

**AN ORDINANCE AMENDING ARTICLE I OF CHAPTER 2.5 “EMPLOYEES’ RETIREMENT FUND,” OF THE CODE OF THE CITY OF FORT WORTH (2015), AS AMENDED, TO ADD DEFINITIONS AND INCORPORATE PENSION CHANGES TO THE EMPLOYEES’ RETIREMENT FUND, INCLUDING INCREASES IN CURRENT CITY AND MEMBER CONTRIBUTIONS WITH SUCH INCREASES CONTINGENT ON APPROVAL AT A VOTE OF THE MEMBERS; PROVIDING THAT CERTAIN SECTIONS ARE ONLY EFFECTIVE UPON THE SUCCESSFUL PASSAGE OF A CONTRIBUTION INCREASE ELECTION; PROVIDING THAT THIS ORDINANCE IS CUMULATIVE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING THAT ALL CONDITIONS PRECEDENT FOR THE ADOPTION OF THIS ORDINANCE HAVE BEEN MET; PROVIDING A SAVINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, Article 6243i of the Texas Revised Civil Statutes applies to the Employees’ Retirement Fund of the City of Fort Worth (“the Fund”); and

**WHEREAS**, Section 4.03 of Article 6243i of the Texas Revised Civil Statutes requires the City Council to notify the Board of Trustees of the Fund (“Board”) of the City Council’s intent to consider and vote on any amendment to the administrative rules governing the Fund that would reduce a benefit provided by the retirement system; and

**WHEREAS**, the State constitution obligates the City and taxpayers of Fort Worth to honor earned benefits for employees in the event the Fund becomes insolvent, meaning the City and taxpayers have a critical interest in the fiscal soundness of the Fund and affordability of benefits being offered; and

**WHEREAS**, the City controls, within Constitutional constraints and as may be limited by collective bargaining or meet and confer agreements, the retirement benefits that are offered to employees; and

**WHEREAS**, the Board has management oversight of the contributions remitted to the Fund and legal authority over the Fund’s investment strategy; and

**WHEREAS**, the City adopted amendments to the Retirement Ordinance increasing City contributions to the Fund by 5% of payroll in 2007, and by 4% of payroll in 2010; and

**WHEREAS**, the City has previously made pension adjustments for Members in 2011, 2012 and 2014; and

**WHEREAS**, the Fund has reduced its assumed rate of return twice in the last five years and has adopted more conservative and realistic actuarial assumptions over the last two years with the result of all such changes being an increase in the projected unfunded liability of the Fund; and

**WHEREAS**, the Fund has not consistently met its assumed rate of return in recent years, which has also contributed to an increase in the projected unfunded liability of the Fund; and

**WHEREAS**, on October 24, 2017, City Council adopted Ordinance No. 22977-10-2017, modifying the calculation of the interest rate for refunds on contributions to the Fund to ensure interest rates on payouts more accurately tracked and reflected actual current-market conditions; and

**WHEREAS**, on December 12, 2017, City Council adopted Ordinance No. 23034-12-2017, modifying the calculation of the interest rate for the re-purchase of prior credited service to reduce the cumulative impact of such actions on the overall health of the Fund; and

**WHEREAS**, the City Council is considering additional changes to the Retirement Ordinance to secure the long term sustainability of the Fund; and

**WHEREAS**, the Fund has had more than three consecutive annual actuarial valuations that indicate an amortization period of greater than 40 years; and

**WHEREAS**, State law requires a governmental entity to submit a Funding Soundness Restoration Plan (FSRP) to the State Pension Review Board when its fund has had three consecutive actuarial valuations with an amortization period of greater than 40 years; and

**WHEREAS**, the state law mandating the FSRP requires that the plan's impact be projected to reduce the amortization period to within 40 years no later than the tenth anniversary of the plan's adoption; and

**WHEREAS**, due to risks posed to the City's long-term sustainability in terms of operations, staffing, infrastructure, and tax-rate competitiveness, it is unreasonable to expect taxpayers to fund the entire deficit that has resulted largely from insufficient investment returns; and

**WHEREAS**, independent third party actuaries have advised the City that contributions alone will be insufficient to improve the financial condition of the fund without placing an unfair burden on existing and future employees; and

**WHEREAS**, additional pension adjustments are necessary to comply with the FSRP; and

**WHEREAS**, individuals are living longer and drawing retirement benefits for longer periods of time, making it appropriate to consider delaying the age at which members may begin receiving a pension; and

**WHEREAS**, the City currently allows certain unused accumulated sick and major medical leave balances to be converted to service credit in calculating a member's benefit level even though contributions are not made by the employee or the employer on those balances;

**WHEREAS**, the City Council adopted Resolution No. 4947-06-2018 to notify the Fund of its intent to consider and vote on pension modifications; and

**WHEREAS**, additional member contributions are also necessary to comply with the FSRP; and

**WHEREAS**, the City Council has committed to increase City contributions if members vote to approve an increase in Member contributions; and

**WHEREAS**, the City Council intends to adopt a resolution calling for an election of Members to vote on current increases in Member contributions; and

**WHEREAS**, it is recommended that the City Council revise Chapter 2.5 to make certain pension adjustments and contribution increases, with the contribution increases all being subject to approval at a Member election.

**NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FORT WORTH, TEXAS:**

**SECTION 1.**

*That Section 2.5-1, “Definitions,” of the Code of the City of Fort Worth is hereby amended to delete the current definition of “Normal Retirement Date” in its entirety and to add a new definition for that term as well as other definitions as follows:*

***NORMAL RETIREMENT DATE.***

Normal retirement date shall have the meaning set forth in the following sections:

- (1) Section 2.5-22 for Group III members/Group III Police Members;
- (2) Section 2.5-32 for Group IV members/Group IV Police Members;
- (3) Section 2.5-42(a) for Group I members/Group I General Members;
- (4) Section 2.5-52 for Group II members/Group II General Members;
- (5) Section 2.5-62(a) for Group V members/Group V Firefighters; and
- (6) Section 2.5-72(a) for Group VI members/Group VI Firefighters.

***PRE-55 RETIREMENT DATE.***

Pre-55 retirement date shall have the meaning set forth in the following sections:

- (1) Section 2.5-42(b) for Group I members/Group I Members;
- (2) Section 2.5-62(b) for Group V members/Group V Firefighters; and
- (3) Section 2.5-72(b) for Group VI members/Group VI Firefighters.

***RETIREMENT BENEFIT.*** A pension for life, as provided in this chapter, payable each year in 12 equal monthly installments, beginning as of the date approved by the board in accordance with the provisions of this chapter.

***VESTED TERMINATED PENSION.***

Vested terminated pension shall have the meaning as set forth in the following sections:

- (1) Section 2.5-24(b) for Group III members/Group III Police Officers;
- (2) Section 2.5-34(b) for Group IV members/Group IV Police Officers;
- (3) Section 2.5-45 for Group I members/Group I General Members;
- (4) Section 2.5-54(b) for Group II members/Group II General Members;
- (5) Section 2.5-65 for Group V members/Group V Firefighters; and
- (6) Section 2.5-75 for Group VI members/Group VI Firefighters.

***PRE-55 VESTED TERMINATED RETIREMENT DATE.***

Pre-55 vested terminated retirement date shall have the meaning set forth in the following sections:

- (1) Section 2.5-42(d) for Group I members/Group I General Members;
- (2) Section 2.5-62(d) for Group V members/Group V Firefighters; and
- (3) Section 2.5-72(d) for Group VI members/Group VI Firefighters.

***VESTED TERMINATED.***

Vested Terminated when used to describe a Member in any Group shall mean a Member who (i) voluntarily or involuntarily separates from the city prior to retirement, (ii) is vested at the time of separation, and (iii) does not receive a refund of any part of his contribution.

***VESTED TERMINATED RETIREMENT DATE.***

Vested terminated retirement date shall have the meaning set forth in the following sections:

- (1) Section 2.5-22(b) for Group III members/Group III Police Members;
- (2) Section 2.5-32(b) for Group IV members/Group IV Police Members;
- (3) Section 2.5-42(c) for Group I members/Group I General Members;
- (4) Section 2.5-52(b) for Group II members/Group II General Members;
- (5) Section 2.5-62(c) for Group V members;/Group V Firefighters and
- (6) Section 2.5-72(c) for Group VI members/Group VI Firefighters.

***That Section 2.5-22(b) and Section 2.5-52(b) are amended to replace the title “Vested retirement date” with the term “Vested terminated retirement date”***

***That Section 2.5-4, “Credited Service,” of the Code of the City of Fort Worth is hereby amended to revise Section 2.5-4(a) to add paragraphs (4) and (5) to read as follows:***

- (4) Effective on or after December 12, 1994, any Member who is reemployed by the City upon completion of service in the uniformed services (within the time frame provided under the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended) shall be granted Credited Service for such uniformed service, provided the Member makes the contributions (with no interest) to the Fund that the Member would have been required to contribute if the Member had remained continuously employed by the City throughout the period of uniformed service. Such payment must be made during the period which commences with the date of reemployment by the City and which duration is three (3) times the period of the Member's service in the uniformed services, not to exceed five (5) years. If a reemployed Member makes such contributions, the City shall also make its corresponding contributions to the Fund. This provision shall be construed

consistently with the requirements of the Uniformed Services Employment and Reemployment Act of 1994, as amended.

