



Introducing the **Defined Benefit Hybrid Plan Option**

City of Aurora-Police Money
Purchase Pension Plan

Presented by:

Innovest Portfolio Solutions

Agenda

- Your Retirement Plan Options
- Defined Benefit “Hybrid” Plan Option
- Purchasing Prior Service
- Important Dates
- Additional Information
- Appendix A: Benefit Tables

Your Retirement Plan Options

Current Retirement Plan

Money Purchase Pension Plan (MPPP)

- Combined contribution rate of 24% (12% Employee / 12% Employer)
- All contributions are made to MPPP account

Additional Option Starting January 1, 2022

Money Purchase Pension Plan and Defined Benefit (“Hybrid”) Option

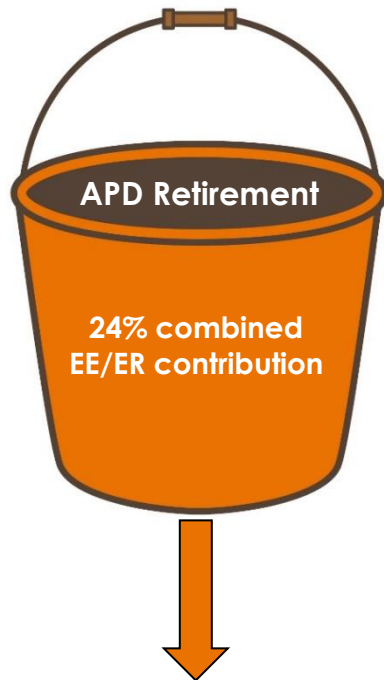
- Combined contribution rate of 24% (12% Employee / 12% Employer)
- **7.5%** goes to the **MPPP** plan (3.75% Employee / 3.75% Employer)
- **16.5%** goes to the **defined benefit** plan (8.25% Employee / 8.25% Employer)

The Defined Benefit "Hybrid" Option

Participants Can Choose:

Option 1: Stay in Current Structure

Current MPPP Structure:
Defined Contribution Only

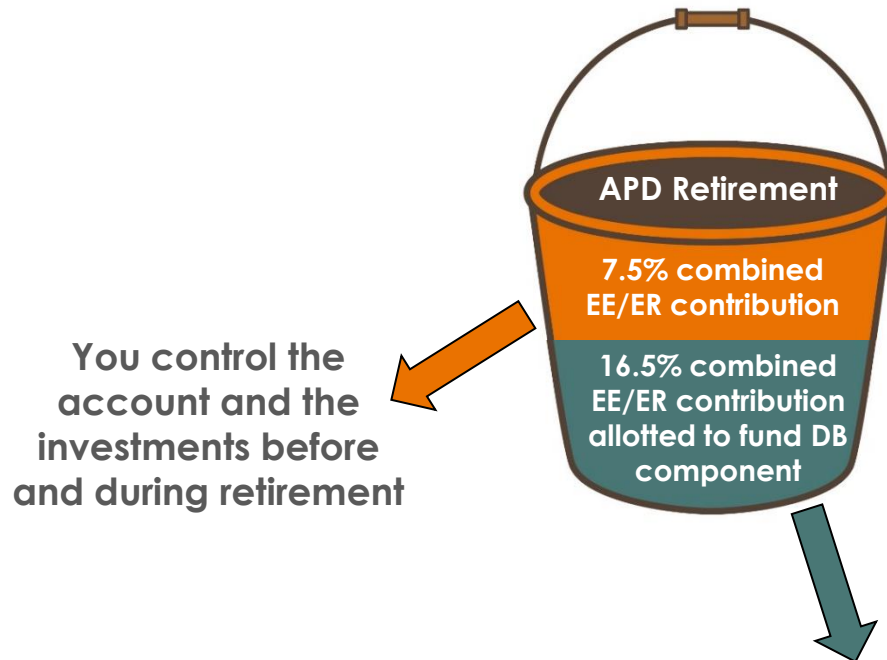


You control the
account and the
investments before
and during retirement

OR

Option 2: Opt Into Hybrid Plan Option

"Hybrid" Option:
Defined Contribution and
Defined Benefit



You control the
account and the
investments before
and during retirement

Stream of income
based on years of
service, age, and a
benefit multiplier

The Defined Benefit “Hybrid” Option

What is a Defined Benefit Plan?

