

# **Retirement Plan and Trust Agreement of the Police Department of the City of Aurora**

## **Summary Plan Description**

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**Revised January 1, 2023**

# Introduction

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The City of Aurora (the City) established this Retirement Plan and Trust Agreement of the Police Department of the City of Aurora (the Plan or retirement Plan) effective January 1, 2022. This Plan is intended to provide eligible employees and their beneficiaries with an income for life upon retirement. It is designed to be part of your financial security, in addition to Money Purchase Pension Plan benefits and income from personal savings.

This Summary Plan Description describes the Plan rules and benefits as of January 1, 2022. If you retired or ended employment with the Aurora Police Department before January 1, 2022, you are not eligible to participate in this Plan.

The City of Aurora and eligible employees who become Plan members jointly make contributions designed to provide benefits under the Plan and pay administrative costs and fees to operate the Plan.

The Plan is administered by a Plan Administration Committee. See page 24 for more details.

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## Important Contacts

For Information About...	Contact...
<ul style="list-style-type: none"><li>• Estimating your benefit</li><li>• Purchasing credited service</li><li>• Payment options</li><li>• When you can retire</li></ul>	Innovest Phone: 303-221-5900 Email: <a href="mailto:apdretire@innovestinc.com">apdretire@innovestinc.com</a> Web: <a href="https://www.apmppp.org">https://www.apmppp.org</a>
<ul style="list-style-type: none"><li>• Participating in the Deferred Retirement Plan Option (DROP)</li><li>• Starting your pension payments</li><li>• Payment issues once you are receiving a benefit, including direct deposit and tax withholding for Form 1099-R</li></ul>	Milliman Phone: 866-221-3124 Email: <a href="mailto:benefits.wi@milliman.com">benefits.wi@milliman.com</a> Web: <a href="https://www.marcweb.com/PlannerAPD">https://www.marcweb.com/PlannerAPD</a>

## If Your Address or Phone Number Changes

It is important to keep your current address and phone numbers on file up to date. If this information changes, contact:

- Human Resources, if you are actively employed with the Police Department, or
- Plan Administration Committee, if you are retired or no longer employed by the Police Department.

# Highlights

The Plan pays a monthly income at retirement, with death benefits available to your beneficiary. Here are some key features of the retirement Plan (described in more detail throughout this booklet):

- Your benefit is funded by contributions from both the City of Aurora and you
- You can retire and qualify for a pension benefit:
  - At normal retirement age 65 with at least five years of vesting service or under the “rule of 80” (at least age 50 and age plus years of credited service equal 80 or more)
  - As early as age 50 with at least five years of vesting service
- You are fully vested after five years of vesting service or upon reaching your Normal Retirement Age while employed by the Police Department, if earlier
- You qualify for a deferred vested benefit if you are vested and leave the Police Department before reaching normal or early retirement age
- Benefits may be reduced if your payments begin before your normal retirement age
- Forms of payment include:
  - Single life annuity
  - 50% or 100% joint and survivor annuity
  - 50% or 100% joint and survivor annuity with “pop-up” option
- If eligible, you have the option to delay retiring and receive some of your retirement benefit as a lump sum cash payment through the Deferred Retirement Option Plan (DROP)
- Death benefits could be paid to your beneficiary if you die after becoming vested and before you begin receiving benefits from the Plan (provided you meet the requirements outlined in *Survivor Benefits* starting on page 18)
- If you become disabled while an employee (and you are not participating in the DROP), you generally will receive a refund of your Contribution Accumulation (your member contributions plus 2½% interest) when your employment ends

This Summary describes benefits in effect January 1, 2022. However, benefits are subject to change.

Although this Summary includes certain key features and brief summaries of the Plan, it does not provide detailed descriptions. If you have questions about specific Plan provisions, contact Innovest at 303-221-5900.

We have made every attempt to ensure the accuracy of this information. However, if there is any discrepancy between this summary and the plan document or other legal documents, the plan document and other legal documents will govern.

## Eligibility to Participate

To be eligible to participate in the Plan, you must be employed by the City of Aurora Police Department on or after January 1, 2022 and:

- Be employed in the Civil Service
- Be paid on a full-time salary basis
- Have duties that are directly involved with police protection, and
- Be normally expected to work at least 1,600 hours each calendar year.

Those who are not eligible to participate in this Plan include:

- Employees whose job duties are clerical or other personnel whose services are auxiliary to actual police protection services
- Leased employees, and
- Employees whose employment with the City of Aurora Police Department ended before January 1, 2022 (unless rehired on or after January 1, 2022).

## Becoming a Plan Member

To earn a benefit in this Plan, you must become a member. If you are employed by the Aurora Police Department on January 1, 2022, you will have until June 30, 2023 to elect to become a member in the Plan. New employees hired or former employees rehired after January 1, 2022 will have 36 months from their hire/rehire date to make their decision.

Your decision to participate in the Plan is irrevocable. This means that once you make an election to become a member, you cannot change your mind, even if you leave the Police Department and are later rehired.

## Contributions to the Plan

Once you become a Plan member, two types of contributions are made to the Plan on your behalf.

