

TOGETHER WE ARE STRONGER™



AN OVERVIEW OF THE OkMRF DEFINED BENEFIT (DB) PROGRAM

The OkMRF DB Program offers your employees a guaranteed monthly retirement income for life. To evaluate whether the OkMRF DB Program is right for your municipality, simply provide your employee census data. Then, request a study to determine the costs of providing these benefits. This study is provided to potential Members at no cost. Upon joining OkMRF, the funding costs will be automatically re-evaluated each year and you'll be notified of any contribution rate changes. Any specialized studies will be charged directly to the requesting Member. Also, for all DB Members, OkMRF provides individual Participant statements and GASB studies.

DB Program Highlights

Benefits are based on the employee's length of service and their compensation prior to retirement. Normal retirement occurs at age 65, 62 with 30 or 25 years of service, Rule of 80, or as otherwise stated in the plan document.

Vesting for benefits occurs when employees have completed a required number of years of continuous service of 5, 7, or 10 years.

Lifetime monthly payments are guaranteed, with 60 or 120 payments at a minimum.

Contribution refund is the sum of an employee's contributions and interest. This is the minimum amount payable to an employee or beneficiary after termination of service, retirement, disability, or death.

Deferred retirement benefits are payable at age 65 in the event of termination of employment prior to age 55. Payments on a reduced basis may begin as early as age 55.

Joint and survivor benefits are available when an employee is retiring at age 55 or older. These alternatives reduce the retiree's monthly income yet provide benefits that continue for the lifetime of the retiree and their spouse.

Disability retirement benefits are payable for as long as the employee remains totally disabled.

Beneficiaries receive benefits in the event of an active employee's death before retirement or if a retiree has not yet been paid in full.

DB Program Contributions and Benefits

Employer contributions are determined each year through an independent actuarial review. The employer is obligated to fund the plan based on those results, net of the employee contributions. The study determines the contribution rate needed to provide specified plan benefits using demographic factors such as the age, service duration, and pay of Participants who are covered under the plan.

Employee contributions are determined by the employer subject to maximum employee contributions in the applicable benefit levels offered. Once employee contributions are adopted, they are designated in the plan and eligible employees must contribute through payroll deductions.

Benefits offered upon retirement to vested employees are based on a formula that multiplies a percentage of their salary by the employee's years of service. The multiplier is determined by the plan level selected by the employer.

Each plan level features a maximum employee contribution rate and benefit formula. The maximum employee contribution rate is shown as a percentage of annual compensation. The benefit formula equals a percentage of average compensation multiplied by credited service years. Average compensation is calculated from the five highest consecutive years out of the last 10 years of service. Credited service years are the years of covered employment and can be limited in the plan at the time of adoption.

Plan Level	Maximum Employee Contribution Rate	Benefit Formula by Plan Level
Plan AAA	6.00%	3.00% of average compensation x credited service years
Plan AA	5.25%	2.625 % of average compensation x credited service years
Plan BB	4.50%	2.25% of average compensation x credited service years
Plan CC	3.75%	1.875% of average compensation x credited service years
Plan A	3.00%	1.50% of average compensation x credited service years
Plan B	2.25%	1.125% of average compensation x credited service years
Plan C	1.50%	0.75% of average compensation x credited service years

DB Program Participation

Participation is optional to all current employees when a municipality first establishes the OkMRF DB Program. The decision however to not participate, upon adoption, is irrevocable. After implementation, participation is mandatory and no longer optional for all eligible employee classes as defined in the plan document. Police and fire employees are excluded if covered under their own state-wide programs.

OkMRF DB Program Options and Customized Designs

Choose from a variety of options to customize your DB plan design. Many options are available within the OkMRF DB Program to help you tailor a retirement program to fit your specific needs, including the following alternatives:

Cost of living adjusts monthly pensions on July 1st, with the change being the lessor of CPI or a maximum of plus or minus 3% adjusted up or down, based on the CPI change in the previous year.

Government pick-up allows employers to create a mandatory, tax-deferred employee contribution to help the employer offset plan costs. This alternative helps lower employee's taxes today.

Vesting schedule determines when an employee is entitled to a lifetime benefit. OkMRF offers cliff vesting for a five-year, seven-year, and ten-year schedule. Cliff vesting requires the employee to complete the total designated years of service to become vested.

Length of benefit payment is for the retiree's lifetime. Benefits will be paid to each retiree for life with a minimum of 60 or 120 months, as designated by the employer.

Plan level determines the amount of benefits payable to the retiree based on a formula as defined in the above table. Various levels are available to allow the employer to develop an affordable program.

Unreduced early retirement benefits can be offered in one of three ways:

1. When completed age and length of service total 80 points
2. At age 62 with 30 or 25 years of service
3. As otherwise stated in the plan document

Participant statements are provided annually for employee distribution along with the actuarial evaluation.

Hybrid feature provides increased benefits by paying the retiree their contributions, adjusted with real investment gains/losses, in addition to the formula-based pension.

WANT MORE INFORMATION ABOUT THE OkMRF DB PROGRAM?

Call Chris Whatley or Jodi Cox at **(888) 394-6673 ext. 103 or 102**, respectively, or visit our website at **okmrf.org**. We'll be happy to set up an appointment with you to answer all your questions.