- Participants make contributions to the plan, which then provides a guaranteed monthly payment amount in the future, generally based on a combination of age and years of service.

What is a Defined Contribution Plan?

- The amount contributed is determined (“defined”) up front, then a participant’s account balance grows based on deposits and investment earnings. There is no set withdrawal or payout guaranteed.

The new option is referred to as a “hybrid” plan because it involves both defined benefit and defined contribution parts.

The Defined Benefit “Hybrid” Option

What is the Benefit?

- A guaranteed future withdrawal amount that is based on a participant’s **benefit percentage**.

What is the Benefit Percentage?

- The percentage of compensation that a participant would receive from the defined benefit plan.
- Compensation is generally defined as the **average highest consecutive 36 months of base salary** over the last 120 months.
- The benefit percentage is determined based on combination of your **age** and credited **years of service** at retirement.

The *Retirement Benefit Table* is included in Appendix A and can be accessed via <https://www.apmppp.org>.

The Defined Benefit “Hybrid” Option

Are there survivor benefit options?

- Yes, alternative **survivor benefits** payment options are available at a reduced pension benefit amount.
- To **determine the reduced amount**, a participant would:
 - a. Determine the regular benefit from the *Retirement Benefit Table*
 - b. Multiply it by the applicable factor from *Survivor Benefit Tables*
- There are four survivor benefit payment options:
 1. 100% Survivor Benefits
 2. 50% Survivor Benefits
 3. 100% Survivor Benefits with “Pop-up”
 4. 50% Survivor Benefits with “Pop-up”

The *Survivor Benefit Tables* are included in Appendix A and can be accessed via <https://www.apmppp.org>.

Purchasing Prior Service

- **What is Prior Service?**

- Prior service refers to years and months employed by APD and/or other qualified employment, up to the date that a participant opts into the defined benefit “hybrid” plan.

- **Can Participants Get Credit for Prior Service?**

- Yes, participants may purchase prior months of service to increase the total years of service credited on the benefit table.

- **What service can be purchased?**

- All months of accumulated full-time service with APD may be purchased.
- Up to 60 months of qualified employment elsewhere may be purchased.

Purchasing Prior Service

- **Who can purchase prior service?**
 - A participant who is vested with at least **five years of service** and has been **a participant in the defined benefit plan for at least 12 months.**
- **When can service be purchased?**
 - After a vested participant has been in the defined benefit plan for at least 12 months (one year of Credited Service), **a participant has up to two years to purchase prior service.**
 - Prior service may be purchased during two windows of time each year, set by the Plan Administration Committee – **generally, May and November.**
- **How can participants purchase service?**
 - Participants may use balances from the MPPP and Deferred Comp. 457(b) Plan accounts.
 - To estimate the cost to purchase prior months of service, a **Purchase of Service Calculator** is available via <https://www.apmppp.org> and directly at <https://aurorapolice.millimanservices.com/>.

Important Dates – Opting In

- **December 1 – December 15, 2021*** – Enrollment window to opt into the hybrid plan in time for the first payroll period of 2022.
 - This is a **voluntary, one-time, and irrevocable** election.
 - Participants may choose to make no changes and stay in the current plan.
- **January 1, 2022** – The defined benefit hybrid plan becomes effective.
 - Participants may continue to **opt in at any time**.
 - Current participants may opt into the hybrid plan **for up to 18 months**.
 - Those hired after 1/1/22 will have 36 months from their date of hire.
- **June 30, 2023** – The **last** day that current participants, those hired on or before before 1/1/22 may opt into the hybrid plan.
 - This is a **voluntary, one-time, and irrevocable** election.
 - Participants may choose to make no changes and stay in the current plan.

* The initial enrollment window for active duty military personnel is December 1 – December 31, 2021.

Important Dates – Purchasing Prior Service*

- **Participant Effective Date** – The first day of the first payroll period that a participant’s contributions are going to the defined benefit plan.
 - These will occur on the first day of the first full payroll period of the calendar month following the election.
- **Eligible to Purchase Service** – Participants are eligible to purchase prior service when:
 - They have been **in the hybrid plan for at least 12 months (1 year of Credited Service)** *and*
 - They are vested with **at least five years of service.**
- **Purchase Windows** — The windows of time during the year when eligible participants may purchase prior service, set by the Plan Administration Committee – **generally, May and November.**

*The purchase of service provisions are subject to IRS approval.