- (5) Any Member whose employment was terminated involuntarily and was thereafter reinstated as the direct result of an appeal or suit arising from the involuntary termination shall be granted all Credited Service for the period of absence, provided, however that contributions for Credited Service for such period of absence must be made by the City and by or on behalf of the Member in accordance with Section 2.5-3.

***That Section 2.5-4, “Credited Service,” of the Code of the City of Fort Worth is hereby further amended to delete Section 2.5-4(b) its entirety and to adopt a new 2.5-4(b) to read as follows:***

- (b) *Accumulated sick leave and major medical leave.*

Subject to all further terms and conditions of this Section 2.5-4(b), only that portion of a person’s accumulated sick leave and major medical leave that was earned prior to December 22, 2018 and that remains unused (or otherwise compensated to the member) as of the date the person retires shall be taken into account in calculating that person’s credited service, provided, however, that such balance shall never be taken into account in calculating the pension of a member receiving a line of duty disability pension.

(1) *For accumulated sick leave and/or major medical leave earned prior to December 22, 2018:*

- a. Subject to the provisions of this section, at retirement and in calculating a vested terminated pension, a Member shall have added to his or her credited service hours of accumulated sick leave and/or major medical leave to the extent the official personnel records of the city reflect that such leave was (i) earned prior to December 22, 2018 and (ii) not used by or otherwise compensated to the member, with leave that meets both of these criteria being considered and referred to herein as **“Qualified Leave.”**

For credited service purposes, Qualified Leave shall be converted into months using the following formula:

- i. The total number of hours of Qualified Leave divided by the annual scheduled hours for the position from which the member is retiring multiplied by 12. The resulting product represents the number of months in whole numbers and/or a decimal portion of a month. Any whole number shall constitute that number of months to be added to credited service. If the resulting product contains a decimal value that is less than five tenths (0.50), then no addition to credited service shall be made with respect to such decimal value; however, if the resulting product contains a decimal value

that is five tenths (0.50) or greater, then an additional month of credited service shall be provided for such decimal value.

- b. Qualified Leave shall not be applied toward determining of retirement eligibility, but only toward calculation of retirement benefits.
  - c. Group I General Members and Group III Police Members who have Qualified Leave that was earned prior to October 1, 2013, will have the leave added to credited service earned or purchased prior to October 1, 2013. Qualified Leave earned on or after October 1, 2013 and before December 22, 2018 will be added to credited service earned or purchased during that period.
  - d. Group I General Members and Group III Police Members who use sick leave and/or major medical leave on or after December 22, 2018 will have the leave deducted as follows:
    - **first** from leave hours earned prior to October 1, 2013 until such time as those hours are completely exhausted,
    - **second** from accumulated sick leave and/or major medical leave hours earned from October 1, 2013 through December 21, 2018 until such hours are completely exhausted, and
    - **finally**, after all other accumulated sick leave and/or major medical leave is exhausted, from sick leave and/or major medical leave earned on or after December 22, 2018.
  - e. Group V Firefighters who have Qualified Leave that was earned prior to January 10, 2015, will have the leave added to credited service earned or purchased prior to January 10, 2015. Qualified Leave earned on or after January 10, 2015 and before December 22, 2018 will be added to credited service earned or purchased during that period.
  - f. Group V Firefighters who use sick leave and/or major medical leave on or after December 22, 2018 will have the leave deducted as follows:
    - **first** from leave hours earned prior to January 10, 2015 until such time as those hours are completely exhausted,
    - **second** from accumulated sick leave and/or major medical leave hours earned from January 10, 2015 through December 21, 2018 until such hours are completely exhausted, and
    - **finally**, after all other accumulated sick leave and/or major medical leave is exhausted, from sick leave and/or major medical leave earned on or after December 22, 2018.
- (2) *For accumulated sick leave and/or major medical leave earned on or after December 22, 2018:*
- a. Accumulated sick leave and/or major medical leave earned on or after December 22, 2018, will not be added to credited service at retirement.

*That Section 2.5-42, “Retirement Dates for Group I Members,” of the Code of the City of Fort Worth is hereby repealed in its entirety and replaced with a new Section 2.5-42 to read as follows:*

**§ 2.5-42 RETIREMENT DATES FOR GROUP I GENERAL MEMBERS.**

- (a) ***Normal retirement date for Group I General Members.*** A Group I General Member shall be eligible for pension benefits on or after the Group I General Member’s normal retirement date, which shall be the last day of the month on which the earliest of the following occurs:
- (1) The Group I General Member’s years of age and all years of credited service total 80, but in no event shall such normal retirement date be prior to the Group I General Member reaching age 55; or
  - (2) The date on which the Group I General Member reaches age 65, but in no event shall such normal retirement date be prior to the fifth anniversary of the date the Group I General Member joined the fund.
- (b) ***Pre-55 Retirement Date for Group I General Members.*** A Group I General Member shall be eligible for pension benefits for credited service earned and/or purchased prior to June 22, 2019, on or after the Group I General Member’s Pre-55 Retirement Date, which shall be the last day of the first month in which the combination of the Group I General Member’s years of age plus years of credited service total 80. For credited service earned on or after June 22, 2019, a Group I General Member shall be eligible for pension benefits on the first month following the date the Group I General Member reaches Age 55.
- (c) ***Vested Terminated Retirement Date for Group I General Members.*** A Vested Terminated Group I General Member shall be eligible for pension benefits on or after the Group I General Member’s vested terminated retirement date, which shall be the last day of the month on which the earliest of the following occurs:
- (1) The Group I General Member’s years of age plus years of credited service total 80 as if the Vested Terminated member had remained employed by the City, but in no event shall such vested terminated retirement date be prior to the Group I General Member reaching age 55; or
  - (2) The date on which the Group I General Member reaches age 65.
- (d) ***Pre-55 vested terminated retirement date for Group I General Members.*** For credited service earned and/or purchased prior to June 22, 2019, a Vested Terminated Group I General Member shall be eligible for pension benefits on or after the Group I General Member’s Pre-55 vested terminated retirement date, which shall be the last day of the first month in which the combination of the Vested Terminated Group I General Member’s years of age plus years of credited service total 80 as if the Group I General Member had

remained employed with the City. For credited service earned on or after June 22, 2019, a Group I General Member shall be eligible for pension benefits on the first month following the date the Group I General Member reaches Age 55.

***That Section 2.5-44, “Termination Benefits and Vesting,” of the Code of the City of Fort Worth is hereby repealed in its entirety and replaced with a new Section 2.5-44 to read as follows:***

**§ 2.5-44 TERMINATION BENEFITS AND VESTING.**

- (a) *Contribution refund prior to vesting.* Any Group I General Member who is voluntarily or involuntarily separated from the service of the city before the Group I General Member is vested shall be entitled to receive the amount of the Group I General Member’s contributions plus regular interest less any amount previously paid to the Group I General Member from the fund.
- (b) *Contribution refund after vesting in lieu of vested terminated pension.* Any vested Group I General Member who is voluntarily or involuntarily separated from the service of the city may elect to receive a refund of the Group I General Member’s contributions, plus regular interest, less any amount previously paid to the Group I General Member from the fund, either at the date of such separation or at any time thereafter prior to commencement of retirement benefit, but by so doing, the Group I General Member shall forfeit all rights under the fund and thereafter be entitled to no further benefits hereunder.
- (c) *Vested terminated pension.*
  - (1) A Vested Terminated Group I General Member shall be entitled to receive a vested terminated pension payable:
    - a. In full, pursuant to § 2.5-45 (b)(1) and (2) ;or
    - b. In two parts pursuant to § 2.5-45 (b)(3) and (4); or
    - c. In a reduced amount commencing on or after age 50 pursuant to §2.5-45(5)
  - (2) A Vested Terminated Group I General Member must file a request for the commencement of the vested terminated pension by completing such forms and following such procedures as are established by the board. A vested terminated pension shall be payable monthly on the first day of each month commencing with the month following approval of the Group I General Member’s vested terminated pension by the board.

***That Section 2.5-45, “Retirement Pension (Benefit),” of the Code of the City of Fort Worth is hereby amended to delete subsections (b) and (c) in their entirety and to adopt new subsections (b) and (c) to read as follows:***

**§ 2.5-45 RETIREMENT PENSION (BENEFIT).**

- (b) *Pensions commencing on or after October 1, 2013 (known as Group I General Member Standard Pension Benefit “B,” excluding Section 2.5-45(b)(5).*

- (1) *Pensions commencing upon normal retirement date or vested terminated retirement date for Group I General Members hired and vested prior to July 1, 2011, whose pension commences on or after October 1, 2013 (not subject to the earnings cap).* A vested Group I General Member hired and vested prior to October 23, 2007, who retires on or after the Group I General Member's normal retirement date and requests commencement of the Group I General Member's pension on or after October 1, 2013, or a Group I General Member who terminates employment on or after October 1, 2013, and prior to the Group I General Member's normal retirement date and who waits until such vested terminated retirement date to apply for a pension, shall receive an annual life pension, the amount of which shall be calculated by adding the following:
  - a. 3.0% of the Group I General Member's compensation base as defined by § 2.5-43(a)(1) multiplied by the Group I General Member's years of credited service from date of hire until September 30, 2013; and
  - b. 2.5% of the Group I General Member's compensation base as defined by § 2.5-43(b) multiplied by the Group I General Member's years of credited service from October 1, 2013 until date of termination.
  
