

**FIFTH AMENDMENT  
TO THE CITY OF ALEXANDRIA FIREFIGHTERS AND POLICE OFFICERS  
PENSION PLAN**

Pursuant to the powers of amendment reserved under Section 12.1 of The City of Alexandria Firefighters and Police Officers Pension Plan (the "Plan"), said Plan shall be and the same is hereby amended by the City of Alexandria, Virginia (the "City"), effective as of [insert date amendment is adopted], as follows:

**FIRST CHANGE**

Section 5.13 is deleted in its entirety and the following new Section 5.13 inserted in lieu thereof:

**5.13 Disability Benefits After Normal Retirement Date**

- (a) A Participant who reaches his or her Normal Retirement Date shall begin receiving his or her Accrued Pension Benefit in accordance with the provisions of Article 6 and may elect to have his or her Accrued Pension Benefit paid in any of the optional annuity forms permitted under Section 7.2(a) or (b) (but not under Section 7.2(c)). The Actuarial Equivalence of the optional annuity forms shall be determined using the Actuarial Equivalence for Disabled Participants (for determining Actuarial Equivalence under Section 5.13) set forth in Appendix A.
- (b) When the Participant reaches his or her Normal Retirement Date, Disability benefits under this Plan shall be recomputed so that the Participant's Disability benefits under Article 5 and the sum of the Participant's Accrued Pension Benefit under Article 6 and, if applicable, the amount of his or her City Funded Retirement Income Account (all expressed in the form in which Disability Benefits were payable prior to the Participant's Normal Retirement Date) is actuarially equal in value to the amount of payments that the Participant would have received under Article 5 if the Participant (i) had not been Disabled, (ii) had continued to be employed by the City at the same rank and grade he or she had attained immediately prior to his or her Disability, (iii) for the prior forty-eight

(48) months, had received the amount of pay applicable to such rank and grade (including any cost of living wage adjustment granted by the City but ignoring any step increases for such rank and grade), and (iv) had become Disabled and begun receiving Disability Benefits under this Article 5 immediately prior to his or her Normal Retirement Date. If the amount of pay applicable to the Participant's rank and grade is modified by a change in the City's compensation or classification system, then the Participant shall be assigned to an equivalent rank and grade within such revised compensation or classification system for purposes of applying the provisions of this Section.

- (c) Following such recalculation, the Disability Benefits under Article 5 shall continue to be paid to the Participant following his or her Normal Retirement Date in the same form as such Benefits were being paid prior to the Participant's Normal Retirement Date (i.e., either in the normal form or under the contingent annuitant option), but only to the extent necessary to provide that the Disability Benefits under Article 5 and the retirement benefits under Article 6 (including for this purpose any retirement benefits payable with respect to the Participant's City Funded Retirement Income Account) are Actuarially Equivalent to the recalculated Disability Benefits the Participant would have received under Article 5, as computed in accordance with the preceding paragraph. In the event that the Participant's retirement benefits under Article 6 (including for this purpose any retirement benefits payable with respect to the Participant's City Funded Retirement Income Account) are equal to or greater than such recalculated Disability Benefit, then all Disability Benefits payable under this Article 5 shall cease on the Participant's Normal Retirement Date.
- (d) For purposes of the determinations required under this Section 5.13:
  - (1) The amount of retirement income that is payable with respect to a Participant's City Funded Retirement Income Account (based on the value as of the Date of Adoption and any subsequent Investment Adjustments) shall be determined by the Actuary using the Actuarial Equivalence for Disabled Participants (for determining Actuarial Equivalence under Section 5.13) set forth in Appendix A, as in effect at such Normal Retirement Date.
  - (2) In the case of a Participant whose Accrued Pension Benefit is subject to a qualified domestic relations order (within the meaning of Section 13.3(c)(5)), such qualified domestic relations order shall be ignored in determining the amount of the Participant's Accrued Pension Benefit under Article 6 (so that the Participant's entire Accrued Pension Benefit is taken

in account in determining the extent to which the Participant's retirement benefits are equal to or greater than the Participant's recalculated Disability Benefit and the amount of any Disability Benefit payable to the Participant following his or her Normal Retirement Date).

- (3) In the case of a Participant whose Retirement Income Account is subject to a qualified domestic relations order (within the meaning of Section 13.3(c)(5)), such qualified domestic relations order shall be ignored in determining the amount of retirement income that is payable with respect to a Participant's City Funded Retirement Income Account. To the extent that the Participant's Retirement Income Account has been divided into separate accounts pursuant to a qualified domestic relations order, the amount of retirement income that is payable with respect to a Participant's City Funded Retirement Income Account shall be determined by including in the value of the Participant's City Funded Retirement Income Account an amount equal to (i) the portion of the Participant's City Funded Retirement Income Account assigned to the alternate payee, and (ii) imputed earnings on such amount, computed based on the interest rate used for determining Actuarial Equivalence under Appendix A (as in effect on the date such determination is being made), from the date of assignment to the Participant's Normal Retirement Date.