Additional Information & Resources

- ***Aurora Police Money Purchase Pension Plan Website*** – Retirement plan information and links to additional resources are posted to the AP MPPP website: <https://www.apmppp.org/>.
- ***Purchase of Service Calculator*** – Milliman has created a calculator and guide available to help you estimate the cost to purchase years in the plan: <https://aurorapolice.millimanservices.com/>.
- ***Retirement Benefit Table and Survivor Benefit Tables*** – These tables, are included in Appendix A and show a monthly benefit as a percentage of average salary under various payment options.
- ***Video Overview on the Defined Benefit Hybrid Option*** – A recorded overview of the Defined Benefit Hybrid Option is available directly on the website homepage for convenience.

Additional Information & Resources



CITY OF AURORA-POLICE
MONEY PURCHASE PENSION PLAN

[Home](#) [Plan Overview](#) [Oversight & Administration](#) [Distribution Procedures](#) [Investment Information](#) [Retire Ready](#)

Making Retirement Work

The official website for the Aurora Police Money Pension Purchase Plan

Retirement plan information can be found on the Aurora Police Money Purchase Pension Plan website: <http://apmppp.org/>

Participants may also contact the Innovest team with questions, to schedule a meeting, or to review MPPP account information.

- Phone: **(303) 221 5900**
- Email: apdretire@innovestinc.com



Thank You!

Appendix A

Retirement & Survivor **Benefit Tables**

Survivor Benefit Table – Option 1

Option 1 - 100% Survivor Benefits

Upon retirement, retiree will receive a reduced pension benefit payable monthly for life, with the same amount (100%) continuing to the beneficiary monthly for life upon the retiree's death.

Example: Member is age 55 with a 50-year-old beneficiary and a monthly benefit of \$1,000 under the single life annuity. The monthly benefit under Option 1 would be: $\$1,000 \times .8847 = \884.70

Ages When Monthly Benefit Starts

Retiree Age	Beneficiary Age															
	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
50	0.9251	0.9282	0.9313	0.9344	0.9375	0.9405	0.9435	0.9465	0.9494	0.9523	0.9551	0.9578	0.9604	0.9629	0.9654	0.9677
51	0.9181	0.9214	0.9247	0.9280	0.9313	0.9345	0.9378	0.9410	0.9441	0.9472	0.9503	0.9532	0.9561	0.9589	0.9615	0.9641
52	0.9106	0.9141	0.9175	0.9210	0.9245	0.9280	0.9315	0.9349	0.9383	0.9417	0.9450	0.9482	0.9513	0.9543	0.9573	0.9601
53	0.9026	0.9062	0.9098	0.9135	0.9172	0.9209	0.9246	0.9283	0.9319	0.9356	0.9391	0.9426	0.9460	0.9493	0.9525	0.9557
54	0.8939	0.8977	0.9015	0.9054	0.9093	0.9132	0.9172	0.9211	0.9250	0.9289	0.9327	0.9365	0.9402	0.9438	0.9473	0.9507
55	0.8847	0.8886	0.8926	0.8967	0.9008	0.9049	0.9091	0.9132	0.9174	0.9215	0.9257	0.9297	0.9337	0.9376	0.9415	0.9452
56	0.8749	0.8789	0.8831	0.8873	0.8916	0.8959	0.9003	0.9047	0.9092	0.9136	0.9180	0.9223	0.9267	0.9309	0.9350	0.9391
57	0.8644	0.8686	0.8729	0.8773	0.8818	0.8863	0.8909	0.8956	0.9002	0.9049	0.9096	0.9143	0.9189	0.9235	0.9280	0.9324
58	0.8533	0.8576	0.8621	0.8666	0.8712	0.8760	0.8808	0.8857	0.8906	0.8956	0.9005	0.9055	0.9104	0.9153	0.9202	0.9249
59	0.8416	0.8460	0.8505	0.8552	0.8600	0.8649	0.8699	0.8750	0.8802	0.8854	0.8907	0.8960	0.9012	0.9065	0.9117	0.9168
60	0.8292	0.8337	0.8383	0.8432	0.8481	0.8532	0.8584	0.8637	0.8691	0.8746	0.8801	0.8857	0.8912	0.8968	0.9024	0.9079
61	0.8161	0.8207	0.8255	0.8304	0.8355	0.8407	0.8461	0.8516	0.8572	0.8629	0.8687	0.8745	0.8804	0.8864	0.8923	0.8982
62	0.8024	0.8071	0.8119	0.8169	0.8221	0.8275	0.8330	0.8387	0.8445	0.8504	0.8565	0.8626	0.8688	0.8750	0.8813	0.8876
63	0.7880	0.7928	0.7976	0.8027	0.8080	0.8135	0.8192	0.8250	0.8310	0.8371	0.8434	0.8498	0.8563	0.8629	0.8695	0.8761
64	0.7730	0.7778	0.7827	0.7879	0.7932	0.7988	0.8046	0.8105	0.8167	0.8230	0.8295	0.8362	0.8429	0.8498	0.8567	0.8637
65	0.7574	0.7621	0.7671	0.7723	0.7777	0.7834	0.7892	0.7953	0.8016	0.8081	0.8148	0.8217	0.8287	0.8358	0.8431	0.8504

