City of Omaha – Division of Pension Assets

Below is general information that should be considered in a division of pension assets.

The City of Omaha has two retirement systems for its full-time employees:

1. The City of Omaha Police & Fire Retirement System (COPFRS) for sworn police and fire positions; and
2. The City of Omaha Employees Retirement System (COERS) for all civilian positions.

Both plans are defined benefit plans with mandatory participation by active, full-time employees. The contribution rate is set by the employee's respective union contract and/or City ordinance. Basic plan provisions are found in Chapter 22 of the Omaha Municipal Code. The Code is available at www.municode.com. Other provisions may be found in the employee's union contract.

As governmental plans, the City of Omaha's pension plans are not subject to ERISA and do not recognize qualified domestic relations orders (QDRO). The City recognizes divorce decrees and court orders that comply with the system plan for a division of assets if the employee/retiree consents to payments to the former spouse. Below is information regarding payment options.

Lump Sum Payments

Loans and withdrawals during active, full-time employment are not allowed. Employees can receive a refund of pension contributions and earned interest when:

1. The employee terminates his or her employment with the City of Omaha; and
2. The employee requests a refund of his or her pension contributions and interest his or her contributions earn.

Non-vested former employees may retain their contributions in the system for a certain period of time whereupon a distribution from the system may occur. Distributions may take the form of:

1. Cash refund subject to tax withholding and penalties for early distributions; or
2. Rollover into another qualified retirement savings vehicle.

Vested former employees may retain their contributions in the system indefinitely. Vested former employees may take a refund at any time before the pension begins.

If a former spouse has a court document that divides a refund, please clearly identify the full dollar amount or percentage that is to be directed to the former spouse. A former spouse that receives a portion of a refund would have the same distribution rights as the former employee.

Pension Payments

If a former employee starts to receive a regular (service retirement) pension, the pensioner will receive monthly benefits for the remainder of his or her life. Pension payments commence only upon retirement. The pensioner will not receive a large, lump sum pension payment that could be directed to a former spouse. If the pension is divided, please address the following within the decree:

1. The duration of the payments to the former spouse;
2. An identified amount or percent of the monthly pension payment to be directed to the former spouse;
3. The start date of the pension split.

Participation in Deferred Retirement Option Program (DROP) – *Police & Fire only*

This is only an option for sworn police and fire employees and participation is totally voluntary. For those participating in DROP (up to 5 years), the employee's pension will be calculated prior to entering into DROP. When they enter into DROP, the employee will continue to work for the City and continue to pay into the pension system. They will not receive any additional service credit for the time that they pay into the pension system and are in DROP. At the end of the DROP period, they will receive a lump sum payment equal to the retirement benefit that they would have received if they had retired the day before their DROP election and had been collecting their service pension plus any interest set by the Pension Board during the DROP period. *(For example, if my pension was $6,000 a month, after 5 years, I would receive a lump sum payment of $360,000 plus cost of living increases and any interest award)*

In any decree/order, you will need to account for the potential that the employee may participate in the DROP, including providing direction on how the DROP proceeds should be distributed and to also account for the payments into the pension system while the person is in DROP.

Providing Contact Information of the Former Spouse

The City of Omaha will add the former spouse into our payroll system as a separate record and be paid directly. To administer benefits to the former spouse, contact information must be provided by counsel. The following forms must be completed: Application for Pension, W4-P for tax withholding and Direct Deposit form. Please provide a current address, phone number and email address of the former spouse to avoid a delay of payment.

Please note that a former spouse would not be eligible for a widow's pension and would not be able to receive all or a portion of a widow or child pension. If a pensioner dies without a widow or child eligible for a survivor pension, a lump sum payment of remaining contributions would be due the named beneficiary of the pensioner. In a typical scenario, all contributions have been distributed to the pensioner within a few years after retirement.

Contacts: Bernard in den Bosch at (402) 444-5022 or Lori Miller at (402) 444-5305 for additional information. Please provide divorce decrees to: lori.miller@cityofomaha.org, 30 days prior to commencement.