2015-5-1 attachment



Information Technologies Division System Requirement Specification v1.00

System Requirements Specification (SRS)

PROJECT NAME:

Pension Reform - Phase 2

DEPT/DIVISION:

Police and Fire Pension

PROJECT SPONSOR:

John Keane, Executive Director - Administrator

PROJECT TYPE:

System Enhancements



Revision History

Version	Date	Author	Description
Initial Draft v0.01	9/2/2015	Cheryl Bradley	Initial Draft.
Draft v0.02	9/7/2015	Cheryl Bradley	Completed updates per initial walkthrough with team.
Draft v0.03	9/15/2015	Cheryl Bradley	Completed updates per review with customer and team.
Baseline v1.0	9/17/2015	Cheryl Bradley	Completed updates per final review with customer and team. Document ready for sign off.

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1 PURPOSE OF THIS DOCUMENT

The purpose of this document is to define the business requirements, functional requirements, and business rule enhancements to be implemented in the JaxPension System resulting from the Pension Reform Ordinance 2015-304-E.

2 BUSINESS REQUIREMENTS

NUMBER	BUSINESS REQUIREMENT
BR1	Complete the required analysis, system enhancements, and source code modifications to bring JaxPension into compliance with Ordinance 2015-304-E.
BR2	System enhancements must not impact existing processes for the City of Jacksonville Retirement System (i.e. General Pension System).

3 ASSUMPTIONS

- 1. Police and Fire Pension will inform ITD of the final decision regarding proration i.e. whether or not rounding down to the nearest year can be used in lieu of monthly proration. Additionally, they are seeking authorization to round up to the nearest year for COLA calculations.
- 2. Manual adjustments will be made in JaxPension to apply DROP interest for Group B members in that is scheduled to be applied in October 2015.
- 3. Individuals in Group B with a time service connection in progress as of June 19, 2015 that will result in 20 or more years of service will be moved to Group A after buyback.
- 4. There will be no change to pension processes for Corrections Officers since they are in the General Pension System.
- 5. There will be no change to the following processes for members in Groups A and B per the Pension Reform Ordinance 2015-304-E:
 - a) Vesting
 - b) Retirement Age
 - c) Accrual Rate
 - d) Early Retirement
 - e) Spousal Benefits
 - f) Child Benefit
 - g) Orphan Benefit
 - h) Child Disability Benefit
 - i) Disability Pensions
 - Preretirement Death Benefits
 - k) Adjustment Supplement

4 CONSTRAINTS

- 1. Employee Contribution changes must be completed by the Oracle HRMS development team.
- 2. Executive Director is seeking to obtain confirmation by City Council to round up to the nearest year in lieu of prorating for COLA calculations.
- 3. Executive Director is seeking authorization from City Council to maintain the current COLA business rules for Group A plan members. Otherwise, new ordinance requirements will result in a change to the current process.

5 ACCEPTANCE AND SUCCESS CRITERIA

5.1 Acceptance Criteria

1. JaxPension enhancements result in a reduction of manual processes currently required to manage pension reform changes.

5.2 Success Criteria

1. Applicable processes and business rules within JaxPension are in compliance with the Pension Reform Ordinance.

6 EXPLANATION OF BUSINESS FUNCTIONS

Number	Function	Description	Priority
BF1	Group Classification	Pension Reform Ordinance 2015-304-E has classified members of the Police & Fire Pension Program into two groups:	Completed during Phase 1
		 Group 1 – all members of the Plan prior to June 19, 2015 Group 2 – all members of the Plan on or after June 19, 2015 	
		Group 1 is further subdivided by the ordinance per the revision of DROP, Final Average Compensation (FAC) and COLA benefits for plan members with less than 20 years of service as of June 19, 2015. Consequently, in order to mitigate reform changes, three distinct member groups will be managed in JaxPension:	
		 Group A – Pension Reform Group 1 members with 20 years of services or more as of June 19, 2015 Group B – Pension Reform Group 1 members with less than 20 years of service as of June 19, 2015 with a date of employment less than June 19, 2015 Group C – Pension Reform Group 2 member which 	



