



# Pension Training

Park Employees' Annuity and  
Benefit Fund of Chicago

# Erik C. Hernandez, BENEFITS MANAGER

❖ [www.chicagoparkpension.org](http://www.chicagoparkpension.org)

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❖ My Direct Line: 312-553-9318

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❖ Location: 3500 S. Morgan Street Suite 400  
Chicago, IL 60609

# PENSION SERVICE CREDITS

- ❖ Current contribution rate for tier 1 and 2 = 9% (7% employee, 1% spouse, 1% Automatic Increase).
- ❖ Current contribution rate for tier 3 = 11% (9% employee, 1% spouse, 1% Automatic Increase).
- ❖ The Pension Fund is on a calendar year basis – December 31<sup>st</sup>
- ❖ Your anniversary date does not necessarily mean the same as the amount of pension credits you have with the Fund.
- ❖ Pension service credits are as follows:
  - 1 – 2 months = 0.25 years
  - 3 – 5 months = 0.50 years
  - 6 – 8 months = 0.75 years
  - 9 or more months = 1 year
- ❖ You must work at least 45 hours in a month in order to qualify for a month of pension credit.
- ❖ You would have to work until September 30<sup>th</sup> of a calendar year in order to receive 1 year of pension service credit.



# TIER 1, TIER 2, OR TIER 3 EMPLOYEE?

- ❖ Tier 1 – employees hired prior to January 1, 2011, who made contributions to the Park Pension Fund or a reciprocal Fund prior to this date.
- ❖ Tier 2 – employees hired after January 1, 2011, who made contributions to the Fund after this date.
- ❖ Tier 3 – employees hired after January 1, 2022, who made contributions to the Fund after this date. Tier 2 members who elect to become tier 3 members from January 1, 2022 – April 1, 2022.



# WHAT IS THE PROCESS IF YOU LEAVE ACTIVE EMPLOYMENT TIER 1?

## ❖ Tier 1 employees

- Must have 10 years of service to be vested.
- Eligible to pull your pension as early as age 50.
- Locked into a pension at age 55 with 10 years of pension service.
- Locked into a pension at age 60 with 5 years of pension service.



# ELIGIBILITY FOR TIER 1

- ❖ Age 50 with 10 years (reduced .25% each month you are under the age of 60)
- ❖ Age 50 with 30 years of service (no reduction)
- ❖ Age 60 with 4 years of service (no reduction)



# HOW TO CALCULATE PENSION BENEFITS TIER 1

- ❖ Members of the Fund are entitled to a retirement pension based on a fixed benefit formula.
- ❖ The current percentage rate that applies to all credited years of service is 2.4%
- ❖ This rate applies to any member that retires while actively working after 1/1/2004.
- ❖ 2.4% is multiplied by the number of pension service years.
- ❖ Maximum pension is 80% or 33.5 years of pension service
- ❖ The total percentage is then multiplied by the Final Average Salary (FAS)
  - ❖ FAS is the average of the highest 48 consecutive months over the last 10 years of service.
- ❖ Example: 20 years of pension service, FAS is \$40,000 per year, and is at least age 60
  - $20 \text{ years} \times 2.4\% = 48.0\%$
  - $48.0\% \times \$40,000.00 = \$19,200 \text{ per year}$
  - $\$19,200 / 12 \text{ months} = \$1,600 \text{ pension per month}$



# WHEN IS THERE A REDUCTION IN PENSION?

## ❖ Tier 1 employees:

- If you are under age 60 and have less than 30 years of service, your pension will be reduced by 0.25% for every month you are under age 60.
- For example, if you have 20 years of service and are 55 years at the time of retirement, the number of months under the age of 60 is 60 months.
  - ✓  $60 \text{ months} \times 0.25\% = 15\% \text{ reduction in pension}$
  - ✓  $20 \text{ years} \times 2.4\% \text{ rate} = \underline{48.0\% \text{ before reduction}}$
  - ✓  $48.0\% \times 85\% (100\% - 15\%) = \underline{40.8\% \text{ after reduction}}$
  - ✓  $\$40,000.00 \times 40.8\% = \$16,320.00 \text{ a year}$
  - ✓  $\$16,320.00 / 12 = \$1,360.00 \text{ a month}$





# ANNUAL INCREASE

## ❖ Tier 1 employees:

- At least 30 years of service or at age 60, you are eligible for an annual increase (cost of living adjustment or COLA).
- Payable following the first 12 months of pension benefits on either the next January 1<sup>st</sup> or July 1<sup>st</sup>.
- 3% fixed benefit increase based on the original granted pension.
- For example, an annuitant was granted pension of \$1,600.00 per month effective February 1, 2018.
  - ✓ COLA increase would be \$48.00 per month.
  - ✓ 1<sup>st</sup> increase would be effective July 1, 2019, to \$1,648.00.
  - ✓ Effective July 1, 2020, the pension would increase to \$1,696.00.



