

**Deerfield Beach**  
**Municipal Firefighters'**  
**Pension Trust Fund**

**Summary Plan Description**

*January 2015*

## **INTRODUCTION**

This Summary Plan Description (SPD) is intended to be a brief, plain language summary of the Deerfield Beach Municipal Firefighters' Pension Trust Fund (the Plan). It describes your benefits, rights and obligations under the Plan but is not meant to change or extend the provisions of your Plan in any way.

The provisions of your Plan may only be determined by reading the actual Plan documents, which consists of the Code of Ordinances of the City of Deerfield Beach (the City), the applicable provisions of Chapters 112, Part VII and 175, Florida Statutes, and the Internal Revenue Code. In the event of any discrepancy between this SPD and the actual provisions of the Plan, the Plan will govern.

A copy of your Plan documents are on file at the City Clerk's office and may be read by you, your beneficiaries or your legal representatives at any time during normal business hours.

This SPD is provided to you to give you a description of the City of Deerfield Beach Municipal Firefighters' Pension Trust Fund only, and is not a description of any other benefit provided to you by the City. Further, this SPD does not constitute a contract for retirement benefits. Your employer may provide you with other benefits upon your retirement, such as health insurance. If you desire any information about those benefits you should be able to obtain that information by contacting your Employer's Human Resources Department.

Sincerely,

**BOARD OF TRUSTEES**

## TABLE OF CONTENTS

PLAN INFORMATION .....	4
DEFINITIONS .....	7
WHAT IS A DEFINED BENEFIT RETIREMENT PLAN?.....	7
WHO PAYS FOR MY BENEFITS?.....	8
WHAT IS MY NORMAL RETIREMENT DATE? .....	8
HOW MUCH IS MY NORMAL RETIREMENT BENEFIT? .....	8
WHAT IS AN ACCRUED BENEFIT?.....	9
MAY I RETIRE EARLIER THAN MY NORMAL RETIREMENT DATE? .....	9
HOW MUCH IS MY EARLY RETIREMENT BENEFIT? .....	9
MAY I CONTINUE TO WORK PAST MY NORMAL RETIREMENT DATE? .....	10
HOW MUCH IS MY LATE RETIREMENT BENEFIT? .....	10
WHAT IS THE DROP? .....	10
WHAT INVESTMENT OPTIONS ARE AVAILABLE UNDER THE DROP? .....	11
HOW IS MY DROP BALANCE PAID? .....	12
WHAT HAPPENS TO MY ACCUMULATED LEAVE WHEN I RETIRE OR ENTER THE DROP?.....	12
DO I RECEIVE CREDIT FOR TIME WORKED AS A FIREFIGHTER SOMEWHERE ELSE, OR IF I SERVE IN THE MILITARY? .....	13
WHAT HAPPENS IF I BECOME DISABLED? .....	13
WHAT BENEFITS ARE PAYABLE UPON MY DEATH? .....	14
WHAT ARE THE OPTIONAL FORMS OF BENEFIT? .....	14
DOES THE PLAN PAY A COST-OF-LIVING-ADJUSTMENT? .....	15
WHAT IS THE SHARE PLAN?.....	15
IF I LEAVE EMPLOYMENT (OTHER THAN DUE TO RETIREMENT, DISABILITY, OR DEATH) WILL I BE ENTITLED TO A BENEFIT? .....	16
WHAT HAPPENS IF I TERMINATE AND I AM REHIRED? .....	16
IS THE RETURN OF MY CONTRIBUTIONS TAXABLE?.....	16
WILL THE PLAN PAY MY HEALTH INSURANCE AFTER I RETIRE? .....	17
CAN I LOSE ANY OF MY BENEFITS IN THIS PLAN? .....	17
CAN THE PLAN BE AMENDED OR TERMINATE?.....	17
DO I HAVE RESPONSIBILITIES UNDER THE PLAN? .....	18
HOW DO I MAKE A CLAIM FOR BENEFITS?.....	18
WHAT IS THE CLAIMS REVIEW PROCEDURE?.....	19
WHAT IS THE ACTUARIAL INFORMATION AND FINANCIAL INFORMATION BASED ON THE MOST RECENT VALUATION OF THE PLAN? .....	20

## **PLAN INFORMATION**

There is certain general information you may need to know about your Plan. This general information is summarized below.

Plan Name: Deerfield Beach Municipal Firefighters' Pension Trust Fund

Plan Year: Each 12-month period beginning on October 1<sup>st</sup> and ending on September 30<sup>th</sup> is the plan year. The Plan's fiscal records are maintained on this basis.