Number	Function	Description	Priority
		on or after June 19, 2015	
BF2	DROP	Deferred Retirement Option Program. A retirement option that allows members to maintain active employment while depositing money previously deducted for pension into a deferred compensation account.	1
BF3	COLA	Cost of Living Adjustment. Percentage increase applied at a designated time to pension benefits received by pensioners.	1
BF4	FAC	Final Average Compensation. Operation to calculate average wage compensation as part of the pension benefits computation process.	1
BF5	Time Service Connection	Direction for this process was not included in the Pension Reform Ordinance. However, the Group Classification Process (see BF1) will automatically reassign plan members to the applicable group based on the date hired and the Adjusted Pension Date after buyback has been completed.	Results from Phase 1 updates
BF6	Vesting	Period of time an employee is required to work before they qualify to receive pension benefits. Note: Vested retirement benefits are received at age 62 if retirement occurs before required years of service.	2
BF7	Retirement Age	Age requirement based on years of service at the time of separation from active employment.	2
BF8	Accrual Rate	Percentage rate used as part of the formula to calculate pension benefits.	2
BF9	Early Retirement	Minimum number years of service required to receive retirement benefits immediately after separation from active employment.	2
BF10	Back-DROP	Retirement option that allows plan members to receive a lump sum payment based on up to five years of service at the time of retirement for those with a minimum of 30 years of service.	2
BF11	Disability Pensions	Pension benefits received based on disability retirement.	2
BF12	Benefit Cap	Maximum amount of pension benefits that can be paid on an annual basis.	2



Number	Function	Description	Priority
BF13	Employee Contribution	See Constraints Section.	No change to JaxPension
BF14	Non-Impacted Reform Processes	See the <i>Assumptions</i> Section for Pension Reform Ordinance stipulations that require no modifications to JaxPension.	No change to JaxPension

6.1 Out of Scope - Transfer Exceptions

Number	Function	Description	Priority
BF15	Transfers Exceptions	Employees who transfer employment from another City agency to JSO or JFRD will also be transferred from General Pension to Police & Fire Pension. The current group classification process (see BF1) will assign these employees to Group A, B, or C based on date of hire and adjusted pension date or pension date as applicable.	n/a
		Exceptions to this process will be managed by Police & Fire Pension on a case-by-case basis.	

7 BUSINESS FUNCTIONS – BUSINESS RULES & AFFECTED SCREENS

7.1 Group Classification

Group classification is based on Years of Services as of the Effective Date. Within the system this date is defined as the *Effective Date Years of Service* (**EDYOS**).

Group A	Group B
If Years of Service is greater than or equal to 20 as of June 19, 2015, the EDYOS calculation will assign the employee to Group A.	If Years of Service is less than 20 as of June 19, 2015 and Employment Date is less than June 19, 2015, the EDYOS calculation will assign the employee to Group B.
Group C	
If Employment Date is greater than or equal to June 19, 2015, the EDYOS calculation will assign the employee to Group C.	



7.2 Supporting Documentation

See the attached PDF below for more details:



7.2.1 Business Rules

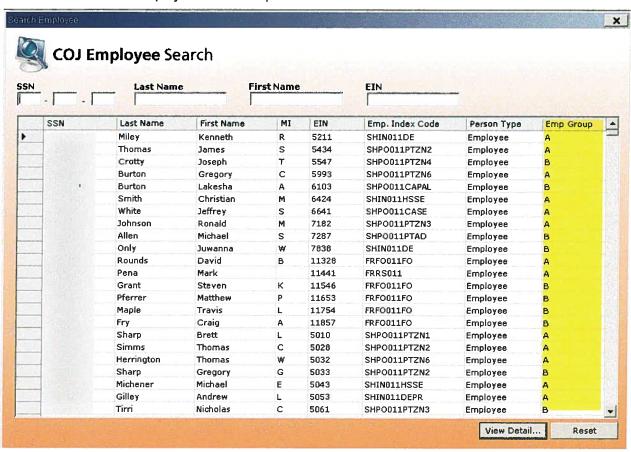
EDYOS is a calculation of years of service based on the pension reform effective date in order to classify individuals into their applicable pension benefits group – i.e. A, B, or C.