- (2) *Pensions commencing upon normal retirement date or vested terminated retirement date for Group I General Members who were hired prior to July 1, 2011 and were not vested prior to October 23, 2007 and whose pension commences on or after October 1, 2013 (subject to the earnings cap).* A Group I General Member hired prior to July 1, 2011, and not vested prior to October 23, 2007, who retires on or after the Group I General Member's normal retirement date and requests commencement of the Group I General Member's pension, and whose pension commences on or after October 1, 2013, or who terminates employment on or after October 1, 2013, but prior to his or her normal retirement date and who waits until such vested terminated retirement date to apply for a pension shall receive an annual life pension, the amount of which shall be calculated by adding the following:
  - a. 3.0% of the Group I General Member's compensation base as defined by § 2.5-43(a)(2) multiplied by the Group I General Member's years of credited service from date of hire until September 30, 2013; and
  - b. 2.5% of the Group I General Member's compensation base as defined by § 2.5-43(b) multiplied by the Group I General Member's years of credited service from October 1, 2013 until date of termination.
  
- (3) *Pensions commencing upon Pre-55 retirement date or Pre-55 vested terminated retirement date for Group I General Members hired and vested prior to July 1, 2011, whose pension commences on or after October 1, 2013 (not subject to the earnings cap).* A Group I General Member hired and vested prior to October 23, 2007, who retires on or after the Group I General Member's Pre-55 retirement date but before the Group I General Member's normal retirement date and requests commencement of the

Group I General Member's pension on or after June 22, 2019, or a Group I General Member who terminates employment on or after June 22, 2019, and prior to the Group I General Member's normal retirement date, and who waits until such Pre-55 vested terminated retirement date to apply for a pension, shall receive an annual life pension, the amount of which shall be calculated by adding the following:

- a. 3.0% of the Group I General Member's compensation base as defined by § 2.5-43(a)(1) multiplied by the Group I General Member's years of credited service from date of hire until September 30, 2013; and
- b. 2.5% of the Group I General Member's compensation base as defined by § 2.5-43(b) multiplied by the Group I General Member's years of credited service from October 1, 2013 through June 21, 2019; and
- c. Once the member reaches age 55, credited service from June 22, 2019 until date of termination will be added to the member's pension as follows:
  - i. 2.5% of the Group I General Member's compensation base as defined by § 2.5-43(b) multiplied by the Group I General Member's years of credited service from June 22, 2019 until date of termination will be added to the combined amount calculated under subsections (b)(3)(a.) and (b)(3)(b.).

(4) *Pensions commencing upon Pre-55 retirement date or Pre-55 vested terminated retirement date for Group I General Members who were hired prior to July 1, 2011 and were not vested prior to October 23, 2007 and whose pension commences on or after October 1, 2013 (subject to the earnings cap).* A Group I General Member hired prior to July 1, 2011, and not vested prior to October 23, 2007, who retires on or after the Group I General Member's Pre-55 Retirement date, but before the member's normal retirement, or a Group I General Member who terminates employment on or after June 22, 2019, and prior to the Group I General Member's normal retirement date, and who waits until such Pre-55 vested terminated retirement date to apply for a pension, shall receive an annual life pension, the amount of which shall be calculated by adding the following:

- a. 3.0% of the Group I General Member's compensation base as defined by § 2.5-43(a)(2) multiplied by the Group I General Member's years of credited service from date of hire through September 30, 2013; and
- b. 2.5% of the Group I General Member's compensation base as defined by § 2.5-43(b) multiplied by the Group I General Member's years of credited service from October 1, 2013 until June 21, 2019; and
- c. Once the member reaches age 55, credited service from June 22, 2019, until date of termination will be added to the member's pension as follows:

- i. 2.5% of the Group I General Member's compensation base as defined by § 2.5-43(b) multiplied by the Group I General Member's years of credited service from June 22, 2019 until date of termination will be added to the combined amount calculated under subsections (b)(4)(a.) and (b)(4)(b.).

(5) *Early Retirement.*

- a. A Group I General Member can retire prior to their normal retirement date or their Pre-55 retirement date with a reduced pension if:
  - i. The Group I General Member is age 50; and
  - ii. The Group I General Member has been a Member of the fund for five years or more.
- b. Early retirement pension calculation.
  - i. An Early Retirement pension shall be an annual life pension, the amount of which shall be the specified percentage of the Group I General Member's compensation base multiplied by the Group I General Member's total years of credited service. For purposes of the preceding sentence, the specified percentage of the Group I General Member's compensation base shall be 2.75% for all credited service earned or purchased prior to October 1, 2013, and 2.25% for credited service earned or purchased on or after October 1, 2013. Early Retirement pension shall be calculated using the specified percentage and compensation base in effect at the time the Group I General Member earned or purchased the credited service for all credited service earned or purchased after October 1, 2013.
  - ii. In addition to the reduced multiplier described in subsection (5)(b)(i.) above, a Member taking early retirement shall have his benefit reduced by an amount equal to the product of 0.416666667% multiplied times the number of months by which the commencement of the early retirement pension antedates the Group I General Member's normal or vested terminated retirement date. This reduction shall be applied to all parts of the benefit.

- (6) *Payable.* The pension shall be payable monthly on the first day of each month commencing with the month following the board's approval of the Group I General Member's pension per 2.5-45 (a) and (c). The pension shall be payable monthly in two parts; with the first part payable on the first day of each month per 2.5-45(b) and the second part payable on the first day of each month after the Group I General Member reaches age 55.

(c) *Alternative pension benefit.* In lieu of the Group I General Member standard pension benefit B, a Group I General Member may irrevocably elect with his or her spouse's consent (where applicable), in advance of his or her retirement and pursuant to regulations and requirements the board in its discretion may adopt, to receive an "alternative pension benefit," and which shall be payable in two parts:

(1) Normal Retirement alternative pension benefit.

- a. One part in a lump sum amount not less than 5% nor greater than 25% of the actuarial equivalent of the Group I General Member's standard pension benefit "B," which lump sum shall be payable on the date benefits commence under subsection (c)(1)(b.) below; and
- b. The remainder in an annual life pension, payable monthly on the first day of each month commencing with the month following the board's approval of the Group I General Member's pension.

(2) Pre-55 Retirement alternative pension benefit.

- a. One part in a lump sum amount not less than 5% nor greater than 25% of the actuarial equivalent of the Group I General Member's Pre-55 retirement, which lump sum shall be payable on the date benefits commence under subsection (c)(2)(b.) below; and
- b. The remainder, excluding the benefit from credited service earned after June 21, 2019, of the Group I General Member's Pre-55 retirement in an annual life pension, payable monthly on the first day of each month commencing with the month following the board's approval of the Group I General Member's pension; and
- c. Once the member reaches age 55, credited service from June 22, 2019, until date of termination will be added to the member's pension as follows:
  - i. 2.5% percent of the Group I General Member's compensation base as defined by § 2.5-43(b) multiplied by the Group I General Member's years of credited service from June 22, 2019 until date of termination will be added to the amount calculated in subsection (c)(2)(b.).

(3) *Limitation on alternative pension benefit.* The only people eligible for the alternative pension benefit are members who take normal retirement or Pre-55 retirement and do not enroll in DROP.

***That Section 2.5-54, "Credited Service," of the Code of the City of Fort Worth is hereby amended to delete subsection (b)(3) in its entirety and to adopt a new subsection (b)(3) to read as follows:***

- (3) In addition to the reduced multiplier described in subsection (b)(2) above, a Member taking early retirement shall have his benefit reduced by an amount equal to the product of 0.41666667% multiplied times the number of months by which the commencement of the early retirement pension antedates the group II member's normal retirement date.

