eligibility and Board approval of a disability retirement.

A Benefit Estimate is a preliminary calculation of the benefit that would be provided to a member for all pension options available to the member under the Plan, prepared as described in this policy.

2. **Circumstances Allowing for Plan Provided Benefit Estimates.** The Plan will provide and pay the costs of one Benefit Estimate per member, under the following circumstances:
 - a. **Service Retirement.** A member may request an estimate of a service retirement benefit if the member is eligible for a service retirement or will become eligible for a service retirement within one year.
 - b. **Deferred Retirement.** An estimate will be provided upon receipt of a member's application for deferred retirement; this is not optional.
 - c. **Disability Retirement.** An estimate must be prepared, upon request, upon receipt of a member's application for disability retirement. The final calculation is prepared after the required determination that the member qualifies for disability retirement.

The Board may provide additional Benefit estimates for a member if an administrative error resulted in an inaccurate estimate.

3. **Additional Benefit Estimates.**

In addition to the Plan-provided Benefit Estimates described above, a member may request a Benefit Estimate at any time at their own expense. However, Benefit Estimates may not be requested more than once within a six-month period unless additional Benefit Estimates are required within that same period by court order, to finalize a divorce proceeding, or in similar exigent circumstances.

4. **Procedure for Calculating and Receiving Estimates**

A pension benefit calculator is available to members to obtain an estimate of straight life benefits, and may be accessed on the City's website or obtained from the City's Human Resources Administrator. Benefit Estimates will be performed by the Plan actuary as described in this policy.

Member costs for a Benefit Estimate will be charged at the rate stated for a Benefit Estimate in the Plan's actuarial service provider agreement.

A Benefit Estimate is only a guide to assist a member in making decisions and is not a definitive statement of benefits.