Survivor Benefit Table – Option 2

Option 2 - 50% Survivor Benefits

Upon retirement, retiree will receive a reduced pension benefit payable monthly for life, with half the amount (50%) continuing to the beneficiary monthly for life upon the retiree's death.

Example: Member is age 55 with a 50-year-old beneficiary and a monthly benefit of \$1,000 under the single life annuity. The monthly benefit under Option 2 would be: $\$1,000 \times .9388 = \938.80

Ages When Monthly Benefit Starts

Retiree Age	Beneficiary Age															
	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
50	0.9611	0.9628	0.9644	0.9661	0.9677	0.9694	0.9709	0.9725	0.9741	0.9756	0.9770	0.9784	0.9798	0.9811	0.9824	0.9836
51	0.9573	0.9591	0.9609	0.9626	0.9644	0.9662	0.9679	0.9696	0.9713	0.9729	0.9745	0.9760	0.9775	0.9790	0.9804	0.9817
52	0.9532	0.9551	0.9570	0.9589	0.9608	0.9627	0.9645	0.9664	0.9682	0.9700	0.9717	0.9734	0.9750	0.9766	0.9782	0.9797
53	0.9488	0.9508	0.9528	0.9548	0.9568	0.9588	0.9608	0.9628	0.9648	0.9667	0.9686	0.9705	0.9723	0.9740	0.9757	0.9773
54	0.9440	0.9461	0.9482	0.9503	0.9525	0.9546	0.9568	0.9589	0.9610	0.9631	0.9652	0.9672	0.9692	0.9711	0.9729	0.9747
55	0.9388	0.9410	0.9433	0.9455	0.9478	0.9501	0.9524	0.9547	0.9569	0.9592	0.9614	0.9636	0.9657	0.9678	0.9699	0.9718
56	0.9333	0.9356	0.9379	0.9403	0.9427	0.9451	0.9476	0.9500	0.9524	0.9548	0.9572	0.9596	0.9619	0.9642	0.9664	0.9686
57	0.9273	0.9297	0.9321	0.9346	0.9372	0.9397	0.9423	0.9449	0.9475	0.9501	0.9527	0.9552	0.9577	0.9602	0.9626	0.9650
58	0.9208	0.9234	0.9259	0.9285	0.9312	0.9339	0.9366	0.9394	0.9421	0.9449	0.9477	0.9504	0.9531	0.9558	0.9584	0.9610
59	0.9140	0.9166	0.9192	0.9220	0.9247	0.9276	0.9305	0.9334	0.9363	0.9392	0.9422	0.9451	0.9481	0.9509	0.9538	0.9566
60	0.9066	0.9093	0.9121	0.9149	0.9178	0.9208	0.9238	0.9269	0.9300	0.9331	0.9362	0.9394	0.9425	0.9456	0.9487	0.9517
61	0.8987	0.9015	0.9044	0.9073	0.9104	0.9134	0.9166	0.9198	0.9231	0.9264	0.9297	0.9331	0.9364	0.9398	0.9431	0.9463
62	0.8904	0.8932	0.8962	0.8992	0.9024	0.9056	0.9089	0.9122	0.9157	0.9192	0.9227	0.9262	0.9298	0.9334	0.9369	0.9404
63	0.8815	0.8844	0.8874	0.8906	0.8938	0.8972	0.9006	0.9041	0.9077	0.9113	0.9151	0.9188	0.9226	0.9264	0.9302	0.9340
64	0.8720	0.8750	0.8781	0.8814	0.8847	0.8881	0.8917	0.8954	0.8991	0.9029	0.9068	0.9108	0.9148	0.9188	0.9228	0.9269
65	0.8619	0.8650	0.8682	0.8715	0.8750	0.8785	0.8822	0.8860	0.8899	0.8939	0.8980	0.9021	0.9063	0.9106	0.9149	0.9192

