

PART III: Who Is Required to Pay for My Participation in the Plan?

Trust Fund

The trust fund is the source from which all payments owed to eligible participants and beneficiaries are made. The money in the trust fund is a combination of the contributions made by the City and the plan participants, plus the earnings on the assets of the trust. The contributions plus the earnings of the trust fund pay the entire cost of your pension plan.

Participant Contributions

As an active employee, you are required to contribute a percentage of your basic salary to the plan, depending on whether you have an eligible beneficiary, as follows:

Table 1: Participant Contribution Percentage

Participant Contribution Status	Percentage of Basic Salary	
	Prior to March, 1994	March, 1994 and thereafter
Does <u>not</u> have an eligible beneficiary	7%	6%
<u>Does</u> have an eligible beneficiary	8%	7%

An **eligible beneficiary** under this plan is your legal spouse or your registered domestic partner or an unmarried child under the age of 18 (or under the age of 23 if a full-time student). See Part V, “How Are My Retirement Benefits Paid?” on page 10 and Part IX, “What Happens if I Die Before I Retire?” on page 33 for an explanation of the benefits to which your eligible beneficiary (or beneficiaries) may be entitled under the plan.

Monthly post-retirement death benefits will only be payable to your eligible beneficiary if you have made all participant contributions at the higher percentage that is required for the coverage of eligible beneficiaries.

IMPORTANT NOTE: *If you have an eligible beneficiary, you are required to contribute at the higher percentage (7% of your basic salary after March, 1994). If you do not have an eligible beneficiary, you may choose to contribute at the higher percentage in anticipation of the possibility that you will have an eligible beneficiary in the future. **If you do not choose to contribute at the higher percentage and you later have an eligible beneficiary, then you will be required to pay into the pension fund an amount equal to one percent of your salary or earnings for all of your creditable service prior to the time that you have an eligible beneficiary. Furthermore, you must pay this extra 1% contribution on all of your past service at your current rate of pay within two years after you have an eligible beneficiary. You should immediately notify the pension office if your participant contribution status changes and, as a precaution, you should check to make sure that the proper participant contribution percentage is being deducted from your pay.***

Since 1986, overtime pay (and other special pay received for services rendered in excess of your regular working hours) is not included in your base salary for purposes of determining your participant contributions. In addition, since 1994, employee contributions have been deducted on a pre-tax basis. This means that you do not have to pay federal or state income taxes on your contributions to the plan since 1994.

City Contributions

Pursuant to State law and City ordinance, the City of Atlanta must make a periodic contribution which is determined each year by an **actuary** who has been certified by the Internal Revenue Service (IRS). (An actuary is a professional who is trained to determine the amount of money which must be put aside in order to provide the retirement, disability, and death benefits which have been promised to the participants of the pension plan.)