EDYOS Ca	alculation		
GC1	If Adjusted Pension Date exists AND		
	If there is a Termination Date AND Termination Date > or = Effective Date then		
	EDYOS = Effective Date - Adjusted Pension Date		
	If there is a Termination Date AND Termination Date < Effective Date then		
	EDYOS = Termination Date - Adjusted Pension Date		
	If there is no Termination Date then		
	EDYOS = Effective Date - Adjusted Pension Date		
	Else (If there is no Adjusted Pension Date)		
	If there is a Termination Date AND Termination Date > or = Effective Date then		
	EDYOS = Effective Date - Pension Date		
	If there is a Termination Date and Termination Date < Effective Date then		
	EDYOS = Termination Date - Pension Date		
	If there is no Termination Date then		
	EDYOS = Effective Date - Pension Date		

7.2.2 Affected Screens & Processes

COJ Employee Search

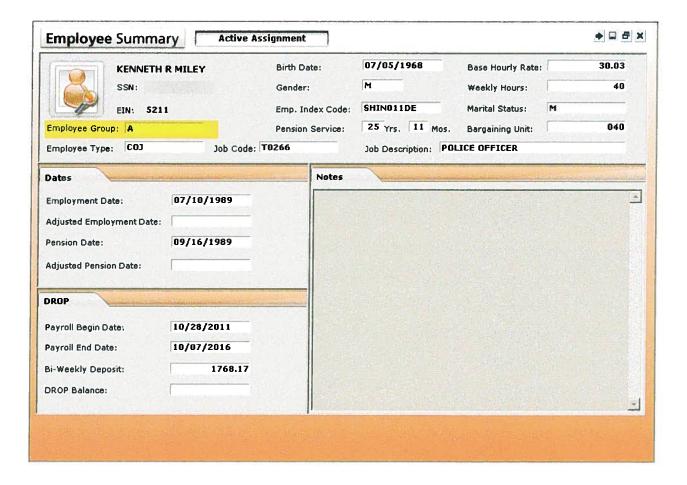
New column added to display Pension Group Classification





Employee Summary

New field added to display Pension Group Classification





7.3 DROP

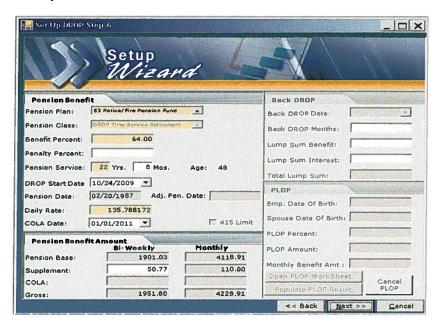
Group A	Group B
DROP remains the same – fixed interest rate.	DROP interest rate is variable.
Group C	
DROP is eliminated for Group C members.	

7.3.1 <u>Business Rules</u>

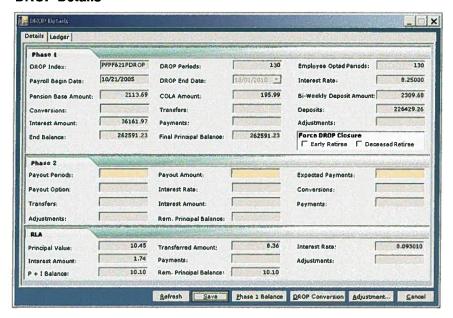
Business	Rules for Group A		
D1-A	The interest rate for DROP is unchanged and will remain 8.4%.		
Business	Rules for Group B		
D1-B	Interest rate for DROP is the actual rate of return of the Plan for the preceding year of the Plan provided that in no year will the employee earn less than 2% and in no year will the employee earn more than 14.4% regardless of the actual rate of return for the Plan.		
D2-B	A new screen will be created for entering the variable DROP interest rate.		
D3-B	DROP interest rate will be entered annually.		
Business	Rules for Group C		
D1-C	Cannot participate in DROP.		

7.3.2 Affected Screens & Processes

Set Up DROP



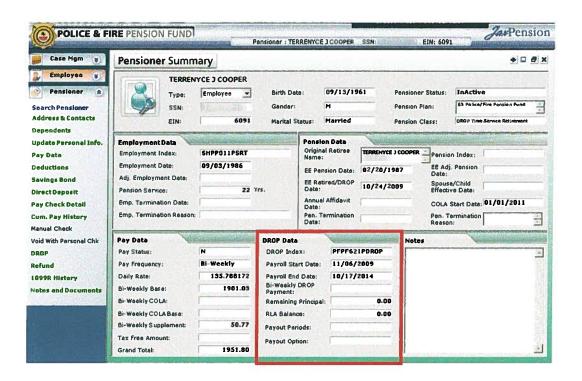
DROP Details





Pensioner Summary

DROP Data





7.4 COLA

COLA is based on each prior annual benefit amount actually received (exclusive of onetime bonuses or adjustments) shall be provided to retirees and survivors.

