

## **CITY OF BATTLE CREEK POLICE AND FIRE RETIREMENT SYSTEM**

PURCHASE OF MILITARY TIME Act 345 of 1937 (Act 345) governs pension benefits for Battle Creek police officers and firefighters. Section 6 (1)(g) of Act 345 allows the governing body of a municipality, upon a 3/5 vote, to provide service credit for not more than six (6) years of active military service to the United States government.

The Battle Creek City Commission (Commission) establishes the following policy on the purchase of military time:

**RESOLUTION #118**

APPROVED 3/21/2006

- 1.** Military time may not be purchased for the purpose of vesting in the pension system or for enhancing a pension benefit.
- 2.** All requests for the purchase of military time must include an actuarial analysis of the cost to the pension system. Employees making the request to purchase are responsible for the cost of the actuarial valuation.
- 3.** The commission will review each request for purchase of military time on a case-by-case basis. This policy should not be construed as a guarantee that requests will be granted.
- 4.** All other provisions of Act 345 regarding the purchase of military time are incorporated into this policy.

**RESOLUTION #119**

APPROVED 3/21/2006

- 1.** The maximum number of months the Commission will consider for an individual to purchase is twelve (12) months.

The following procedure has been adopted by the Battle Creek Police and Fire Retirement System Board of Trustees (hereinafter referred to as "Board"):

- A member who wishes to purchase military time must send an official request addressed to the City Manager. Included with their request the member must submit a copy of their DD Form 214 (Certificate of Release or Discharge from Active Duty). The City Manager's Office will then notify the Pension Administrator upon review and approval of the member's request.

- The Pension Administrator will request an Estimated Final Average Compensation (FAC) from the Payroll Officer. For this estimate, the calculation date will be based on the pay period ending date of the last processed payroll.
- The Pension Administrator determines the member's cost of purchasing the requested amount of time using the following calculation:

Current Hourly Rate x \*2,080 hours x Current Pension Contribution Rate

\*2,912 for IAFF 24 hour members or 2,496 for Fire Supervisory members

*(This calculation represents the cost to purchase 12 months of time. If the member is requesting to purchase 3 months, the annual cost will be divided by 12 and multiplied by 3.)*

- All requests for the purchase of military time must include an actuarial analysis to determine the cost to the pension system. The Pension Administrator will request the actuarial analysis from the board appointed actuarial firm. The cost of the actuarial calculation will be based on the charges set by the Actuaries in their annual service agreement contract. This cost must be paid by the member in advance of the actuarial analysis.
- Once the Pension Administrator receives the actuarial analysis, the request to purchase military time will be added to the next Commission Agenda. If approval is granted, the member will be required to submit payment of employee contributions (as calculated above) within two weeks of the Commission meeting.
  - The amount due from the member (as calculated above) may be adjusted based on the date presented to Commission. If the member's rate of pay changes and/or their pension contribution rate changes, the member's portion will be based on the values in effect on the Commission meeting date.
- If a member dies during the military purchase process, their spouse may choose to continue with the military purchase process, so long as they abide by the remainder of the policy.
- For purchases made after 5/27/2020, once the purchase has been approved by the City Commission and employee contributions have been received by the Pension Fund, the purchase of time is final and may not be revoked. Employee contributions paid as a result of the purchase, will not be refunded to the member if they have reached the vesting requirement.
  - Employee contributions paid for the purchase of military time for members that have not been vested, and later separate employment prior to vesting, will be eligible for a refund of contributions related to the purchase of military time.

- The entire process to purchase military time takes between 6 – 8 weeks. A member is not eligible to use purchased time towards service retirement until this process has been approved by the City Commission.
- As outlined in Resolution #118, military time may not be used to enhance a pension benefit. This is further defined by the following: A member may not use time purchased to receive more than 25 years of service at a 3% multiplier. In addition, members eligible for an increased pension of 1% per year after 25 years of service, may not use purchased time to exceed the maximum of 80% of their FAC.

**POLICY REVIEW:** The board shall review this policy at least annually. The board may amend this policy, at any time, by majority vote of the board.