### **SECOND CHANGE**

The second paragraph of Section 5.15 is hereby deleted, and the following is substituted in lieu thereof:

If a Participant elects the contingent annuitant option, the amount of the Disability Benefit to which the Participant is entitled will be adjusted, so that it is the Actuarial Equivalent of the Disability Benefit that the Participant would have received had the election not been made. Actuarial Equivalence shall be determined using the Actuarial Equivalence for Disabled Participants (for determining Actuarial Equivalence under Section 5.15) set forth in Appendix A.

### **THIRD CHANGE**

The following new section 5.18 shall be added after Section 5.17:

**5.18 Special Election To Use City Funded Retirement Income Account To Purchase Retirement Income at Normal Retirement Date**

**(a) Disabled Participants Who Have Not Reached Normal Retirement Date**

- (1) Each Participant:
  - (i) who reached their Disability Retirement Date before [insert date amendment is adopted];
  - (ii) who still has a City Funded Retirement Income Account;
  - (iii) who is currently receiving Disability Benefits under the Plan; and
  - (iv) who had not reached their Normal Retirement Date as of September 1, 2006,

may elect to transfer his or her City Funded Retirement Income Account to the Pension Plan in exchange for retirement income commencing on the Participant's Normal Retirement Date (or in the case of a Participant that has already reached his or her Normal Retirement Date, on \_\_\_\_\_1, 2007 [insert first day of the month following due date of election]). The amount of such retirement income shall be determined in accordance with the provisions of Section 5.18(a)(3) and shall be used to determine the extent to which the Participant's Disability Benefits continue following the Participant's Normal Retirement Date in accordance with Section 5.13. In the case of a Participant who reached his or her Disability Retirement Date before the Date of Adoption, the Participant's Normal Retirement Date shall be determined under the provisions of the Disability Income Plan.

- (2) In order to be effective, an election to transfer the Participant's City Funded Retirement Income Account to the Pension Plan in exchange for retirement income commencing on the Participant's Normal Retirement Date under this Section 5.18(a) must be:
  - (i) made on a form supplied by the City for this purpose;
  - (ii) irrevocable; and
  - (iii) returned to (and the receipt acknowledged by) the Department of Finance on or before 5:00 P.M. (Eastern Time) on \_\_\_\_\_, 2007 [insert date that is 120 days after the date the amendment is adopted].

(3) Upon a Participant's election pursuant to Section 5.18(a)(2) above, the Participant's City Funded Retirement Income Account shall be transferred to and become a part of the Fund and shall be available to provide benefits to all Participants under the defined benefit portion of the Plan. Upon such transfer, the Participant shall be entitled to receive deferred monthly retirement income from the defined benefit portion of the Plan, with such retirement benefit commencing on the Participant's Normal Retirement Date (or in the case of a Participant that has already reached his or her Normal Retirement Date, on \_\_\_\_\_, 1, 2007 [insert first day of the month following due date of election]) and continuing for the remainder of the Participant's life (with no survivor benefits). The amount of such retirement income shall not exceed the amount of the Participant's Disability Benefits as of the Participant's Normal Retirement Date (as recalculated pursuant to Section 5.13 of the Plan or 4.07 of the Disability Income Plan, as the case may be). For this purpose:

- (i) The amount of retirement income shall not exceed the Actuarial Equivalent of the Participant's City Funded Retirement Income Account .
- (ii) Actuarial Equivalence shall be determined on the Actuarial Equivalence for Disabled Participants (for conversion of City Funded Retirement Income Account under Section 5.18), as set forth in Appendix A.
- (iii) In no event may the amount of retirement income purchased with the Participant's City Funded Retirement Income Account exceed the amount of the Participant's Disability Benefits as of the Participant's Normal Retirement Date (as recalculated pursuant to Section 5.13 of the Plan or 4.07 of the Disability Income Plan, as the case may be). If the Participant had previously elected the contingent annuitant option under Section 5.15 of the Plan or Section 5.02 of the Disability Income Plan, as the case may be, then the amount of retirement income purchased with the Participant's City Funded Retirement Income Account shall not exceed the Actuarial Equivalent of the Participant's Disability Benefits as of the Participant's Normal Retirement Date. In the event that the amount of retirement income purchased with a Participant's City Funded Retirement Income Account is limited by the application of this subsection, the excess of the

value of the City Funded Retirement Income Account over the amount actually used to purchase retirement income (determined as of the Participant's Normal Retirement Date) shall be re-credited to the Participant's Retirement Income Account. Such amount shall be credited on the Participant's Normal Retirement Date and shall include earnings on such excess based on the interest rate used for determining Actuarial Equivalence under Appendix A (as in effect on the Participant's date of election under Section 5.18(a)(2)) from the date the Retirement Income Account was transferred to the Pension Plan to the Participant's Normal Retirement Date.

