

CITY OF LAS VEGAS
ADMINISTRATIVE REGULATION



SUBJECT: Retirement Policy and Procedure

ADMINISTRATIVE NUMBER: A-24-264
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APPROVED BY:

Tim Montgomery, City Manager

- I. **PURPOSE:** The purpose of this Administrative Regulation is to ensure that City employees and the City are prepared for an employee's retirement.
- II. **OBJECTIVE:** The primary objective is to facilitate a smooth transition for the retiring employee and the City.
- III. **ATTACHMENTS:**
 - a. Written policy for Retirement Policy and Procedure
 - b. Retirement Information Sheet

ADMINISTRATIVE REGULATION ESTABLISHING A RETIREMENT PROCEDURE FOR ALL ELIGIBLE CITY EMPLOYEES

THIS ADMINISTRATIVE REGULATION REPEALS AND REPLACES IN ITS ENTIRETY ANY AND ALL PREVIOUS ADMINISTRATIVE REGULATIONS REGARDING "RETIREMENT PROCEDURE."

A: DEFINITIONS

Contingency Fund: a budget line item designated to be appropriated accordingly and used for no other purpose than to pay for early retirement leave.

Eligibility Requirement: A condition for an employee to qualify for retirement under PERA under either Tier 1 or Tier 2. Tier 1 and Tier 2 members are vested after earning five years of PERA service credit.

You are in **Tier 1** if you:

- Were hired for the first time on or before June 30, 2013; and
- Had member contribution on account as of June 30, 2013; or
- Were retired as of June 30, 2013

Tier 1 members are eligible to retire from PERA when they meet the age and service requirement for the plan they participate. The normal age and service retirement eligibility requirements for **Tier 1** members are as listed below:

25 Year retirement Plans for Municipal General Plan:

- Any age with 25 or more years of service credit; or
- Age 60 or older with 20 or more years of service credit; or
- Age 61 or older with 17 or more years of service credit; or
- Age 62 or older with 14 or more years of service credit; or
- Age 63 or older with 11 or more years of service credit; or
- Age 64 or older with 8 or more years of service credit; or
- Age 65 with 5 or more years of service credit

20 Year Retirement Plans for Municipal Plan Police and Municipal Fire Plan:

- Any age with 20 or more years of service credit; or
- Age 61 or older with 17 or more years of service credit; or
- Age 62 or older with 14 or more years of service credit; or
- Age 63 or older with 11 or more years of service credit; or
- Age 64 or older with 8 or more years of service credit; or
- Age 65 with a5 or more years of service credit

You are in **Tier 2** if you:

- Were hired for the first time on or after July 1, 2013; or
- Refunded your employee contributions on or before June 30, 2013, and returned to work for a PERA affiliate on or after July 1, 2013.

Tier 2 members are eligible to retire from PERA when they meet the age and service credit requirement for the plan they participate in. The normal age and service credit retirement eligibility requirements for **Tier 2** members are as listed below:

General Member Plans for Municipal General Plan:

- Rule of 85 (members must have 5 or more years of service credit; and
- Sum of age at time of retirement and years of service credit must equal 85); or
- Age 65 with 5 or more years of service credit.

Public Safety Plans for Municipal Police Plan and Municipal Fire Plan:

- 25 years of service credit at any age; or
- Age 60 with 5 or more years of service credit.

Employee Leave Bank: the amount of accumulated Vacation and Sick leave an employee has available to use.

Lump Sum Payout: Amount to be paid to the employee, if funds are available in the Contingency Fund. 2-6-11.3 Sick Leave G) Vacation leave upon retirement. An employee who has accumulated vacation leave at the time of their retirement shall have their leave paid out in a lump sum by the City upon availability of funds. This section applies retroactively to employees retiring after January 1, 2025.