# WHAT IS THE PROCESS IF YOU LEAVE ACTIVE EMPLOYMENT TIER 2?

## ❖ Tier 2 employees

- Must have 10 years of service to be vested
- Earliest retirement is at age 62 with 10 years of service. (Reduced).
- 67 with 10 years of service. (Unreduced).



# HOW TO CALCULATE PENSION BENEFITS TIER 2

- ❖ Members of the Fund are entitled to a retirement pension based on a fixed benefit formula.
- ❖ Current percentage rate that applies to all credited years of service is 2.4% and applies to any member that retires while actively working after 1/1/2004.
- ❖ The 2.4% is multiplied by the number of pension service years.
- ❖ Maximum pension is 80% or 33.5 years of pension service
- ❖ The total percentage is then multiplied by the Final Average Salary (FAS)
  - FAS is the average of the highest 96 consecutive months over the last 10 years of service.
- ❖ Example: 20 years of pension service, at least age 67 and FAS is \$40,000 per year
  - $20 \text{ years} \times 2.4\% = 48.0\%$
  - $48.0\% \times \$40,000.00 = \$19,200 \text{ per year}$
  - $\$19,200 / 12 \text{ months} = \$1,600 \text{ pension per month}$



# WHEN IS THERE A REDUCTION IN PENSION?

## ❖ Tier 2 employees:

- If you are under age 67, your pension will be reduced 0.50% per month for every month you are under age 67.
- For example, if you have 20 years of service and are 62 years old at time of retirement, the number of months under the age of 67 is 60 months.
  - ✓  $60 \text{ months} \times 0.50\% = 30\% \text{ reduction in pension}$
  - ✓  $20 \text{ years} \times 2.4\% \text{ rate} = \underline{48.0\% \text{ before reduction}}$
  - ✓  $48.0\% \times 70\% (100\% - 30\%) = \underline{33.6\% \text{ after reduction}}$
- Final Average Salary is limited. In 2021, final average salary is limited to \$116,740.42.



# ANNUAL INCREASE

## ❖ Tier 2 employees:

- At age 67, you are eligible for an annual increase (cost of living adjustment or COLA).
- Payable following the first 12 months of pension benefits on the next January 1<sup>st</sup>.
- Increase is 3% or one-half if the Consumer Price Index, whichever is lower, and is applied to the original annuity.



# Tier 3

## ❖ Tier 3 employees

- Must have 10 years of service to be vested
- Earliest retirement is at age 60 with 10 years of service. (Reduced).
- 65 with 10 years of service. (Unreduced).



# RETIREMENT APPLICATION PROCESS

## ❖ What is the process to retire?

- Health insurance – if you are an active employee of the Park District when you retire, you should contact the Human Resources Department in regard to the cost of retiree health insurance.
  - ✓ Park District administers the health benefits.
  - ✓ You may be required to pre-pay 2 months of health insurance premiums.
  - ✓ Once on pension, the Park will instruct the Fund how much to withhold going forward.
  - ✓ You must elect at time of retirement. You cannot choose to enroll at a later date.



# RETIREMENT APPLICATION PROCESS

## ❖ What is the process to retire?

- Retirement application – contact the Pension Fund office to complete retirement paperwork at least 60 days prior to retirement.
  - ✓ Retirement application
  - ✓ Birth certificates (member and spouse)
  - ✓ Marriage certificate
  - ✓ Divorce decree (if applicable)
  - ✓ Copy of Notice of Retirement Form (please inform your HR Manager)
- The Fund office will mail you a letter when we have received your application and if there is any missing documents.





