



## ACTUARIAL EQUIVALENT PENSION PROCEDURES (ALTERNATE PENSION BENEFIT)

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These procedures provide a process by which applicants may elect the Alternative Pension Benefit or “Actuarial Equivalent Pension” option of the Fort Worth Employees’ Retirement Fund (the “Fund”). An Actuarial Equivalent Pension first became available on April 28, 1998. The Actuarial Equivalent process allows a member to take up to twenty-five percent (25%) of his or her defined benefit pension as a one-time lump sum payment, which will reduce the remaining lifetime monthly benefit payments accordingly.<sup>1</sup>

1. A Member who wants information regarding an Actuarial Equivalent Pension may request from the Staff general information regarding the Actuarial Equivalent Pension, including a non-binding estimate of the amount of the Member’s Actuarial Equivalent Pension benefits based on the percentage the member intends to elect. Only Members who are eligible for a Standard Pension Benefit are eligible for an Actuarial Equivalent Pension. Members applying for a Vested Termination Pension or Disability Pension are not eligible for an Actuarial Equivalent Pension.
2. The Appointment
  - a. A Member who wants to elect an Actuarial Equivalent Pension must schedule an appointment (the “the Appointment”) to meet with the Staff. Attendance at the Appointment is required.
  - b. The Appointment must be scheduled on or prior to the date the Member submits the Member’s Application (the “Application”, as defined in Subparagraph e) to the Staff. The Appointment must be scheduled during the normal business hours of the Staff, currently 7:30 a.m. to 5:30 p.m., Monday through Friday. The Appointment preferably should be scheduled no later than thirty (30) calendar days prior to the date the Board is to consider the Application.
  - c. A Member must bring the following to the Appointment:
    - i. A copy of the Member’s birth certificate, driver’s license, social security card; and
    - ii. If the Member is married, a copy of the marriage license or declaration of informal marriage and spouse’s driver’s license, social security card and birth certificate.
  - d. During the appointment, the Staff will:
    - i. Inform the Member of the contents of these procedures, the Actuarial Equivalent Pension provisions of the Rules, and the application for receipt of an Actuarial Equivalent Pension;

- ii. Respond to questions the Member may have concerning the contents of these procedures, the Actuarial Equivalent Pension provisions of the Rules, and the Application; and
        - iii. Receive the Application if the Member elects to receive an Actuarial Equivalent Pension and is eligible to complete the Application.
          - 1) To be eligible to complete the Application, the Member must intend to retire and begin receiving retirement benefits under the Rules within sixty (60) days.
          - 2) The Application must be signed and initialed by the Member.
          - 3) The Member must verify in the Application that s/he:
            - a. Understands the terms and conditions of an Actuarial Equivalent Pension, as expressed in the Rules, in these procedures, and in the Application;
            - b. Has not relied on any oral representations of the Staff in electing to receive an Actuarial Equivalent Pension; and
            - c. Has had the opportunity to consult a legal and tax advisor regarding the effects of an Actuarial Equivalent Pension.
        - iv. The Member must indicate in the Application the whole-number percentage of their retirement pension which they wish to receive as a lump sum. The percentage cannot be less than five percent (5%) or greater than twenty-five percent (25%).
        - v. If the Member is married, the Member's Spouse must consent to the election of an Actuarial Equivalent Pension and must sign the Application before a notary public, acknowledging that consent.
        - vi. The Member need not submit an Application at the Appointment, but may submit it at a later time, after further consideration.
3. Once the Member has submitted an Application to the Staff, the Staff will review the Application to determine whether it has been completed fully and properly.
4. Upon full and proper completion, the Application will be placed for approval on the Board's agenda in accordance with the same procedures applicable to Members who are applying for retirement pensions but have not elected an Actuarial Equivalent Pension.
5. If the Board approves the Application, the Member's Application becomes irrevocable, and the Staff will make arrangements for payment. The Member must be prepared to execute forms regarding federal income tax withholding and direct deposit of benefits.
6. If the Board rejects the Application, within a reasonable time after that rejection, the Staff will notify the Member of the rejection and will include in that notice the reasons for the rejection.

7. The lump sum shall be paid on the date the first payment of the monthly pension is made.
8. Payment of the entire Actuarial Equivalent Pension benefit, including the lump sum, is subject to the maximum benefit limitations of the Rules. If payment would otherwise violate these limitations, payment of the lump sum shall be reduced until the limitations are met, and the remainder of the lump sum shall be paid in the following year.
9. Withdrawal selection must be made when submitting application.
10. An Actuarial Equivalent Pension is subject to qualified domestic relations orders (“QDROs”) in accordance with the QDRO procedures of the Fund.
11. The Board has the authority for any reason to amend or otherwise modify these Actuarial Equivalent Pension Procedures at any time, both prospectively and retroactively.

<sup>i</sup> The Fund’s Board of Trustees (the “Board”) may change these procedures, and any other rules, policies, procedures, or forms adopted pursuant to the Actuarial Equivalent Pension provisions of the Fort Worth Employees’ Retirement Fund Administrative Rules & Procedures (the “Rules”) at any time, both retroactively and prospectively, with or without notice to participants in the Fund (“Members”). The Board, and the Fund’s administrative staff (the “Staff”), to the extent the Board has delegated responsibilities to the Staff, have absolute discretion in interpreting the Rules, the procedures, and any other rules policies, procedures and the various other rules and forms supplement the Actuarial Equivalent Pension provisions of the Rules, the provisions of the Rules always govern, especially if there are any discrepancies.



