

City of Lincoln Police and Fire Pension Plan

Retirement Enhancement FAQ

OVERVIEW

What is the retirement enhancement?

If you reach regular age and service retirement eligibility, enter DROP status, or are awarded a disability retirement on or after September 1, 2026, you may make a one-time, irrevocable election to receive a \$60,000 City-funded enhancement. You choose one of three ways to receive the enhancement: 1) a cost-of-living adjustment (COLA) purchase, 2) a Post-Employment Health Plan (PEHP) contribution, or 3) 457(b) plan installments. You can decline the enhancement and keep your existing 13th check benefit.

Who is eligible?

Any commissioned police officer, and fire employee with a pay range of “W” may become eligible once they reach regular age and service retirement eligibility or are awarded a line-of-duty or non-duty disability retirement.

Does this apply to only both Plan A and Plan B?

Yes. The enhancement options, deadlines, and forfeiture rules described in this FAQ apply the same way under either plan.

Is this enhancement available now?

The enhancement becomes effective September 1, 2026. If you retire or are awarded a disability retirement prior to September 1, 2026, the enhancement does not apply to you. If you enter DROP prior to September 1, 2026, then you have until November 30, 2026, to make your enhancement election.

What happens if I do not make an election?

If you do not submit a written election by your deadline, you will automatically continue to receive the 13th check and will not receive the \$60,000 enhancement in any form.

Is my election permanent?

Yes. This is a one-time, irrevocable election. Once you submit and sign your election form, you cannot change your election.

What do I give up if I choose one of the enhancement options?

Electing any of the three enhancement options means you permanently forfeit your right to the 13th check payments.

Can I split the \$60,000 between more than one option?

No. You can only receive the enhancement in one of the three options available.

ELECTION DEADLINES

When do I need to submit my election?

Your election must be submitted before you separate from active employment or enter DROP, whichever is earlier. If you are in DROP prior to September 1, 2026, then your election must be submitted by November 30, 2026, or prior to separation from active employment, whichever is earlier.

What is the deadline for electing the 457(b) option?

An election for the 457(b) must be submitted no later than 4 years before your separation from active employment. If you are already within 4 years of your anticipated separation, this option will not be available to you.

COLA PURCHASE

How does the COLA purchase work?

You may purchase a COLA up to 3.0% in 0.5% increments. The \$60,000 enhancement is applied to reduce the actuarial cost of the COLA purchase.

What if the COLA I want costs more than \$60,000?

You are responsible for the difference. It must be paid with a lump sum from your DROP or 457(b) account. Payment is due no later than 30 days after your retirement.

What if the COLA I want costs less than \$60,000?

If the COLA costs less than \$60,000, then the remaining portion of the enhancement is forfeited.

When does the COLA start?

Your COLA commences on September 1st following your receipt of twelve (12) months of pension benefits. Following the commencement of your COLA, you will receive the COLA each September.

PEHP CONTRIBUTION

How much is contributed and when?

The City makes a one-time \$60,000 contribution, payable in the pay period following your separation from active employment.

Which PEHP account does my money go into?

If your pay range is not prefixed by “W”, your contribution goes into the Universal Reimbursement Account. If your pay range is prefixed by “W”, it goes into the Premium Reimbursement Account.

How do I access the funds?

Withdrawals from either account follow the standard terms and conditions of the PEHP plan document.

What happens to my PEHP upon my death?

PEHP funds are immediately made available to the surviving spouse and/or qualified dependents (as defined by the Internal Revenue Code Section 152(a)) to use for health care expenses.

457(b) INSTALLMENTS**How is this paid?**

The City contributes a total of \$60,000 to your 457(b) account, paid in three annual installments of \$20,000 each.

What if I separate from employment before all three installments are paid?

Any unpaid installment(s) are forfeited when you separate from active employment.

Do IRS contribution limits affect my installments?

Yes. The \$20,000 installment counts toward your overall annual 457(b) limit for that year, along with any contributions you make yourself. For 2026, the standard limit is \$24,500. This limit is increased to \$32,500 if you are age 50 or older and to \$35,750 if you are age 60-63.

A separate 457(b) special pre-retirement catch-up provision, which employees may be eligible for, may allow for additional contributions greater than what is stated above. Employees should contact Nationwide to see if they qualify for this provision.

Can I elect the installments to go into my Roth 457(b) account?

No. The installments will be made to your traditional 457(b) account.

How do I access the funds?

Withdrawals follow the standard terms and conditions of the 457(b) plan.