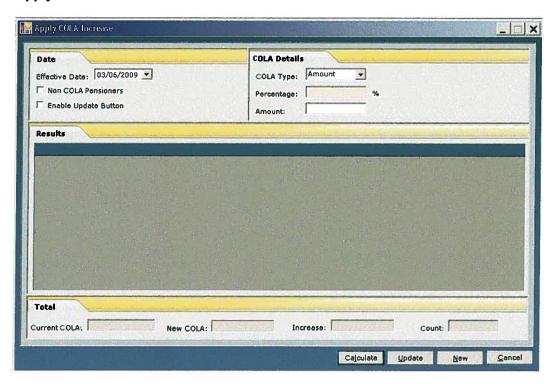
Group A	Group B
COLA information will be manually entered.	COLA information will be manually entered.
Group C	
COLA information will be manually entered.	
	2)

7.4.1 Business Rules

Busines	s Rules for Group A
C1-A	Modification to COLA calculation based on ordinance requirement below:
	Ordinance requirement: For members with 20 or more years of credited service as of the Effective Date, beginning with the first bi-weekly pay period in the first January after commencement of benefit and in each subsequent first bi-weekly pay period in January, the recipient shall be granted a COLA in the amount of 3%.
	Note: This would be a change to the current process. Current calculation process may remain pending Police & Fire Pension review with City Council.
Business	Rules for Group B
C1-B	New data entry process will be added to compensate for ordinance requirement Ordinance Requirement:
	3% applied to the accrued benefit for years of service prior to the Effective Date plus the Social Security COLA (not to exceed 6%) applied to years of service on or after the Effective Date.
	Note: Direction regarding proration to be received from Police & Fire Pension pending their review with City Council.
C2-B	COLA is applied beginning with the first bi-weekly pay period in the first January after commencement of benefit and in each subsequent first bi-weekly pay period in January.
Business	Rules for Group C
C1-C	New data entry process will be added to compensate for ordinance requirement
	Ordinance Requirement: COLA = lesser of 1.5% or Social Security COLA.
C2-C	COLA is applied each January beginning the 3 rd January following the start of benefits.

7.4.2 <u>Affected Screens & Processes</u>

Apply COLA Increase



7.5 Final Average Compensation (FAC)

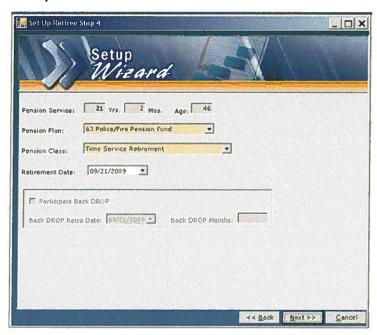
Group A	Group B
Calculated is based on pay periods for the applicable Group.	Calculated is based on pay periods for the applicable Group.
Group C	
Calculated is based on pay periods for the applicable Group.	

7.5.1 <u>Business Rules</u>

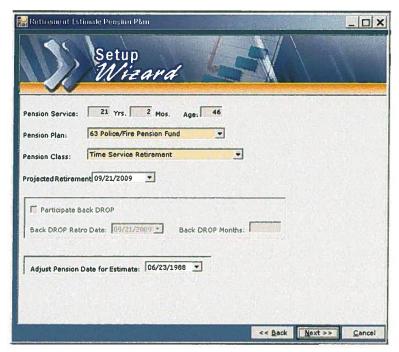
Business Rules for Group A		
F1-A	FAC is based on 52 pay periods.	
Busines	s Rules for Group B	
F1-B	FAC for employees with 5 or more years of service as of the effective date: the FAC amount is based on the last 52 pay periods.	
F2-B	For employees with less than 5 years of services as of the effective date: FAC is based on the last 104 pay periods. In no event shall FAC amount be less than it would have been using the 24 month period ending on the effective date.	
Busines	Rules for Group C	
F1-C	FAC is based on the last 130 pay periods of employment. Includes shift and differential pay.	
F2-C	Shift pay included in calculation may not exceed 125% of the shift pay earned during the 130 pay periods prior to the FAC period	

7.5.2 Affected Screens & Processes

Set up Retiree



Retirement Estimate





7.6 Time Service Connection

Group A	Group B
No impact to benefits.	Impact to benefits if TSC results in group reassignment.
Group C	
TSC will not result in group reassignment.	