Legal Documents Creating the Plan: The actual Plan is set forth in the Code of Ordinances of the City of Deerfield Beach. The Plan is also governed by certain provisions of Chapter 112, Part VII, and Chapter 175, Florida Statutes, and certain provisions of the Internal Revenue Code.

Board of Trustees: The Board of Trustees administers the Plan. This means that they are given the authority to insure proper operation of this retirement trust fund. There are five board members: two firefighters who are elected by members of the Plan, two who are legal residents of the City and who are appointed by the City Council and one who is selected by a majority of the other four Trustees and ratified by City Council. The current members of the Board of Trustees are:

Robert Weech, Chairman  
Michael Harper, Secretary  
John Lucas  
Joan Maurice  
James Stevens

They can be reached at:  
c/o FHA-TPA  
PO Box 327810  
Fort Lauderdale, Florida 33332

Designated Agent for Service of Legal Process: The Chairman of the Board of Trustees is the designated agent for service of legal process.

Robert Weech, Division Chief  
Broward Sheriff Fire Rescue & Emergency Services Dept.  
2601 West Broward Blvd  
Fort Lauderdale, Florida 33312

In the absence of the Chairman, any member of the Board of Trustees is subject to service of process.

Plan Administrator: While the Plan is administered by the Board of Trustees, the Plan engages the services of accountants, attorneys, actuaries, investment managers and performance monitors to advise it. The Plan has engaged the services of Freiman Little Actuaries, LLC and FHP-TPA to handle the day-to-day business of the Plan. If you have any questions regarding your benefits, you may contact:

**For members with questions regarding their benefits, contact:**

Paula Freiman  
Freiman Little Actuaries, LLC  
1191 Stoneheath Mews  
Marietta, Georgia 30068

Office:(770) 594-8732  
Facsimile: (770) 594-2551  
paula@flactuaries.com

**For all other questions, contact:**

Doug Falcon  
c/o FHA-TPA  
PO Box 327810  
Fort Lauderdale, Florida 33332

(954) 366-0111x309 (direct)  
(800) 707-0501 (toll free)  
doug@fhatpa.com

Custodian: The custodian of the Plan is responsible for the safekeeping of securities owned by the Pension Fund. At the direction of the Board of Trustees, the custodian also pays benefits to eligible persons and pays expenses incurred by the Plan. The custodian is Salem Trust Company (STC).

Legal Counsel: The attorney for the Plan is Rice Pugatch Robinson & Schiller, PA.

Auditor: The accountant for the Plan is S.I. Gordon and Company, PA

Actuary: The actuary for the Plan is Freiman Little Actuaries, LLC.

Investment Managers and Performance Monitor: The investment managers are responsible for selecting the securities to be bought and sold by the Pension Fund, in accordance with guidelines established by the Board of Trustees. The investment managers are:

Advent Capital Management  
American Realty Advisors  
Collins Capital Advisors  
DePrince, Race and Zollo  
Eaton Vance Management  
Garcia Hamilton & Associates  
Intercontinental Capital Management  
Intercontinental Real Estate Management  
Kayne Anderson Rudnick Investment Management  
Miller Howard Investment, Inc.  
Salem Trust Company  
Sawgrass Asset Management

Silvant Capital Management  
SSI Investment Management  
Wentworth, Hauser and Violich  
Westwood Management  
Ziegler Capital Management

The performance monitor advises the Board of Trustees on its investment guidelines, the performance of its managers compared to applicable indices, and recommends asset allocation of the Fund. The performance monitor is Burgess Chambers & Associates.

#### Transfer of Services to the Broward Sheriff's Office

Effective October 1, 2011, fire services for the City of Deerfield Beach were transferred to the Broward Sheriff's Office ("BSO" or "Employer") pursuant to an agreement between the City and BSO. As a result of this transfer, the pension plan was closed. This means that anyone hired after October 1, 2011 may not join the Plan. Anyone hired by the City prior to that date had the option of remaining in the Plan or joining the Florida Retirement System ("FRS"). This option was a one-time election made at the time of the transfer and is irrevocable. Those members who were in the DROP as of the date of the transfer were automatically enrolled in FRS. Those members who enter the DROP or retire from the Plan on or after the date of the transfer, and continue working for BSO, are also automatically enrolled in FRS.

## **DEFINITIONS**

Member: You are a Member of the Plan if you were a member of the plan prior to October 1, 2011 and either elected to remain a member of the plan as of that date, or had retired or were a member of DROP as of that date.

Beneficiary: Your Beneficiary is each person that you designate to the Plan Administrator to receive a benefit that may become payable by the Plan upon your death. You should designate a Beneficiary when you become a Member of the Plan and make sure that you keep your Beneficiary election up to date. You are allowed to change your Beneficiary after your original designation two times without Board of Trustee approval.

