



Houston Municipal Employees' Pension System

PRESENTED BY HOUSTON MUNICIPAL EMPLOYEES' PENSION SYSTEM



Presenters



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NEW EMPLOYEE ORIENTATION

• GROUP D •

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HMEPS



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(713) 595-0100



www.hmeps.org



Total Plaza
1201 Louisiana,
Suite 900

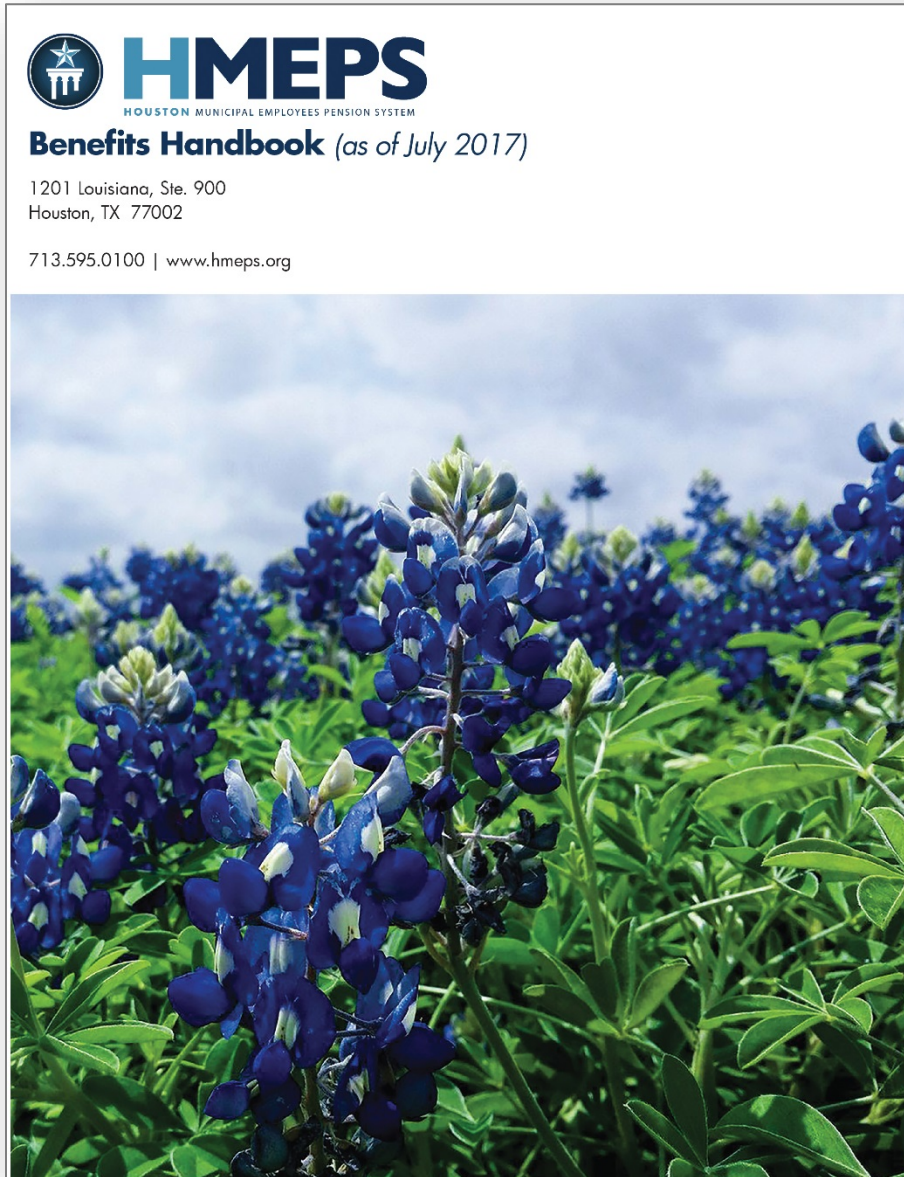
“Defined Benefit Plan”

- Governed by state statute and the Internal Revenue Code
- Retirement plan where benefits are calculated using a formula based on salary, length of service and applicable accrual rates

Benefits Handbook

For online access or to print your own Benefit Handbook go to www.hmeps.org.