# NOTICE OF RETIREMENT



## NOTICE OF RETIREMENT

*If you would like to talk to someone in Human Resources before completing this form, please call  
(312) 742-5220*

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_ M.I. \_\_\_\_\_

Employee Number: \_\_\_\_\_

Department/Region: \_\_\_\_\_ Position of Title: \_\_\_\_\_

Retirement Effective Close of Business on (mm/dd/yyyy): \_\_\_\_\_

I certify that this retirement is executed by me voluntarily and of my own free will:

\_\_\_\_\_  
Employee Signature Date

Please be aware that we will send your final W-2 tax statement to the address that we have on file. Should you relocate, you will want to update your address with us to ensure timely receipt of this document.

Please fax this signed and dated form to (312) 742-6097 or you can email a scanned copy with your signature and date to [HRfax@chicagoparkdistrict.com](mailto:HRfax@chicagoparkdistrict.com) or you can mail this form to:

Chicago Park District -HR Dept.  
541 N. Fairbanks Court  
Chicago, IL 60611

### FOR CPD HUMAN RESOURCES USE ONLY

Last day of work per department (if different from above): \_\_\_\_\_

\_\_\_\_\_  
Accepted by Date

# APPLICATION ON OUR WEBSITE



 **CALL US**  
(312) 553-9265

 **ADDRESS:**  
3500 S. Morgan St., Suite 400  
Chicago, IL 60609

[HOME](#) [ABOUT US](#) [SERVICES](#) [FORMS AND DOWNLOADS](#) [NEWS AND EVENTS](#) [FOIA](#) [CONTACT](#)

## New Location

Our office is now located at

3500 S. Morgan St., Suite 400  
Chicago, IL 60609

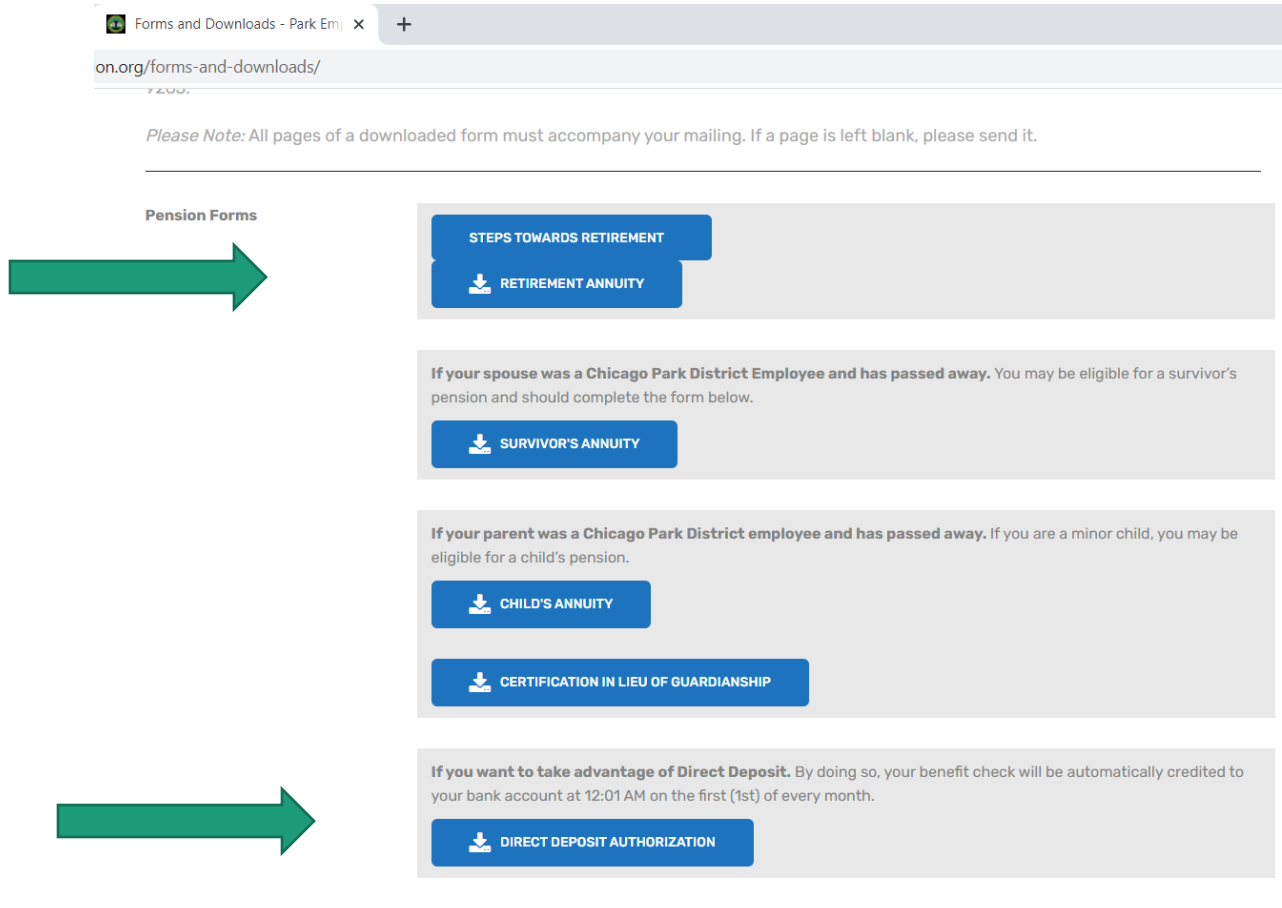
PEABF requires all participants that need to visit the office to schedule an appointment.