- **Employer contributions**—The City makes employer contributions to the Plan equal to 8.25% of your compensation each pay period. In the future, the City, in consultation with the Plan Administration Committee, may adjust the contribution rate to take into account advance funding of employer contributions made to the Plan.
- **Member contributions**—As a Plan member, you also make contributions to the Plan equal to 8.25% of your compensation via payroll deduction each pay period.

## ***What's Included in Compensation***

Compensation includes total base salary in the City's Compensation Ordinance and pertinent City Council resolutions for the employee's rank and grade and longevity pay (where eligible therefor) and other compensation as detailed in the Employee Manual. Compensation does not include bonuses, commissions, overtime pay, holiday pay, other taxable income, and other forms of extra pay. Compensation is not reduced by (1) mandatory contributions to this Plan, (2) mandatory contributions to the Money Purchase Pension Plan, or (3) by elective deferrals under any arrangement made under the City's flexible benefits plan, transportation benefits, and retirement plans (403(b), 401(k) and 457(b) plans).

Additionally, the IRS limits the maximum amount the Plan can consider as compensation. For 2023, the amount is \$330,000. This amount is adjusted periodically for inflation.

## **Becoming Vested**

To be vested means you have a right to receive Retirement Plan benefits. You become 100% vested in your accrued Plan benefit once you have completed five years of vesting service with the Aurora Police Department or upon reaching Normal Retirement Age while employed by the Police Department. Once you are an Aurora police officer, any service with the City of Aurora (even if not specifically with the Police Department) also counts toward vesting service.

Vesting service includes all service starting with your first day of employment as an Aurora police officer and ending on the last day of your employment.

You will not be entitled to a benefit if you leave before you are vested. If you leave and then return to employment with the Police Department, you may be eligible to receive credit for previous service. See *If You Are Reemployed* on page 13.

## **Credited Service**

Credited service is used to determine your eligibility for retirement benefits and the benefit amount. Generally, you receive one day of credited service for each day beginning with the date you become a member in the Plan and ending on the date your employment with the Police Department ends.

A member on a leave of absence for qualified military service is credited with each day for which a contribution is made.

If you have a break in service lasting longer than one year, your break will affect your credited service. See *If You Are Reemployed* on page 13.

Credited service also includes any service you purchase. See Purchasing Credited Service below for details.

## ***Limitations on Credited Service***

Credited service does not include the following:

- Any period of service for which you fail to make the required member contributions
- Any breaks in service, except as described in *If You're Reemployed* on page 13
- Any unpaid period of absence that is not a break in service, and/or
- Any overtime hours.

## **Purchasing Credited Service**

Once you are a vested member in the Plan and accrue one year of credited service from your membership commencement date in this Plan, you are eligible to purchase credited service. You may purchase one month of credited service for each month of:

- Full-time service as a law enforcement officer with the Aurora Police Department before becoming a Plan member

### **PLUS**

- Qualified employment up to 60 months.

Qualified employment is full-time employment as a law enforcement officer with a U.S. federal, state, or local law enforcement agency other than the City of Aurora Police Department, U.S. military service for which you were honorably discharged (before becoming a Plan member), and any service with the U.S. Public Health Service Commissioned Corp for which you were honorably discharged, provided such service does not result in a benefit under another Plan (other than Social Security). Qualified employment does not include qualified military service; see page 25 for a definition of qualified military service.

Credited service must be purchased within two years of first becoming eligible to purchase credited service. The Plan Administration Committee will schedule two dates each year (generally in May and November) when you credited service transactions can take place.

You may only purchase credited service one time. The following examples assume the purchase dates are in May and November.

- **Example 1:** You were hired at the City of Aurora Police Department on July 1, 2011 and elect to become a Plan member on January 1, 2022. During one of the designated purchase dates for the year on or after January 1, 2023, and before January 1, 2025, you may elect to purchase up to 126 months (your period of service with the Aurora Police Department from July 1, 2011 through December 31, 2021) of credited service in the Plan.
- **Example 2:** You were hired at the City of Aurora Police Department on July 1, 2022 and elect to become a Plan member on January 1, 2024. In addition, you had eight years of qualified employment prior to joining the Aurora Police Department. During one of the designated purchase dates for the year on or after July 1, 2027, and before July 1, 2029, you may elect to



purchase up to 18 months of your service with the Aurora Police Department prior to becoming a member, and up to 60 months of your other qualified employment.

### ***Paying for Credited Service***

Once you make an election to purchase credited service, the payment is due within 60 days or such later date as is administratively feasible. You must use proceeds from one or both of the following retirement plan accounts:

- A direct trust-to-trust transfer from your Aurora Police Money Purchase Pension Plan account
- A direct trust-to-trust transfer from a vested account in an eligible 457(b) plan maintained by a state, political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state, or
- A combination of both types of accounts.

Note: Roth funds and after-tax employee contributions, or earnings thereon may not be used to purchase service, except to the extent earnings are derived from a purchase payment from a Participant Rollover Contributions Account in the Aurora Police Money Purchase Pension Plan and such earnings are derived from: (1) earnings on after-tax contributions, (2) rolled in earnings on after-tax contributions, or (3) earnings on (1) or (2), or other non-taxable funds.

### ***Cost to Purchase Credited Service***

The cost of credited service will be based on your age, annual base salary, and the months of service you purchase. You can calculate the cost using a purchase of service cost estimating tool at [aurorapolice.milliman.services.com](http://aurorapolice.milliman.services.com).