Survivor Benefit Table – Option 3

Option 3 - 100% Survivor Benefits with "Pop-up"

Upon retirement, retiree will receive a reduced pension benefit payable monthly for life, with the same amount (100%) continuing to the beneficiary monthly for life upon the retiree's death. Should the beneficiary die before the retiree, the retiree's monthly benefit will revert to the amount they would have received before the reduction under Option 3.

Example: Member is age 55 with a 50-year-old beneficiary and a monthly benefit of \$1,000 under the single life annuity. The monthly benefit under Option 3 would be: $\$1,000 \times .8800 = \880.00
If the beneficiary passes away first, the monthly benefit would "pop-up" to \$1,000.

Ages When Monthly Benefit Starts

Retiree Age	Beneficiary Age															
	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
50	0.9211	0.9240	0.9269	0.9298	0.9327	0.9355	0.9383	0.9411	0.9438	0.9464	0.9490	0.9515	0.9540	0.9563	0.9586	0.9608
51	0.9140	0.9170	0.9201	0.9232	0.9262	0.9293	0.9323	0.9353	0.9382	0.9410	0.9438	0.9466	0.9492	0.9518	0.9543	0.9567
52	0.9063	0.9095	0.9128	0.9160	0.9193	0.9225	0.9257	0.9289	0.9320	0.9351	0.9382	0.9411	0.9440	0.9468	0.9495	0.9521
53	0.8981	0.9015	0.9049	0.9083	0.9118	0.9152	0.9186	0.9220	0.9254	0.9287	0.9319	0.9351	0.9383	0.9413	0.9443	0.9471
54	0.8894	0.8929	0.8964	0.9000	0.9037	0.9073	0.9109	0.9145	0.9181	0.9217	0.9252	0.9286	0.9320	0.9353	0.9385	0.9416
55	0.8800	0.8837	0.8874	0.8912	0.8950	0.8988	0.9026	0.9064	0.9102	0.9140	0.9178	0.9215	0.9251	0.9287	0.9321	0.9355
56	0.8701	0.8739	0.8777	0.8816	0.8856	0.8896	0.8936	0.8977	0.9017	0.9057	0.9097	0.9137	0.9176	0.9214	0.9252	0.9289
57	0.8595	0.8634	0.8674	0.8715	0.8756	0.8798	0.8840	0.8883	0.8925	0.8968	0.9010	0.9052	0.9094	0.9135	0.9176	0.9216
58	0.8483	0.8524	0.8565	0.8607	0.8650	0.8693	0.8737	0.8782	0.8826	0.8871	0.8916	0.8961	0.9005	0.9049	0.9093	0.9136
59	0.8365	0.8407	0.8449	0.8492	0.8536	0.8581	0.8627	0.8673	0.8720	0.8768	0.8815	0.8862	0.8909	0.8956	0.9003	0.9048
60	0.8241	0.8283	0.8326	0.8370	0.8416	0.8463	0.8510	0.8558	0.8607	0.8656	0.8706	0.8756	0.8806	0.8856	0.8905	0.8954
61	0.8110	0.8153	0.8197	0.8242	0.8289	0.8337	0.8386	0.8435	0.8486	0.8538	0.8590	0.8642	0.8694	0.8747	0.8799	0.8851
62	0.7973	0.8016	0.8061	0.8107	0.8155	0.8204	0.8254	0.8305	0.8358	0.8411	0.8465	0.8520	0.8575	0.8630	0.8685	0.8741
63	0.7829	0.7873	0.7918	0.7965	0.8014	0.8064	0.8115	0.8168	0.8222	0.8277	0.8333	0.8390	0.8447	0.8505	0.8563	0.8622
64	0.7679	0.7723	0.7769	0.7816	0.7866	0.7917	0.7969	0.8023	0.8078	0.8135	0.8193	0.8252	0.8312	0.8372	0.8433	0.8494
65	0.7523	0.7567	0.7613	0.7661	0.7711	0.7762	0.7816	0.7871	0.7927	0.7986	0.8045	0.8106	0.8168	0.8230	0.8294	0.8358

Survivor Benefit Table – Option 4

Option 4 - 50% Survivor Benefits with "Pop-up"

Upon retirement, retiree will receive a reduced pension benefit payable monthly for life, with half the amount (50%) continuing to the beneficiary monthly for life upon the retiree's death. Should the beneficiary die before the retiree, the retiree's monthly benefit will revert to the amount they would have received before the reduction under Option 4.