1. Go to the website.
2. Select the **Resources** tab.
3. Select **Publications**.
4. Select **Benefits Handbook**.



GROUP D ORIENTATION



Originally hired before 1/1/2008

Originally hired after 1/1/2008

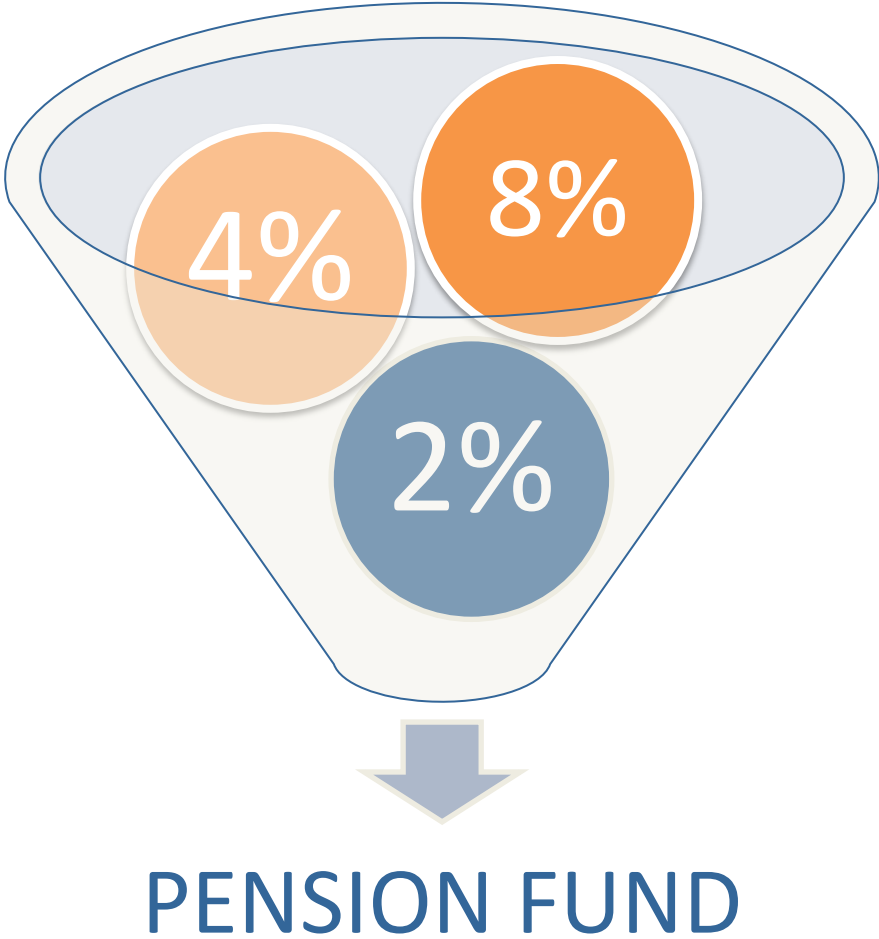
This Presentation provides a brief overview of Group D of the HMEPS pension plan. If you are or were a Group A or Group B member, please contact HMEPS directly for information on Group A or Group B participation.