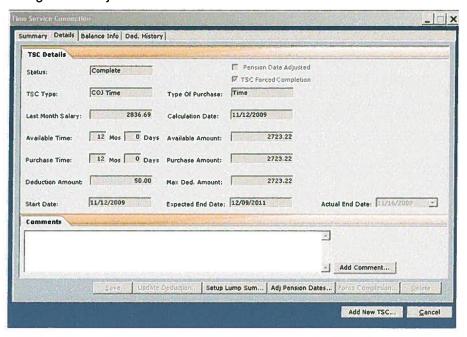
7.6.1 <u>Business Rules</u>

Busines	s Rules for Group A	
T1-A	No changes in current processes.	
Busines	s Rules for Group B	
T1-B	Only Group B members who were in the process of buying back time as of the Effective Date will be eligible for reassignment to Group A.	
T2-B	Reassignment to Group A will be based on the Adjusted Pension Date.	
Busines	Rules for Group C	
T1-C	Since TSC cannot result in group reassignment there will be no impact to this group.	

7.6.2 Affected Screens & Processes

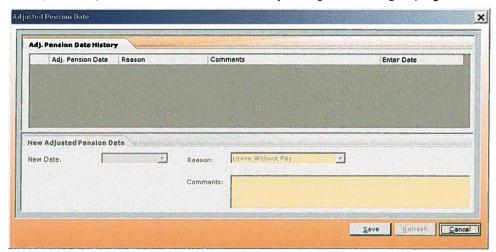
Time Service Connection - TSC Details

Navigation to Adjust the Pension Date



Time Service Connection - Adjusted Pension Date

Will update Adjusted Pension Date which may change member grouping





7.7 Vesting

Group B
5 years
ARTIG

7.7.1 <u>Business Rules</u>

	Business Rules for Group A and Group B	
V1-AB	Pension Plan option remains the same: • 63 Police/Fire Pension Fund • Duval County P&F Pension Fund	
V2-AB	Pension Class option remains the same – Vested Retirement.	
Business	Rules for Group C	
V1-C	Restricted to new pension plan: • New pension plan title to be determined.	
V2-C	Pension Class option is the same as Group A & B – Vested Retirement.	

7.7.2 Affected Screens & Processes

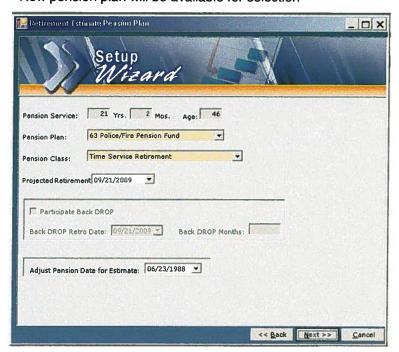
Set up Retiree

New pension plan will be available for selection



Retirement Estimate

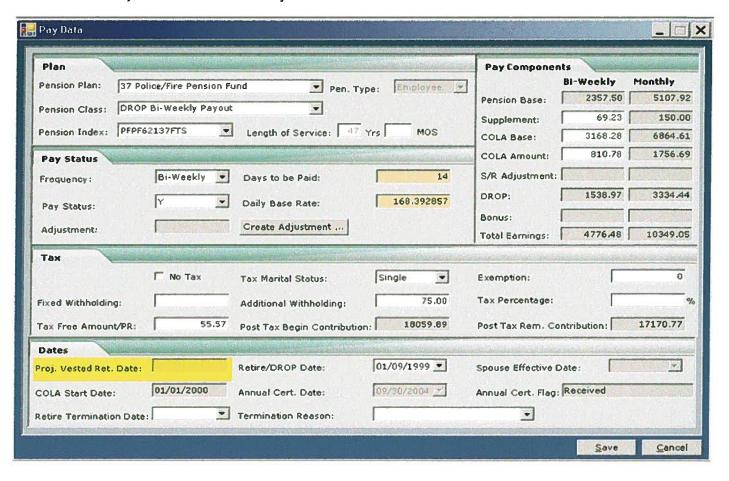
New pension plan will be available for selection





Pay Data

Ensure correct Proj. Vested Ret. Date on Pay Data Screen



7.8 Retirement Age

Group A	Group B
No change to existing process.	No change to existing process.
Group C	
Increase in years required.	

