

Police and Fire Pension City of Lincoln, Nebraska

575 South 10th Street, Suite 4401, Lincoln, Nebraska 68508

Dear Police and Fire Pension Member:

Enclosed is your **2022** Member Account Statement, a Pension Analysis- Estimate for Age and Service Retirement, and a Summary Annual Report.

- 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 Pension Analysis – Estimate assumes a 3% annual salary increase and a 7.5% annual return rate on assets. *Members can input and run their own customized benefit estimates for any future separation date or separation type.* This can be done from 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 Police and Fire Pension home page is accessible from
Lincoln.ne.gov > Departments > Human Resources Department > Police and Fire Pension.

It includes info on:

- Mission and Goals
- Plan A, B and C specific info
- Annual Letter to Members (prior years letter to active members)
- Investment Board
- Actuary Reports
- Member Website: Current employee can access their pension data, update beneficiary(s), create benefit estimates. Access is available using your City user ID and password.

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

	2018	2019	2020	2021	2022
Active Member Count	592	604	603	604	598
DROP Member Count	45	46	44	49	40
Pensioned Member Count	524	545	556	556	569
Base Pension Benefits	\$12,791,174	\$13,497,445	\$14,386,070	\$15,341,439	\$16,296,193
13th Check Benefits	\$637,439	\$661,121	\$691,342	\$715,799	\$754,051
DROP Benefits	\$2,006,560	\$2,548,904	\$2,430,294	\$2,901,697	\$2,514,604

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 13th Check payments, but receive a \$15,000 discount toward their COLA purchase cost. More details are on home page > Plan A General Benefits.

In 2022 a Service Credit Purchase (SCP) option took effect. Non-probationary members can purchase pension service time if they: 1) had 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 home page > Forms.

In 2022, RVK began work as the pension's investment advisor. RVK is a national firm with 20 years of experience and \$1+ trillion under advisement. Each RVK investment professional has a team to assist them and serves 7 clients. The pension's lead advisor works out of the Chicago office and meets quarterly with the Investment Board to provide consulting services.

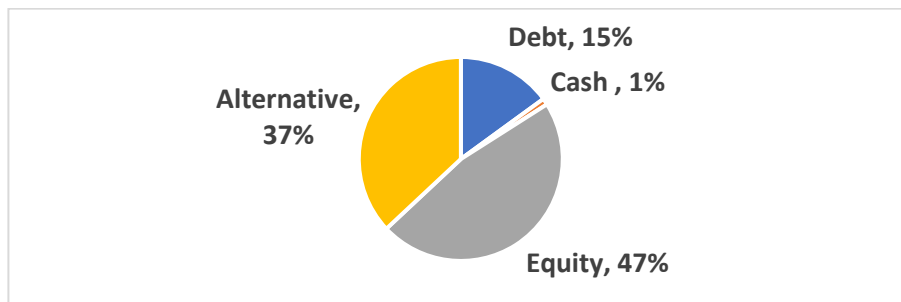
Deferred Retirement Option Plan

DROP allows you to retire for pension purposes and continue working and earning pay. DROP members have monthly pension benefits deposited into their DROP account. To be eligible for DROP you must be eligible for normal age and service retirement. Plan A members are eligible to enter DROP after attaining both 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 secured site on the internet.

Once in DROP you may exit DROP and retire-in-fact any time, but after five years you must exit DROP and retire-in-fact. At that time your monthly pension benefit will be paid directly to you and you will have access to the money in your DROP account.

Assets

The return for 2022 was -7.7434%. 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, 2022 major asset allocation classes.



The City offers Deferred Compensation Plans that allow you to save and invest for your retirement while deferring your taxes. In 2023 you may defer up to \$22,500 of your income. If you are over age 50 you may contribute an additional \$6,500. The City also offers a Deferred Compensation Roth option and a 529 College Savings Plan. Please contact Melissa Zahourek, Benefits Manager, at (402) 441-7883 or MZahourek@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.

Respectfully,

Barb McIntyre
Human Resources Director, PHR, SHRM-CP, CCP