Employee Contributions

A

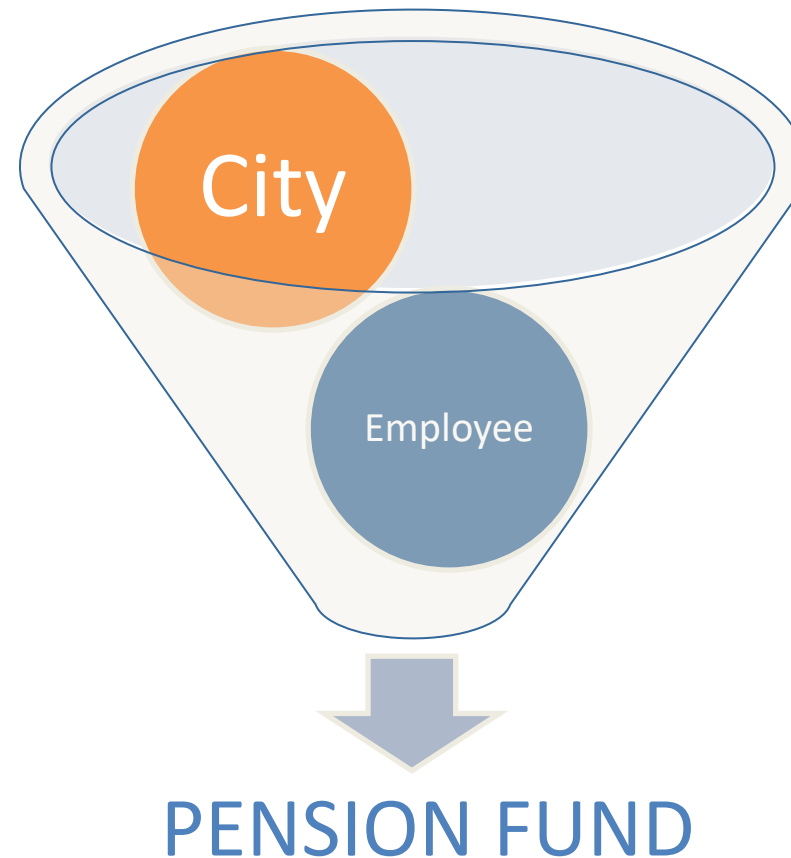
B

D



Employer Contributions

The City of Houston makes annual contributions to the HMEPS plan in amounts determined in a statutory Risk Sharing Valuation Study process