Please contact the Fund by email: [services@chicagoparkpension.org](mailto:services@chicagoparkpension.org) OR by phone (312) 553-9265

Questions?  
Contact us today.



# APPLICATION ON OUR WEBSITE



Forms and Downloads - Park Em] x +

on.org/forms-and-downloads/

*Please Note: All pages of a downloaded form must accompany your mailing. If a page is left blank, please send it.*

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**Pension Forms**

**STEPS TOWARDS RETIREMENT**

**RETIREMENT ANNUITY**

**If your spouse was a Chicago Park District Employee and has passed away.** You may be eligible for a survivor's pension and should complete the form below.

**SURVIVOR'S ANNUITY**

**If your parent was a Chicago Park District employee and has passed away.** If you are a minor child, you may be eligible for a child's pension.

**CHILD'S ANNUITY**

**CERTIFICATION IN LIEU OF GUARDIANSHIP**

**If you want to take advantage of Direct Deposit.** By doing so, your benefit check will be automatically credited to your bank account at 12:01 AM on the first (1st) of every month.

**DIRECT DEPOSIT AUTHORIZATION**

# STEPS TOWARDS RETIREMENT

## • IS IT TIME FOR ME TO RETIRE? **REQUEST A PENSION ESTIMATE**

1. Within a year of your potential retirement date, request a pension estimate from the Fund by visiting our website ([www.chicagoparkpension.org](http://www.chicagoparkpension.org)) or by calling the Fund office at 312-553-9265 to speak to one of our staff members. This will give you an idea of what your monthly pension will be at the time of retirement.
  - All estimates are prepared as a gross amount.
  - Any insurance deductions and/or federal taxes are not included in the amounts given.
  - All additional service time (pre-entry, seasonal, military, refund repayments, etc.) must all be paid for prior to retirement.

## • IT'S TIME TO RETIRE, WHAT DO I NEED TO DO?

1. Contact the Chicago Park District Human Resources Department at 312-742-5220 and complete the "**Notice of Retirement Form**". A member's retirement at the Pension Fund will not be processed until this form is completed. You should also inquire about the insurance benefits available to you and your family upon your retirement. Insurance benefits must be elected at the time of retirement. You will not be able to elect insurance at a later date.
2. Contact the Pension office and request an Application for Retirement and provide a completed copy of the "**Notice of Retirement Form**".
  - If you are retiring under Reciprocity, please make sure you contact all Funds participating and complete the necessary paperwork.
3. Be prepared to present the following documents (*copies are accepted*):
  - Member's birth certificate
  - Spouse's birth certificate, if married
  - Child(ren) birth certificate if under the age of 18
  - Marriage certificate
  - Divorce decree, if you or your spouse have ever been divorced
  - Death certificate, if a spouse is deceased
  - An updated Designation of Beneficiary form
  - A completed Form W4-P for tax withholding
  - A completed Direct Deposit form along with a voided check

## • HOW LONG UNTIL I RECEIVE MY FIRST CHECK?

1. Once all of your retirement paperwork is turned in and complete, the Pension Fund staff will calculate your final pension.
  - Retirement applications are usually reviewed and approved within 6 weeks of your retirement date. (i.e., last day of work is December 31; first check is payable for January and February annuities at the February Board meeting) The Board meetings are held the 3<sup>rd</sup> Thursday of every month.
  - Your first retirement check will be a physical check with no deductions.
  - After receipt of your 1<sup>st</sup> pension check, pensions are payable on the 1<sup>st</sup> of every month.
  - If you elected insurance benefits, the Pension Fund will withhold the premiums due and submit them to the Chicago Park District on your behalf.
  - Direct deposit will begin after the initial pension is received.

