

**CITY OF CLERMONT POLICE OFFICERS' RETIREMENT PLAN**  
**SUMMARY PLAN DESCRIPTION**

**May 24, 2023**  
~~**June 1, 2021**~~

**IS YOUR BENEFICIARY FORM CURRENT? IN THE EVENT YOU DIE, YOUR BENEFIT OR CONTRIBUTIONS WILL BE DISTRIBUTED TO THE PERSON OR PERSONS DESIGNATED BY NAME ON THE BENEFICIARY FORM ON FILE WITH THE PENSION PLAN. NO PROVISION IN YOUR LAST WILL AND TESTAMENT WILL CHANGE THIS SELECTION. PLEASE BE SURE THAT YOUR BENEFICIARY FORM DESIGNATES THE PERSON OR PERSONS YOU INTEND TO RECEIVE YOUR BENEFITS AND THAT YOU REVIEW THIS CHOICE IN THE EVENT OF A MAJOR LIFE CHANGE SUCH AS A DIVORCE OR THE DEATH OF YOUR BENEFICIARY.**

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# CITY OF CLERMONT POLICE OFFICERS' RETIREMENT PLAN SUMMARY PLAN DESCRIPTION

## INTRODUCTION

The Board of Trustees of the City of Clermont Police Officers' Retirement Plan is pleased to present this **Summary Plan Description ("SPD")** ~~booklet~~ which briefly explains the provisions of your Police Officers' Pension Plan. As a participant in the plan, you are included in a program of benefits to help you meet your financial needs at retirement, or in the event of disability or death.

This ~~booklet~~ can assist you in preparing for your retirement and financial future. If you need further information on any of the topics presented in this **SPD** ~~booklet~~, please contact any member of the Board of Trustees or the Plan Administrator. They will either answer questions you might have to help you understand your benefits or otherwise get you an answer to your questions. We urge you to read and understand this **SPD** ~~booklet~~ in order to become familiar with the benefits of the plan and how they contribute to your financial security and how they will enrich your retirement years.

The information presented is only a summary of the pension plan ("Plan") as provided in the ordinances of the City of Clermont. If there are any conflicts between the information in this **SPD** ~~booklet~~ and the ordinances of the City of Clermont, the ordinances shall govern. **The legal citation for your Plan is Ordinance 2021-012, dated March 23, 2021. A copy of the Plan Document can be found at [www.municode.com](http://www.municode.com), Code of Ordinances, City of Clermont, Part 1, Chapter 46, Article III, Police Officers' Retirement Plan. This SPD is current through Ordinance No. 2023-004, dated January 4, 2023.** The provisions of this **SPD Summary Plan Description** shall not constitute a contract between the Member and the Board of Trustees. The Plan shall be administered in accordance with state and federal law, notwithstanding any provisions in this **SPD** ~~booklet~~ or ordinances to the contrary. **A copy of the Plan can also be obtained from the Board of Trustees. Their address is:**

City of Clermont Police Officers' Retirement Plan  
c/o Resource Centers, LLC , Plan Administrator  
4360 Northlake Boulevard - Suite 206  
Palm Beach Gardens, FL 33410

561-624-3277 - Telephone  
561-624-3728 - Facsimile

~~or the City Clerk's office, which is located at 685 W. Montrose St., Clermont, Florida 34711.~~

\_\_\_\_\_  
Chairman, Board of Trustees, City of  
Clermont Police Officers' Retirement Plan

\_\_\_\_\_  
Date

1. **BOARD OF TRUSTEES AND PLAN ADMINISTRATION**

A. **Administration.**

(1) The City of Clermont Police Officers' Retirement Plan is a defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the plan. The Board consists of five Trustees, two of whom shall be legal residents of the City who are appointed by the City Council, two of whom are Members of the plan who are elected by a majority of the Police Officers who are Members of the plan and a fifth Trustee who is chosen by a majority of the first four Trustees. Each Trustee serves a two-year term.

(2) DROP participants can be elected as but not vote for elected Trustees.

B. **Trustees.** The names and addresses of the current Trustees and the Plan Administrator are attached to this **SPD Summary Plan Description** as Exhibit "A". The Chairman of the Board is designated as agent for the service of legal process.

