WELCOME TO THE
CITY OF OMAHA EMPLOYEES RETIREMENT SYSTEM (COERS)

Cash Balance Plan
Employees hired after March 1, 2015

Full-time employees contribute a portion of their wages into the City of Omaha Employees Retirement System (COERS). The City will also make contributions into COERS to help fund the investments that will provide future pension benefits.

When retirement criteria are met and the employee stops working for the City, the employee will have pension payment options similar to annuity options. The benefit options will be based on the "Cash Balance Account" that will record the pay credits, interest credits, and dividend credits. The option selected will determine the pension amount and survivor payments.

Participation

All full-time non-sworn employees are required to participate in the City of Omaha Employees Retirement System (COERS) as a condition of employment.

Elected officials (Mayor and City Councilmembers) have an option to participate: Elected officials are encouraged to provide written direction on whether they wish to participate as soon as possible after investiture.

Contributions by Employee

The percentage of pay that is contributed into COERS is set by labor agreement or the Omaha Municipal Code. Employee contributions cannot be more or less than the identified amount. Beginning January 1, 2022, the employee contribution is 10.13% of pensionable earnings. [There is a voluntary Deferred Compensation Plan (457) for employees who wish to set aside additional money.]

Contributions are made pre-tax as allowed by the IRC §414(h).

Cash Balance Account

There are no individual accounts and the employee does not have any claim to any particular asset of the COERS. Statements are produced annually to show the value of the nominal account. Pension statements can be retrieved through E-Finance.

On the last day of each plan year; i.e., December 31st, each employee receives a pay credit to his/her Cash Balance Account equal to the following percentages of his/her pensionable earnings of the preceding year based on the following years of service:

Pay Credits

Years of Service	Percentage
Less than 8 Years	13%
8–15 Years	14%
16-23 Years	15%
24 or More Years	16%

Interest Credits

On the last day of each plan year, each employee shall receive an interest credit for that plan year based on the balance at the beginning of the plan year. A guaranteed interest credit of four percent (4%) each complete year.

Dividend Credits

An additional credit above the guaranteed interest may be given each year, depending on how the investments of the pension fund did that year. Dividend credits are calculated on the investment return that is over seven percent (7%) on a rolling five (5) year return using market value of assets. This is presented annually at the April COERS pension board for the prior year for approval.

Service Credit

Service credit is earned for each pay period of paid employment in which contributions are made into the COERS. An adjustment is made to the date of pension membership for any employee who takes leave without pay greater than thirty (30) consecutive days [Local 251] or two consecutive pay periods [CMPTEC, Functional, or AEC].

Service credit is granted for military service as long as the member reenters the service of the City within ninety (90) days from the date of termination of active military service. The maximum period of time allowed for military service is five (5) years.

Former Employees Who Are Rehired

If a former employee took a refund of their pension contributions, and is subsequently rehired, he or she will be considered a new member of the pension plan. The former employee can receive prior service credit in the cash balance plan by paying in a lump sum the refunded contributions and interest established by COERS. The reimbursed amount, including interest, will be considered the balance of the employee’s Cash Balance Plan account at the beginning of the year that the reimbursement is made.

Any such lump sum payment shall be made by the end of the employee's probationary period of employment or 6 months, whichever period is shorter. If such payment is made, the employee will receive credit for the prior period of employment for purposes of pension membership. The Board of Trustees of the COERS has established that the reimbursement interest rate will be the annual interest rate earned by the System for those years that the employee was not a member of the system.

If a rehired employee participated in the pre-cash balance traditional defined benefit plan (prior plan) and did not take a refund, he or she will continue to participate in the prior plan.

Service Retirement

An employee is eligible for a normal service retirement at the following points:
1. Age 55 with ten (10) years of service [Early Retirement].
2. Age 65 with five (5) years of service [Normal Retirement].