***That Section 2.5-62, "Retirement Dates," of the Code of the City of Fort Worth is hereby repealed in its entirety and replaced with a new Section 2.5-62 to read as follows:***

**§ 2.5-62 RETIREMENT DATES FOR GROUP V FIREFIGHTERS.**

- (a) ***Normal retirement date for Group V Firefighters.*** A Group V Firefighter, shall be eligible for pension benefits on or after the Group V Firefighter's normal retirement date, which shall be the last day of the month on which the earliest of the following occurs:
- (1) The Group V Firefighter's years of age and all years of credited service total 80, but in no event shall such normal retirement date be prior to the Group V Firefighter reaching age 55; or
  - (2) The date on which the Group V Firefighter reaches age 65, but in no event shall such normal retirement date be prior to the fifth anniversary of the date the Group V Firefighter joined the fund.
- (b) ***Pre-55 Retirement date for Group V Firefighters.*** A Group V Firefighter shall be eligible for pension benefits for credited service earned and/or purchased prior to June 22, 2019 , on or after the Group V Firefighter's Pre-55 retirement date, which shall be the last day of the first month in which the combination of the Group V Firefighter's years of age plus years of credited service total 80. For credited service earned on or after June 22, 2019, a Group V Firefighter shall be eligible for pension benefits on the first month following the date the Group V Firefighter reaches Age 55.
- (c) ***Vested terminated retirement date for Group V Firefighters.*** A Vested Terminated Group V Firefighter, shall be eligible for pension benefits on or after the Group V Firefighter's vested terminated retirement date, which shall be the last day of the month on which the earliest of the following occurs:
- (1) The Group V Firefighter's years of age plus years of credited service total 80 as if the Vested Terminated Firefighter had remained employed by the City, but in no event shall such vested terminated retirement date be prior to the Group V Firefighter reaching age 55; or
  - (2) The date on which the Group V Firefighter reaches age 65.
- (d) ***Pre-55 vested terminated retirement date for Group V Firefighters.*** For credited service earned and/or purchased prior to June 22, 2019, a Vested Terminated Group V Firefighter shall be eligible for pension benefits on or after the Group V Firefighter's Pre-55

retirement date, which shall be the last day of the first month in which the combination of the Vested Terminated Group V Firefighter's years of age plus years of credited service total 80 as if the Group V Firefighter had remained employed with the City. For credited service earned on or after June 22, 2019, a Group V Firefighter shall be eligible for pension benefits on the first month following the date the Group V Firefighter reaches Age 55.

***That Section 2.5-64, "Termination Benefits and Vesting," of the Code of the City of Fort Worth is hereby repealed in its entirety and replaced with a new Section 2.5-64 to read as follows:***

**§ 2.5-64 TERMINATION BENEFITS AND VESTING.**

- (a) *Contribution refund prior to vesting.* Any Group V Firefighter who is voluntarily or involuntarily separated from the service of the city before the Group V Firefighter is vested shall be entitled to receive the amount of the Group V Firefighter's contributions plus regular interest less any amount previously paid to the Group V Firefighter from the fund.
- (b) *Contribution refund after vesting in lieu of vested terminated pension.* Any vested Group V Firefighter who is voluntarily or involuntarily separated from the service of the city may elect to receive a refund of the Group V Firefighter's contributions, plus regular interest, less any amount previously paid to the Group V Firefighter from the fund, either at the date of such separation or at any time thereafter prior to commencement of retirement benefit, but by so doing, the Group V Firefighter shall forfeit all rights under the fund and thereafter be entitled to no further benefits hereunder.
- (c) *Vested terminated pension.*
  - (1) A Vested Terminated Group V Firefighter shall be entitled to receive a vested terminated pension payable:
    - a. In full, pursuant to § 2.5-65(b)(1) and (2); or
    - b. In two parts pursuant to § 2.5-65(b)(3) and (4); or
    - c. In a reduced amount commencing on or after age 50 pursuant to § 2.5-65(b)(5)
  - (2) A Vested Terminated Group V Firefighter must file a request for the commencement of the vested terminated pension by completing such forms and following such procedures as are established by the board. A vested terminated pension shall be payable monthly on the first day of each month commencing with the month following approval of the Group V Firefighter's vested terminated pension by the board.

***That Section 2.5-65, "Retirement Pension for Group V Members," of the Code of the City of Fort Worth is hereby amended to delete subsections (b) and (c) in their entirety and to adopt new subsections (b) and (c) to read as follows:***

**§ 2.5-65 RETIREMENT PENSION FOR GROUP V MEMBERS.**

(b) *Pensions commencing on or after January 10, 2015 [known as Group V Firefighter Standard Pension Benefit “B,” excluding Section 2.5-65(b)(5)].*

(1) *Pensions commencing upon normal retirement date or vested terminated retirement date for Group V Firefighters hired and vested prior to October 23, 2007, whose pension commences on or after January 10, 2015 (not subject to the earnings cap).* A vested Group V Firefighter hired and vested prior to October 23, 2007, who retires on or after the Group V Firefighter’s normal retirement date and requests commencement of the Group V Firefighter’s pension on or after January 10, 2015, or a Group V Firefighter who terminates employment on or after January 10, 2015, and prior to the Group V Firefighter’s normal retirement date and who waits until such vested terminated retirement date to apply for a pension, shall receive an annual life pension, the amount of which shall be calculated by adding the following:

- a. 3.0% of the Group V Firefighter’s compensation base as defined by § 2.5-63(a)(1) multiplied by the Group V Firefighter’s years of credited service from date of hire until January 9, 2015; and
- b. 2.5% of the Group V Firefighter’s compensation base as defined by § 2.5-63(b) multiplied by the Group V Firefighter’s years of credited service from January 10, 2015 until date of termination.

(2) *Pensions commencing upon normal retirement date or vested terminated retirement date for Group V Firefighters who were hired prior to January 10, 2015, but were not vested by October 23, 2007 and whose pension commences on or after January 10, 2015 (subject to the earnings cap).* A Group V Firefighter hired and not vested prior to October 23, 2007, who retires on or after the Group V Firefighter’s normal retirement date and requests commencement of the Group V Firefighter’s pension, and whose pension commences on or after January 10, 2015, or who terminates employment on or after January 10, 2015, but prior to his or her normal retirement date and who waits until such vested retirement date to apply for a pension shall receive an annual life pension, the amount of which shall be calculated by adding the following:

- a. 3.0% of the Group V Firefighter’s compensation base as defined by § 2.5-63(a)(2) multiplied by the Group V Firefighter’s years of credited service from date of hire through January 9, 2015; and
- b. 2.5% of the Group V Firefighter’s compensation base as defined by § 2.5-63(b) multiplied by the Group V Firefighter’s years of credited service from January 10, 2015 until date of termination.

(3) *Pensions commencing upon Pre-55 retirement date or Pre-55 vested terminated retirement date for Group V Firefighters hired and vested prior to October 23, 2007, whose pension commences on or after January 10, 2015 (not subject to the earnings cap).* A Group V Firefighter hired and vested prior to October 23, 2007, who retires

on or after the Group V Firefighter's Pre-55 retirement date but before the Group V Firefighter's normal retirement date and requests commencement of the Group V Firefighter's pension on or after June 22, 2019, or a Group V Firefighter who terminates employment on or after June 22, 2019, and prior to the Group V Firefighter's normal retirement date, and who waits until such Pre-55 vested terminated retirement date to apply for a pension, shall receive an annual life pension, the amount of which shall be calculated by adding the following:

- a. 3.0% of the Group V Firefighter's compensation base as defined by § 2.5-63(a)(1) multiplied by the Group V Firefighter's years of credited service from date of hire through January 9, 2015; and
- b. 2.5% of the Group V Firefighter's compensation base as defined by § 2.5-63(b) multiplied by the Group V Firefighter's years of credited service from January 10, 2015 through June 21, 2019; and
- c. Once the Group V Firefighter reaches age 55, credited service from June 22, 2019 until date of termination will be added to the Group V Firefighter's pension as follows:
  - i. 2.5% of the Group V Firefighter's compensation base as defined by § 2.5-63(b) multiplied by the Group V Firefighter's years of credited service from June 22, 2019 until date of termination will be added to the combined amount calculated under subsections (b)(3)(a.) and (b)(3)(b.).

(4) *Pensions commencing upon Pre-55 retirement date or Pre-55 vested terminated retirement date for Group V Firefighters who were hired prior to January 10, 2015, but were not vested by October 23, 2007 and whose pension commences on or after January 10, 2015 (subject to the earnings cap).* A Group V Firefighter hired and not vested prior to October 23, 2007, who retires on or after the Group V Firefighter's Pre-55 Retirement date, but before the Group V Firefighter's normal retirement date, or a Group V Firefighter who terminates employment on or after June 22, 2019, and prior to the Group V Firefighter's normal retirement date, and who waits until such Pre-55 vested terminated retirement date to apply for a pension, shall receive an annual life pension, the amount of which shall be calculated by adding the following:

- a. 3.0% of the Group V Firefighter's compensation base as defined by § 2.5-63(a)(2) multiplied by the Group V Firefighter's years of credited service from date of hire through January 9, 2015; and
- b. 2.5% of the Group V Firefighter's compensation base as defined by § 2.5-63(b) multiplied by the Group V Firefighter's years of credited service from January 10, 2015 through June 22, 2019; and
- c. Once the Firefighter reaches age 55, credited service from June 22, 2019, until

date of termination will be added to the Firefighter's pension as follows:

- i. 2.5% of the Group V Firefighter's compensation base as defined by § 2.5-63(b) multiplied by the Group V Firefighter's years of credited service from June 22, 2019, until date of termination will be added to the combined amount calculated under subsections (b)(4)(a.) and (b)(4)(b.).