Credited Service: "Credited Service" is used to determine whether you are vested, to determine if you are eligible for certain benefits, and to compute the amount of pension benefits payable to you. Your Credited Service is equal to your total length of service, generally from your last date of hire until either your date of termination of employment, your retirement from the Plan, or your date of entry into the DROP, whichever is earlier. Credited Service is expressed in years and fractional parts of years. Accumulated leave (in excess of those hours included in your Average Final Compensation) may be used to increase your Credited Service.

Average Final Compensation: Average Final Compensation is the average of your monthly cash compensation during the highest three years of contributing service. In practice, the highest three years of compensation may be non-consecutive, may not overlap, and consists of 79 bi-weekly pay periods in total. All or a portion of your accumulated leave (up to 350 hours annual leave and 520 hours of sick leave) may be included in the computation of your Average Final Compensation at your election.

Compensation: This is the total amount of your cash compensation paid for services rendered, excluding excess life insurance and uniform reimbursement. Up to 300 hours per year in overtime compensation may be included.

Vested: You are vested upon completion of ten years of Credited Service.

Collective Bargaining Agreement: Certain employees covered by the Plan are members of the Broward County Professional Firefighters and Paramedics, IAFF Local 4321 collective bargaining unit. The current collective bargaining agreement between the unit and the Employer covers the period from October 1, 2014 through September 30, 2017, with possible extensions.

## **WHAT IS A DEFINED BENEFIT RETIREMENT PLAN?**

The Deerfield Beach Municipal Firefighters' Pension Trust Fund ("the Plan") is a defined benefit retirement plan. A Defined Benefit Plan promises a specific benefit at your retirement which is determined by a formula based upon your compensation and years of service.

## **WHO PAYS FOR MY BENEFITS?**

You, the City of Deerfield Beach and the State of Florida all make contributions towards the cost of the Plan. These contributions, along with investment income, are used to pay for Plan benefits.

Currently, you contribute 9% of your annual compensation. Your contribution is tax deferred and will cease upon your death, retirement from the Plan, entry into the DROP, or termination of employment. Your employee contributions are deducted by your employer who submits them to the Fund on at least a monthly basis.

The State also contributes an amount pursuant to Florida Statutes Chapter 175, which provides a system for the taxation of certain insurance companies issuing insurance on property located within the corporate limits of the City of Deerfield Beach. A percentage of the premiums on that property insurance are rebated by the State of Florida to the City of Deerfield Beach to be used to pay for benefits for firefighters and their beneficiaries.

The City of Deerfield Beach is ultimately responsible for the financial soundness of the Plan and will make contributions as required to fund any actuarial deficiency. Therefore, each year, the City of Deerfield Beach must contribute an amount determined by the Board of Trustees to be sufficient, along with your contribution and the State contribution, to fund the benefits under the Plan.

## **WHAT IS MY NORMAL RETIREMENT DATE?**

Your Normal Retirement Date is the first day of the month upon which you attain the earlier of (1) completion of 20 years of Credited Service without regard to age, or (2) attainment of age 52 and completion of at least 10 years of Credited Service.

## **HOW MUCH IS MY NORMAL RETIREMENT BENEFIT?**

The monthly benefit that you will receive if you continue in employment until your Normal Retirement Date is called your Normal Retirement Benefit. The amount of your benefit is based on your 3-Year Average Final Compensation and your Credited Service.

Your Normal Retirement Benefit is computed according to the following formula, limited to no more than 90% of Average Final Compensation:

$3.0\% \times \text{Average Final Compensation} \times \text{Credited Service up to 10 Years}$

Plus

$3.25\% \times \text{Average Final Compensation} \times \text{Credited Service Over 10 Years}$

This monthly benefit is payable for your lifetime, with the guarantee that if you should die

within 10 years your designated Beneficiary will receive a monthly payment equal to the monthly payment you were receiving for the remainder of the 10 years. This is the Normal Form of Benefit which is commonly called a 10-Year Certain & Life annuity.

EXAMPLE: Suppose you retire with 22 years of Credited Service with monthly Average Final Compensation of \$3,000. The monthly Normal Retirement Benefit payable is computed as:

$$\begin{aligned} & [(3\% \times 10) + (3.25\% \times 12)] \times \$3,000 = \\ & (30\% + 39\%) \times \$3,000 = \\ & 69\% \times \$3,000 = \\ & \$2,070 \text{ per month, as your Normal Retirement Benefit.} \end{aligned}$$

You may choose an optional form of benefit upon retirement, as described later.

