

MOUNTAIN BROOK FIRE DEPARTMENT	
POLICY NO. <u>106.07</u>	VOLUME: <u>I</u>
SUBJECT: <u>Retirement Guidelines</u>	
SIGNED: _____	<u>3/12/2007</u>
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Overview: Retirement is an event that most people experience only once, and if not properly planned, can be a very stressful time in a person's life. One way of dealing with the stress associated with retirement is to be prepared and have an understanding of all the elements and time-frames associated with the retirement process.

The following guidelines have been developed to give department personnel as much information as possible regarding the retirement process so that personnel can make informed decisions leading to a more pleasant end-of-career experience with the department.

Time Frames:

Personnel should be retired by the first day of a given month to draw a retirement check the first day of the next month. This is a requirement of the RSA. Personnel wishing to retire by the first of a designated month should start the retirement process (paper work) at least 45 days before this date. The reason for this lead-time is because the RSA requires that all completed paper work be in their hands (Montgomery) 30 days before the first day of the desired retirement month. The retirement will be delayed another month if this requirement is not met.

At least 45 days prior to the first day of the desired retirement month, the employee with intent to retire should schedule an appointment with Fire Administration to discuss the process. The employee should bring his/her up-to-date time card from the station to this meeting so that all leave-time can be verified. Fire Administration will schedule time with the City Payroll Coordinator and help facilitate the retirement calculations process. The completed paper work will then be sent to the RSA for processing before the 30 day requirement is exceeded.

Frequently Asked Questions:

1. How soon should I start my retirement intentions with the city? Since the RSA requires completed paper work at their site no later than 30 days prior to the intended retirement date, the employee should notify the office at least 45 days prior to the retirement date.
2. What happens to my vacation time? Shift employees can be paid up to a maximum of 424 hours of vacation. Day employees can be paid up to a maximum of 320 hours. The pay for vacation leave does not count toward your final retirement calculations.

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3. How does longevity pay work with the retirement process? Longevity is paid on a prorated basis depending on the number of months worked during the year (Note: there is no proration of longevity for persons retiring in October and November). Longevity is calculated as part of the final average salary for retirement purposes.
4. How does my sick leave balance figure in to my retirement? There are two options available with respect to sick leave and retirement. The employee must choose only one option. **Option #1:** You can be paid for half of your accumulated sick leave up to a maximum of 640 hours (320 hours paid to you). This paid leave time will not be calculated into your final average salary for retirement purposes and the remaining balance will not count toward retirement time. **Option #2:** You can have your entire sick leave balance added to your years of service. Shift personnel will have their sick leave balance calculated to eight (8) hour days and then compared to an RSA chart (see attached chart) that gives the number of months credit toward years of service.
5. What happens to my holiday time balance? You will be paid for your holiday time balance up to 80 hours. This final pay for the holiday time balance will not be calculated as part of your final average salary.
6. When will I receive my first retirement check from RSA? Your first check will arrive one month after your official retirement date. For example, if you retire by June first, your first check will arrive by July first.
7. What about my tax liability with respect to retiring? Since you will probably be getting a sizable check for leave time, etc., this could impact your tax liability for the current tax year. RSA benefits are fully taxable for Federal income tax purposes and partially taxable by the State. You should consult with your tax accountant to get advice on the best time to retire.
8. When can I draw Social Security? There are several parameters that govern Social Security. There is a pamphlet available at the Fire Dept. Administrative Offices which can give you some information. You should read this pamphlet and then call the Social Security Agency to get specific information.
9. What are my retirement options under the RSA plan? You will have to choose an option with respect to beneficiary benefits or no beneficiary benefits. Your choice can and will impact the amount of your monthly retirement benefit and the amount going to your beneficiary if you choose that option. RSA and/or the City Pay Coordinator can assist you in making these choices

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10. What insurance can I take with me? Historically, the City offers retiring employees the option of staying in the insurance group. This includes health and dental insurance. The retiree is responsible for full payment of the premiums.
11. If the City has a retirement incentive package in effect, how does this impact my decision to retire? On occasion, the City has offered retirement incentive packages. The package generally includes City paid insurance coverage for up to 13 years or until medicare age. If an employee has prepared for retirement and is so inclined to do so, then the retirement incentive program is a win/win proposition for the employee as well as the City. The employee gets insurance coverage paid on his/her behalf and the City saves money by replacing an employee at the upper end of the pay and benefits scale with an employee at the lower scale of pay and benefits. In short, the employee receives a benefit equal to whatever the monthly insurance premiums are until he/she reaches medicare age.

The type of coverage during retirement (single or family) is based on each persons status at the date of his/her retirement. For example, if an employee carried single coverage on his/her retirement date and the employee retires during an incentive window, the retiree is eligible for single coverage only during his/her retirement years. Persons with family coverage on their retirement date may step down to single coverage provided their spouse is eligible for health coverage elsewhere and then change back to family coverage at a later date.

12. How does the Hazardous Duty addendum for public safety employees affect the calculation of my retirement? The Hazardous Duty clause gives one years credit for every five years service or fraction thereof for police and fire personnel. For example, if you have 25 years of service then you will get credit for an additional five years for a total of 30 years service. However, the act does not go into effect until January 1, 2001. All time accrued before this date must be "bought back" at a rate of 1% per year at your current earn rate payable to the RSA. This time must be "bought back" before January 1, 2003. The RSA can provide details on buy-back amounts, etc.