Retirement Types

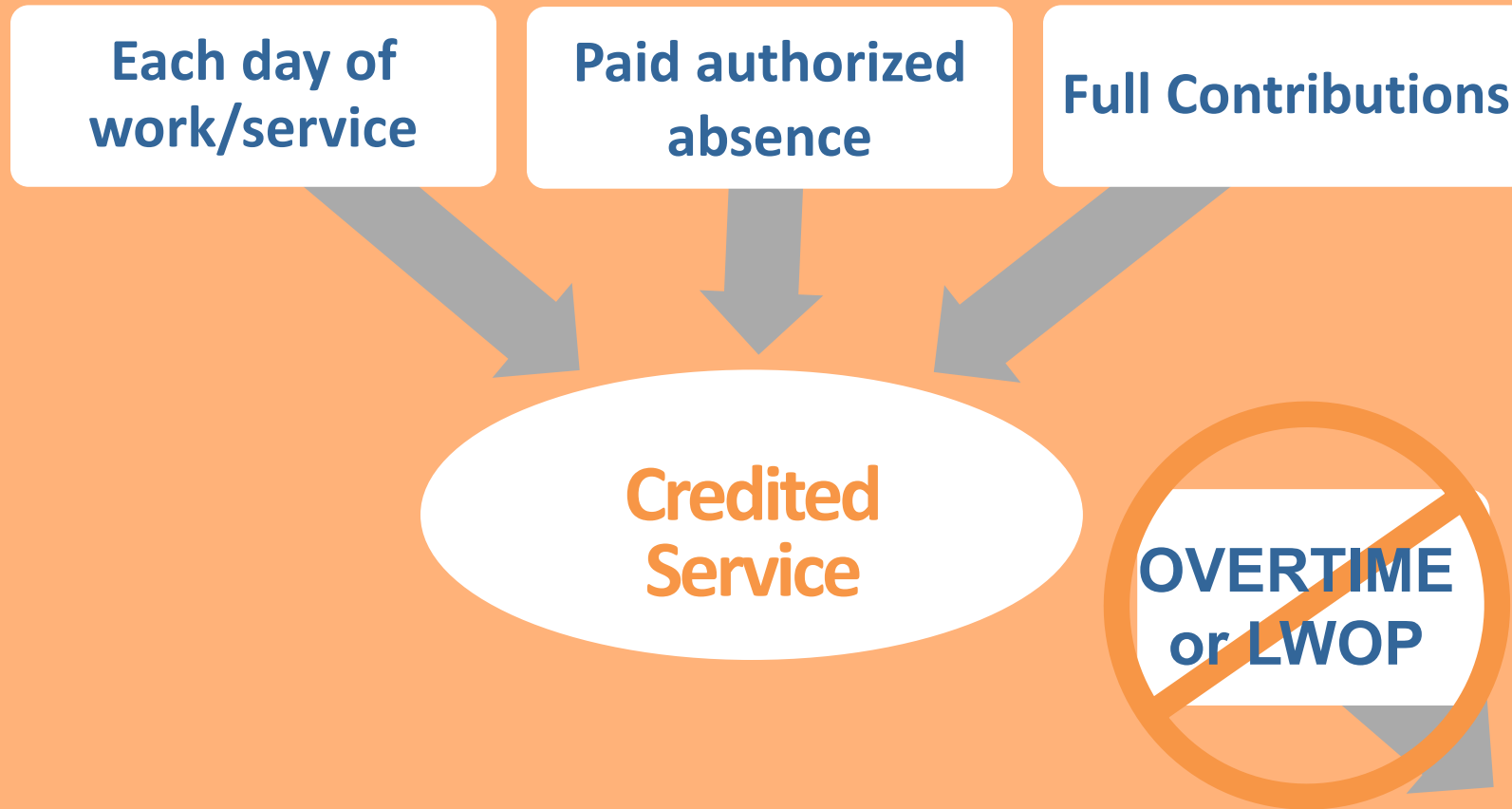
| | Disability | Early Reduced* | | Normal |
|----------|----------------|----------------|----------------|--------|
| Eligible | Board Approval | 55 & 10 | 5 & Rule of 75 | 62 & 5 |