### **WHAT IS AN ACCRUED BENEFIT?**

At any time during your employment, the benefits you have accrued can be calculated based on your Average Final Compensation and Credited Service at that point in time. You are not eligible to receive any benefits until you have reached certain eligibility requirements and you have terminated employment with the City.

### **MAY I RETIRE EARLIER THAN MY NORMAL RETIREMENT DATE?**

Yes, you may retire from the Plan the first day of any month prior to your Normal Retirement Date after attainment of age 47 and the completion of 10 years of Credited Service. This date is called your Early Retirement Date.

### **HOW MUCH IS MY EARLY RETIREMENT BENEFIT?**

Early Retirement Benefits are computed the same as described for Normal Retirement, but also reduced 1% for each year and fraction of a year Early Retirement precedes your Normal Retirement Date. This reduction takes into account your younger age and earlier commencement of benefit payments.

EXAMPLE: Suppose you retire at age 47 with 14 years of Credited Service with monthly Average Final Compensation of \$3,000. Because you are retiring with less than 20 years of Credited Service, your Normal Retirement Date is when you reach age 52. This means your Early Retirement precedes your Normal Retirement by 5 years.

The monthly Early Retirement Benefit payable is computed as:

$$\begin{aligned} & [(3\% \times 10) + (3.25\% \times 4)] \times \$3,000 \times (1 - 5 \times 1\%) = \\ & (30\% + 13\%) \times \$3,000 \times (1 - 5\%) = \\ & 43\% \times \$3,000 \times 95\% = \\ & \$1,225.50 \text{ per month, as your Early Retirement Benefit.} \end{aligned}$$

This benefit is payable in the Normal Form which is a 10-Year Certain & Life annuity. You may choose an optional form of benefit upon retirement, as described later.

**MAY I CONTINUE TO WORK AND REMAIN IN THE PLAN PAST MY NORMAL RETIREMENT DATE?**

Yes you may. Your Late Retirement Date is the earlier of the date you stop working, the date you choose to enter DROP or the date you choose to retire from the Plan.

**HOW MUCH IS MY LATE RETIREMENT BENEFIT?**

The amount of your monthly Late Retirement Benefit is calculated and paid in the same way as the Normal Retirement Benefit. However, your Average Final Compensation and Credited Service as of your actual retirement date are used in the calculation.

**WHAT IS THE DROP?**

The Deferred Retirement Option Program (DROP) is an option which allows you to receive a portion of your retirement benefit in a lump sum. Election to participate in the DROP is voluntary, but the election is irrevocable once you enter. You are eligible to enter the DROP at your Normal Retirement Date, or at age 47, if you are vested. Election to participate in the DROP is forfeited if not exercised within the first 30 years of Credited Service. Once you enter DROP, contributions will stop being submitted to this Plan and you will be enrolled in FRS. Contributions will be submitted to FRS on your behalf.

You may not participate in the DROP for more than 5 years. The maximum DROP participation duration is determined based on Credited Service at DROP entry, as follows:

<u>Credited Service</u>	<u>Maximum DROP Years</u>
Less than 28 years	5
>=28 but < 29	4
>=29 but <30	3
Exactly 30	2
Over 30	0

Your participation in DROP will cease when you reach the end of your DROP term or you choose to end your participation prior to the end of your DROP term, or if your employment as a firefighter terminates. If your employment terminates as a result of the cancellation of the contract between BSO and the City and you are rehired by the City as a firefighter, you may participate in DROP for the remainder of your DROP term. You will be required to terminate your employment with the City at the end of your DROP term.

Your monthly DROP benefit is determined as described for Normal or Early Retirement based on your Average Final Compensation and your Credited Service at your DROP entry date. Although you will continue to be employed by BSO as a firefighter, your Average Final Compensation and your Credited Service are frozen at your DROP entry date.

Your monthly DROP benefit accumulates in an account which is credited or debited according to your investment election. Investment options are described later. You may not receive a distribution from your DROP account until you retire from the Plan. At that time, your monthly benefit will no longer accumulate in the DROP but will instead be paid directly to you according to the form of benefit you selected at DROP entry. You may continue your employment with BSO. Please note that should the agreement between the City and BSO for the transfer of services terminate and you are retired from this Plan, you will not be eligible to be rehired by the City.

DROP participants are not eligible for death or disability benefits. If you die while a DROP participant, your designated Beneficiary will have the same rights of distribution for your DROP balance that you would have had.

## **WHAT INVESTMENT OPTIONS ARE AVAILABLE UNDER THE DROP?**

There are two investment options available.