(5) *Early Retirement.*

- a. A Group V Firefighter can retire prior to their normal retirement date or their Pre-55 retirement date with a reduced pension if:
  - i. The Group V Firefighter is age 50; and
  - ii. The Group V Firefighter has been a Member of the fund for five years or more.
- b. Early retirement pension calculation.
  - i. An Early Retirement pension shall be an annual life pension, the amount of which shall be the specified percentage of the Group V Firefighter's compensation base multiplied by the Group V Firefighter's total years of credited service. For purposes of the preceding sentence, the specified percentage of the Group V Firefighter's compensation base shall be 2.75% for all credited service earned or purchased prior to January 10, 2015 , and 2.25% for credited service earned or purchased on or after January 10, 2015. Early Retirement pension shall be calculated using the specified percentage and compensation base in effect at the time the Group V Firefighter earned or purchased the credited service for all credited service earned or purchased after January 10, 2015.
  - ii. In addition to the reduced multiplier described in subsection (5)(b)(i.) above, a Group V Firefighter taking early retirement shall have his benefit reduced by an amount equal to the product of 0.416666667% multiplied times the number of months by which the commencement of the early retirement pension antedates the Group V Firefighter's normal or vested terminated retirement date. This reduction shall be applied to all parts of the benefit.

- (6) *Payable.* The pension shall be payable monthly on the first day of each month commencing with the month following the board's approval of the Group V Firefighter's pension per 2.5-65 (a) and (c). The pension shall be payable monthly in two parts; with the first part payable on the first day of each month per 2.5-65(b) and the second part payable on the first day of each month after the Group V Firefighter reaches age 55.

(c) *Alternative pension benefit.* In lieu of the Group V Firefighter standard pension benefit B, a Group V Firefighter may irrevocably elect with his or her spouse's consent (where applicable), in advance of his or her retirement and pursuant to regulations and requirements the board in its discretion may adopt, to receive an "alternative pension benefit," which shall be payable in two parts:

(1) Normal Retirement alternative pension benefit.

- a. One part in a lump sum amount not less than 5% nor greater than 25% of the actuarial equivalent of the Group V Firefighter's standard pension benefit "B," which lump sum shall be payable on the date benefits commence under subsection (c)(1)(b.) below; and
- b. The remainder in an annual life pension, payable monthly on the first day of each month commencing with the month following the board's approval of the Group V Firefighter's pension.

(2) Pre-55 Retirement alternative pension benefit.

- a. One part in a lump sum amount not less than 5% nor greater than 25% of the actuarial equivalent of the Group V Firefighter's Pre-55 retirement, which lump sum shall be payable on the date benefits commence under subsection (c)(2)(b.) below; and
- b. The remainder, excluding the benefit from credited service earned after June 21, 2019, of the Group V Firefighter's Pre-55 retirement in an annual life pension, payable monthly on the first day of each month commencing with the month following the board's approval of the Group V Firefighter's pension.
- c. Once the firefighter reaches age 55, credited service from June 22, 2019, until date of termination will be added to the firefighter's pension as follows:
  - i. 2.5% of the Group V Firefighter's compensation base as defined by § 2.5-63(b) multiplied by the Group V Firefighter's years of credited service from June 22, 2019 until date of termination will be added to the amount calculated in subsection (c)(2)(b.).

(3) *Limitation on alternative pension benefit.* The only people eligible for the alternative pension benefit are firefighters who take normal retirement or Pre-55 retirement and do not enroll in DROP.

***That Section 2.5-72, "Retirement Dates," of the Code of the City of Fort Worth is hereby repealed in its entirety and replaced with a new Section 2.5-72 to read as follows:***

**§ 2.5-72 RETIREMENT DATES FOR GROUP VI FIREFIGHTERS.**

- (a) ***Normal retirement date for Group VI Firefighters*** A Group VI Firefighter, shall be eligible for pension benefits on or after the Group VI Firefighter’s normal retirement date, which shall be the last day of the month on which the earliest of the following occurs:
- (1) The Group VI Firefighter’s years of age and all years of credited service total 80, but in no event shall such normal retirement date be prior to the Group VI Firefighter reaching age 55; or
  - (2) The date on which the Group VI Firefighter reaches age 65, but in no event shall such normal retirement date be prior to the fifth anniversary of the date the Group VI Firefighter joined the fund.
- (b) ***Pre-55 Retirement date for Group VI Firefighters.*** A Group VI Firefighter shall be eligible for pension benefits for credited service earned and/or purchased prior to June 22, 2019, on or after the Group VI Firefighter’s Pre-55 Retirement Date, which shall be the last day of the month in which the Group VI Firefighter’s years of age and total years of credited service total 80. For credited service earned on or after June 22, 2019, a Group VI Firefighter shall be eligible for pension benefits on the first month following the date the Group VI Firefighter reaches Age 55.
- (c) ***Vested terminated retirement date for Group VI Firefighters.*** A Group VI Firefighter, shall be eligible for pension benefits on or after the Group VI Firefighter’s vested terminated retirement date, which shall be the last day of the month on which the earliest of the following occurs:
- (1) The Group VI Firefighter’s years of age plus years of credited service total 80, but in no event shall such vested terminated retirement date be prior to the Group VI Firefighter reaching age 55; or
  - (2) The date on which the Group VI Firefighter reaches age 65, but in no event shall such vested terminated retirement date be prior to the fifth anniversary of the date the Group VI Firefighter joined the fund.
- (d) ***Pre-55 vested terminated retirement date for Group VI Firefighters.*** For credited service earned and/or purchased prior to June 22, 2019, a vested terminated Group VI Firefighter shall be eligible for pension benefits on or after the Group VI Firefighter’s Pre-55 vested terminated retirement date, which shall be the last day of the first month in which the combination of the vested terminated Group VI Firefighter’s years of age plus years of credited service total 80 as if the Group VI Firefighter had remained employed with the City. For credited service earned on or after June 22, 2019, a Group VI Firefighter shall be eligible for pension benefits on the first month following the date the Group VI Firefighter reaches Age 55.

***That Section 2.5-74, “Termination Benefits and Vesting,” of the Code of the City of Fort Worth is hereby deleted in its entirety and replaced with a new Section 2.5-74 to read as follows:***

**§ 2.5-74 TERMINATION BENEFITS AND VESTING.**

- (a) *Contribution refund prior to vesting.* Any Group VI Firefighter who is voluntarily or involuntarily separated from the service of the city before the Group VI Firefighter is vested shall be entitled to receive the amount of the Group VI Firefighter's contributions plus regular interest less any amount previously paid to the Group VI Firefighter from the fund.
- (b) *Contribution refund after vesting in lieu of vested terminated pension.* Any vested Group VI Firefighter who is voluntarily or involuntarily separated from the service of the city may elect to receive a refund of the Group VI Firefighter's contributions, plus regular interest, less any amount previously paid to the Group VI Firefighter from the fund, either at the date of such separation or at any time thereafter prior to commencement of retirement benefit, but by so doing, the Group VI Firefighter shall forfeit all rights under the fund and thereafter be entitled to no further benefits hereunder.
- (c) *Vested terminated pension.*
  - (1) A Vested Terminated Group VI Firefighter shall be entitled to receive a vested terminated pension payable:
    - a. In full, pursuant to § 2.5-75(b)(1) and (2); or
    - b. In two parts pursuant to § 2.5-75 (b)(3) and (4) ; or
    - c. In a reduced amount commencing on or after age 50 pursuant to §2.5-75(c)
  - (2) A Vested Terminated Group VI Firefighter must file a request for the commencement of the vested terminated pension by completing such forms and following such procedures as are established by the board. A vested terminated pension shall be payable monthly on the first day of each month commencing with the month following approval of the Group VI Firefighter's vested terminated pension by the board.

***That Section 2.5-75, "Retirement Pension," of the Code of the City of Fort Worth is hereby repealed in its entirety and replaced with a new Section 2.5-75 to read as follows:***

**§ 2.5-75 RETIREMENT PENSION FOR GROUP VI MEMBERS.**

- (a) *Pensions commencing upon normal retirement date or vested terminated retirement date for Group VI Firefighters.* A vested Group VI Firefighter under this division who retires on or after the Group VI Firefighter's normal retirement date and requests commencement of the Group VI Firefighter's pension, or a Group VI Firefighter who terminates employment prior to the Group VI Firefighter's normal retirement date and who waits until such normal retirement date to apply for a pension, shall receive an annual life pension, the amount of which shall be 2.5% of the Group VI Firefighter's compensation base multiplied by the Group VI Firefighter's total years of credited service, payable monthly on the first day of each month commencing with the month following the board's

approval of the Group VI Firefighter's pension. This pension benefit shall be called the "Group VI Firefighter's standard pension benefit."