2. **ELIGIBILITY FOR PLAN MEMBERSHIP**

Each person employed by the City Police Department as a full-time Police Officer becomes a Member of the Plan as a condition of his employment. All Police Officers are therefore eligible for Plan benefits as provided for in the Plan document and by applicable law.

3. **PLAN BENEFITS**

All claims for benefits under the plan shall be made in writing to the Board. It is your responsibility to contact the plan **administrator** and make a written application for benefits when you are eligible to start receiving your benefit at your normal or early retirement date. You should file your application for benefits with the plan administrator at least 45 days prior to the date that benefits are to commence. Benefit payments shall begin only after a written application is filed and payments shall not be made retroactive to your original eligibility date should you delay in applying for benefits.

A. **Normal Retirement Eligibility.** You are eligible for retirement upon the earlier of the attainment of age 55 and the completion of 10 years of credited service, or the completion of 20 years of credited service, regardless of age.

B. **Amount of Normal Retirement Benefits.** The amount of the normal retirement benefit is based on your credited service and average final compensation:

"Credited Service" is generally your period of employment as a Police Officer in the **City of Clermont** Police Department measured in years and the nearest number of completed months. Credited service will include credit for up to five years for a break in employment for military service, pursuant to conditions provided for under state or federal law, provided that you are reemployed within 1 year of discharge under honorable conditions. Additional credited service time may also be available (See subsection K. below).

"Average Final Compensation" is 1/12 of your average salary of the 5 best years of the last 10 years of credited service prior to your termination, retirement or death or your career average as a full-time police officer, whichever is greater. A year is defined as 12 consecutive months.

"Salary" is your total compensation for services rendered to the City as a police officer reportable on your W-2 form plus all tax deferred, tax sheltered, or tax exempt items of income derived from elective employee payroll deductions or salary reductions, and any payments for extra duty or special detail work performed on behalf of a second party employer. Effective October 1, 2019, the amount of annual overtime compensation that may be included in the calculation of a retirement benefit shall be limited to the first 300 hours of overtime paid per calendar year. The amount of the accrued unused sick or annual leave payment at retirement that may be included in the retirement benefit shall be the lesser of (a) the total value of accrued unused sick or annual leave that would have been paid to you based on years of service as of February 14, 2012 or (b) the actual amount of accrued unused sick or annual leave paid to you at retirement, regardless of whether the amount of sick or annual leave was, at some time prior to retirement, reduced below the amount on February 14, 2012.

The normal retirement benefit is calculated by multiplying 2.25% of average final compensation times years of credited service earned prior to October 1, 2002 and 3.0% of average final compensation times years of credited service earned on and after October 1, 2002:  $(2.25\% \times \text{AFC} \times \text{CS prior to October 1, 2002} \text{ PLUS } 3.0\% \times \text{AFC} \times \text{CS on and after October 1, 2002} = \text{normal retirement benefit})$ .

Normal and early retirement payments will commence on the first day of the month coincident with or next following your last day of employment. Early retirees may defer the commencement of benefits. The benefit is paid to you for your life, but you or your beneficiary shall receive at least 120 monthly benefit payments in any event.

Each vested Plan Member shall be entitled, at the Fund's expense, to receive two actuarial studies (one preliminary and one final) to estimate his or her retirement benefits. Any additional studies shall be provided only at the Member's expense.

C. Early Retirement. You are eligible for early retirement upon the attainment of age 50 and the completion of 10 years of credited service.

D. Amount of Early Retirement Benefits. The amount of the early retirement benefit is calculated in the same manner as for normal retirement and is available as follows:

- (1) Beginning on the date on which you would have qualified for normal retirement; or
- (2) Beginning immediately upon retirement, but if beginning immediately, the amount of the monthly benefit is reduced by 3.0% for each year by which the commencement of benefits precedes the date which would have been your normal retirement date, determined based upon your actual years of credited service.

E. Supplemental Benefit - Share Plan. Pursuant to Florida law, a separate member "share account" has been created for each member and DROP participant of the plan. This supplemental benefit may or may not be funded and thus, you may or may not receive a retirement benefit from the share plan. If the share plan is funded, then at retirement, termination (vested), disability or death, there shall be an additional benefit paid to you. The share plan is funded solely with state premium tax money and the funding that is received for this Share Plan is allocated to your share account based on an equal share for each member and DROP participant. Your share account receives its proportionate share of the income or loss on the assets in the plan.