- (1) Under the first option the money will be commingled with other assets in the Plan and will be invested by the pension fund's money managers. This is called the Commingled Fund Return. If the investments of the Plan have a positive return, your DROP account will make money. If the investments of the Plan have a negative return, your account will lose money. The Plan has the right to charge an administrative fee for money managed by the fund's investment manager.
- (2) Alternatively, you may choose to have all or a portion of the money credited to your DROP account invested in different investment vehicles chosen by the Board of Trustees. This is called the "self-directed" investment option. The Board has the right to change these options at any time. There are currently two "self-directed" investment options.
  - a. The first investment vehicle is where the Plan's custodian, Salem Trust, will open an individual account for you, with only your DROP money in it. The funds in the individual Salem Trust account are invested in the *Federated Treasury Obligations Fund* which is a money market mutual fund (hereinafter called "The Mutual Fund"). The investment return credited under the Mutual Fund is not a guaranteed return. Salem Trust will not charge a fee for your investment in the Mutual Fund but the Federated Treasury Obligations Fund will charge you a fee. Salem Trust will be paid by the Mutual Fund.
  - b. The second investment vehicle is the *VantageTrust PLUS Fund* which is administered by the International City/County Management Association

(ICMA). This is a stable value fund which also does not have a guaranteed return. **If you choose to move some or all of your DROP monies to ICMA, you cannot transfer it back to the other investment options and you may not withdraw the monies at ICMA until you have your DROP term has ended or you have separated from service.**

Please consult with a financial advisor before making your investment decisions.

### **HOW IS MY DROP BALANCE PAID?**

Upon retirement from the Plan, firefighters in the DROP may receive the balance in the DROP account either as a lump sum, installment or annuity payments.

If you choose to receive a lump sum distribution of your total DROP account balance, you will receive 90% of your last known balance. The remaining balance you are due will be paid to you within 60 days. The 10% is held in case your investments decrease in value. You should know that it is possible that the decrease will be so great that you will actually owe the Plan money. If that is the case, you will not receive any remaining balance and the Plan will deduct the amount you owe it from ensuing monthly pension payments.

### **WHAT HAPPENS TO MY ACCUMULATED LEAVE WHEN I RETIRE OR ENTER THE DROP?**

You may choose to have the value of all or a portion of your accumulated annual leave and accumulated sick leave included in the computation of your pension benefit. Accumulated annual leave up to 350 hours and accumulated sick leave up to 520 hours may be included as part of your Average Final Compensation for calculating your monthly benefit. Accumulated annual leave and accumulated sick leave which has not been included as part of your Average Final Compensation may go towards increasing your Credited Service. The choice to apply your accumulated annual leave and accumulated sick leave will increase your monthly retirement or DROP benefit. However, you will not receive a cash payout for the value of any accumulated annual leave or sick leave which is used in computing your pension benefit. All accumulated hours not used towards your pension benefit will be retained by you for use in accordance with BSO policies and the collective bargaining agreement. If you enter the DROP or retire from the Plan and choose to use all your accumulated leave hours to increase your Average Final Compensation or to increase your Credited Service, you will have no accumulated leave time remaining.

Alternatively, you may choose a payout of the unused accumulated annual leave and sick leave when you terminate employment, if permitted by your Employer.

## **DO I RECEIVE CREDIT FOR TIME WORKED AS A FIREFIGHTER SOMEWHERE ELSE, OR IF I SERVE IN THE MILITARY?**

You may purchase up to a total of four years of Credited Service for time spent as a full-time firefighter somewhere else prior to employment with the City of Deerfield Beach, or for certain time spent on active duty in the military prior to employment. If you enter active military duty and take a leave of absence from the City, the time spent in military service is added to your Credited Service (with no payment due from you) if you re-enter the City's fire service within one year of your release.

The purchase cost for prior firefighter service or prior military service is actuarially determined so that the entire cost is paid by you. This service may be purchased at any time, but is not credited until the entire purchase is paid for and you have attained 16 years of Credited Service (without including any other service purchase). If you purchase prior firefighter service or prior military service but you leave employment prior to attaining 16 years of aggregate service, the amount that you paid will be refunded without interest.

## **WHAT HAPPENS IF I BECOME DISABLED?**

If you become totally and permanently disabled as provided by the Plan, you may be eligible for a disability benefit. In the case of a disability incurred in the line-of-duty, you will be eligible for a benefit regardless of your length of service. In the case of a disability that is not incurred in the line-of-duty, you will only be eligible for a benefit if you have at least 10 years of Credited Service.

The amount of your benefit due to line-of-duty disability is your accrued benefit but not less than 42% of your Average Final Compensation.

The amount of your benefit due to non-line-of-duty disability is your accrued benefit, but not less than 25% of your Average Final Compensation.