# When Benefits May Start

You may start receiving your retirement Plan benefit at the following times. In general, your employment with the Aurora Police Department and the City must end before your retirement benefit may begin. Note, if you have reached your normal retirement date, you may still work for the City but not the Aurora Police Department and start your benefits.

In any case, your benefit must begin by April 1 of the calendar year following the later of the calendar year in which you (1) reach age 73 (if you attain age 72 after December 31, 2022), or (2) retire. This age increases over time to age 75. A technical correction to the SECURE 2.0 Act will likely be enacted to clarify the timing of the increases.

## ***Normal Retirement***

Your normal retirement age is the earlier of:

- Your 65<sup>th</sup> birthday (or if later, once you complete five years of vesting service), or
- The date your age (at least 50) plus your years of credited service are equal to or greater than 80 (“rule of 80”).

Your benefit will begin on your normal retirement date, which is the first of the month following (or coinciding with) the date you reach normal retirement age (provided you have terminated employment with the Aurora Police Department) and will be based on the formula described in *Normal Retirement* on page 9. Benefits that start at normal retirement are unreduced.

## ***Early Retirement***

You may retire as early as the first of the month following (or coinciding with) your 50<sup>th</sup> birthday if you are not still working for either the Aurora Police Department or the City and you have completed at least five years of vesting service. The monthly amount will be reduced to account for it being paid over a longer period of time. See *Early Retirement* on page 10.

## ***Delayed Retirement***

If you continue working for the Police Department after your normal retirement age, you will continue to make member contributions to the Plan and accrue further benefits. Your retirement benefit will begin when your employment with the Aurora Police Department ends. Your late retirement benefit is based on the formula described in *Late Retirement* on page 12.

## ***Deferred Vested Retirement***

If you are vested when your employment ends but have not reached early or normal retirement age, you will be eligible for a deferred vested pension benefit starting at your normal retirement age. You may begin a deferred vested benefit as early as age 50, but the monthly amount will be reduced to account for it being paid over a longer period of time.

## ***Death***

If you die before beginning benefits from the Plan, your beneficiary may be entitled to a benefit. See *Survivor Benefits* starting on page 18.

## ***Disability***

If you are determined by the Colorado Fire and Police Pension Association (FPPA) to be disabled, and you have not made an election to participate in the Deferred Retirement Option Plan (DROP), you will receive a refund of your Contribution Accumulation (your member contributions plus 2½% interest) when your employment ends unless you have attained your Normal Retirement Age. See *Disability While Employed* starting on page 21.

# How Your Benefit Is Calculated

The Retirement Plan is intended to provide you with a source of income after you retire. The amount of your benefit depends on a number of factors, including:

- The form of payment you elect
- Your age when you leave the Police Department, and
- Your age when payments begin.

Other factors used to calculate your benefit are described in the following sections.

Note, the benefit amounts shown in the following examples are based on a monthly benefit for the member's lifetime only, with payments stopping at the member's death (single life annuity). If a joint and survivor annuity is elected, the benefit is reduced to provide a continuing payment to a beneficiary. See *Benefit Payment Options* beginning on page 15.

## ***Normal Retirement***

The basic formula for calculating your retirement benefit assumes that you retire from the Police Department on your normal retirement date (see page 7). The Plan uses the following formula to calculate your normal retirement monthly pension:

$$2.0\% \times \text{Average Monthly Compensation} \times \text{Years of Credited Service}$$

(up to 90% of your Average Monthly Compensation)

Your normal Retirement Plan benefit is based on the following factors:

- **Average monthly compensation**—The average monthly compensation during the 36 highest consecutive calendar months in the last 120 or fewer calendar months of employment (including months before becoming a Plan member), or if the period of employment is less than 36 months, during all the months of employment. Any months within the considered period where no compensation was received are disregarded. For a definition of compensation, see page 4.
- **Credited service**—Generally, you receive one day of credited service for each day starting with the date you become a Plan member to your last day of employment with the Aurora Police Department. Credited service also includes credited service that you purchase. Credited service does not include periods of service or hours during which you fail to make the required member contributions; overtime; breaks in service; and any unpaid period of absence. A member who is on a qualified military leave will be credited with each day for which a contribution is made, in accordance with the Plan and federal law.

**Example of a Normal Retirement Benefit**

For example, assume you qualify for the “rule of 80” and retire at age 60 with the following:

- Average monthly compensation of \$7,000
- Credited service of 20 years

**Statement of Benefits**

This is only an example of a normal retirement benefit from the Plan. You may request a statement of the amount of your personal projected benefit at retirement once each year.

Apply the formula:

$$(2.0\% \times \text{Average Monthly Compensation}) \times \text{Years of Credited Service}$$

Your benefit from the Plan would be:

(2.0% x \$7,000)	=	\$140
X 20	=	\$2,800
Monthly pension benefit	=	\$2,800

Note: This is only an example and does not represent the amount of retirement income any particular member will actually receive.

**Early Retirement**

You are eligible for early retirement at age 50 if you have completed at least five years of vesting service.

An early retirement benefit is calculated in the same way as a normal retirement benefit, based on your credited service and your compensation as of the date of early retirement, and then reduced for each month between the date your pension starts and your normal retirement date.