**Reduction is 0.25% per month (3% each year) under age 62*

PENSION CALCULATION



CREDITED SERVICE



ACCRUAL RATES

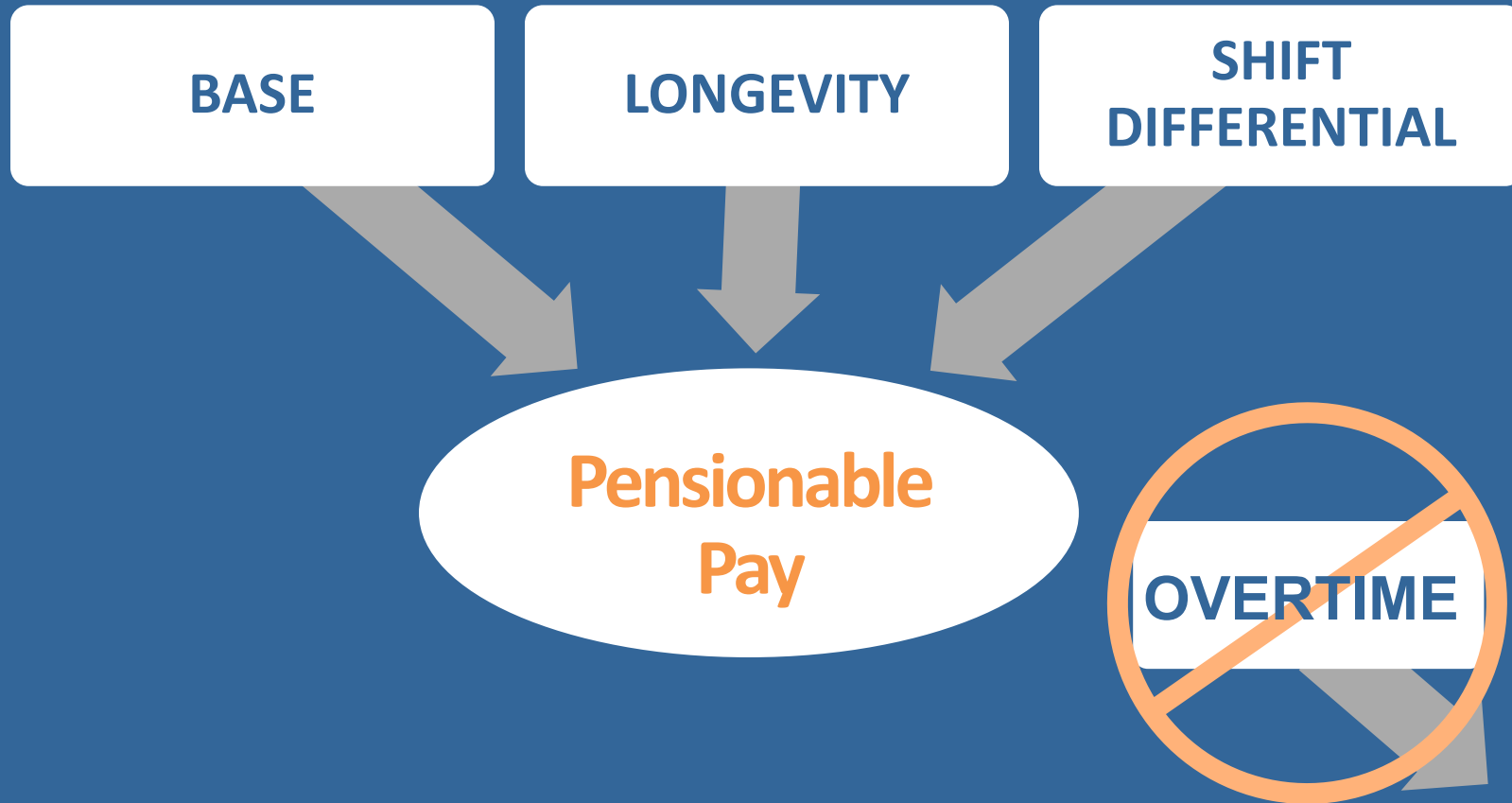
| Group | 1-10 | 11-20 | 20+ |
|-------|-------|-------|-------|
| A | 2.50% | 2.50% | 3.25% |
| B | 1.75% | 2.00% | 2.50% |
| | 1-25 | | 25+ |
| D | 1.80% | | 1.00% |

AMS

Average Monthly Salary

The average of your highest 78 bi-weekly
“pensionable pay” periods converted into a monthly amount

Pensionable Pay



ACCRUAL RATE

| | | |
|------------------|---|---------------------|
| Years of Service | | 10 |
| Accrual Rate | × | 1.80% |
| Accrued Benefit | | <hr/> 18.00% |

BENEFIT AMOUNT

| | | |
|-----------------|---|-----------------------|
| AMS | | \$4,000 |
| Accrued Benefit | × | 18.00% |
| Pension Amount | | <hr/> \$720.00 |

EARLY RETIREMENT BENEFIT

*Benefit reduced by 3% per year under age 62

| | |
|------------------|-----------|
| Pension Amount | \$ 720.00 |
| Early Retirement | — 21.00% |
| Total Pension | \$ 568.80 |

Qualifying under the 55 & 10 rule

Disability Retirement

ON-DUTY

(Service)

- No minimum YCS
- 20% of AMS on date of injury/illness or
- Accrued pension amount

- Minimum 5 YCS
- Accrued pension amount

OFF-DUTY

(Ordinary)

Optional Annuity

- Normal:** No beneficiary/no reduction
- 10-year:** Pension reduced based on participant's age
- 50% J&S:** Pension reduced based on age difference
- 100% J&S:** Pension reduced based on age difference