F. Other Retirement Options. At retirement, certain additional options are available as follows:

(1) Optional Forms of Retirement. In lieu of the amount and form of retirement income payable under normal and early retirement, you may elect to receive a retirement benefit in a different form so long as the form you elect is of equal actuarial value as the normal benefit. The optional forms of benefits which are available are:

- (a) A retirement income of a monthly amount payable to you for your lifetime only.
- (b) A retirement income of a modified monthly amount, payable to you during your lifetime and following your death, 100%, 75%, 66 2/3% or 50% of such monthly amount payable to a joint pensioner for his lifetime.

Except where the Member's joint pensioner is his spouse, the payments to the joint pensioner as a percentage of the payments to the Member shall not exceed the applicable percentage provided for in the applicable table in the treasury regulations.

- (c) If you retire prior to the time at which social security benefits are payable, you may elect to receive an increased retirement benefit until such time as social security benefits shall be assumed to commence and a reduced benefit thereafter in order to provide, to as great an extent as possible, a more level retirement allowance during the entire period of retirement. The amounts payable shall be as recommended by the actuaries for the system, based upon the social security law in effect at the time of the member's retirement.
- (d) If you do not participate in the DROP, you may also elect to receive an initial lump sum payment equal to 5%, 10%, 15% or 20% of your accrued benefit with the remaining 95%, 90%, 85% or 80%, respectively, payable in a form selected by you and provided for in (a), (b) or (c) above or in the normal form (10 years certain and life).

(2) Deferred Retirement Option Plan (DROP).

- (a) If you become eligible for normal retirement, and are still employed by the City as a police officer, you have the option of "retiring" from the pension plan but continuing your employment as a police officer for an additional 5 years. An election to participate in the DROP constitutes an irrevocable election to resign from the service of the City not later than 5 years from the commencement of DROP participation. You must request, in writing, to enter the DROP.
- (b) Upon entering the DROP, your retirement benefit is immediately calculated and each monthly benefit payment is deposited into your DROP account. Your account will be credited with interest at the rate of 6.5% per annum.

- (c) At the time of termination of employment at the end of the DROP period, you will receive your account balance in a lump sum or in another optional form and you will also begin receiving your monthly retirement benefit.
- (d) Once you enter the DROP, you are no longer eligible for disability or pre-retirement death benefits, nor do you accrue any additional credited service. Your retirement benefit is fixed as of your entry date. You pay no member contributions to the plan once you enter the DROP.
- (e) Participation in the DROP is not a guarantee of employment and DROP participants shall be subject to the same employment standards and policies that are applicable to employees who are not DROP participants.
- (f) Additional information about the DROP can be obtained from the Board.

G. Disability Retirement. You are considered disabled when you become totally and permanently unable to perform useful and efficient service as a Police Officer. A written application is made to the Board for a disability pension and the Board receives evidence of the disability and decides whether or not the pension is to be granted. If the pension is granted, the benefit amount shall be:

- (1) If the injury or disease is service connected, the greater of (a) your accumulated contributions at 5.0% interest or (b) the greater of (i) 2.25% of average final compensation times years of credited service earned prior to October 1, 2002 plus 3.0% of average final compensation times years of credited service earned on and after October 1, 2002 or (ii) 42% of your average final compensation.
- (2) If the injury or disease is not service connected, a benefit equal to the greater of (a) your accumulated contributions at 5.0% interest or (b) the greater of (i) 2.25% of average final compensation times years of credited service earned prior to October 1, 2002 plus 3.0% of average final compensation times years of credited service earned on and after October 1, 2002. This non-service connected benefit is only available if you have at least 10 years of credited service.

Eligibility for disability benefits. Subject to (4) below, you must be an active member of the plan on the date the Board determines your entitlement to a disability benefit.

- (1) Terminated persons, either vested or non-vested, are not eligible for disability benefits.
- (2) If you voluntarily terminate your employment either before or after filing an application for disability benefits, you are not eligible for disability benefits.
- (3) If you are terminated by the City for any reason other than for medical reasons, either before or after you file an application for disability benefits, you are not eligible for disability benefits.
- (4) The only exception to (1) above is:



- (a) If you are terminated by the City for medical reasons and you have already applied for disability benefits before the medical termination, or;
- (b) If you are terminated by the City for medical reasons and you apply within 30 days after your medical termination date.

