

Designing New Defined Benefit Program

An actuarial study should be prepared to determine the costs of funding this Program.

The following is an outline of the OkMRF Defined Benefit Joinder Agreement, the portion of the document which designates the specific plan design per the options available in the OkMRF prototype plan (standard document). The items will need to be specified to establish the plan.

1. Dates

The Effective Date of this Joinder Agreement shall be _____

2. Employee

Employee shall mean:

- Regular full-time employee
- All Employees (includes part-time, seasonal, or temporary)
- Any person who, on or after the Effective Date holds the position of:
 - City Manager
 - Assistant City Manager
 - Chief of Police
 - Fire Chief
 - Department Head or Department Manager
 - Finance Director or Chief Financial Officer
 - General Counsel or Municipal Attorney
 - _____ (specify position)

Employee shall not mean:

- Any person who is currently accruing benefits under other state or local retirement system
- Any person _____.
- Any person who, on or after the Effective Date holds the position of:
 - City Manager
 - Assistant City Manager
 - Chief of Police
 - Fire Chief
 - Department Head or Department Manager
 - Finance Director or Chief Financial Officer
 - General Counsel or Municipal Attorney
 - _____ (specify position)

3. Eligibility

Employees must participate in the Plan: (select only one)

- _____ months (any number of months up to twelve) after employment
- On first day of employment

4. Definition of Compensation

Compensation shall exclude the item(s) listed below:

- No exclusions
- Overtime pay
- Bonuses
- Commissions
- Longevity
- Severance pay
- Fringe benefits, expense reimbursements, deferred compensation, and welfare benefits
- Accrued vacation or sick leave paid upon termination of employment and moving expenses
- Other: _____

5. Average Monthly Compensation

- Sixty (60) consecutive months.
- Thirty-six (36) consecutive months.

6. Employee Contribution Options

- Mandatory Contribution: The Employee shall be required to contribute to the Plan.
- Pick-Up Option: The Employee contributions shall be tax-deferred.
- Non-Contributory Option: Participants shall not be required nor permitted to contribute to the Plan.

7. A. Payment Options: Guaranteed minimum number of monthly pension checks

- Sixty (60) monthly payments.
- One hundred and twenty (120) monthly payments.

B. Plan Options: The Employer hereby elects the following pension formula:

- Plan AAA – 3% with no maximum years of credited service
- Plan AAA – 3% recognizing a maximum 22 years of credited service
- Plan AA – 2.625%
- Plan BB – 2.25%
- Plan CC – 1.875%
- Plan A – 1.5%
- Plan B – 1.125%
- Plan C – .75%

C. Normal Retirement Age:

- Age 65
- Age 62 with 30 years of service
- Rule of 80

D. Vesting:

- Ten Year Cliff
- Seven Year Cliff
- Five Year Cliff

E. Service Credit Prior to Effective Date:

- No limitation
 Service credit prior to the effective date, shall not exceed ____ years.

F. Service Buyback: The Employer will allow an employee to buyback prior service once they terminated, received a distribution, then returned to work:

- Yes
 No

G. Service for Worker's Compensation Period: If an Employee is on leave under worker's compensation, they shall receive vesting credit

- Yes
 No

8. Contribution by Employees:

- Designate by plan as follows:

Plan AAA – 6.0%
Plan AA – 5.25%
Plan BB – 4.5%
Plan CC – 3.75%
Plan A – 3.0%
Plan B – 2.25%
Plan C – 1.5%

- Designated contribution of ____% of compensation. (Not to exceed the percentages in above paragraph.)

- The Contribution as annually determined each year is to be shared by the Employee and Employer as follows:

Employee portion ____% Employer portion ____%

9. Cost-of-Living Option.

- Yes
 No

10. Lump sum benefit payments will be allowed in lieu of a monthly pension:

- Yes
 No

11. Defined Contribution Hybrid Option: The Employee contributions accumulate separately and are not used to help fund the actuarial cost of the plan benefits:

- Not applicable.
 Applicable.