Retirement Pension Options

1. Single life annuity;
2. Life annuity with 10 years certain;
3. Life annuity with 15 years certain;
4. Joint & 50% Survivor annuity;
5. Joint & 75% Survivor annuity; and,
6. Joint & 100% Survivor annuity.

The annuity conversion factor is 5% interest and RP 2000 projected to 2034 with a male/female blend of 67%/33%.

<u>Lifetime Individual Pension</u>
The single life annuity allows the member to receive a monthly pension benefit for the member's lifetime.

<u>Lifetime Pensions with Years Certain for Beneficiary</u>
Lifetime annuity made to the member. If the member passes away before the term selected, the beneficiary shall receive the benefit for that term. Monthly payments are certain for 10 or 15 years to the assigned beneficiary.

<u>Lifetime Pensions with Spousal Pension %</u>
Monthly payments will be made as long as the member or spouse are alive. The payments are guaranteed to the spouse at the percentage selected-100%, 75% or 50%.

Vested

An employee has a vested interest in his/her Cash Balance Account after five (5) years of service with the City. This means that a former employee has the right to a future pension/annuity benefit when the employee reaches retirement age as long as the employee did not take a refund.

Vested employees who leave City service, would continue to receive interest credits into the Cash Balance Account until they elect an early retirement after reaching the age of 55 (with 10 years of service) or a normal retirement at age 65.

Refund

A former employee who takes a refund will receive their own contributions plus 4% interest. Such request for a refund must be submitted to City Human Resources for approval by the COERS Board of Trustees.

Partial refunds are not allowed and account funds may not be accessed unless the employee has separated from the City of Omaha and the final pay period has ended.

No Loans

Loans and use of collateral are not allowed.

Disability Benefits

Members who become permanently unfit for duty and who cannot be reasonably accommodated by the City can be eligible for a disability retirement. There are two (2) types of disability retirement:

1. Service Connected. The illness or injury was sustained in the line of duty. Minimum service is 6 months (13 pay periods). The calculation uses the Final Average Compensation (FAC) multiplied by the years of pension service credit multiplied by 1.75%.
2. Non-Service Connected. The illness or injury was not sustained in the line of duty. Minimum service is 5 years (130 pay periods). The calculation uses the Final Average Compensation (FAC) multiplied by the years of pension service credit multiplied by 1.5%.

Both types of pension are reduced 100% by the initial Social Security Disability Award (SSDA) if it is for the same disorder for which the disability pension was granted. The pensioner's request for a SSDA must include the disorder that the COERS Board identified as disabling. Application for a SSDA is a requirement following approval by the COERS Board.

Service connected disabilities are reduced 100% by workers compensation payments for the same disorder that the COERS Board identified as disabling.

A disability pension converts at age 65 to a service retirement that uses the Cash Balance Account. The disability retiree continues to accumulate pay credits and interest credits while on the disability pension.

Death Benefit

A $5,000 death benefit would be paid by COERS for active, vested, or retiree members.

Vested Member who has not started drawing a pension

The surviving spouse would be entitled to receive the full cash balance account payable as a lump sum. If there is no eligible surviving spouse, eligible children would receive the full cash balance account payable as a lump sum.

Non-Vested Member

The surviving spouse would be entitled to receive the employee's contributions plus 4% interest. If there is no eligible surviving spouse, the payment would be made to eligible children.

Divorce

Contributions accumulated during marriage likely would be considered a marital asset. If you divorce before or after retiring, a former spouse may be able to receive part of your benefit or contributions. Please seek legal counsel.

No withdrawal or division of the Cash Balance account can be made while the employee is actively employed.

When employment ends and a benefit is elected, a former spouse may be awarded by a court a percent of a refund or each monthly benefit.

<u>PENSION – HIRED PRIOR TO 3/01/2015</u>

Employees Hired Before 03/01/2015 or former employees who did not take a refund participate in the Prior Plan and become eligible to retire at the following points:

Vested after participating for 5 years.

Employees' pensions are based on their 3-year high period (final average compensation) and years of pension service credit using formulas.