§66-53. Conversion of sick leave at time of retirement for employees with 600 hours of accrual or less as of January 1, 2025, and for employees hired after January 1, 2025. Employees with 600 hours or less of sick leave accrual on January 1, 2025, and employees hired after January 1, 2025, shall be eligible for conversion of up to 600 hours of accrued sick leave to early retirement leave. The conversion shall be at the rate of one hour of sick leave for one hour of early retirement leave. The official date of retirement shall be documented in writing and signed by the employee prior to the conversion. These employees may choose to sell back up to 600 hours of accrued sick leave at retirement, in lieu of conversion to early retirement leave. The conversion shall be at the rate of two hours of sick leave for one hour of pay. The choice is conversion to early retirement leave or sell back. *Editor's Note: Amended at time of adoption of Code (see Ch. 1, General Provisions, Art. III).*

Employees with over 600 hours of sick leave accrual on January 1, 2025, shall be eligible for conversion of sick leave to early retirement leave up to the amount of accrual documented on January 1, 2025. The conversion shall occur at the time of retirement and shall be at the rate of one hour of sick leave for one hour of early retirement leave. The official date of retirement from the City shall be documented in writing and signed by the employee prior to the conversion. These employees may choose to sell back accrued sick leave at retirement, in lieu of conversion to early retirement leave. The conversion shall be

at the rate of two hours of sick leave for one hour of pay. The choice is conversion to early retirement leave or sell back.

The sell back and buy back provision of this policy are subject to the availability of funds as budgeted for the year by the City Council.

PERA: The Public Employees Retirement Association was established in 1947 for New Mexico's Public Employees retirement benefits. Employees are eligible to receive these benefits when certain eligibility requirements are met by the member, regardless of the amount of contributions paid into the plan in the form of a monthly pension upon retirement.

PERA Membership: A mandatory condition of employment with state and affiliated public employers. Employees who are full-time regular status and part-time (those who work at least 30 hours) contribute to their PERA member contributions fund.

Request Form: A form from PERA for an active member who wishes to request an estimate of benefits (must be within 3 years of retirement); cost calculations for air-time, with drawn service, or military service.

Retirement Kit: Information provided by PERA for employees inquiring about retiring.

Retirement Plan: A plan with compiled information identifying the estimated cost of an employee retiring.

Retirement Information Sheet: A form to be completed by the employee and the Benefits Coordinator when a City employee informs the City of the intent to retire.

Separation Report: A form that must be completed by the Department Director and given to the Human Resource Division once an employee's employment has ended with the City.

Years of Service: Amount of years recognized by the retirement system for purposes of calculating a member's retirement benefits.

B: General Statement

Employees who are contemplating retirement should contact the PERA benefits and claims division between six months and one year before their anticipated retirement date in order to secure an estimate of benefits. The employee's Department Director and Human Resource Division should be notified of the intent to retire at this time in order to assist in the process and facilitate a smooth transition for the employee and the department. Those employees that wish to receive a lump sum payout shall give at least six (6) months advance notice of retirement prior to the budgeting process to ensure funds are allocated and available in the contingency fund.

C: Eligible Employee Identification

Annually, the Benefits Coordinator will generate a report to identify those City employees who are eligible within three (3) years. A complete list will be given to the City Manager and the Finance Department; also the Department Director will receive a list of any eligible employees within their respective departments. The Human Resource Division will make contact with those employees identified and provide a Retirement Information Sheet and Retirement Packet.

D: Employee Inquiry:

When an employee inquires about retirement with the Benefits Coordinator:

The employee will be informed that discussion of the employee's retirement will be documented on the Retirement Information Sheet and forwarded to the City Manager, the Human Resource Director, and the Department Director.

Then,

- If the employee has not already been in contact with PERA then:
 - The employee will be provided a request form to inquire if they meet retirement eligibility requirements.
- If the employee has been in contact with PERA and has not received a letter:
 - The employee will be informed that a letter is necessary to proceed with the Retirement Plan.
- If an employee has been in contact with PERA and has a letter:
 - A copy of the letter will be made.
 - A Retirement Information Sheet will be started by Human Resources and forwarded to the Department Director, with final approval from the City Manager.