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- **\*\*PLEASE REMEMBER TO KEEP THE PENSION FUND INFORMED OF ANY ADDRESS CHANGES, CHANGES IN YOUR BANK ACCOUNT INFORMATION OR CHANGES IN YOUR FAMILY (DEATH OR DIVORCE).\*\***

# RETIREMENT APPLICATION PROCESS

## ❖ When will I receive my first check?

- Once you stop working, the Fund office has to wait for your final payroll to be posted.
- It is better to retire at the end of the month. Pension is effective on the 1<sup>st</sup> following of the month you retire.
- Pensions are presented to the Board on the 3<sup>rd</sup> Thursday of the 2<sup>nd</sup> month following your retirement.
  - ✓ If you retire June 30<sup>th</sup>, your pension is effective July 1<sup>st</sup>. Your pension will be approved at the August board meeting (3<sup>rd</sup> Thursday in August).
  - ✓ If you retire June 15<sup>th</sup>, your pension is effective July 1<sup>st</sup>. Your pension will be approved at the August board meeting (3<sup>rd</sup> Thursday in August).
  - ✓ The August check will be manual and covers the months of July and August.
  - ✓ Beginning September 1<sup>st</sup>, you will receive a direct deposit to your account, providing you have submitted the proper documentation.



# IS MY SPOUSE ELIGIBLE FOR PENSION?

- ❖ Must be married at time of retirement for your spouse to be eligible for a spousal pension.
- ❖ If spouse who you were married to at time of retirement precedes you in death, no spousal pension will be payable.
- ❖ If you marry after you retire, spouse is not eligible for a spousal pension.
- ❖ If unmarried, divorced or widowed at time of retirement, you will receive a refund of spousal contributions.



# PENSION ESTIMATE

## ❖ How do I request a pension estimate?

- You may call our office at 312-553-9265 or submit an estimate request via our website [www.chicagoparkpension.org](http://www.chicagoparkpension.org).
- Use our Retirement Estimator on our website <https://www.chicagoparkpension.org/retirement-estimator/>
- It is best to ask for different retirement options when requesting a pension estimate (at 20 years, age 58, and age 60 for example).
- Pension estimate should take about 2-3 weeks (during open enrollment it may take longer).
- We ask that you please request an estimate only once a year. Your pension estimate should not change that much if you ask for an estimate a couple months later since it is based on your final average salary.
- Pension estimates are based on Final Average Salary; therefore, we cannot forecast a pension beyond 10 years.





# RETIREMENT ESTIMATOR

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CALL US  
(312) 553-9265

ADDRESS:  
55 E Monroe Street, Suite 2720  
Chicago, IL 60603

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## Important Message

COVID-19 UPDATE - PARK EMPLOYEES' ANNUITY AND BENEFIT FUND (the "Fund") OFFICE

The Fund continues to provide services to its members and annuitants without interruption. For the health, safety and wellbeing of members, annuitants and staff of the Fund, the Fund's office is closed to visitors. The staff of the Fund has been returning to the Fund office on a phased in basis and working remotely when appropriate.

Please email the Fund with any requests at [services@chicagoparkpension.org](mailto:services@chicagoparkpension.org) or call the office at (312) 553-9265. If this is after hours, leave a message and your call will be returned promptly.

Thank you for your patience and please continue to look for updates on this website.

Questions?  
Contact us today.



(312) 553-9265



Forms and Downloads

Find all the forms available at the Pension Fund office. Download the forms, and return to our office today.



Services

Learn more about your different services provided to our park employee members today.



Retirement Estimator

Calculate your estimated annual annuity with our online annuity calculator.



Participant Benefits

Download your copy of the Principle Provisions Summary of Fund Benefits PDF, right here.



# RETIREMENT ESTIMATOR

chicagoparkpension.org/retirement-estimator/

## Retirement Estimator

Your use of this Retirement Estimator is solely informational and is not to be relied upon as a factual basis of your annuity amount.