(b) *Pensions commencing upon Pre-55 retirement date or Pre-55 vested terminated retirement date for Group VI Firefighters.* A Group VI Firefighter who retires on or after the Group VI Firefighter's Pre-55 retirement date or Pre-55 vested terminated retirement date but before the Group VI Firefighter's normal retirement date and requests commencement of the Group VI Firefighter's pension on or after June 22, 2019, or a Group VI Firefighter who terminates employment on or after June 22, 2019, and prior to the Group VI Firefighter's normal retirement date, and who waits until such Pre-55 retirement date to apply for a pension, shall receive an annual life pension, which shall be called the Group VI Firefighter Standard Pension Benefit, the amount of which shall be:

(1) 2.5% of the Group VI Firefighter's compensation base as defined by § 2.5-75(a) multiplied by the Group VI Firefighter's years of credited service from date of hire through June 21, 2019.

(2) Once the Group VI Firefighter reaches age 55, credited service from June 22, 2019 until date of termination will be added to the firefighter's pension as follows:

a. 2.5% of the Group VI Firefighter's compensation base as defined by § 2.5-75(a) multiplied by the Group VI Firefighter's years of credited service from June 22, 2019 until date of termination will be added to the amount calculated in subsection 2.5-75(a).

(c) *Early Retirement.*

(1) A Group VI Firefighter can retire prior to their normal retirement date or their Pre-55 retirement date with a reduced pension if:

a. The Group VI Firefighter is age 50; and  
b. The Group VI Firefighter has been a member of the fund for five years or more.

(2) Early retirement pension calculation.

a. An Early Retirement pension shall be an annual life pension, the amount of which shall be the specified percentage of the Group VI Firefighter's compensation base multiplied by the Group VI Firefighter's total years of credited service. For purposes of the preceding sentence, the specified percentage of the Group VI Firefighter's compensation base shall be 2.25%;

b. In addition to the reduced multiplier described in subsection (5)(b)(i.) above, a Group VI Firefighter taking early retirement shall have his benefit reduced by an amount equal to the product of 0.416666667% multiplied times the number of months by which the commencement of the early retirement

pension antedates the Group VI Firefighter's normal or vested terminated retirement date. This reduction shall be applied to all parts of the benefit.

(d) *Payable.* The pension shall be payable monthly on the first day of each month commencing with the month following the board's approval of the Group VI Firefighter's pension per Section 2.5-75(a) and (c). The Pension shall be payable monthly in two parts; with the first part payable on the first day of each month per Section 2.5-75(b)(1) and the second part payable on the first day of the each month after the Group VI Firefighter reaches Age 55. This retirement pension shall be defined as the "Group VI Firefighter standard pension benefit B."

(e) *Alternative pension benefit.* In lieu of the Group VI Firefighter standard pension benefit B, a Group VI Firefighter may irrevocably elect with his or her spouse's consent (where applicable), in advance of his or her retirement and pursuant to regulations and requirements the board in its discretion may adopt, to receive an "alternative pension benefit," which shall be payable in two parts:

(1) Normal Retirement alternative pension benefit.

- a. One part in a lump sum amount not less than 5% nor greater than 25% of the actuarial equivalent of the Group VI Firefighter's standard pension benefit "B," which lump sum shall be payable on the date benefits commence under subsection (c)(2)(b.) below; and
- b. The remainder in an annual life pension, payable monthly on the first day of each month commencing with the month following the board's approval of the Group VI Firefighter's pension.

(2) Pre-55 Retirement alternative pension benefit.

- a. One part in a lump sum amount not less than 5% nor greater than 25% of the actuarial equivalent of the Group VI Firefighter's Pre-55 retirement (for service through June 21, 2019), which lump sum shall be payable on the date benefits commence under subsection (c)(2)(b.) below; and
- b. The remainder, excluding the benefit from credited service earned after June 22, 2019 of the Group VI Firefighter's Pre-55 retirement in an annual life pension, payable monthly on the first day of each month commencing with the month following the board's approval of the Group VI Firefighter's pension.
- c. Once the firefighter reaches age 55, credited service from June 22, 2019, until date of termination will be added to the firefighter's pension as follows:
  - i. 2.5% of the Group VI Firefighter's compensation base as defined by § 2.5-73(b) multiplied by the Group VI Firefighter's years of credited service from June 22, 2019 until date of termination will be

added to the amount calculated in subsection (c)(2)(b.).

- (3) *Limitation on alternative pension benefit.* The only people eligible for the alternative pension benefit are Group VI Firefighters who take normal retirement or Pre-55 retirement and do not enroll in DROP.

## **SECTION 2.**

*That upon the successful passage of a Member Contribution increase election as called by the City Council on November 13, 2018, Section 2.5-3 "Contributions," of the Code of the City of Fort Worth is hereby deleted in its entirety and replaced with a new Section 2.5-3 to read as follows:*

### **§ 2.5-3 CONTRIBUTIONS.**

#### *(a) Member contributions.*

- (1) Effective from the July 12, 2019 paycheck, and continuing until the date of actual retirement or earlier termination of employment, Group I General Members shall contribute to the fund 9.35% of their earnings. Additionally, effective from the, 2019 paycheck, each individual Group I General member shall contribute to the fund an additional 0.7% of earnings until the earliest of the following: 1) the member retires; 2) the member terminates employment; or 3) the member has made additional 0.7% contributions for a period of time that is equal to the amount of credited service the member earned or purchased prior to October 1, 2013.
- (2) Effective from the July 12, 2019 paycheck and continuing until the date of actual retirement or earlier termination of employment, Group II General Members shall contribute to the fund 9.35% of their earnings.
- (3) Effective from the July 12, 2019 paycheck, Group III and Group IV Police Members shall contribute 10.53% of their earnings to the fund; effective from the first paycheck on or after January 1, 2020, Group III and Group IV Police Members shall contribute 12.53% of their earnings to the fund; effective from the first paycheck on or after January 1, 2021 and continuing until date of actual retirement or earlier termination of employment, Group III and Group IV Police Members shall contribute 13.43% of their earnings to the fund.
- (4) Effective from the July 12, 2019 paycheck, Group V Firefighters and Group VI Firefighters shall contribute 10.05% of their earnings to the fund; effective from the first paycheck on or after January 1, 2020 and continuing until date of actual retirement or earlier termination of employment, Group V and Group VI Firefighters shall contribute 12.05% of their earnings to the fund.
- (5) If, following a member's involuntary termination of employment, the city is required, as the direct result of an appeal or suit arising from the involuntary termination, to reinstate the member's employment, the member shall make the contribution

described in this section on any payment made by the city to the member as back pay, less interim earnings, if any, with the city empowered to make such payment on the employee's behalf in accordance with section 2.5-3(b)(2).

- (6) Contributions by members reinstated following a military leave of absence are governed by the Uniformed Services Employment and Reemployment Rights Act, 38 U.S.C. §§ 4301-33, as provided for in §2.5-4(a)(4) of this division. These contributions shall be made even if doing so would reduce a member's net cash compensation below the minimum wage rate as prescribed by law.
- (7) By accepting employment with the city, each member shall be deemed to consent and agree to deductions made from the member's compensation, and payments to all such members of compensation, less the deduction, shall constitute a full and complete discharge of all claims and demands whatsoever for services rendered by such member during the period covered by such payment, except as to the benefits provided by the fund.
- (8) The contributions of all members may be raised at any time from the amount stated in this section to a higher amount in accordance with the procedures provided by Tex. Revised Civil Statutes Article 6243i.
- (9) Both Group V and Group VI Firefighters will make contributions to the fund on built-in overtime.

(b) *City contributions.*

- (1) For Group III and Group IV Police Members only, effective with the January 11, 2019 paycheck and with each paycheck thereafter, the city shall contribute to the fund 24.96% of their earnings. For all other members, effective with the January 11, 2019 paycheck and with each paycheck thereafter, the city shall contribute to the fund 24.24% of their earnings. Notwithstanding the foregoing, city contributions to the fund shall be reduced for each fiscal year by the amount of benefits paid by the city, if any, under the supplemental retirement ordinance. Subsection (a) shall not limit the right of the governing body, through its budget appropriation, to contribute an additional amount over and above the member's contribution in accordance with Tex. Revised Civil Statutes Article 6243i, as amended.
- (2) If, following a member's involuntary termination of employment, the city is required, as the direct result of an appeal or suit arising from the involuntary termination, to reinstate the member's employment, the city shall make the contribution described in this section on any payment by the city to the member as back pay, without reduction for the member's interim earnings, if any. In addition, the city shall, on behalf of the member, make the member's contribution described in this section 2.5-3 on any interim earnings deducted from the back-pay award. Contributions made by the city on behalf of members whose employment is reinstated following a military leave of absence are governed by the Uniformed Services Employment and Reemployment

Rights Act, 38 U.S.C. §§ 4301-33, as provided for in subsection (a)(6) above.

