

TO: Police and Fire Pension Member  
FROM: City of Lincoln Police and Fire Pension  
DATE: January 31, 2024  
SUBJECT: 2023 Member Account Statement

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Enclosed is your **2023** Member Account Statement and a Summary Annual Report. *Members can input and run their own customized benefit estimates for any future separation date or separation type.* This can be done from the Pension’s website.

- The Account Statement shows your account's activity and designated beneficiaries. If no beneficiary is listed and you are married, per Lincoln Municipal Code, your spouse is automatically your primary beneficiary. You can enter and update your beneficiary data on the Member Website.
- The Summary Annual Report is a synopsis of the most recent Actuarial Valuation Report. The full report is available online at the Police and Fire Pension home page > Actuary Reports.
- The Pension’s Website is accessible from: Lincoln.ne.gov > Departments > Human Resources Department > Police and Fire Pension. It includes information on:
  - Plan A, B, and C
  - Annual Letter to Members (prior years letter to active members)
  - Investment Board
  - Actuary Reports

**Member Website: Employees can access their individual pension data, update beneficiary(s), and from the ‘Reports’ tab can create Pension Estimates and Account Statements. Access requires the employee’s City user ID and password.**

Below are calendar year-end figures on members and benefit payments.

	2019	2020	2021	2022	2023
<b>Active Member Count</b>	604	603	604	598	610
<b>DROP Member Count</b>	46	44	49	40	49
<b>Pensioned Member Count</b>	545	556	556	569	576
<b>Base Pension Benefits</b>	\$13,497,445	\$14,386,070	\$15,341,439	\$16,296,193	\$17,313,004
<b>13<sup>th</sup> Check Benefits</b>	\$661,121	\$691,342	\$715,799	\$754,051	\$775,583
<b>DROP Benefits</b>	\$2,548,904	\$2,430,294	\$2,901,697	\$2,514,604	\$2,430,891

The City’s pension funding policy is a strong formal commitment to the Police and Fire Pension Plan. The policy provides the City contribute Normal Cost plus the Unfunded Actuarial Accrued Liability (UAAL) amortization payment until the plan becomes 100% funded. At full funding the City’s contribution decreases to Normal Cost and a provision to accumulate a surplus kicks in. The City will contribute the full Normal Cost until 115% funding is attained for three consecutive years. At this point the City may contribute less than Normal Cost by amortizing the surplus funding amount over 20 years. If the funding level decreases to less than 115%, the negative amortization stops and the City contributes full Normal Cost again. If the surplus is exhausted and funding falls below 100%, the UAAL amortization method re-starts.

Fire service members can purchase a Cost-of-Living Adjustment (COLA) on their monthly benefit after retirement but before 30 days elapse. The COLA can be purchased in 0.5% increments from 0-3%. Purchasers forfeit their 13<sup>th</sup> Check payments, but receive a \$15,000 discount toward their COLA purchase cost. More details are on the home page > Plan A General Benefits.

Eligible members can purchase Service Credit Purchase. (SCP). Non-probationary members can purchase pension service credit/time if they: 1) had a prior full-time, paid fire or commissioned law enforcement service with Lincoln or another governmental employer (excluding the federal government), 2) are not going to receive a pension for the service to their prior employer, and 3) make the purchase by the later of December 31, 2026, or five (5) years after their hire date. More details are on the Police and Fire Pension home page > Plan A > Plan A General Benefits. An application for SCP is on the home page > Forms.

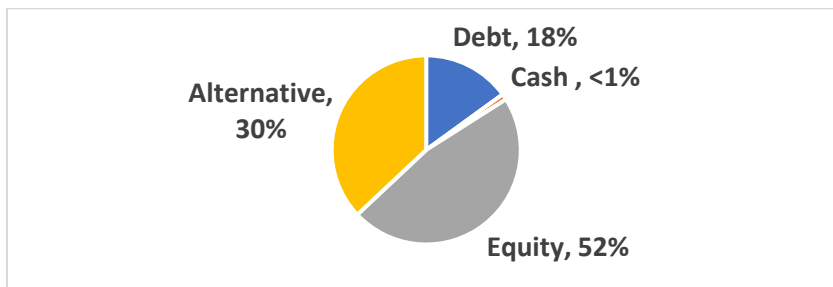
### **Deferred Retirement Option Plan**

DROP allows pension members to retire for pension purposes, have their monthly pension benefit deposited into their DROP account, and continue working and earning pay. To be eligible for DROP, members must be eligible for normal age and service retirement. Plan A member's normal retirement is age 50 and 25 years of service. Plan B and C members are eligible to enter DROP for one year after attaining both age 53 and 21 years of service. Plan B or C DROP members can also choose to deposit their contributions and earnings into their DROP account. A DROP member chooses how to invest the money in his or her DROP account from a menu of choices. DROP members can monitor and make changes to their account using a secure online site.

Once in DROP, a member may retire-in-fact at any time, but after five years must retire-in-fact. At that time the member's monthly pension benefit will be paid directly to the member and the member will have access to the money in their DROP account.

### **Assets**

The return for 2023 was 9.3148%. Pension assets are diversified by location, size, growth vs. value, products and services, and income vs. capital appreciation. Below is a pie chart showing December 31, 2023, major asset allocation classes.



The City offers Deferred Compensation Plans (both pre-tax and Roth) that allow you to save and invest for your retirement. The pre-tax option defers your taxes at the time of contribution, and you pay them upon distribution. The Roth option deducts taxes at the time of contribution at the current tax rates, and you do not pay taxes upon distribution. In 2024, you may defer up to \$23,000 of your income. If you are over age 50 you may contribute an additional \$7,500. Please contact Angela Pearson, at (402) 441-7545 or [apearson@lincoln.ne.gov](mailto:apearson@lincoln.ne.gov) regarding the benefits mentioned in this paragraph.

If you have questions regarding the Police and Fire Pension, please contact Paul Lutomski at (402) 441-8749 or [PLutomski@lincoln.ne.gov](mailto:PLutomski@lincoln.ne.gov).

Respectfully,

Barb McIntyre  
Human Resources Director