Select your tier plan: \*

☒ Tier 1 - Prior to Jan 1, 2011

☐ Tier 2 - After Jan 1, 2011

Projected 4 year average annual salary at time of retirement \*

Projected age at retirement \*

Projected years of service at retirement (whole years only) \*

Disclaimer \*

☐ I have read this calculator and I am ready to do a calculation

This calculator allows you to enter data to calculate an unofficial projection of your estimated pension from the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund (PEABF). By inputting different years of service, salaries, and ages, you can use the calculator to approximate your pension under different scenarios. This calculator is for informational and education purposes only and is merely a tool you can use to help project your future pension. There is no guarantee that the projections will be accurate or that you will receive any specific amount. Neither your use of this calculator, nor the projections it generates, are binding on PEABF or the Chicago Park District.

**The Retirement Estimator does not:** take into account IRS requirements under 26 U.S.C. 401(a)(17) which limits the amount of compensation that can be considered for employees who first became participants on or after January 1, 1996. In addition, this estimator does not take into account the Tier 2 salary maximum under 40 ILCS 5/1-160, which limits the amount of compensation that can be considered for employees who first became participants on or after

### IMPORTANT INFORMATION

- **Tier 1:** Projected 4-year final average salary is the highest four consecutive years of salary within the last 10 years of service.
- **Tier 2:** Projected 8-year final average salary is the highest eight consecutive years of salary within the last 10 years of service.
- Do not include overtime as part of your salary. Overtime is not considered in calculating your retirement benefits.
- "Your estimated annual annuity" amount is a projection based on the information you provided.
- The estimate does not include any deductions for Federal Income Tax or eligible Health Insurance premiums.
- If you are within three years of retirement, please contact the Fund to request an estimate.

Your estimated annual annuity:

**\$0**

Your estimated annual annuity (percentage):

**0%**

SUBMIT

# MISCELLANEOUS ITEMS

- Membership Record – every member of the Fund must have a Membership Record on file in order pay out any benefits.
- Beneficiary Form – besides spouse, please list an individual or several individuals on this form. If you are actively working at the time of retirement, a death benefit is available at the time of your passing.
- Please contact our office to make sure you have both forms on file.



# MEMBERSHIP RECORDS AND DES. BEN. FORMS

- [www.chicagoparkpension.org](http://www.chicagoparkpension.org)
- Forms and Downloads
- Active Member Forms – Membership Record
- General Forms – Designation of Beneficiary



# PURCHASING TIME

## ❖ Can I purchase time?

- If you have actively contributed to the Pension Fund for at least 2 years, you can purchase additional time that you worked at the Park District that may not have been subject to pension contributions.
  - ✓ Additional service
  - ✓ Pre-entry (this is if you started prior to 1/1/92)
  - ✓ Refund Repayment
  - ✓ Military/government
- If you left the Park and took a refund of your contributions, then came back to the Park, you can repay the Fund for those contributions plus interest.



# PURCHASING TIME

## ❖ How Can I purchase time?

- Rollover monies from Deferred Compensation to pay for the cost of additional service tax free.
- OR pay with a personal check/cashier's check would be payable to the Fund.



# RECIPROCITY

- ❖ Chicago Teachers Pension Fund: 312-641-4464
- ❖ County Employees' Annuity & Benefit Fund of Cook County: 312-603-1200
- ❖ Illinois Municipal Retirement Fund: 800-275-4673
- ❖ Judges' & General Assembly Retirement System: 217-782-8500
- ❖ Laborers' Annuity & Benefit Fund of Chicago: 312-236-2065
- ❖ Municipal Annuity & Benefit Fund of Chicago: 312-236-4700
- ❖ Metropolitan Water Reclamation District Fund: 312-751-3222
- ❖ State Employees' Retirement System of Illinois: 217-785-7444
- ❖ State Universities Retirement System: 800-275-7877
- ❖ Teachers' Retirement System: 877-927-5877

# DISABILITY BENEFITS

❖ ORDINARY DISABILITY

❖ DUTY DISABILITY

PLEASE CONTACT FUND



# REFUND OF CONTRIBUTIONS

Refunds are given to members who resign their position and are not eligible for a monthly annuity.

PLEASE CONTACT FUND





# QUESTIONS?