The reduction for early commencement is:

0.292% per month for each month between:

- The date your pension starts, and
- Your normal retirement date or your 55<sup>th</sup> birthday, whichever is earlier

**PLUS**

0.375% per month for each month between:

- The date your pension starts or your 55<sup>th</sup> birthday, whichever is later, and
- Your normal retirement date and your 60<sup>th</sup> birthday, whichever is earlier

**PLUS**

0.458% per month for each month between:

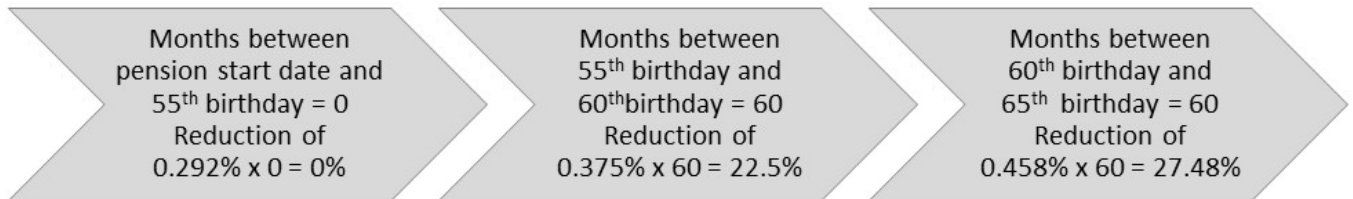
- The date your pension starts and your 60<sup>th</sup> birthday, whichever is later, and
- Your normal retirement date.

**Example of an Early Retirement Benefit**

Assume you start your benefit the first of the month following your 55<sup>th</sup> birthday, your average monthly compensation is \$7,000, and you have 15 years of credited service. Start with calculating your benefit under the Plan formula.

$$(2.0\% \times \text{Average Monthly Compensation}) \times \text{Years of Credited Service}$$

$(2.0\% \times \$7,000)$	=	\$140
X 15	=	\$2,100
Monthly pension benefit at Normal Retirement Age	=	\$2,100



$$\text{Early Retirement Reduction} = 22.5\% + 27.48\% = 49.98\%$$

$$\text{Therefore, the Early Retirement Factor} = (100 - 49.98) = 50.02\%$$

$$\$2,100.00 \times 50.02\% = \$1,050.42$$

Your monthly benefit would be \$1,050.42 if you select the single life annuity. If you choose a joint and survivor annuity, your benefit would be further reduced to account for two lifetimes (yours and your beneficiary) and provide a continuing payment to your beneficiary after your death.

Note: This is only an example and does not represent the amount of retirement income any particular member will actually receive.

## Late Retirement

If you start your benefit after your normal retirement date, your late retirement benefit is determined in the same way as a normal retirement benefit. Your benefit must begin by April 1 of the calendar year following the later of the calendar year in which you (1) reach age 73 (if you attain age 72 after December 31, 2022), or (2) retire. This age increases over time to age 75. A technical correction to the SECURE 2.0 Act will likely be enacted to clarify the timing of the increases.

## Normal and Early Retirement Benefit as a Percentage of Average Monthly Compensation

Using the normal retirement benefit calculation described on page 9, a member with 20 years of service retiring at 65 has a \$2,800 benefit, which is 40% of the member's \$7,000 average monthly compensation. If that member purchases an additional five years of service for a total of 25 years, the benefit increase to 50% of the member's average monthly compensation, or \$3,500 a month.