## ACTUARIAL EQUIVALENT PENSION APPLICATION (ALTERNATIVE PENSION BENEFIT)

PRINTED NAME:	_____
SOCIAL SECURITY #:	_____
Effective Retirement Date (month/day/year):	_____
Name of Spouse:	_____

1. I read the Alternative Pension Benefit provisions of the Retirement Fund's Administrative Rules and Regulations (the "Rules") that provides for the Fort Worth Employees' Retirement Fund (the "Fund"). I understand that the provisions of the Rules always govern, and that, if a conflict arises between the terms of the Rules and the terms of this Application or any other document or communication, the terms of the Rules will control.
  
2. I read the Actuarial Equivalent Pension procedures, as adopted by the Fund's Board of Trustees (the "Board"). I understand that the Board can change the procedures, and any other rules or forms regarding the Actuarial Equivalent Pension, at any time, both retroactively and prospectively, with or without notice.
  
3. I met with the Fund's administrative staff (the "Staff") and had the opportunity to ask them questions regarding the Actuarial Equivalent Pension. However, I have not relied on any oral representations of the Staff in electing to receive an Actuarial Equivalent Pension.
  
4. Based on the percentage of my retirement benefit which I am electing to receive as a lump sum, I received a written estimate from the Staff of the amount of my Actuarial Equivalent Pension lump sum payment, the amount of my initial Actuarial Equivalent Pension monthly retirement payments, and the amount which my monthly retirement payments initially would have been if I had not elected to receive an Actuarial Equivalent Pension. I understand that these amounts are only estimates and that the actual amounts may differ.
  
5. I understand that, if I elect to receive an Actuarial Equivalent Pension, my monthly retirement payments will be less than if I elect not to participate because I will also receive a lump sum payment when my monthly retirement payments begin.
  
6. I had the opportunity to seek advice from a professional tax or legal advisor regarding the Actuarial Equivalent Pension. I understand that the Staff cannot and has not given me tax or legal advice regarding the Actuarial Equivalent Pension.
  
7. I intend to retire and begin receiving pension benefits within the next 60 days.

Initial Here: \_\_\_\_\_

8. I understand that the Board must approve my election to receive an Actuarial Equivalent Pension and that my election is made in this Application.
9. I understand that, if I am re-employed by the City after I have retired, I will not be eligible to elect an Actuarial Equivalent Pension when I again retire.
10. I understand that, if I am married, my spouse must consent to the Actuarial Equivalent Pension election and must verify that consent before a notary public where indicated in this Application.
11. I elect to receive an Actuarial Equivalent Pension. I elect to receive the following percentage of my retirement benefit as a lump sum: \_\_\_\_\_ % [number must be between 5% and 25% and must be a whole number (no fractions or decimals)].
12. I read this Application in its entirety. I understand and agree to all of its provisions, all of the provisions regarding the Actuarial Equivalent Pension in the Rules, and all of the procedures regarding the Actuarial Equivalent Pension. I understand that this Application will be deemed not received if it is incomplete.

**WITHDRAWAL SELECTION:**

- I elect to rollover \_\_\_\_\_% (whole percentage from 1% to 100%) of the TAXABLE portion of my actuarial equivalent lump sum to the following qualified plan established for me with the following institution:

\_\_\_\_\_ with any remainder distributed directly to me. I understand that in order to process this distribution, I must furnish the Fund with a Letter of Acceptance from the rollover institution. Such letter must confirm that the institution (1) is, or is intended to be an individual retirement annuity, IRA, a qualified plan as described in section 401(a) of the Internal Revenue Code of 1986, or a qualified annuity plan as described in section 403(a) of the Internal Revenue Code of 1986, as applicable; (2) will accept the transfer; and (3) provide a mailing address where the check should be sent. The non-taxable portion of your actuarial equivalent will be paid directly to you.

- I elect to receive a total distribution of my actuarial equivalent from the Fund.

**Applicant's Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

STATE OF TEXAS                    §  
COUNTY OF \_\_\_\_\_ §

BEFORE ME, the undersigned authority, on this day personally appeared the applicant who, being by me duly sworn upon his or her oath, acknowledged that he or she has read and agreed to all of the provisions in the foregoing Application.

SUBSCRIBED AND SWORN TO BEFORE ME this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_, to certify which witness my hand and official seal.

\_\_\_\_\_  
Notary Public in and for the State of Texas

*(NOTARY SEAL)*

\_\_\_\_\_  
Printed Name of Notary Public

**Spouse's Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

STATE OF TEXAS                    §  
COUNTY OF \_\_\_\_\_ §

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_  
\_\_\_\_\_, who, being by me duly sworn upon his or her oath, stated that he or she is the spouse of the applicant, has been fully advised of his or her rights under the Rules, and consents to this election of Actuarial Equivalent Pension benefits in the foregoing Application.

SUBSCRIBED AND SWORN TO BEFORE ME this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_, to certify which witness my hand and official seal.

\_\_\_\_\_  
Notary Public in and for the State of Texas

*(NOTARY SEAL)*

\_\_\_\_\_  
Printed Name of Notary Public