Disability benefits are payable until your death or recovery or until a minimum of 120 payments (10 years) have been made. If you die without recovering within 10 years of commencing payments, monthly payments will continue for the remainder of the 10 years to your designated Beneficiary, unless you have elected an optional benefit form.

After you have been granted a disability pension, you may find gainful employment other than as a firefighter and it will not affect your right to receive a disability pension. If the Board of Trustees finds, after you have been granted a disability retirement, that you are no longer disabled with regard to being able to render useful and efficient service as a firefighter, the Board of Trustees will cease making disability retirement payments to you. One of the factors that the Board can consider in determining whether you are still disabled is whether you are performing other work which may tend to show that you could still perform the work of a firefighter.

## **WHAT BENEFITS ARE PAYABLE UPON MY DEATH?**

You may designate a Beneficiary or Beneficiaries to receive a benefit that may become payable by the Plan upon your death. You are allowed to change your Beneficiary designation at any time before benefits are paid. If there is no living designated Beneficiary at the time of your death, the death benefit, if any, will be paid to your Estate.

### Death Before Retirement

The death benefit payable for a Member who dies after becoming eligible for retirement but prior to retiring is the benefit otherwise payable converted to the form of benefit selected prior to death. Your designated beneficiary may select a form of benefit with the approval of the Board of Trustees.

The death benefit payable for a Member who has earned at least 10 years of Credited Service, but who is has not attained age 47, is the benefit accrued at the date of death payable as a 10-Year Certain Only Annuity. A 10-Year Certain Only Annuity is a monthly benefit payable for 10 years. After 10 years of payments no further payments are due.

If you die with less than 10 years of Credited Service, your Beneficiary shall be entitled to a refund of your contributions with interest at a rate determined by the Board.

### Death After Retirement

If you were receiving an optional form of retirement payment which provided for a survivor's benefit to be paid after your death, your Beneficiary will receive payments following your death.

## **WHAT ARE THE OPTIONAL FORMS OF BENEFIT?**

Unless you elect otherwise at the time you retire or enter the DROP, your pension is payable in the Normal Form of Benefit which is a 10-Year Certain & Life Annuity. This form of benefit provides you with monthly payments for your life with the guarantee that if you should die within 10 years your designated Beneficiary will receive a monthly payment equal to the monthly payment you were receiving for the remainder of the 10 years. The other optional forms of benefit available to you are as follows:

Period Certain & Life Annuity Option: An adjusted monthly benefit payable to you for life. Should you die before the certain period of either 5, 10, or 15 years (according to your election) expires, your designated Beneficiary will continue to receive monthly payments in the same amount for the remainder of the certain period.

Life Only Annuity Option: An increased amount payable to you for your lifetime and ceasing upon your death. There are no survivor benefits under this option.

Joint & Survivor Annuity Option: A reduced monthly benefit payable to you for life, and

further continuing after your death to your designated Beneficiary at either 50%, 66 2/3%, 75%, or 100% (according to your election) of the monthly payment you were receiving for their life.

Joint & Last Survivor Annuity Option: A reduced monthly benefit payable to you and your designated Beneficiary while you are both alive. Following the death of either you or your designated Beneficiary either 50%, 66 2/3%, or 75% (according to your election) of the monthly payment while you were both alive will be paid to whomever of you or your designated Beneficiary is the survivor for their life.

Joint & Survivor Annuity With Pop-Up to Life Only Annuity Option: A reduced monthly benefit payable to you for life, and further continuing after your death to your designated Beneficiary at either 50%, 66 2/3%, 75%, or 100% (according to your election) of the monthly payment you were receiving for their life. Under the pop-up option, should your designated Beneficiary die before you, your benefit will increase to a Life Only Annuity payable to you for the remainder of your lifetime and ceasing upon your death.

Social Security Level Income Option: A higher monthly benefit payable under the Plan until the age at which you specify you will start receiving Social Security benefits. At that time, your monthly Plan benefits will be lowered by the amount you specify you will receive under Social Security. The idea is to give you a “level” dollar amount so that your pension benefits and Social Security benefits, when added together, stay the same throughout your retirement years. Due to the differences in the way cost-of-living adjustments may be applied to your benefits, you may not actually receive a level annuity.

Other Options: You may elect another optional form which is actuarially equivalent to the Normal Form of Benefit subject to the approval of the Board of Trustees.

## **DOES THE PLAN PAY A COST-OF-LIVING-ADJUSTMENT?**

There is no automatic cost-of-living adjustment. The Plan provides for a variable benefit but whether a variable benefit is paid, and the amount of it, depends upon the investment return that the Fund has earned compared to the amount that was assumed it would earn, and the experience of the Plan overall. The maximum amount of a variable benefit increase in a single year is 4%.