Years of Service	Age at Retirement—Percentage of Average Monthly Compensation															
	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
5	3.25	3.60	3.95	4.30	4.65	5.00	5.45	5.90	6.35	6.80	7.25	7.80	8.35	8.90	9.45	10.00
6	3.90	4.32	4.74	5.16	5.58	6.00	6.54	7.08	7.62	8.16	8.70	9.36	10.02	10.68	11.34	12.00
7	4.55	5.04	5.53	6.02	6.51	7.00	7.63	8.26	8.89	9.52	10.15	10.92	11.69	12.46	13.23	14.00
8	5.20	5.76	6.32	6.88	7.44	8.00	8.72	9.44	10.16	10.88	11.60	12.48	13.36	14.24	15.12	16.00
9	5.85	6.48	7.11	7.74	8.37	9.00	9.81	10.62	11.43	12.24	13.05	14.04	15.03	16.02	17.01	18.00
10	6.50	7.20	7.90	8.60	9.30	10.00	10.90	11.80	12.70	13.60	14.50	15.60	16.70	17.80	18.90	20.00
11	7.15	7.92	8.69	9.46	10.23	11.00	11.99	12.98	13.97	14.96	15.95	17.16	18.37	19.58	20.79	22.00
12	7.80	8.64	9.48	10.32	11.16	12.00	13.08	14.16	15.24	16.32	17.40	18.72	20.04	21.36	22.68	24.00
13	8.45	9.36	10.27	11.18	12.09	13.00	14.17	15.34	16.51	17.68	18.85	20.28	21.71	23.14	24.57	26.00
14	9.10	10.08	11.06	12.04	13.02	14.00	15.26	16.52	17.78	19.04	20.30	21.84	23.38	24.92	26.46	28.00
15	9.75	10.80	11.85	12.90	13.95	15.00	16.35	17.70	19.05	20.40	21.75	23.40	25.05	26.70	28.35	30.00
16	12.16	13.28	14.40	15.52	16.64	17.76	19.20	20.64	22.08	23.52	24.96	26.72	28.48	30.24	32.00	32.00
17	14.79	15.98	17.17	18.36	19.55	20.74	22.27	23.80	25.33	26.86	28.39	30.26	32.13	34.00	34.00	34.00
18	17.64	18.90	20.16	21.42	22.68	23.94	25.56	27.18	28.80	30.42	32.04	34.02	36.00	36.00	36.00	36.00
19	20.71	22.04	23.37	24.70	26.03	27.36	29.07	30.78	32.49	34.20	35.91	38.00	38.00	38.00	38.00	38.00
20	24.00	25.40	26.80	28.20	29.60	31.00	32.80	34.60	36.40	38.20	40.00	40.00	40.00	40.00	40.00	40.00
21	27.09	28.56	30.03	31.50	32.97	34.44	36.33	38.22	40.11	42.00	42.00	42.00	42.00	42.00	42.00	42.00
22	30.36	31.90	33.44	34.98	36.52	38.06	40.04	42.02	44.00	44.00	44.00	44.00	44.00	44.00	44.00	44.00
23	33.81	35.42	37.03	38.64	40.25	41.86	43.93	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00
24	37.44	39.12	40.80	42.48	44.16	45.84	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00
25	41.25	43.00	44.75	46.50	48.25	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
26	44.72	46.54	48.36	50.18	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00
27	48.33	50.22	52.11	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00
28	52.08	54.04	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00
29	55.97	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00
30	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
31	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00
32	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00
33	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00
34	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00
35	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00
36	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
37	74.00	74.00	74.00	74.00	74.00	74.00	74.00	74.00	74.00	74.00	74.00	74.00	74.00	74.00	74.00	74.00
38	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00
39	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00
40	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00

Normal Retirement

## If Your Employment Ends Before Retirement

### ***Before You Are Vested***

If your employment with the Aurora Police Department ends before you have five years of vesting service, you may request a refund of your Contribution Accumulation (your member contributions plus 2½% interest compounded annually).

### ***After You Are Vested***

If your employment ends after you have five or more years of vesting service but before you are eligible to begin an early or normal retirement pension, you have two options:

- Receive a refund of your Contribution Accumulation (your member contributions plus 2½% interest compounded annually) as a cash payment or rollover. If you choose a refund, you will forfeit all employer contributions, credited service and vesting service.
- Leave your contributions in the Plan and wait to receive a vested deferred pension when you reach normal retirement age 65. You may start this benefit as early as age 50 but it will be reduced.

A vested deferred benefit will be calculated in a similar way as a normal retirement benefit or early retirement benefit (as described starting on page 9), based on your credited service and average monthly compensation when your employment ended.

## If You Are Reemployed

If you leave the Police Department before becoming vested and receive a refund of your Contribution Accumulation and then are later rehired, none of your service before the break will be included in your credited service or vesting service. If you did not receive a refund, your previous credited service and vesting service will be reinstated.

None of the following will be considered a break in service:

- A temporary layoff due to illness or for purposes of economy, suspension, or dismissal that is followed by reemployment within one year
- A formal leave of absence (other than for qualified military service) followed by reemployment, reinstatement, or reappointment within one year
- A leave of absence for qualified military service
- The first 12 months of any absence due to the member's pregnancy, birth of the member's child, placement of a child with the member for adoption, and absence to care for such a child for a period beginning immediately following the birth or placement.
- A leave of absence under the Family and Medical Leave Act.



While you are absent from employment because of active duty in the uniformed services, you continue to earn service toward vesting service and if applicable contributions are made, benefit accrual in the Plan, provided you return to employment in accordance with reemployment rights under applicable federal law and Department Rules. See *Qualified Military Service* on page 25 for more information.

## **Benefit Payment Options**

At the time you retire or elect to participate in the DROP, you will have several payment options to choose from. Once your benefit starts, you may not change your payment election. Each payment option is adjusted to reflect the different payment alternative, such as the retirement benefit continuing to your beneficiary upon your death.

### ***Single Life Annuity***

The normal form of payment from the Plan is a single life annuity. With the single life annuity, you receive a monthly benefit for your life, with all benefits stopping upon your death.

### ***Option 1: Joint and 100% Survivor Annuity***

With this option, your monthly benefit is smaller than the amount you would receive under the single life annuity. Your monthly benefit is reduced because your retirement must cover two lifetimes – yours and your beneficiary’s. After your death, your beneficiary will receive 100% of your monthly benefit amount for the remainder of their life.

### ***Option 2: Joint and 50% Survivor Annuity***

With this option, your monthly benefit is smaller than the amount you would receive from a single life annuity but bigger than what you would receive under the Option 1. Your monthly benefit is reduced because your retirement must cover two lifetimes – yours and your beneficiary’s. After your death, your beneficiary will receive 50% of your monthly benefit amount for the remainder of their life.

### ***Option 3: Joint and 100% Survivor Annuity with Pop Up***

This option is similar to Option 1 described above, except that if your beneficiary dies before you, your benefit would increase—or “pop up”—to the amount it would have been under the single life annuity. After your death, no further benefits are paid.