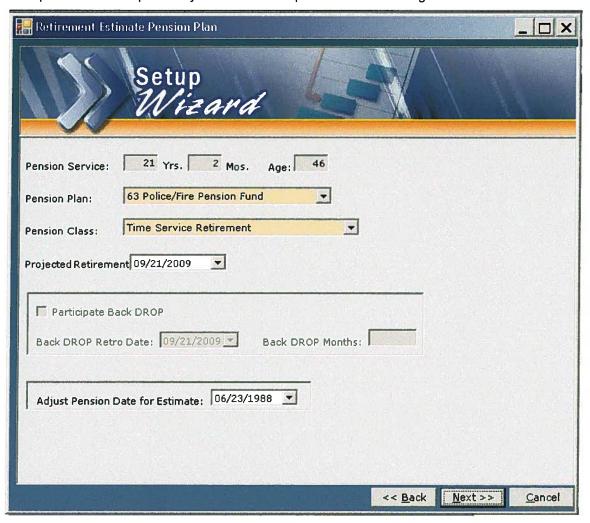
7.8.1 Business Rules

Business Rules for Group A and Group B			
R1-AB	R1-AB Employees are eligible to receive full retirement benefits after 20 years of service regardless of age.		
Business Rules for Group C			
R1-C	Employees are eligible to receive full retirement benefits after 30 years of service regardless of age.		

7.8.2 Affected Screens & Processes

Retirement Estimate

Group C members impacted by new 30 YOS requirement will be assigned to a new Pension Plan available





7.9 Accrual Rate

Group A	Group B
No change to existing process	No change to existing process
Group C	
Percentage and maximum cap change	

7.9.1 <u>Business Rules</u>

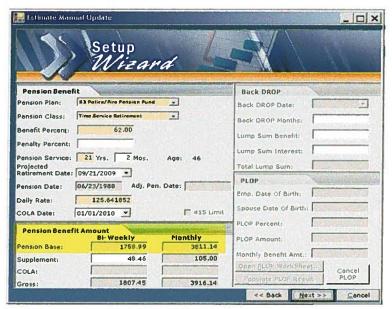
	Business Rules for Group A and Group B	
AR1-AB	3% for the first 20 years of service then 2% for each additional year of service with a maximum of 80% of Final Average Compensation	
Business I	Rules for Group C	
AR1-C	2.5% for each year of service with a maximum cap that is 75% of the Final Average Compensation	



7.9.2 <u>Affected Screens & Processes</u>

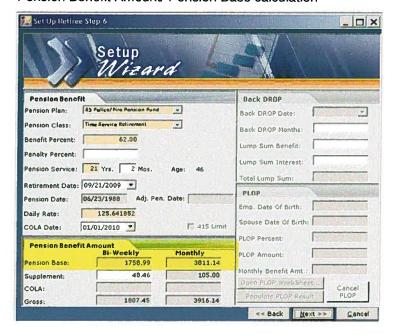
Retirement Estimate

Pension Benefit Amount/ Pension Base calculation



Set Up Retiree

Pension Benefit Amount/ Pension Base calculation





7.10 Early Retirement

Group A	Group B
Eligible to receive full retirement benefits at 20 years regardless of age.	Eligible to receive full retirement benefits at 20 years regardless of age.
Group C	
Early retirement with immediate pension benefits may occur only between 25 and 30 years of service.	