## **WHAT IS THE SHARE PLAN?**

The State of Florida distributes Chapter 175 monies to the Plan on an annual basis. An individual Share Account is created for each active member, member in the Deferred Retirement Option Plan (DROP), along with retirees and Beneficiaries of deceased retirees where available funds will be allocated in equal shares.

Members who have not retired from the Plan receive a credit to their individual Share Account. Available funds are paid directly to retirees and beneficiaries.

You vest in your Share Account after you have earned at least 10 years of Credited Service. If you terminate employment for any reason before earning at least 10 years of Credited Service, your Share Account balance will be redistributed to other members of the Plan.

Available funds are invested by the Board of Trustees and may be commingled for investment purposes with the other assets of the Plan. Your Share Account balance will recognize investment gains and losses at the same rate as the rest of the Plan's assets. Your Share Account balance, along with earnings or losses, will be clearly identified on a statement. Interest will be credited (or debited) on your Share Account as soon as administratively practicable at the end of a calendar quarter.

You are eligible for a distribution from your Share Account when you retire from the Plan. Vested terminated Members who leave their contributions in the fund will not be eligible for additional shares until they begin receiving their monthly pension benefit. Vested terminated members who withdraw their contributions shall not be eligible for any additional shares after the date of withdrawal of their contributions. A vested terminated member shall be eligible to receive the shares credited to his or her account upon termination. All distributions shall be made in accordance with the Internal Revenue Code and rules and regulations promulgated there under.

### **IF I LEAVE EMPLOYMENT (OTHER THAN DUE TO RETIREMENT, DISABILITY, OR DEATH) WILL I BE ENTITLED TO A BENEFIT?**

If you have at least 10 years of Credited Service, you are entitled to a deferred vested retirement benefit. This benefit is equal to your Accrued Benefit on your termination date.

The vested benefit is payable at your Normal Retirement Date. However, you may receive your vested benefit, reduced for Early Retirement, any time after your 47<sup>th</sup> birthday.

### **WHAT HAPPENS IF I TERMINATE AND I AM REHIRED?**

If you terminate employment and later return to work for the BSO, or the City if BSO is no longer providing fire services to the City, you will again become a Member of the Plan. However, you will only be given credit for previous service if you either left your contributions in the Fund or if you repay withdrawn contributions, with interest as determined by the Board of Trustees, within 90 days of your reemployment.

You may voluntarily leave your contributions in the Fund for a period of five years pending the possibility of being rehired. If you are not reemployed within five years, your contributions will be returned without interest.

### **IS THE RETURN OF MY CONTRIBUTIONS TAXABLE?**

The taxable portion of any return of contributions you receive is subject to an automatic 20% withholding for federal income tax purposes and may be subject to a 10% penalty.

These taxes are not payable if you roll over the taxable portion over to an Individual Retirement Account (IRA) or another qualified employer plan. The rollover will result in taxes being due when you begin withdrawing funds from the IRA or other qualified employer plan.

At the time that you ask for your return of contributions, you will be furnished with a special tax notice prepared by the IRS that will explain, in detail, the various options and the tax consequences of each decision. You should seek professional tax advice.

### **WILL THE PLAN PAY MY HEALTH INSURANCE AFTER I RETIRE?**

No, the Plan does not provide health insurance benefits.

### **CAN I LOSE ANY OF MY BENEFITS IN THIS PLAN?**

There are certain circumstances which may result in the disqualification, ineligibility, denial, loss, forfeiture, suspension or deferral of your benefits in this Plan. The following is a list of these circumstances:

- (1) If you terminate employment before reaching the Normal or Early Retirement Date and you do not have at least 10 years of Credited Service, no benefits will be payable except for a return of your own contributions without interest.
- (2) No credit is allowed either for benefit accrual or vesting purposes for any period in which you are not considered a full-time employee, except for certain military service.
- (3) Your retirement benefit will not be payable until your actual retirement date, even if you continue to work beyond the Normal Retirement Date.
- (4) In the event that this Plan terminates and the available Plan assets are less than the value of all Accrued Benefits, then your Accrued Benefit may be reduced.
- (5) Your Accrued Benefit may be forfeited if you are convicted of certain felonies as provided by State law (Chapter 112.3173 F.S. and Chapter 175.195 F.S.).
- (6) Payment of your benefits may be subject to an income deduction order made pursuant to a state domestic relations law.

### **CAN THE PLAN BE AMENDED OR TERMINATE?**

Yes.