### ***Option 4 - Joint and 50% Survivor Annuity with Pop Up***

This option is similar to Option 2 described above, except that if your beneficiary dies before you, your benefit would increase—or “pop up”—to the amount it would have been under the single life annuity. After your death, no further benefits are paid.

### **Examples of Benefit Payment Amounts**

The following examples assume retirement at age 65 with a same age beneficiary. For retirement before your normal retirement date, the amount will be adjusted.

<b>Payment Form</b>	<b>Monthly Amount Paid to You</b>	<b>Monthly Amount Paid to Your Beneficiary If You Die First</b>	<b>Monthly “Pop-Up” Amount Paid to You If Your Beneficiary Dies First</b>
Single Life Annuity	\$2,000	0	NA
Option 1	\$1,700.80	\$1,700.80	NA
Option 2	\$1,838.40	\$919.20	NA
Option 3	\$1,671.60	\$1,671.60	\$2,000
Option 4	\$1,821.00	\$910.50	\$2,000

## Participation in the Deferred Retirement Option Plan (DROP)

Instead of leaving the Police Department at retirement age and starting the Plan benefit immediately, eligible members may choose to delay retiring and participate in the Deferred Retirement Option Plan (DROP) for up to three years.

To be eligible, you must be actively employed and be age 65 with 5 years of vesting service or meet the “rule of 80” (at least age 50 and age plus years of credited service equal to or greater than 80).

To participate in the DROP, you must:

- Agree to continue working and delay receiving your pension benefit
- Select a form of pension benefit from the options described starting on page 15, and
- Sign a written, irrevocable agreement.

You may participate in the DROP only once.

### ***DROP Accounts***

During the time you participate in DROP, your monthly retirement benefit and your member contributions are paid into your DROP account. Employer contributions stop. DROP accounts are credited with interest annually each December 31. The DROP interest rate is determined each December 31 and is calculated by taking the actual annual rate of fair market value return of the Plan’s investment portfolio net of Plan investment-related expenses, and then reduced by 2%. The DROP interest rate for each calendar year will never be less than 2½% or more than 6%.

### ***Payment of DROP***

When participation in the DROP ends, your employment will also end and you will be eligible for two benefits under the Plan:

1. DROP account balance	<p>Your DROP account balance may be paid to you as:</p> <ul style="list-style-type: none"> <li>• A lump sum cash payment to you, direct rollover to an eligible retirement plan or IRA, or combination of both</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>• A lump sum payable to an annuity provider of your choice.</li> </ul>
2. Monthly pension	<p>Your monthly pension under the non-DROP portion of the Plan will begin in the payment form that you chose when you elected to participate in the DROP. (For example, as a single life annuity or 50% JSA; see page 15 for options).</p>

## Survivor Benefits

In general, if you die after benefit payments have begun or after entering the DROP, your beneficiary would receive a benefit only if you elected a joint and survivor annuity option. Your beneficiary may also be entitled to your DROP balance. However, if after all pension payments have been made, the sum of the benefit payments (which include benefit payments into the DROP) you and your beneficiary received is less than your Contribution Accumulation (your member contributions plus 2½% interest compounded annually) was when the pension or DROP payments began, your beneficiary (or default beneficiary) would receive a lump-sum payment of the difference. Your beneficiary can take the lump-sum as a cash payment or roll it over into an eligible retirement plan or Individual Retirement Account (IRA).

What happens if you die before benefits begin is described below. Also, please consult with FPPA to determine if you have any survivor benefits from FPPA.

### ***If You Die While Employed with the Police Department...***

#### **While In the Line of Duty**

If you die while employed with the Police Department in the line of duty—and you have not elected to participate in the Deferred Retirement Option Plan (DROP)—a survivor benefit will be paid to your beneficiary (or default beneficiary) in the following case:

- You die in the line of duty as the result of a personal injury sustained while performing your official duties or because of an occupational disease arising out of and in the course of your employment and your survivors qualify for a benefit under the Colorado Revised Statutes (C.R.S.) Section 31-31-807.5, as may be amended.

The death benefit will consist of a refund of your Contribution Accumulation (your member contributions plus 2½% interest compounded annually) payable to your beneficiary (or default beneficiary if you have not designated a beneficiary) in the form of a lump sum distribution. This death benefit (or a portion thereof up to the offset amount determined by FPPA) reduces the FPPA survivor benefit otherwise payable under C.R.S. Section 31-31-807.5. Please consult your tax advisor as to the taxability of the offset amount. The amount (if any) of the refund of your Contribution Accumulation which is not offset is payable as a cash lump sum distribution (or rollover if applicable).

#### **While Not in the Line of Duty**

If you die while employed with the Police Department not in the line of duty—and you have not elected to participate in the Deferred Retirement Option Plan (DROP)—a survivor benefit will be paid to your beneficiary (or default beneficiary) in the following cases:

- If your beneficiary (or default beneficiary) qualifies for a death benefit under C.R.S. Section 31-31-807 (as may be amended), the death benefit will consist of a refund of your Contribution Accumulation (your member contributions plus 2½% interest compounded annually) payable to your beneficiary (or default beneficiary) in the form of a lump sum distribution. This death benefit reduces the FPPA survivor benefit otherwise payable under C.R.S. Section 31-31-807.