- (3) Effective for pay periods ending after April 1, 1999, the required member contributions described in subsection (a) above shall be picked up by the city and shall be treated as city contributions for federal income tax purposes. Such contributions, although designated as member contributions, shall be paid by the city on behalf of the members and in lieu of contributions by the members. The members shall not have the option of receiving such contributions directly instead of having such amounts paid by the city to the fund.
- (4) Retirement contributions made on behalf of the members, as well as the city's contributions to the fund, shall be paid by the city based on weekly workers' compensation benefits (currently referred to as a temporary income benefits) paid to those members, beginning for such amounts received by members on or after January 1, 2006.
- (5) Although overtime will not be included in the definition of earnings for Group I General Members and Group III Police Members effective October 1, 2013, the city will continue to contribute its contribution on overtime for all Group I General Members and Group III Police Members.
- (6) Although overtime that is not built-in overtime will not be included in the definition of earnings for Group V Firefighters effective January 10, 2015, the city will continue to contribute its contribution on all overtime for all Group V Firefighters, and on built-in overtime for all Group VI Firefighters.

*That in the event the election for a Member contribution increase fails, the amendment provided for in this Section 2 shall be null and of no effect and Section 2.5-3 will continue in effect with the language as it exists immediately prior to the adoption of this ordinance.*

### **SECTION 3.**

*That Section 2.5-8, "Cost of Living Adjustment," of the Code of the City of Fort Worth is hereby deleted in its entirety and replaced with a new Section 2.5-8 to read as follows:*

#### **§ 2.5-8 COST OF LIVING ADJUSTMENT.**

- (a) *History.* In 1999, city council adopted Ord. 13842, which established a simple 2% cost-of-living adjustment for all members. In 2007, city council adopted Ord. 17839-10-2007, which established an ad hoc cost-of-living adjustment for all city employees hired on or after December 31, 2007, and all members who were not vested as of December 31, 2007. All members who were vested as of December 31, 2007, all retired members, and all beneficiaries were allowed to make a selection to either stay with the 2% simple cost-of-living adjustment or to receive the ad hoc cost-of-living adjustment. The members who did not make a selection were automatically defaulted into the 2% cost-of-living

adjustment. In 2011, city council adopted Ord. 19599-03-2011, which eliminated the cost-of-living adjustment for Group II General Members. In 2012, city council adopted Ord. 20471-10-2012, which eliminated the cost-of-living adjustment for Group IV Police Members, implemented the 2% cost-of-living adjustment for all service earned or purchased after October 1, 2013, for Group I and Group III Police Members, allowed Group I General Members and Group III Police Members who were subject to the ad hoc cost-of-living adjustment to select the 2% cost-of-living adjustment for past years of service, and allowed beneficiaries who were subject to the ad hoc cost-of-living adjustment to select the 2% cost-of-living adjustment for future COLA adjustments. Active firefighters, and those firefighters who retired or separated from employment during the term of the April 13, 2010, collective bargaining agreement between the city and the Fort Worth Professional Firefighters Association IAFF Local 440, were not eligible to participate in the 2012 selection. On September 16, 2014, the city council adopted Ord. 21459-09-2014, which eliminated the cost-of-living adjustment for Group VI Firefighters. On October 21, 2014, city council adopted Ord. No. 21510-10-2014, which implemented the 2% cost-of-living adjustment for all service earned or purchased on or after January 10, 2015 for Group V Firefighters. Group V Firefighters who were subject to the ad-hoc cost-of-living-adjustment were also allowed to select the 2% cost-of living adjustment for past years of service.

(b) Group II General Members, Group IV Police Officers and Group VI Firefighters.

(2) Group II General Members, Group IV Police Officers and VI Firefighters (and their beneficiaries) are not eligible to receive a cost-of-living adjustment on their pension amount.

(c) Group I General Members, Group III Police Officers, and Group V Firefighters.

(1) The ad-hoc cost-of-living adjustment and the 2% Simple Cost-of-Living Adjustments are eliminated for past years of service.

(2) The ad-hoc cost of living adjustment and the 2% Simple Cost-of-Living Adjustment are eliminated for future years of service.

(3) Group I General Members, Group III Police Members and Group V Firefighters will receive a cost-of-living adjustment to be calculated as follows:

a. Upon retirement, on the first day of each January a cost-of-living adjustment shall be made based on the base pension of a member by increasing the amount of the actual pension for all credited service earned or purchased prior to June 22, 2019, (hereinafter called pro-rata base pension) by 1% of the pro-rata base pension. (See example below)

(4) Group I General Members, Group III Police Officers, and Group V Firefighters are not entitled to a cost-of living adjustment for any credited service earned or purchased on or after June 22, 2019.

- (5) To be eligible for a cost-of-living adjustment for a particular year, either the member or any survivor must have been receiving benefits by September 30<sup>th</sup> of the prior year.
- (6) Example of Cost-of Living Adjustment Calculation for Group I General Members, Group III Police Members, and Group V Firefighters

*John is a Group I member who works 15 years of Blue Service (service credit prior to October 1, 2013), 5 Years of Orange Service (credited service from October 1, 2013 through June 21 , 2019 and 5 Years of Gray Service (credited service on or after June 22, 2019.*

*When John retires, his pension is calculated and he has a High 3 average salary of \$50,000 and a High 5 average salary of \$45,000.*

*John's Pension Calculation:*

*Blue: \$50,000 x 15 years x 3.0% = \$22,500*

*Orange: \$45,000 x 5 years x 2.5% = \$5,625*

*Gray: \$45,000 x 5 years x. 2.5% = \$5,625 (no COLA on this service)*

***John's Pro-rata Base Pension is \$28,125***

*COLA calculation:*

*Add Blue Service and Orange Service and multiply by 1%:*

*\$22,500 x 1% = \$225.00 (Blue Service COLA)*

*\$5,625 x 1% = \$56.25 (Orange Service COLA)*

***John's COLA is \$281.25. John will have \$281.25 added to his actual pension each year.***

***Year 1: \$33,750.00 (Actual Pension)***

***Year 2: \$34,031.25 (1% COLA)***

***Year 3: \$34,312.50 (1% COLA)***

***Year 4: \$34,593.75 (1% COLA)***

***Year 5: \$34,875.00 (1% COLA)***

(d) Retirees and Beneficiaries receiving payments or approved for Retirement as of November 13, 2018.

- (1) The ad-hoc cost-of-living adjustment and the 2% Simple Cost-of Living Adjustments are eliminated from the effective date of the adoption of this ordinance.
- (2) Cost-of-living adjustments already made prior to the effective date of the adoption of this ordinance will remain intact.
- (3) Cost-of-living adjustments made after the date of adoption of this ordinance will be

calculated as follows:

a. *For Members with 25 years or more of service credit as of November 13, 2018 or retired with a line of duty disability or in line of duty death.*

Annually, effective January 1, 2020, and on the first day of each January thereafter, a cost of living adjustment shall be made on the Pension of Members of the Fund or to the survivors (including children) receiving benefits as of November 13, 2018 by adjusting the amount of the actual pension up by no more than the first \$30,000.00 of the base pension by 2%, provided that one of the two following conditions are met:

- i. the Member on whose service the pension is based retired with 25 years or more of service credit; or
- ii. the Member on whose service the pension is based retired as a result of a line of duty disability or in line of duty death.

For base pension in excess of \$30,000, annually, effective January 1, 2020, and on the first day of each January thereafter, a cost of living adjustment shall be made on the Pension of Members of the Fund who have retired as of November 13, 2018, or to the survivors (including children) receiving benefits as of November 13, 2018 by adjusting the amount of the actual pension up by 1% of the base pension in excess of \$30,000.

b. *For Members or beneficiaries receiving benefits as of November 13, 2018 who do not have at least 25 years of service credit and who did not retire with a line of duty disability or in line of duty death.*

Annually, effective January 1, 2020, and on the first day of each January thereafter, a cost of living adjustment shall be made on the Pension of Members of the Fund who are eligible by adjusting the amount of the actual pension up by 1% of the pro-rata base pension.

(4) A Member's years of service after the Member enters the DROP will not apply to the calculation of the Member's years of service for the cost of living adjustment. A Member's Major Medical/Accumulated Sick Leave when converted to years of service will apply to the calculation of the Member's years of service for the cost of living adjustment.

(5) Example of cost-of-living calculation for retirees and beneficiaries receiving payments or approved for retirement as of November 13, 2018.

*Reggie is a retiree with a 2% cost of living adjustment. Reggie retired in October 2016*

with 28 years of service. He retired with a base pension of \$38,000. He received 3 years of cost of living adjustments prior to the adoption of this ordinance. Reggie will not lose his prior cost of living adjustments. Reggie will receive a 2% cost of living adjustment on the first \$30,000 of his base pension and a 1% cost of living adjustment on \$8,000 of his base pension for future years of retirement.