If no election is made, deemed to have elected 50%J&S for surviving spouse

Survivor Benefits

| YCS | Employment Status at Death | Recipient | Payable Date |
|-----------|---|--|------------------|
| ANY | Active: On-Duty Death | 80% final average salary paid to surviving spouse | IMMEDIATELY |
| 5 OR MORE | Active: Off-Duty Death | 80% of accrued pension paid to surviving spouse **50% if married less than one continuous year | |
| | Separated from service: Election made | Elected Annuitant Options: • 50% J&S • 100% J&S • 10-yr. Guarantee • Normal (no benefit) | Upon Eligibility |
| | Separated from service (deferred): No Election | Deemed to have elected 50% J&S for surviving spouse | |

Reduction Example

Original Monthly Benefit: **\$720.00**
 Employee Age: **62**
 Age Difference: **0**

| | | | |
|---------------------------|------------------|------------------|------------------|
| Annuity Option: | 50% | 100% | 10 Year |
| Reduction Rate: | 90.00% | 83.00% | 96.80% |
| Reduced Benefit Amount: | \$ 648.00 | \$ 597.60 | \$ 696.96 |
| Annuitant Benefit Amount: | \$ 324.00 | \$ 597.60 | |

Reduction Example

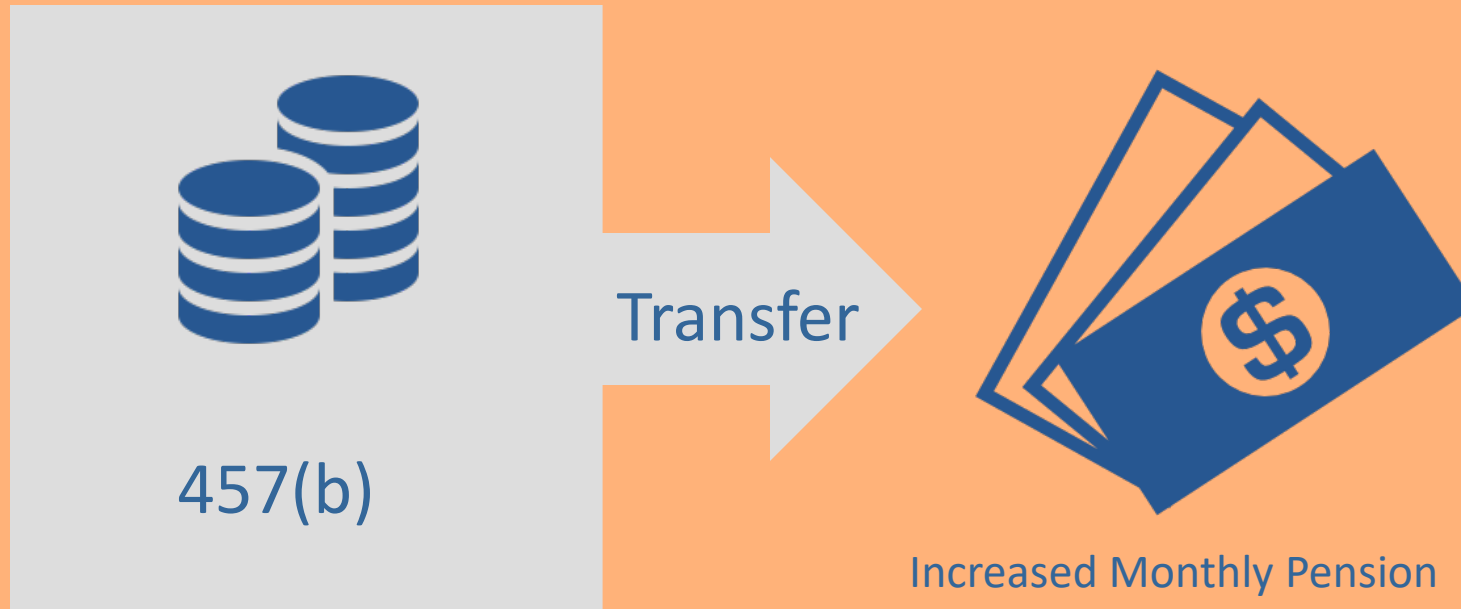
Early Reduced Benefit: **\$ 568.80**
 Employee Age: **55**
 Age Difference: **0**

| | | | |
|---------------------------|------------------|------------------|------------------|
| Annuity Option: | 50% | 100% | 10 Year |
| Reduction Rate: | 90.00% | 83.00% | 98.70% |
| Reduced Benefit Amount: | \$ 511.92 | \$ 472.10 | \$ 561.41 |
| Annuitant Benefit Amount: | \$ 255.96 | \$ 472.10 | |