- (iv) In the case of a Participant who reached his or her Normal Retirement Date after September 1, 2006, the amount of retirement income purchased with the Participant's City Funded Retirement Income Account (and the determination of whether the value of the Participant's City Funded Retirement Income Account exceeds the amount of the Participant's Disability Benefits) shall be made as if the purchase and transfer occurred on the Participant's Normal Retirement Date.
- (4) In lieu of the straight life retirement annuity described in Section 5.18(a)(3), a Participant who has not reached his or her Normal Retirement Date may elect, at the time the Participant reaches his or her Normal Retirement Date, to receive monthly retirement income in the form of a joint and survivor option or guaranteed period option, subject to the following restrictions:
- (i) Such election shall be made in accordance with the provisions of Section 7.2.
  - (ii) The joint and survivor option shall be limited to the option that provides a monthly income during the Participant's lifetime and continuing after his or her death at a 50% rate (i.e., the 66 2/3% and 100% survivor options are not available).
  - (iii) The designated contingent annuitant under the joint and 50% survivor option must be the Participant's Spouse.
  - (iv) The guaranteed period option shall be limited to the 5 or 10 year guaranteed period option (i.e., the 15 or 20 year guaranteed period options are not available).

Any optional form of retirement income elected by a Participant pursuant to this Section 5.18(a)(4) shall be the Actuarial Equivalent of the life annuity described in Section 5.18(a)(3), as determined based on the Actuarial Equivalence for Disabled Participants (for determining Actuarial Equivalence under Section 5.18(a)(4)) set forth in Appendix A.

**(b) Participants Who Become Disabled After [Insert Date Amendment Is Adopted]**

**(1) Each Participant:**

- (i) who reaches their Disability Retirement Date after [insert date amendment is adopted];
- (ii) has not reached Normal Retirement Date; and
- (iii) who still has a City Funded Retirement Income Account;

may elect to use his or her City Funded Retirement Income Account to purchase retirement income commencing on the Participant's Normal Retirement Date. The amount of such retirement income shall be determined in accordance with the provisions of Section 5.18(b)(3) and shall be used to determine the extent to which the Participant's Disability Benefits continue following the Participant's Normal Retirement Date in accordance with Section 5.13.

**(2) In order to be effective, an election to use the City Funded Retirement Income Account to purchase retirement income commencing on the Participant's Normal Retirement Date under this Section 5.18(b) must be:**

- (i) made on a form supplied by the City for this purpose;
- (ii) irrevocable; and
- (iii) returned to (and the receipt acknowledged by) the Department of Finance on or before the first business day that occurs 120 days after the Participant's Disability Retirement Date.

**(3) Upon a Participant's election pursuant to Section 5.18(b)(2) above, the Participant's City Funded Retirement Income Account shall be transferred to and become a part of the Fund and shall be available to provide benefits to all Participants under the defined benefit portion of the Plan. Upon such transfer, the Participant shall be entitled to receive deferred monthly retirement income from the defined benefit portion of the Plan, with such retirement benefit commencing on the Participant's Normal Retirement Date**

and continuing for the remainder of the Participant's life (with no survivor benefits). The amount of such retirement income shall be the Actuarial Equivalent of the Participant's City Funded Retirement Income Account, provided, however, that:

- (i) Actuarial Equivalence shall be determined on the Actuarial Equivalence for Disabled Participants (for conversion of the City Funded Retirement Income Account under Section 5.18), as set forth in Appendix A.
  - (ii) In no event may the amount of retirement income purchased with the Participant's City Funded Retirement Income Account exceed the amount of the Participant's Disability Benefits as of the Participant's Normal Retirement Date (as recalculated pursuant to Section 5.13). If the Participant had previously elected the contingent annuitant option under Section 5.15, then the amount of retirement income purchased with the Participant's City Funded Retirement Income Account shall not exceed the Actuarial Equivalent of the Participant's Disability Benefits as of the Participant's Normal Retirement Date. In the event that the amount of retirement income purchased with a Participant's City Funded Retirement Income Account is limited by the application of this subsection, the excess of the value of the City Funded Retirement Income Account over the amount actually used to purchase retirement income (determined as of the Participant's Normal Retirement Date) shall be re-credited to the Participant's Retirement Income Account. Such amount shall be credited on the Participant's Normal Retirement Date and shall include earnings on such excess based on the interest rate used for determining Actuarial Equivalence under Appendix A (as in effect on the Participant's date of election under Section 5.18(b)(2)) from the date the Retirement Income Account was transferred to the Pension Plan to the Participant's Normal Retirement Date.
- (4) In lieu of the straight life retirement annuity described in Section 5.18(b)(3), a Participant may elect, at the time the Participant reaches his or her Normal Retirement Date, to receive monthly retirement income in the form of a joint and survivor option or guaranteed period option, subject to the following restrictions:

- (i) Such election shall be made in accordance with the provisions of Section 7.2.
- (ii) The joint and survivor option shall be limited to the option that provides a monthly income during the Participant's lifetime and continuing after his or her death at a 50% rate (i.e., the 66 2/3% and 100% survivor options are not available).
- (iii) The designated contingent annuitant under the joint and 50% survivor option must be the Participant's Spouse.
- (iv) The guaranteed period option shall be limited to the 5 or 10 year guaranteed period option (i.e., the 15 or 20 year guaranteed period options are not available).

Any optional form of retirement income elected by a Participant pursuant to this Section 5.18(b)(4) shall be the Actuarial Equivalent of the life annuity described in Section 5.18(b)(3), as determined based on the Actuarial Equivalence for Disabled Participants (for determining Actuarial Equivalence under Section 5.18(b)(4)) set forth in Appendix A.

#### **FOURTH CHANGE**

The following new Section 5.19 shall be added after new Section 5.18:

#### **5.19 Amendments to Disability Income Plan**

In the case of a Participant whose rights to a Disability Benefit, and the amount and conditions of such Disability Benefit, are determined under the provisions of the Disability Income Plan, as in effect prior to the Date of Adoption, the provisions of the Disability Income Plan applicable to such Participant are hereby amended as follows:

(a) **Section 4.07**

Section 4.07 of the Disability Income Plan is hereby deleted in its entirety and the following new Section 4.07 inserted in lieu thereof:

**Section 4.07 - Disability Benefits After Normal Retirement Date**

When the Participant reaches his Normal Retirement Date (i.e., age sixty (60)), the Participant's benefits from the Disability Income Plan shall be recomputed so that benefits from the Disability Income Plan and benefits from the Participant's City Funded Retirement Income Account (as defined in Section 1.6 of the Pension Plan) shall be actuarially equal in value to the amount of payments that the Participant would have received under Section

4.01, 4.02, 4.03 or 4.04 of the Disability Income Plan if the Participant (i) had not been disabled, (ii) had continued to be employed by the City at the same rank and grade he had attained immediately prior to his disability, (iii) for the prior thirty-six (36) months, had received the amount of pay applicable to such rank and grade (including any cost of living wage adjustment granted by the City but ignoring any step increases for such rank and grade), and (iv) had become disabled and begun receiving Disability Benefits immediately prior to his Normal Retirement Date. If the amount of pay applicable to the Participant's rank and grade is modified by a change in the City's compensation or classification system, then the Participant shall be assigned to an equivalent rank and grade within such revised compensation or classification system for purposes of applying the provisions of this Section.

Following such recalculation, the Disability Benefits pursuant to Section 4.01, 4.02, 4.03 or 4.04 of the Disability Income Plan shall continue to be paid to the Participant under the Disability Income Plan following his Normal Retirement Date, but only to the extent necessary to provide that benefits from the Disability Income Plan and benefits from the Participant's City Funded Retirement Income Account are equal to the recalculated Disability Benefits the Participant would have received under Section 4.01, 4.02, 4.03 or 4.04 of the Disability Income Plan, as computed in accordance with the preceding paragraph. In the event that the actuarially determined benefits from the Participant's City Funded Retirement Income Account are equal to or greater than such recalculated Disability Benefit, then all Disability Benefits payable under the Disability Income Plan shall cease on the Participant's Normal Retirement Date.