Year 1: \$38,000 (Not COLA eligible)  
Year 2: \$38,760 (2% COLA on \$38,000)  
Year 3: \$39,520 (2% COLA on \$38,000 added to \$38,760)  
Year 4: \$40,280 (2% COLA on \$38,000 added to \$39,520)  
**Year 5: \$40,960 (2% COLA on \$30,000; 1% COLA on \$8,000 added to \$40,280)**  
**Year 6: \$41,640 (2% COLA on \$30,000; 1% COLA on \$8,000 added to \$40,960)**  
**Year 7: \$42,320 (2% COLA on \$30,000; 1% COLA on \$8,000 added to \$41,640)**

Jane is a retiree with a 2% cost-of living-adjustment. Jane had less than 17 years of service Jane when she retired in March of 2016. She retired with a base pension of \$50,000. Jane has received 4 years of 2% cost of living adjustments prior to the adoption of this ordinance. Jane will not lose her prior 4 years of cost of living adjustments. She will receive 1% cost of living adjustments for future years of retirement:

Year 1: \$51,000 (2% COLA on \$50,000 based on date of retirement)  
Year 2: \$52,000 (2% COLA on \$50,000)  
Year 3: \$53,000 (2% COLA on \$50,000)  
Year 4: \$54,000 (2% COLA on \$50,000)  
**Year 5: \$54,500 (1% COLA on \$50,000)**  
**Year 6: \$55,000 (1% COLA on \$50,000)**  
**Year 7: \$55,500 (1% COLA on \$50,000)**

(e) DROP Participants.

- (1) If a Member enters the DROP and remains in the DROP for two or more years they will be entitled to receive a cost of living adjustment for their years in the DROP as if the Member retired on the date they entered in the DROP. Members who do not remain in the DROP for at least two years are not entitled to a cost of living adjustment for their time in the DROP.

**SECTION 4.**

***That Section 2.5-9, “Deferred Retirement Option Program (DROP),” of the Code of the City of Fort Worth is hereby deleted in its entirety and replaced with a new Section 2.5-9 to read as***

*follows:*

**§ 2.5-9 DEFERRED RETIREMENT OPTION PROGRAM (DROP).**

- (a) *General.* In lieu of the standard pension benefit or the alternative pension benefit, a member who has attained his or her normal retirement date or Pre-55 retirement date may elect to remain in active service with the city and to participate in the DROP. By making an election to participate in DROP, the member's commencement of retirement pension benefits will be deferred until the member's actual retirement and the member will receive a lump sum payment (unless such person elects installment payments pursuant to subsection (k) below) of his or her DROP account at the time the member's actual retirement pension benefits commence. No interest on earnings shall be paid on the lump sum payment. Once a member makes a DROP election and the DROP election is approved by the board, the DROP election is irrevocable and is effective as long as the member remains in active service with the city. Distribution of a member's DROP account will not be made, and commencement of the member's retirement pension benefits will not begin, until the member retires from the city. DROP shall be administered in accordance with the rules, procedures and forms as may be adopted and amended by the board in its complete discretion, which shall be uniform and nondiscriminatory and which shall be interpreted in a manner that is consistent with the provisions of this Article and applicable law.
- (b) *Procedure for DROP election.* A DROP election shall be made in accordance with the rules, procedures and forms (including spousal consent, where applicable) as may be adopted by the board. The election form adopted by the board may be amended by the board, and, except as otherwise *provided* by the board, the election form in effect at the time of the member's DROP election is effective shall control all DROP benefits the member may become entitled to receive upon retirement. A member shall not be subject to any fees, charges or any other similar expenses in connection with a DROP election.
- (c) *Timing and irrevocability of a DROP election.* A member may make a DROP election at any time on or after the date that is 60 days prior to the date that the member will attain his or her normal retirement date, pre-55 retirement date or special retirement date. Once effective, a DROP election is irrevocable, provided, however, that a member's DROP election shall not be effective until the member attains his or her normal retirement date, Pre-55 retirement date or special retirement.
- (d) *The DROP account.* A member's DROP account is an individual account established on behalf of the member into which a monthly amount will be credited once the DROP election is effective. The monthly amount credited to the member's DROP account will be equal to the monthly pension benefit that the member would have initially received if the member had retired from the city and commenced his or her pension. Credits to a member's DROP account will continue to be made until the member's actual retirement, provided, however, that amounts will be credited to a member's DROP account for a maximum of five years. No withdrawals may be made from the DROP account. A member will receive his or her DROP account in a lump sum distribution at the time the member's

pension benefits commences upon retirement, or, if elected by the member, the DROP account will be distributed in installments, as provided in subsection (k) below.

- (e) *Continued contributions to the fund.* Once a DROP election is effective, both the member and the city shall continue to make the same contributions to the fund that would have been made if the member had not made a DROP election. Neither the member's nor the city's contributions to the fund will be credited to the member's DROP account and the additional contributions will not affect the member's monthly pension upon actual retirement.
- (f) *DROP and Pre-55 Retirement.* A Group I, Group V, or Group VI member who chooses to enter the DROP at the member's Pre-55 Retirement Date may do so provided that the member's credited service will be treated as if the member retired on the date of the DROP election. Additionally, only the Pre-55 pension will be credited to the member's DROP account until such time as the member reaches the age of 55. Once the member reaches the age of 55, a benefit calculated with the credited service from June 22, 2019, until the date the member entered into the DROP will be added to the member's DROP account. Amounts will be credited to the member's DROP account for a maximum of five years, regardless of when the member's DROP account became eligible to receive the credited service from June 22, 2019, until the date the member entered into the DROP.
- (g) *Monthly pension and ad hoc cost of living adjustment.* Upon retirement following an effective DROP election, the member's base pension will be the monthly pension benefits that the member had earned at the time the DROP election became effective. The member's earnings and credited service following the DROP election will not be included in calculating the member's base pension and monthly pension benefits. If (and only if) a member completes at least two years of service with the city after his or her DROP election is effective, then the monthly pension benefits that the member initially receives upon retirement will be adjusted for intervening cost of living adjustments, if applicable, as if the member's monthly pension had commenced at the time the DROP election became effective. Further, such a member shall receive a cost of living adjustment on the following January 1, regardless of whether the member's pension benefits had commenced by September 30. Notwithstanding the preceding provisions of this subsection (g), when a member's monthly pension is initially scheduled to commence at retirement or death, the member's base pension shall be recalculated by adjusting the member's credited service for the member's then accumulated sick leave and major medical leave (if any) pursuant to § 2.5-4(b).
- (h) *DROP election and death pension.* If a member dies while his or her DROP election is in effect, the member's DROP account shall be paid to the member's spouse, or if there is no spouse, to the member's estate. The spouse or estate eligible to receive the DROP account shall receive the DROP account in a lump sum distribution, unless an election is made to receive installment payments pursuant to this section. The remaining portion of the member's pension shall be paid pursuant to the death pension provisions of this article, with the amount determined as if the member had died at the time of the DROP election.

(i) *DROP election and disability pension.* If a member makes a DROP election, the member will not be eligible to receive a disability pension under this article. If a member does become disabled following an effective DROP election, the member may retire from the city and receive the amount that has been credited to the member's DROP account in a lump sum or in installment payments pursuant to subsection (k) below, and commence receipt of a monthly pension, with the amount of the pension calculated as if the member had retired at the time the DROP election became effective.

(j) *Alternative pension benefit.* A member who has made a DROP election shall not be eligible to elect an alternative pension benefit.

(k) *Installment payments.* Notwithstanding the preceding provisions of this section, a member who is entitled to receive a lump sum payment of his or her DROP account may elect (on a form adopted by the board) to receive the DROP account in five substantially equal annual installment payments, rather than a lump sum. The first installment payment shall be made at the time the member's monthly pension commences, and the other installments shall be made on or about the anniversary of the initial installment. No interest on earnings shall be paid on the installment payments.

#### **SECTION 5.**

That this ordinance shall be cumulative of all provisions of ordinances of the Code of the City of Fort Worth, Texas (2015), as amended, except where the provisions of this ordinance are in direct conflict with the provisions of such ordinances and such Code, in which event conflicting provisions of such ordinances and such Code are hereby repealed.

#### **SECTION 6.**

That it is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs and sections of this ordinance are severable, and, if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall render the entire section invalid and section will revert back to the section in effect prior to the passage of this ordinance. Otherwise, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this ordinance, since the same would have been enacted by the

City Council without the incorporation in this ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

**SECTION 7.**

That the City Council finds that all acts, conditions and things required by provisions of the Constitution of Texas and Charter and Ordinances of the City of Fort Worth precedent to and in the adoption of this Ordinance have been done, have happened and have been performed in proper and lawful time.

**SECTION 8.**

That all provisions of this ordinance, save and except the amendment to Section 2.5-3 provided for under Section 2 of this ordinance, shall take effect upon adoption.

If the election to increase member contributions is successful, then the amendment to Section 2.5-3, "Contributions," contained in Section 2 of this Ordinance, shall be effective as of the date on which the Board of the Employees' Retirement Fund of the City of Fort Worth approves the amendment by a majority vote.

If the election to increase member contributions is unsuccessful, then the amendment to Section 2.5-3, "Contributions," contained in Section 2 of this Ordinance, shall not be effective, and Section 2.5-3, "Contributions," shall continue in effect with the language as it exists immediately prior to the adoption of this ordinance.

APPROVED AS TO FORM AND LEGALITY:

By: \_\_\_\_\_  
Assistant City Attorney

Adopted: \_\_\_\_\_  
Effective: \_\_\_\_\_