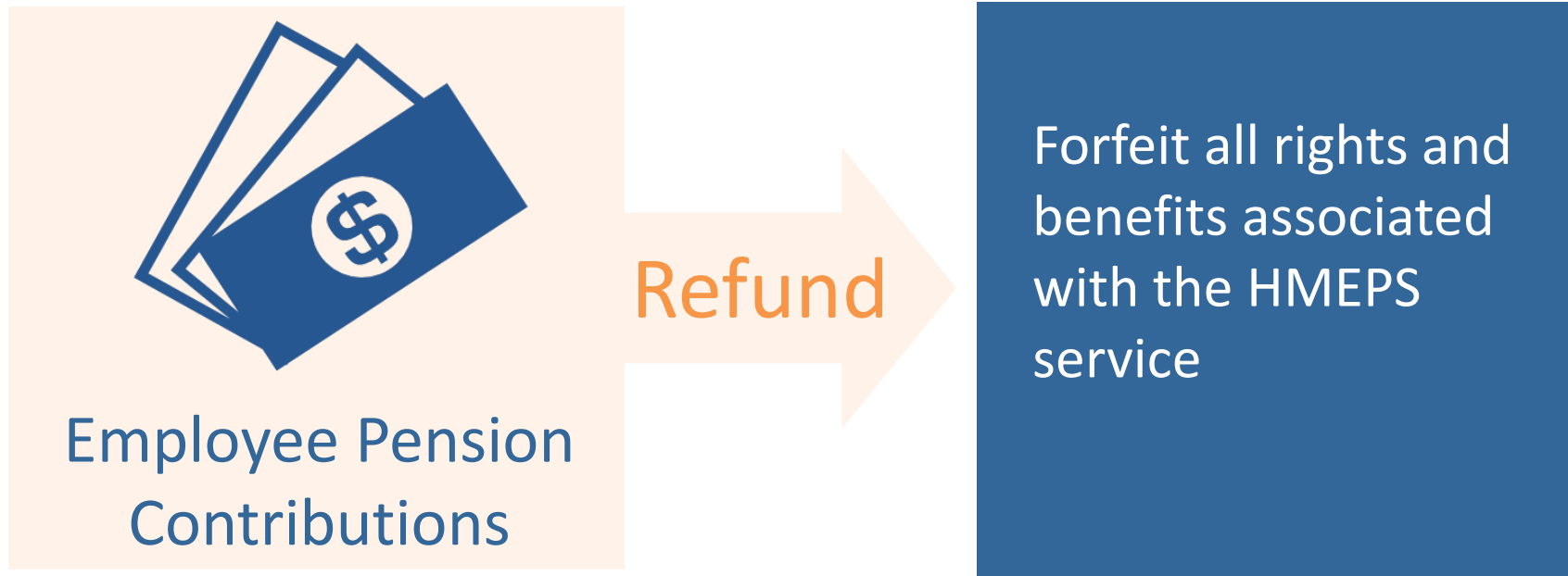
CASH BALANCE ACCOUNT



ENHANCED BENEFIT



Withdrawal of Contributions



Less than 5 Years of Service

Refund of Employee Contributions

- Receive employee contributions paid into the HMEPS plan
- Forfeit all rights and benefits associated with the HMEPS service

Keep Contributions at HMEPS

- Can return to work in an HMEPS-covered position and use the previous service to attain the 5-year eligibility
- No time limit on when you can request a refund in the future

Questions???

• Thank you for being here! •