



CHATTANOOGA FIRE & POLICE PENSION FUND



PENSION
APRIL 2011

WHO WE ARE:

The Chattanooga Fire & Police Pension Fund (CFPPF) was established in 1949 as a defined benefit plan to provide Police Officers and Firefighters with a secure, pre-defined monthly benefit upon retirement. The Fund also provides a safeguard for the immediate family in the event the Firefighter or Police Officer becomes disabled or dies.

Research shows Police Officers and Firefighters typically have a shorter career and life expectancy than other City employees or others in the private sector. For this reason, the CFPPF helps ensure Police Officers and Firefighters have a secure, lifetime retirement benefit.

WHO WE SERVE:

The CFPPF represents 790 current Firefighters and Police Officers along with 540 retired members and 152 beneficiaries.

OUR BOARD:

The CFPPF is governed by an eight-person Board: three active Firefighters, three active Police Officers, a City general employee appointed by the Mayor and a citizen appointed by the City Council. Current members of the board:

- Fire Lieutenant Terry Knowles, Board President
- Fire Captain Chris Willmore, Vice President
- Police Sergeant Scott Fulgham, Secretary
- Police Lieutenant Corliss Cooper
- Fire Lieutenant Ivan Hicks
- Police Officer Phillip McClain
- Stan Sewell, Mayor Appointee
- Ray Ryan, City Council Appointee

INVESTMENT PERFORMANCE:

Since December 1983, the Fund has earned a 9.3% annualized rate of return.

PENSION CONTRIBUTIONS:

The CFPPF receives contributions from multiple sources:

- Members annually contribute 8-9% of their base salary.
- City contributes the amount recommended by the actuary but no less than 10% of the gross salaries of the Fire and Police Departments.
- Revenue from investments accounts for more than 70% of the Fund's growth.
- \$5 from every City Court fee paid.
- Revenue generated by the sale of surplus property.

PENSION PAYMENTS:

Payments to members are calculated based on a formula that takes into account years of service and pay. At 25 years of service, the formula provides for a benefit of 68.75% of the average base salary from the 3 highest paid years of service. For each service year after 25 years until the member reaches 30 years of service, the formula provides an additional 1.25% of the average base salary from the 3 highest paid years of service.

DROP PAYMENTS:

When members serve more than 25 years but no more than 30 years, they can elect a Deferred Retirement Option Plan (DROP) benefit upon retirement. The DROP is an optional form of an earned benefit that allows Firefighters and Police Officers to receive a portion of their accrued retirement benefit earned during the DROP period up front, in exchange for working longer than required. If the member declines the option to take the DROP benefit, the pension benefit is based on the total years of service rather than the typical 25 years of service.