If either (4)(a), or (4)(b) above applies, your application will be processed and fully considered by the board.

Your disability benefit terminates upon the earlier of death, with 120 payments guaranteed, or recovery. You may, however, select a "life only" or "joint and survivor" optional form of benefit as described above under "Optional Forms of Retirement".

Your benefit will be reduced if you receive workers' compensation benefits and your combined benefit exceeds 100% of your final salary. The pension benefit will be reduced so that the total does not exceed 100%, except that the pension benefit shall not be reduced below the greater of 42% of average final compensation or 2.75% of average final compensation times years of credited service.

Any condition or impairment of health caused by hypertension or heart disease resulting in death or total and permanent disability is presumed to have been suffered in the line of duty unless the contrary is shown by competent evidence; provided that you have successfully passed a physical examination on entering into service and there is no evidence of the condition at that time.

For conditions diagnosed on or after January 1, 1996, if you suffer a condition or impairment of health that is caused by hepatitis, meningococcal meningitis, or tuberculosis, which results in total and permanent disability, it shall be presumed that the disability is in the line of duty, unless the contrary is shown by competent evidence as provided for in Section 112.181, Florida Statutes; provided that the statutory conditions have been met.

To receive disability benefits, you must establish to the satisfaction of the Board, that such disability was not occasioned primarily by:

- (1) Excessive or habitual use of any drugs, intoxicants or narcotics.
- (2) Injury or disease sustained while willfully and illegally participating in fights, riots or civil insurrections or while committing a crime.
- (3) Injury or disease sustained while serving in any branch of the Armed Forces.
- (4) Injury or disease sustained after your employment as a Police Officer with the City of Clermont shall have terminated.
- (5) Injury or disease sustained while working for anyone other than the City and arising out of such employment.

As a disabled pensioner, you are subject to periodic medical examinations as directed by the Board to determine whether a disability continues. You may also be required to submit statements from your doctor, at your expense, confirming that your disability continues.

H. Death Before Retirement. If you die prior to retirement from the Police Department, your beneficiary shall receive the following benefit:

- (1) *Death prior to vesting, not-in-line of duty.* If you were not receiving monthly benefits or were not yet vested or eligible for early or normal

retirement and you die not-in-line of duty, your beneficiary shall receive a refund of 100% of your accumulated contributions.

- (2) *Death after vesting, not-in-line of duty.* If you were not receiving monthly benefits and were vested and you die not-in-line of duty, your beneficiary shall receive the benefits otherwise payable to you at your early or normal retirement date, determined based on your actual years of credited service.
- (3) *Death prior to vesting, in-line of duty.* If you die prior to retirement in-the-line-of-duty, and you were not vested, your beneficiary shall receive the benefit provided for in (4) below.
- (4) *Death after vesting, in-line of duty.* If you die prior to retirement or entry into the DROP, in-the-line-of-duty, and you were vested, the following benefits are payable:
  - (a) If you die leaving a surviving spouse, your surviving spouse may receive a monthly pension equal to 100% of the monthly salary you were receiving at the time of your death for the rest of your surviving spouse's lifetime. Benefits provided by this paragraph supersede any other distribution that may have been provided by your designation of a beneficiary. Such benefit ceases upon the surviving spouse's death, unless your minor children survive the spouse as provided for in paragraph (4)(b) below.
  - (b) If your surviving spouse dies and your minor children survive your spouse, the monthly payments that otherwise would have been payable to such surviving spouse shall be paid for the use and benefit of your child or children under 18 years of age and unmarried until the 18th birthday of your youngest child. Such monthly payments may be extended until the 25th birthday of your child if the child is unmarried and enrolled as a full-time student at an accredited institution. If there is more than one minor child, the benefits shall be divided equally among the children. As each child reaches the benefit termination age, the remaining eligible children will divide the benefits.
  - (c) If you die leaves no surviving spouse but are survived by a child or children under 18 years of age and unmarried, the benefits provided by subparagraph (a), shall be paid for the use and benefit of your child or children under 18 years of age and unmarried until the 18th birthday of your youngest child. Such monthly payments may be extended until the 25th birthday of any of your children if the child is unmarried and enrolled as a full-time student at an accredited institution. If there is more than one minor child, the benefits shall be divided equally among the children. As each child reaches the benefit termination age, the remaining eligible children will divide the benefits.
  - (d) If you die leaving no surviving spouse and no child or children under 18 years of age and unmarried and no child under age 25 and unmarried and enrolled as a full-time student, then your beneficiary shall receive the greater of (i) your accrued benefit or (ii) 42% of your average final