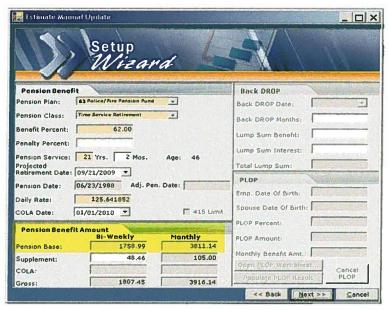
7.10.1 <u>Business Rules</u>

	Business Rules for Group A and Group B		
ER1-AB	No change to current process.		
Business I	Business Rules for Group C		
ER1-C	When retirement occurs between 25 and 30, the accrual rate penalty is 2.5% for each year short of 30 years. For example – If retirement occurs at 28 years, the member will incur a penalty of 2.5% times 2 (or 5%).		
ER2-C	Years of Service will be prorated if early retirement occurs after the Years of Service anniversary date. Note: YOS rounding down calculation may be used pending confirmation by City Council.		
ER3-C	Minimum pension will be less than 52.5% of employee's Final Average Compensation.		
ER4-C	Any employee who leaves before 25 years of service with a vested retirement will have a benefit accrual rate of 2% for each year of service.		
ER5-C	No benefit is paid until age 62 for an employee who retires before reaching 25 year of service (i.e. Vested Retirement).		
ER6-C	Members receive a refund of 100% of member contributions prior to reaching 10 years of service. (This is because they are not vested and therefore have no option for vested retirement.) Note: Current refund functionality remains the same.		

7.10.2 Affected Screens & Processes

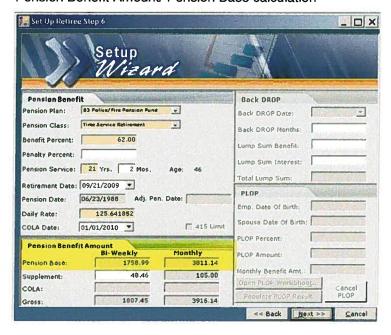
Retirement Estimate

Pension Benefit Amount/ Pension Base calculation; Pension Benefit Amount will reflect penalties.



Set Up Retiree

Pension Benefit Amount/ Pension Base calculation



7.11 Back-DROP

Group A	Group B
Not eligible for Back-DROP.	Not eligible for Back-DROP.
Group C	
Eligible for Back-DROP.	
•	

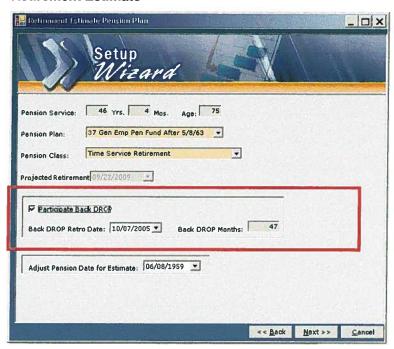
7.11.1 <u>Business Rules</u>

Business	Business Rules for Group A		
BD1-A	Back-DROP option is disabled.		
Business	Rules for Group B		
BD1-B	Back-DROP option is disabled.		
Business	Rules for Group C		
BD1-C	When 30 years of service has been reached the member may employ Back-DROP for up to 5 years.		
BD2-C	Any employee whose Back-DROP period includes years of svc less than 30 will incur a 2% accrual rate penalty for each of those years		
BD3-C	Interest rate for Back-DROP = Actual Rate of Return of the Plan. This will be entered manually by the Pension Administrator.		
BD4-C	In no year will the employee earn < 0% and > 10% regardless of Actual Rate of Return of the Plan. This will be entered manually by the Pension Administrator.		

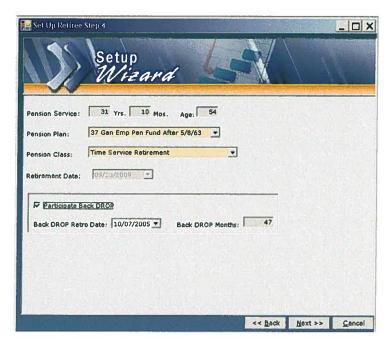
7.11.2 Affected Screens & Processes

Example of current General Pension process

Retirement Estimate



Set Up Retiree





7.12 Disability Pension

Group A	Group B
No change to current process.	No change to current process.
Group C	
Decrease in available benefits.	

