

# City of Knoxville Pension System (“System”) Frequently Asked Questions

---

**Q:** How does a pension benefit differ from a 401k?

**A:** A pension is a guaranteed lifetime monthly benefit amount paid to a retired employee when the member reaches retirement eligibility. With a 401k retirement savings plan/account, the benefit stops once you withdraw all funds.

**Q:** Can I roll funds from another retirement plan into the pension?

**A:** No, you cannot due to the plan being a defined benefit plan. However, you can roll those funds into City’s deferred compensation 457 plan.

**Q:** Can I contribute more than the 6% of my base pay towards my pension benefit?

**A:** No. The 6% is standard for all employees. If you are interested in saving extra for retirement you may want to consider contributing to Empower (Deferred Compensation/457 plan) if you don’t already.

**Q:** Does the System administer the City’s deferred compensation/457 plan?

**A:** No. Empower is the City’s custodian for the deferred compensation/457 plan. SageView provides additional services associated with the deferred compensation plan. Additional information can be found on the City’s intranet and the System has a few links on our website.

**Q:** How does the Military buy back option work in Plans HG and HU?

**A:** At your one-year employment anniversary with the City, you will receive a letter from the pension office notifying you of your ability to buy back any prior employment with the City and any active military service. This will be your only opportunity to purchase up to 4 years of prior active military time towards pension credited service. If interested, we will send the information to the System’s actuary to calculate the amount you will have to contribute to purchase that time, but it can be expensive. Purchasing military time will help you to vest faster and provides a nice bump in your hypothetical account early in the process so the amount has time to build returns longer for your retirement calculation.

**Q:** What if I separate employment from the City and come back? What are my options?

**A:** If you separate employment and are vested, you may defer your pension benefit until you meet retirement eligibility in your plan. If you are not vested, you may leave your employee contributions for up to 6 years in the event you come back to work for the City. If you leave your contributions, you will get credit for that prior employment. Alternatively, you may take a refund of your employee contributions after you separate employment

**Q:** Do I have the ability to leave a benefit to my survivor(s)?

**A:** Yes, there are several options available for your beneficiaries. The Joint & Survivor Options are for a spouse only and will leave them a lifetime monthly benefit as well. The Certain & Life Options and Cash Refund Option can be named to someone other than a spouse and could provide a benefit for a specified period of time that starts when the member's retirement period begins.

**Q:** When is the best time of the year to retire?

**A:** The time of year you retire only affects the Plan C members. Their Cost of Living Adjustment (COLA) is based on a full calendar year of retirement. They must have been retired a full calendar year to receive the COLA increase in January. General Government and Plan H employees' COLA is pro-rated for the first January after retirement so the time of year they retire is solely based on their personal preference.