The Benefits Coordinator will inform the employee that a Retirement Plan will be developed and once approved by the City Manager; the employee will be contacted to discuss the approved plan.

E: Contact

The Benefits Coordinator will notify the City Manager, Department Director, and Human Resource Director of the employee's inquiry or intention to retire, and if the employee is requesting to use their leave or take a lump sum payout.

F: Retirement Plan

- a) The following will be completed by the Benefits Coordinator:
- Identify all leave (Vacation and Sick) the employee has available from their leave bank.
 - If funds for the employee have been allocated for vacation, it will be verified (to be used only if a lump sum payout is being requested.)
 - If there are no funds, then the Department Director will be notified.
 - Estimated Cost of the employee's retirement, including benefits, and deductions.

If utilizing leave upon retirement, then Ordinance No. 20-04 and 6-19 shall be followed:

§66-52. Vacation leave upon retirement. An employee who has accumulated vacation leave at the time of their retirement shall have their leave paid out in a lump sum, in accordance with §66-52-D, by the City based upon availability of funds. This section applies retroactively to employees retiring after January 1, 2025.

§66-53. Conversion of sick leave at time of retirement for employees with 600 hours of accrual or less as of January 1, 2025, and for employees hired after January 1, 2025. Employees with 600 hours or less of sick leave accrual on January 1, 2025, and employees hired after January 1, 2025, shall be eligible for conversion of up to 600 hours of accrued sick leave to early retirement leave. The conversion shall be at the rate of one hour of sick leave for one hour of early retirement leave. The official date of retirement shall be documented in writing and signed by the employee prior to the conversion. These employees may choose to sell back up to 600 hours of accrued sick leave at retirement, in lieu of conversion to early retirement leave. The conversion shall be at the rate of two hours of sick leave for one hour of pay. The choice is conversion to early retirement leave or sell back. *Editor's Note: Amended at time of adoption of Code (see Ch. 1, General Provisions, Art. III).*

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The sell back and buy back provision of this policy are subject to the availability of funds as budgeted for the year by the City Council.

Employees on early retirement leave are not eligible for any accrual of leave, any increase in pay, or any other form of compensation other than pay for the converted leave at the employee's regular hourly rate. This in no way effects the City's continued contribution to PERA or insurances during early retirement leave. The City will continue to contribute to the early retiree's PERA insurance until the leave is exhausted.

- b) The Department Director will be responsible for identifying a succession plan for the impending vacancy.
- c) A letter requesting approval * will be prepared for the City Manager with the following information:
- Employee Name, Title, and Department
 - Copy of the letter from PERA
 - The date the employee is eligible to retire on.
 - Anticipated last day of employment with the City.
 - A schedule listing the dates early retirement will be taken using vacation and sick leave; or if a payout is being requested, then the amount of the payout, with any remaining sick leave to be converted.
 - If a lump sum payout is being requested by the employee, a separation report, completed by the Department Director, will be attached for signature by the City Manager.
- d) Once the retirement plan has been approved by the City Manager, the Benefits Coordinator will make contact with the employee to schedule an appointment where a letter will be given to the employee advising them their retirement has been approved with copies going to the Department Director, Human Resource Director, the City Manager, and the Employee's personnel file. If leave is being taken, time sheets will be prepared and signed by the employee. If a lump sum payout has been approved, the employee will complete their portion of the Separation Report.
- e) The Benefits Coordinator will make contact with the Finance Department notifying the Payroll Specialist of the employees impending retirement, signed timesheets and/or approval of lump sum payment with a copy of the Separation Report, signed by the City Manager.

G. Recognition

Retired employees will be recognized and given plaques acknowledging their loyal service to the City of Las Vegas.