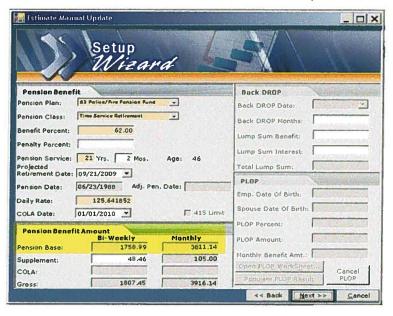
7.12.1 <u>Business Rules</u>

Business Rules for Group A		
D1-A	No change. Will continue to be provided at 60% of the average salary for the last 2 years.	
Business	Rules for Group B	
D1-B	No change. Will continue to be provided at 60% of the average salary for the last 2 years.	
Business	Rules for Group C	
D1-C	Disability pension will be provided at 50% of earnings base.	

7.12.2 Affected Screens & Processes

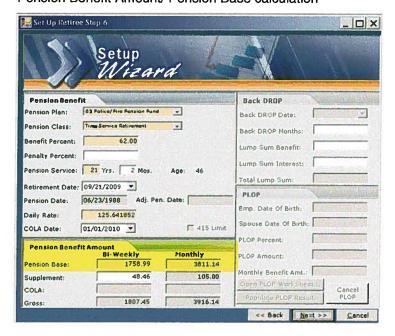
Retirement Estimate

Pension Benefit Amount/ Pension Base calculation; Pension Benefit Amount will reflect disability pay out



Set Up Retiree

Pension Benefit Amount/ Pension Base calculation



7.13 Benefit Cap

Group A	Group B
No change in current process.	No change in current process.
Group C	
Benefit cap applied.	
Benefit cap applied.	

7.13.1 <u>Business Rules</u>

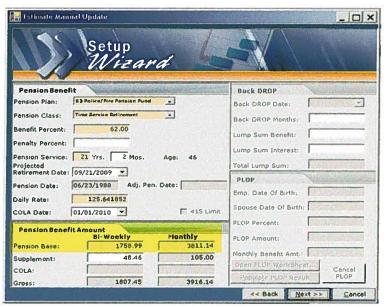
Busines	s Rules for Group A	
B1-A	No benefit cap exists.	
Busines	Rules for Group B	
B1-B	No benefit cap exists	
Busines	Rules for Group C	
B1-C	Initial benefit cap will be \$99,999.	
B2-C	Benefit cap will be indexed to inflation. Annual cap increase will be lesser of 1.5% or the Soci Security COLA.	



7.13.2 Affected Screens & Processes

Retirement Estimate

Pension Benefit Amount/ Pension Base calculation; Pension Benefit Amount will reflect disability pay out



Set Up Retiree

Pension Benefit Amount/ Pension Base calculation





8 TRAINING REQUIREMENTS

 Police and Fire Pension will receive instruction regarding new screens and processes to be implemented in JaxPension.

9 TEST STRATEGY

There will be 3 levels of testing performed and a stress test if required.

- 1. Unit -done by the developer
- 2. System/Integration done by QA.
- 3. User Acceptance done by the Pension Office.



10 APPROVERS AND REVIEWERS

10.1 Approvers

Role	Name/Title	Date
Business Sponsor	John Keane, Executive Director – Administrator	
	x	
Business Sponsor	Chuck Hayes, Pension Benefits Manager	
	x	
Business Sponsor	Steve Lundy, Pension Benefits Specialist/ Economic Research	li e
	X	



10.3 Reviewers

Role	Name/Title	Date
ITD Manager	Ken Lathrop, Interim CIO, Division Chief	
	x	
ITD Manager	Mamta Gupta, Application Support Manager	
	x	
Developer	Chris Callahan	
	x	
Developer	Amalnath Velu	
	x	
Business Systems Analyst	Cheryl Bradley	
	x	



11 GLOSSARY

Term / Acronym	Definition	
Effective Date	The date the Pension Reform became effective. Effective Date is equal to June 19, 2015.	
EDYOS	Effective Date Years of Service. This is a calculation of years of service based on the pension reform effective date in order to classify individuals into their applicable pension benefits group – i.e. A, B, or C.	
JFRD	Jacksonville Fire and Rescue Department	
JSO	Jacksonville Sheriff's Office.	
ITD	Information Technologies Division	
New Hire	Newly hired employee including rehired employees and employees who have transferred from part-time to full-time status.	
SRS	System Requirements Specifications	
TSC	Time Service Connection	