For purposes of the determinations required under this Section 4.07:

- (1) The amount of benefits payable with respect to a Participant's City Funded Retirement Income Account shall be determined by the Actuary using the Actuarial Equivalence for Disabled Participants (for determining Actuarial Equivalence under Section 5.19) set forth in Appendix A to the Pension Plan, as in effect at such Normal Retirement Date.
- (2) In the case of a Participant whose Retirement Income Account is subject to a qualified domestic relations order (within the meaning of Section 13.3(c)(5) of the Pension Plan) on or after \_\_\_\_\_, 2007 [insert date amendment is adopted], such qualified domestic relations order shall be ignored in determining the amount of the benefit that is payable with respect to a Participant's City

Funded Retirement Income Account. To the extent that the Participant's Retirement Income Account has been divided into separate accounts pursuant to a qualified domestic relations order the amount of benefit that is payable with respect to a Participant's City Funded Retirement Income Account shall be determined by including the sum of (i) the portion of the Participant's City Funded Retirement Income Account assigned to the alternate payee, and (ii) imputed earnings on such amount computed based on the interest rate used for determining Actuarial Equivalence under Appendix A of the Pension Plan (as in effect on the date such determination is being made) from the date of assignment to the Participant's Normal Retirement Date.

#### **FIFTH CHANGE**

The following new Section 6.9(f)(3) shall be added after Section 6.9(f)(2):

- (3) If a Participant who elected to use his or her City Funded Retirement Income Account to purchase retirement income pursuant to Section 5.18 dies before his or her Normal Retirement Date, the following provisions shall apply:
  - (i) The amount of retirement income purchased with the Participant's City Funded Retirement Income Account shall not be considered part of the Participant's Accrued Pension Benefit for purposes of determining any benefit payable following the Participant's death; and
  - (ii) The Participant's Beneficiary shall be entitled to receive, as a single lump sum, an amount equal to the Participant's City Funded Retirement Income Account as of the date of the Participant's election under Section 5.18, together with earnings on such amount computed based on the interest rate used for determining Actuarial Equivalence under Appendix A (as in effect on the date of election under Section 5.18(a)(2) or (b)(2)) from the date of election to the date of the Participant's death.

#### **SIXTH CHANGE**

Appendix A of the Plan is hereby deleted, and the following is substituted in lieu thereof:

## **APPENDIX A**

### **ACTUARIAL ASSUMPTIONS**

This Appendix A lists all of the Actuarial Assumptions necessary to be included in a Plan document. This Appendix, which may be amended from time to time by the Administrator (without the necessity of formal amendment to the Plan) to make necessary adjustments in the Actuarial Assumptions, is intended to be incorporated by reference into and made a part of the Plan. Except as otherwise permitted by law, no amendment to this Appendix A shall reduce any Participant's Accrued Pension Benefit calculated as of the later of the effective date or the adoption of such an amendment.

#### **Actuarial Equivalence**

##### **(Non-Disabled Participants):**

1. Interest Rate: 7.5% (compounded annually)
2. Mortality: Participant – 1983 Group Annuity Mortality Table for males, with ages set back one year.  
Contingent Annuitant – 1983 Group Annuity Table for females, with no set forward or set back.
3. Cost of Living: 3% (subject to overall Plan limits).

##### **(Disabled Participants – For Determining Actuarial Equivalence under Section 5.13(a), Section 5.15, Section 5.18(a)(4), Section 5.18(b)(4) and Section 5.19):**

1. Interest Rate: 7.5% (compounded annually)
2. Mortality: Participant – 1983 Group Annuity Mortality Table for males, with ages set forward nine years.  
Contingent Annuitant – 1983 Group Annuity Table for females, with no set forward or set back.
3. Cost of Living: 3% (subject to overall Plan limits).

##### **(For Conversion Of City Funded Retirement Income Account Under Section 5.18 and For Determining Actuarial Equivalence under**

**Section 5.13 – Other Than Section 5.13(a), and Section 5.18 – Other Than Section 5.18(a)(4) and Section 5.18(b)(4):**

1. Interest Rate: 7.5% (compounded annually)
2. Mortality: Participant – 1983 Group Annuity Mortality Table for males, with ages set forward three years, assuming no pre-retirement mortality.  
Contingent Annuitant – 1983 Group Annuity Table for females, with no set forward or set back.
3. Cost of Living: 3% (subject to overall Plan limits).

The City of Alexandria Firefighters and Police Officers Pension Plan, as in effect on January 1, 2004, and as previously amended by a First, Second, Third and Fourth Amendment, and as amended by the foregoing changes, is hereby ratified and confirmed in all other respects.

IN WITNESS WHEREOF, the City has caused this Amendment to be executed by its City Manager on this \_\_\_\_ day of \_\_\_\_\_, 2007.

CITY OF ALEXANDRIA

By: \_\_\_\_\_  
James K. Hartmann, City Manager