F&P Pension Contributions
Frequently Asked Questions (FAQs)

Q1. Why is my F&P pension contribution different just about every payday?

Pension contribution deductions are calculated each pay period based on your current fiscal year (October 1 – September 30) to date earnings and assumed future earnings. The formula used to calculate contributions for each paycheck assumes that the amount of your bi-weekly paycheck will be the same for every future pay period for the remainder of the fiscal year. This amount is added to what you have previously earned to calculate what your total contributions for the entire fiscal year should be if your earnings were to remain the same for the remainder of the year. This number is then compared to the contributions you have already paid for the fiscal year. The difference between what *you have already paid* and what the formula *assumes you will pay* is divided by the remaining number of pay periods to come up with how much you owe this pay period.

Because your actual earnings fluctuate throughout the year, your bi-weekly contributions will fluctuate as well. In addition, contributions will be higher near the end of the fiscal year, because there are fewer pay periods over which to deduct the expected contributions (see question 3).

Q2. Why is my F&P pension contribution different from the person who works next to me?

Pension contributions are based on earnings. Because individual earnings are different, pension contributions will be different, too. Section 2(D) of the pension contract discusses how pension contributions will be calculated, which is based on a scale known as the Full Scale Contribution Rate (FSCR). The FSCR is another reason why some individuals will pay more or less than you (see question 4). Typically, higher earning individuals will pay slightly higher contributions as percent-of-pay than lower earning individuals.

Q3. Why is my F&P pension contribution so high towards the end of the fiscal year?

The reason pension contributions "spike" at the end of the fiscal year (September 30) is because of an inherent delay in the capture of contributions on *longevity bonuses* and *overtime earnings*. Contributions for these two types of pensionable earnings are <u>calculated separately</u> from other pensionable earnings, such as regular, sick, holiday, or incentive pay. Because of this delay, your contributions as percent-of-pay will be lower in the beginning of the fiscal year and higher near the end.

Due to the true up at the end of the fiscal year, the last pay period of the fiscal year will see the highest spike. This "true up" occurs to ensure the estimated pension contributions that were withheld during the fiscal year match what the actual pension contributions for ALL pensionable earnings should be, based on the FSCR. The true up is especially large for individuals with a lot of overtime earnings or high overtime earnings during the last few pay periods.

Q4. Why can't my F&P pension contributions be exactly 12.90% times my pensionable income every payday?

The pension contract currently calls for employee contributions to be made according to a scale, the Full Scale Contribution Rate (FSCR). The intent of the FSCR is higher earning individuals will pay higher contributions to offset higher pension benefits in the future. However, the FSCR hasn't been updated since it was established in 1969, so its purpose has only a minimal effect on contributions today.

Q5. How can we get the FSCR in the pension contract changed?

Changes to the pension contract must be collectively bargained and agreed upon by the City and the applicable Union, which includes a ratification vote of the union members. After an agreement is reached and the new contract language is final, an actuarial impact statement must be prepared by the Fund's actuary. This impact statement accompanies the contract language, now called the local bill, to the local delegation. Once the local bill has a sponsor, it goes to the State legislature for a vote. If the local bill is enacted (passed) by the State legislature, it is sent to the Governor for signature or veto. If the Governor does not take action within two weeks after enactment, the bill (now an act) becomes law and generally will take effect on October 1st.

Q6. Who do I call if I have questions about my F&P pension contributions on my pay stub?

Please contact the F&P Pension Office at 813-274-8550 for questions regarding contributions or pension related matters. For payroll specific questions, please contact the City's Payroll Department: Donna – 813-274-7120; Jennifer – 813-274-7847; Glenn – 813-274-7121