- If your beneficiary (or default beneficiary) is not eligible for a death benefit under C.R.S. Section 31-31-807 and you designated one individual as your primary designated beneficiary, your primary designated beneficiary may elect either a refund of your Contribution Accumulation (your member contributions plus 2½% interest compounded annually), or a pension payable under Option 2 (Joint and 50% Survivor Annuity, as described on page 15), calculated as if you vested upon death and selected Option 2. If you have not designated one individual as your primary designated beneficiary, your beneficiary (or default beneficiary) will receive a refund of your Contribution Accumulation (your member contributions plus 2½% interest compounded annually).

### ***If You Die After Leaving the Police Department***

If you are a deferred vested member and you die before pension benefits begin, a survivor benefit will be paid to your designated beneficiary (or default beneficiary).

If you had designated one individual as your primary designated beneficiary, they may elect to receive the benefit as:

- A refund of your Contribution Accumulation (your member contributions plus 2½% interest compounded annually), or
- The annuitant portion (50%) of the joint and 50% survivor annuity, payable as a monthly benefit beginning on the earliest date you would have been eligible to receive your benefit.

If you had not designated one individual as your primary beneficiary, your beneficiary (or default beneficiary) will receive a refund of your Contribution Accumulation.

Note: If you make an election on your benefit and you die within 60 days before the date your pension is to begin, your benefit will be paid in accordance with your election. The one exception is if you had elected a single life annuity and named one individual as your primary designated beneficiary, in which case your beneficiary would have the options described in the bullets above.

### ***Beneficiary Designations***

You may choose your primary designated beneficiary and contingent beneficiaries by completing the Plan's Beneficiary Election Form. You may change your designated beneficiaries at any time.

## **Default Beneficiaries**

If you die without having designated a beneficiary, your death benefit will be paid to your default beneficiary as detailed in the following chart.

<b>Member's Civil Status</b>	<b>Default Beneficiary</b>
Married member	Surviving spouse
Member with a partner in a civil union*	Surviving civil union partner*
All other members	In the following order of survival: <ul style="list-style-type: none"><li>• Member's issue per stirpes**; if none survive the member then,</li><li>• Member's father and mother, in equal shares or all to the survivor; if none survive the member then,</li><li>• Member's personal representative of the estate.</li></ul>

*\*Under Colorado Revised Statutes Section 14-15-101, et seq.*

*\*\*As defined in the Colorado Probate Code (or by common meaning if not so defined)*

## Disability While Employed

### ***On Duty Total Disability or On-Duty Permanent Occupational Disability (“On-Duty Disability”)***

If you are determined by the Colorado Fire and Police Pension Association (FPPA) to have an on-duty total disability or on-duty permanent occupational disability, and you have not elected to participate in the DROP, you will receive the portion of your Contribution Accumulation that the FPPA determines is the offset amount. Please consult with your own individual tax advisor on the taxability of this payment. This payment will be made when your employment ends or, if later, the date of determination by FPPA that you have an on-duty disability.

This payment reduces the FPPA disability benefit otherwise payable under C.R.S. Section 31-31-806.5, as may be amended.

If a portion of your Contribution Accumulation remains after this payment, you can elect to receive it as a taxable lump-sum or you can roll it over into an eligible retirement plan or IRA.

If you have an On-Duty Disability and reached your Normal Retirement Age and have not elected to participate in the DROP, you may be able to make an irrevocable election to receive a disability pension. Please consult the Plan Administrator.

### ***Disability Other than On-Duty Total Disability or On-Duty Permanent Occupational Disability***

If you (1) are determined by FPPA to have a total disability or a permanent occupational disability that ***does not qualify as an on-duty*** total disability or ***on-duty*** permanent occupational disability, (2) have not made an irrevocable election to participate in the DROP, and (3) ***have not*** attained Normal Retirement Age, you will receive a lump-sum payment of your Contribution Accumulation payable upon your termination of employment. This distribution can be paid directly to you or it can be rolled over to an eligible retirement plan or Individual Retirement Account (IRA).

This payment reduces the FPPA disability benefit otherwise payable under C.R.S. Section 31-31-803.

If you (1) are determined by FPPA to have a total disability or a permanent occupational disability that ***does not qualify as an on-duty*** total disability or ***on-duty*** permanent occupational disability, (2) have not made an irrevocable election to participate in the DROP, and (3) ***have*** attained Normal Retirement Age on the date you have your disability, you will receive a Normal Pension.

## Income Taxes

Any benefit received from this Plan is subject to applicable income tax withholding.



## **When Your Participation Ends**

Your Plan participation ends when you receive all benefits to which you are entitled under the Plan. Your active participation in the Plan ends when you are no longer an Aurora Police Department employee, or you no longer meet the eligibility requirements.

If you are vested in the Plan, you will automatically receive more information after your employment ends.

## **Applying for Plan Benefits**

Plan benefits are not paid automatically; you must apply for them. When you are preparing to retire, you should start the application process at least three months before your anticipated retirement date to ensure your retirement benefit starts on time.

Innovest

Phone: 303-221-5900

Email: [apdretire@innovestinc.com](mailto:apdretire@innovestinc.com)

### ***Disability Claims***

To make a disability claim, contact the Colorado Fire and Police Pension Association directly. Remember, you must be currently employed by the Aurora Police Department to be eligible for disability retirement benefits.

