

From Jenn Palencar:

Attached is the current PMRS Plan from 1998 and the proposed re-statement to take effect 01/01/2023. PMRS requires all municipalities to periodically re-state the pension plan to be in accordance with IRS tax law. This is an opportunity to add clarification to current practices/policies and to add/remove plan options.

Headlines:

- No change to the member contribution rate, still 7.5% of gross wages
- No change to vesting/full retirement requirement: 12/20 years of credited service
- No change to minimum retirement age: 55 years old

The IRS redefined certain employment terms in 2017 which resulted in PMRS asking each municipality to re-state their plan:

- Definition of a Full Time Employee: Permanent FT regularly scheduled for (40) or more hours per week. [1.35 Page 3](#)
- Definition of a Part Time Employee: Permanent PT regularly scheduled for (1) or more hours per week. [1.35 Page 3](#)

Clarifications on current practices the Finance Dept would like to see enumerated in the 2023 re-statement that were not defined in the 1998 version:

- Defining Pensionable Compensation [1.23 page 1-2](#)
 1. To exclude wage adjustments (e.g., severance payouts).
 2. To exclude Allowance for Meals and Allowance for Clothing and/or Equipment.
- Clarifying that Part Time Permanent employees have mandatory membership in the pension plan. [1.35 Page 3](#)
- Clarifying that In-Service Distributions are Not Allowed. This means that a retired employee pulling a monthly pension check cannot return to work for the city as a FT or PT Permanent employee *and* continue to collect on their pension. [1.61 Page 4](#), [10.05 Page 16](#), [10.06 Page 17](#) & [11.01 Page 17](#)

Changes to the plan and/or current practices recommended by the Finance Dept.:

- Defining Pensionable Compensation [1.23 page 1-2](#)
 1. To begin including un-used sick and vacation lump sum payouts in pensionable wages. Upon retirement or separation from the City, an employee's wages from the last 4 quarters and corresponding member contributions must be reported to PMRS. Including these lump sum payouts is a benefit to retiring employees as these wages will now be included in their pension calculation. Eff 2023, the payroll office will begin to withhold the 7.5% contribution from these payouts. [1.23 Page 1-2](#)
- Extending the deadline that a returning employee must decide to purchase previous credited service from 90 days to 180 days. This Repayment of a Member Account allows an employee who left the City prior to vesting to return to work for the City and resume the vesting/retirement clock (12 years or 20 years). Within 90 days, the returning employee had to decide if this decision is best for their lifestyle, re-enroll in the pension plan, wait for PMRS to certify the amount owed (the response from PMRS can take upwards of 30 days), request a withdrawal of these funds from their IRA/retirement account, receive the check and then forward it to PMRS. [4.08 Page 8](#)

- PMRS added 2 pension benefit options to the choices they offer. We have agreed to pass these options along to retiring employees. These benefit options were designed by PMRS to address employees facing a terminal illness with dependents and have a de minimis effect on the health of the pension fund. [10.02 Page 15](#)
 1. Single Life Annuity with (10) Years of Certain Payments
 2. Single Life Annuity with (20) Years of Certain Payments

If you have any questions about the re-statement, please let me know. PMRS requested that the City re-state the plan to take effect 01/2020. They are urging us to take action as soon as possible. Once approved by City ordinance, the plan must go before the Pension Board of Directors. Their next quarterly meeting is Dec 15th, 2022.