Example: Member is age 55 with a 50-year-old beneficiary and a monthly formula benefit of \$1,000 under the single life annuity. The monthly benefit under Option 4 would be: $\$1,000 \times .9362 = \936.20 . If the beneficiary passes away first, the monthly benefit would "pop-up" to \$1,000.

Ages When Monthly Benefit Starts

Retiree Age	Beneficiary Age															
	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
50	0.9589	0.9605	0.9621	0.9636	0.9652	0.9667	0.9682	0.9696	0.9711	0.9725	0.9738	0.9752	0.9764	0.9777	0.9788	0.9800
51	0.9550	0.9567	0.9584	0.9601	0.9617	0.9633	0.9650	0.9665	0.9681	0.9696	0.9711	0.9725	0.9739	0.9753	0.9766	0.9779
52	0.9509	0.9526	0.9544	0.9562	0.9579	0.9597	0.9614	0.9631	0.9648	0.9665	0.9681	0.9697	0.9712	0.9727	0.9741	0.9755
53	0.9463	0.9482	0.9501	0.9520	0.9539	0.9557	0.9576	0.9594	0.9612	0.9630	0.9648	0.9665	0.9682	0.9698	0.9713	0.9729
54	0.9414	0.9434	0.9454	0.9474	0.9494	0.9514	0.9534	0.9554	0.9573	0.9592	0.9611	0.9630	0.9648	0.9666	0.9683	0.9699
55	0.9362	0.9383	0.9403	0.9424	0.9446	0.9467	0.9488	0.9509	0.9530	0.9551	0.9571	0.9591	0.9611	0.9630	0.9649	0.9667
56	0.9305	0.9327	0.9349	0.9371	0.9393	0.9416	0.9438	0.9461	0.9483	0.9505	0.9527	0.9549	0.9570	0.9591	0.9611	0.9631
57	0.9245	0.9267	0.9290	0.9313	0.9337	0.9361	0.9384	0.9408	0.9432	0.9456	0.9479	0.9503	0.9526	0.9548	0.9570	0.9592
58	0.9179	0.9203	0.9227	0.9251	0.9276	0.9301	0.9326	0.9351	0.9377	0.9402	0.9427	0.9452	0.9477	0.9501	0.9525	0.9548
59	0.9110	0.9134	0.9159	0.9185	0.9210	0.9237	0.9263	0.9290	0.9316	0.9343	0.9370	0.9397	0.9423	0.9449	0.9475	0.9500
60	0.9036	0.9061	0.9087	0.9113	0.9140	0.9167	0.9195	0.9223	0.9251	0.9280	0.9308	0.9337	0.9365	0.9393	0.9421	0.9448
61	0.8956	0.8982	0.9009	0.9036	0.9064	0.9093	0.9122	0.9151	0.9181	0.9211	0.9241	0.9271	0.9302	0.9332	0.9361	0.9391
62	0.8872	0.8899	0.8926	0.8955	0.8984	0.9013	0.9043	0.9074	0.9105	0.9137	0.9169	0.9201	0.9233	0.9265	0.9296	0.9328
63	0.8782	0.8810	0.8838	0.8867	0.8897	0.8928	0.8960	0.8992	0.9024	0.9057	0.9091	0.9125	0.9158	0.9192	0.9226	0.9260
64	0.8687	0.8715	0.8744	0.8774	0.8805	0.8837	0.8870	0.8903	0.8937	0.8972	0.9007	0.9042	0.9078	0.9114	0.9150	0.9186
65	0.8586	0.8615	0.8645	0.8676	0.8707	0.8740	0.8774	0.8809	0.8844	0.8880	0.8917	0.8954	0.8991	0.9029	0.9067	0.9105