### ***If Your Claim for Benefits Is Denied***

If a member's claim for benefits is denied, they will receive a notice in writing from the Plan Administration Committee outlining the specific reasons for the denial.

The Plan Administration Committee has rules and procedures for carrying out a process of full and fair review of any decision to deny a claim. The member will have the opportunity to supply any evidence supporting the claim for benefits.

When making a determination or calculation, the Plan Administration Committee may rely upon information provided by the Aurora Police Department, legal counsel, or the Plan actuary.

Any rule or decision that conforms to Plan provisions will be conclusive and binding on all persons affected by it, and there will be no appeal from any ruling by the Plan Administration Committee within its authority.

# Important Information About the Plan

## ***Plan Administration***

The Plan is administered by a Plan Administration Committee composed of five members, four of whom are current members in the Money Purchase Pension Plan or this Plan and the fifth not a Plan member but a person with business and/or investment experience within the local community. In addition, the Plan Administration Committee includes two ex officio members: the Finance Director for the City of Aurora and a Deputy Manager of the City appointed by the City Manager. Plan Administration Committee members also serve as Trustees of the Plan, unless the Committee appoints a trustee.

The Plan Administration Committee is responsible for all duties related to the proper and efficient administration of the Plan. Some (but not all) of its duties include: interpreting and enforcing the terms of the Plan; determining the amounts and time of payment of benefits and the rights of members and beneficiaries to Plan benefits; and obtaining any administrative, clerical, medical, legal, and actuarial services deemed necessary and appropriate.

## ***Contributions to the Plan***

Contributions to the Plan are made on the condition that the Plan qualifies for favorable tax treatment under federal law.

## ***Future of the Plan***

The City expects to continue this Plan and the related trust indefinitely. However, in the event that the City is legally dissolved due to U.S. federal or state statute, court order, or judicial decision, the City may terminate the Plan and related trust if permitted by Colorado law. The City may at any time completely terminate the Plan and related trust upon full funding of the Plan on a Plan termination basis.

## ***If the Plan Should Terminate***

In the case of Plan termination, the Plan Administration Committee will allocate Plan assets (available to provide benefits after providing for the expenses of terminating the Plan) among the members, terminated members, pensioners, and their beneficiaries in the following order:

- An amount equal to the member's contributions (with applicable interest) to the date of Plan termination or, if earlier, the date of the member's retirement, less the total amount of retirement benefits paid and received (if any) by the member or their beneficiary
- The balance remaining after the allocation described in bullet one above will be allocated for the benefit of each retired member (including their beneficiary) in an amount proportionate to (but not more than) the actuarially equivalent value of the member's pension at the date of Plan termination, less any amount allocated as described in bullet one
- The balance remaining after the allocation described in bullet two above will be allocated for the benefit of each member who has attained their normal retirement -age but who has not retired, in an amount proportionate to (but not more than) the actuarially equivalent value of the member's

accrued pension as of the date of Plan termination (which includes any undistributed DROP balance), less any amount allocated as described in bullet one

- The balance remaining after the allocation described in bullet three above will be allocated for the benefit of each member and deferred vested member for whom no allocation has been made in bullets two and three above, in an amount proportionate to (but not more than) the actuarially equivalent value of the member's accrued pension as of the date of Plan termination, less any amount allocated as described in bullet one.

### ***Protection of Benefits***

In general, your benefits cannot be assigned, sold, transferred, encumbered, or used to secure debts. Benefits also cannot be subject to attachment, garnishment, or any other legal process.

### ***Qualified Military Service***

Federal law gives you certain rights if you voluntarily or involuntarily leave the Police Department to serve in any of the United States uniformed military services – including the Coast Guard or Merchant Marines – for active duty or training. To qualify for these rights under the Plan, you must give the Police Department advance written or verbal notice of your upcoming leave for military service, and you must return to employment with the Police Department in accordance with reemployment rights under applicable federal law and the City's rules.

If you meet these requirements, the time you spent in the U.S. uniformed services will be used to calculate credited service and vesting service under the Plan (if you were an active member in the Plan when you went on military leave), as required by applicable law.

A member who takes a leave of absence for qualified military leave and then returns to service with the Police Department within the time period specified by USERRA is permitted (but not required) to make up any or all contributions missed during the period of military leave, provided the leave does not exceed five years. The member must be employed by the Police Department to make make-up contributions and the contribution must be made within five years (or within a period three times the length of the military leave, if less). For more information, contact Milliman.

If you die while performing military service, your survivors are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) that would have been provided had you died immediately after resuming employment.

For more information on the military leave policy – including reporting a military leave, pay, vacation and reemployment – contact the military liaison at 303-739-7226.

### ***Nonduplication of Benefits***

Under no circumstances will you be entitled to benefits under more than one provision of the Plan or to any benefit which would result in duplicating credit for service, or a benefit provided by the Aurora Police Department.

### ***No Guarantee of Employment***

Participation in the Plan is not considered an employment contract between you and the Aurora Police Department. It does not guarantee you the right to continued employment with the Department, nor does it limit the Police Department or the City's right to discharge you or any other employee. Upon termination of employment, you have no right or interest in the Plan or any asset of the Aurora Police Department except as provided in the Plan.

