

City employment helps create a financially secure retirement

At 58, Veronica La Chappelle plans to live a long time yet, maybe another 40 years. Years of freedom, unencumbered by the demands of work-a-day duties. Years for travel, for gardening, and for enjoying the slow pace of the day.

That's because La Chappelle, a former Human Resources administrative specialist, recently retired after almost 28 years with the city. As a reward for her years of service, the city's pension benefit will pay her enough each month to cover her regular bills for the rest of her life.

"I have always loved traveling," she said. "It's nice to be able to leave when I want and return without having to worry about work.

"I'm so thankful for the city's pension plan. It makes retirement planning so much easier."

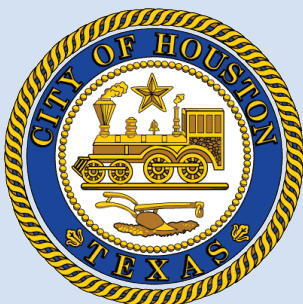
Some employees don't think about the importance of setting aside money for retirement. But the city does, so much so that it long ago made the pension plan a key part of employees' compensation, right up there with biweekly paychecks and affordable health insurance.

Employees hired on or after Jan. 1, 2008, are automatically members of Group D pension plan and are eligible to draw lifelong pension benefits when they reach age 62 or their age plus years of service equals 75.

And this benefit doesn't cost you a thing. You don't have to contribute any of your paycheck to the pension system.

Group D employees have the option of contributing to the 457 deferred compensation plan for added retirement security.

"You probably can't get as much money in a retirement plan in the corporate world, or get it as early," said Craig Mason, the city's chief pension executive. "Generous is relative, but the city's pension plan is much more generous than employees can get most anywhere else."



About the pension

Unlike a 401(k) plan, a pension is a true retirement plan that provides income replacement for life. A 401(k) is a capital accumulation plan generating an unknown sum of money that a retiree can outlive. The pension plan is a defined benefit plan, meaning the city bears the investment

and longevity risks. Benefits are based on an employee's salary and length of service.

The benefit doesn't just last for the rest of the retiree's life. If a retiree dies before her spouse, the spouse will get 100 percent of her pension payments for the rest of his life.

"That is a very rare feature," Mason said. "Usually in the corporate world, the full pension is only paid to the participant. In most cases, he is able to choose to have a reduced benefit with a portion continued on to his spouse. Here, it's automatic with no reduction. So that's a great feature."

"I'm very grateful for my tenure with the city," said retiree Rosalie Davis. "During my time here, my children grew up, got married, started their own families, and the city provided me with a job and with all these benefits – vacation, sick pay, medical insurance. And now, it's paying my bills in retirement."

Group D municipal pension benefits for employees hired after Dec. 31, 2007						
Age at retirement						
Age at hire	50	53	55	58	60	62
25	29%	35%	40%	47%	52%	57%
30	Not eligible	30%	36%	42%	47%	52%
35	Not eligible	Not eligible	28%	36%	42%	47%
40	Not eligible	Not eligible	21%	29%	34%	40%
45	Not eligible	Not eligible	14%	21%	25%	31%