Option 3 – Hybrid Plan

SWORN POLICE/FIRE OR GRADE 18 AND BELOW

	Defined Benefit	Defined Contribution	Social Security
Current Employees in Defined Benefit Plans	1.00 % Highest 3 year Average	2% mandatory, 6% voluntary (100% match)	No
Future Employees (sworn/grade 18 below)	No	8% voluntary (100% match)	Yes

GRADE 19 AND ABOVE

	Defined Benefit	Defined Contribution	Social Security
Current Employees in Defined Contribution	No	6% mandatory (100% match), 4% voluntary (50% match)	No
Future Employees (grade 19 and above)	No	4% voluntary (50% match)	Yes

SAVINGS First 5 years: $20-25M annually (City pension cost reduced to ~30% of payroll)

NOTE: Employees hired before 1984 will be unaffected

Option 3 – Changes for current employees in defined benefit and defined contribution plans

What Changes? – D.B. Plan

- Reduce Defined Benefit multiplier to 1%
- Employee DB contribution stays the same- 7% if no beneficiary, 8% with beneficiary
- Highest consecutive 3 year salary average applied for both past and future benefits
- Pension COLA on future accrued benefits is up to 1% maximum
- Mandatory 2% D.C. contribution and up to 6% voluntary contribution with 100% match
- May apply unused sick leave above 80 hrs to increase yrs of service as of 11/1/11
- No future application of sick leave in the defined benefit calculation

What Changes? – D.C. Plan

- Current D.C. employees mandatory contribution stays at 6% with 100% match
- Addition of voluntary D.C. up to 4% with 50% match (2% max)

What Stays the Same?

- Disability and survivorship benefits do not change for current or future employees
- No change in vacation calculation or application to pension benefits
- No change in retirement age
- No change in vesting period
- No change in retiree pension

NOTE: Employees hired before 1984 will be unaffected

Option 3: Public Safety Benefits assuming 14% employee contribution and 2% salary growth

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Public Safety Employees–Benefit Analysis

Years of Service as of change date	1 year	5 years	10 years	15 years	20 years	25 years	30 years
Salary at start	$33,000	$30,130	$25,990	$22,400	$19,340	$16,682	$14,352
Salary today	$33,000	$34,456	$42,390	$51,000	$60,000	$65,000	$70,000
Salary at retirement	$56,335	$56,776	$64,279	$65,983	$70,309	$68,988	$70,000
TODAY							
Current plan benefit per year	$45,068	$45,421	$51,424	$52,786	$56,247	$55,190	$56,000
PROPOSED FUTURE							
Legacy Defined Benefit Portion	$1,690	$8,516	$19,284	$29,692	$42,185	$51,750	$56,000
New Defined Benefit Portion	$16,337	$14,194	$12,856	$9,897	$7,031	$3,449	-
Defined Contribution benefit per year	$17,550	$14,281	$11,937	$8,496	$5,598	$5,511	-
Total Retirement Benefit per year	**$35,577**	**$36,991**	**$44,077**	**$48,086**	**$54,805**	**$57,734**	**$56,000**
DIFFERENCE IN DOLLARS	$(9,491)	$ (8,430)	$(7,347)	$4,700)	$(1,442)	$2,544	0
DIFFERENCE IN PERCENT	-18.86%	-18.56%	-8.90%	-8.90%	-2.56%	3.58%	0.00%

NOTES: All calculations assume total 14% employee contributions (8% DB + 6% DC) and salary growth of 2% in the future. Defined contribution benefits assume a 5% return rate and conversion of lump sum payment into a lifetime annuity.

Option 3: General Employee Benefits assuming 14% employee contribution and 2% salary growth

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General Employees–Benefit Analysis

Years of Service as of change date	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**	**25 years**	**30 years**
Salary at start	$20,000	$19,400	$18,650	$18,696	$16,127	$13,911	$12,000
Salary today	$20,000	$20,600	$22,333	$35,253	$39,000	$49,775	$61,000
Salary at retirement	$34,142	$33,119	$32,854	$45,609	$45,701	$52,829	$61,000
TODAY							
Current plan benefit per year	$25,607	$24,839	$24,640	$34,207	$34,276	$39,621	$45,750
PROPOSED FUTURE							
Legacy Defined Benefit Portion	$854	$4,140	$8,213	$17,104	$22,850	$33,018	$45,750
New Defined Benefit Portion	$9,901	$8,280	$6,571	$6,841	$4,570	$2,641	-
Defined Contribution benefit per year	$11,211	$8,331	$6,101	$5,872	$3,633	$1,941	-
Total Retirement Benefit per year	$21,966	$20,751	$20,885	$29,817	$31,053	$37,600	$45,750
DIFFERENCE IN DOLLARS	$(3,641)	$(4,088)	$(3,755)	$(4,390)	$(3,223)	$(2,021)	-
DIFFERENCE IN PERCENT	-14.2%	-16.5%	-15.2%	-12.8%	-9.4%	-5.1%	0.00%

NOTES: All calculations assume total 14% employee contributions (8% DB + 6% DC) and salary growth of 2% in the future. Defined contribution benefits assume a 5% return rate and conversion of lump sum payment into a lifetime annuity.