## **DO I HAVE RESPONSIBILITIES UNDER THE PLAN?**

Yes. The following details some of the responsibilities you have under the Plan:

- (1) Retain this Summary Plan Description with your other important papers for later reference or for replacement by updated versions and supplemental notices, if any.
- (2) Keep your Beneficiary designation form updated to express your wishes.
- (3) If you terminate employment, check to see if you are entitled to a vested retirement benefit and the date payable.
- (4) If you should terminate employment with rights to a deferred vested retirement benefit, then, shortly before the date on which it is to begin, you should contact and notify the Plan Administrator to begin such payments.
- (5) Upon your retirement under Early or Normal Retirement, complete the form necessary to indicate whether you desire an Optional Form of Benefit, and if so, which option you choose.

## **HOW DO I MAKE A CLAIM FOR BENEFITS?**

Claims for benefits under the Plan must be filed in writing with the Plan Administrator. If you are eligible for any benefits from this Plan, and you request it, you will be provided with a notification form showing the amount of your benefit and options, if any, and the earliest date on which such benefit is payable. The Board of Trustees has the right to charge you for any estimated benefit calculations you request.

If your claim for benefits is denied (in whole or in part), you are entitled to a full and fair review of that decision. You will receive written notification if your claim has been wholly or partly denied. This notice will be provided to you within a reasonable period of time, after the receipt of your claim by the Plan Administrator. The written notice must contain the following information:

- (1) The specific reason or reasons for the denial;
- (2) Specific reference to those Plan provisions on which the denial is based;
- (3) A description of any additional information or material necessary to correct your claim and an explanation of why such material or information is necessary; and
- (4) Appropriate information as to the steps to be taken if you or your Beneficiary wishes to submit your claim for review.

If notice of the denial of a claim is not furnished to you in accordance with the above within a reasonable period of time, your claim shall be deemed denied. You will then be permitted

to proceed to the review stage described in the following section.

If your claim has been denied, and you wish to submit your claim for review, you must follow the Claims Review Procedure.

### **WHAT IS THE CLAIMS REVIEW PROCEDURE?**

The following represents the Claims Review Procedure:

- (1) Upon the denial of your claim for benefits you may file your claim for review, in writing, with the Plan Administrator. The form for this claim for review is available from the Plan Administrator.
- (2) You must file the claim for review no later than 60 days after you have received written notification of the denial of your claim for benefits.
- (3) You may review all pertinent documents relating to the denial of your claim and submit any issues and comments, in writing, to the Plan Administrator.
- (4) Your claim for review must be given a full and fair review. If your claim is denied, the Plan Administrator will provide you with written notice of this denial.
- (5) The Plan Administrator's decision on your claim for review shall be communicated to you in writing and shall include specific references to the pertinent Plan provisions on which the decision was based.
- (6) If the Plan Administrator's decision on review is not furnished to you within the time limitations described above, your claim shall be deemed denied on review

## WHAT IS THE ACTUARIAL INFORMATION AND FINANCIAL INFORMATION BASED ON THE MOST RECENT VALUATION OF THE PLAN?

Present Value of Future Benefits (PVB):	Number		
<u>By Category</u>	<u>of Participants</u>		
Retirees and Beneficiaries in Payment Status	104	\$	88,173,249
Terminated Participants Due Future Benefits	0		0
Active Participants	<u>102</u>		<u>56,765,999</u>
Total Present Value of Future Benefits	206	\$	144,939,248
Accrued Liability (AL):		\$	125,150,438
Actuarial Value of Assets:			<u>92,608,974</u>
Unfunded Accrued Liability (UAL):		\$	32,541,464
Required Contribution for the Year ending September 30, 2014 Over and Above Contributions By Participants of the Plan: As a Dollar Amount:		\$	5,670,247

### Financial Information as of October 1, 2013

Market Value of Assets Available to Pay Benefits:			
Equity Securities		\$	44,054,959
Fixed Income			22,765,317
Hedge Funds			8,419,143
Real Estate			7,508,304
MLPs			4,520,300
Cash & Cash Equivalents			3,429,934
Net Receivables / Payables			335,666
Self-Directed DROP			<u>4,764,732</u>
Fair Market Value of Assets		\$	95,798,355
Income for the Year Ending September 30, 2013:			
Employer Contributions (Including Contributions from the State)		\$	5,888,072
Participant Contributions			945,101
Investment Income (Net of \$462,966 in Investment Expenses)			<u>10,033,197</u>
Total Income:		\$	16,866,370
Disbursements for the Year Ending September 30, 2013:			
Benefit Payments:		\$	( 6,273,570)
Administrative Expenses:			<u>( 300,973)</u>
Total Disbursements:		\$	( 6,574,543)