compensation, with the applicable annuity amount payable for 10 years. If the named beneficiary dies before the full 10 years of payments are made, the remaining benefit payments will be paid in a lump sum to the estate of the beneficiary.

- (e) For purposes of determining whether a death is in-the-line-of-duty, the presumption and additional presumption provided for in Section G, above, shall apply.
- (f) In all cases, the benefits paid in subsections (a), (b) and (c) above will be at least your accrued benefit paid for 10 years. In the event that your surviving spouse or children's benefits cease due to death or reaching the age of majority as provided for herein, the benefit will be paid to the estate of the survivor payee (i.e. the surviving spouse or surviving children).

I. Termination of Employment and Vesting. If your employment is terminated, either voluntarily or involuntarily, the following benefits are payable:

- (1) If you have less than 5 years of credited service upon termination, you shall be entitled to a refund of the money you have contributed or you may leave it deposited with the plan.
- (2) If you have more than 5, but less than 10 years of credited service upon termination, you shall be entitled to a monthly retirement benefit, determined in the same manner as for normal or early retirement and based upon your credited service, average final compensation and the benefit accrual rate as of the date of termination, payable to you commencing at your otherwise normal or early retirement date, based on your actual years of credited service, provided you do not elect to withdraw your accumulated contributions and provided you survive to your otherwise normal or early retirement date in accordance with the following schedule:

Years of Service	Vested Percentage (%)
5	50%
6	60%
7	70%
8	80%
9	90%

For purposes of this section only, you may start drawing your vested accrued benefit at age 55. An early retirement deduction will be based on the years between age 55 and your early retirement date.

- (3) If you have 10 or more years of credited service upon termination, you shall be entitled to a monthly retirement benefit. The benefit shall be determined in the same manner as for normal or early retirement and shall be based upon your credited service, average final compensation and the benefit accrual rate as of the date of termination. The benefit shall be payable to you starting at your otherwise normal or early retirement date, based on your actual years of credited service, provided you do not elect to withdraw your contributions and provided you survive to your otherwise normal or early retirement date. If you do not withdraw your accumulated contributions and do not survive to your otherwise normal or early retirement date, your designated beneficiary shall be entitled to a

benefit as provided herein for a deceased member, vested or eligible for retirement under Death Before Retirement.

The Internal Revenue Code provides that certain eligible lump sum distributions from the pension plan may be directly rolled over into qualified individual retirement accounts, annuities or certain other pension plans. A 20% withholding shall be required on taxable portions of such lump sum distributions not directly transferred to a new custodian.

J. Reemployment After Retirement. If you retire under normal or early retirement and wish to be reemployed by the city, you should be aware that your ability to continue to receive your pension benefit upon reemployment may be restricted. While the plan may be permitted to make benefit payments to you if you are reemployed, in this event you may be subject to a 10% tax penalty, which penalty may continue until you attain age 59 ½, whether or not you continue to be employed by the City.

K. Additional Credited Service. In addition to credited service actually earned in the employment of the Police Department, you may also receive credited service as follows:

- (1) "Buy-Back" for Prior Police Service. The years or fractional parts of years that you previously served as a Police Officer with the City of Clermont during a period of previous employment and for which period accumulated contributions were withdrawn from the plan shall be added to your years of credited service provided that within the first 90 days of your reemployment you pay into the plan the withdrawn contributions with interest.

If, after 90 days from your reemployment you have failed to purchase credited service pursuant to the previous paragraph or if you served as a full-time paid police officer for any other municipal, county or law enforcement agency in the State of Florida, you will receive credited service only if:

- (a) You contribute to the plan a sum equal to:
  - (I) the amount that you would have contributed to the plan, based on your salary and the member contribution rate in effect at the time that the credited service is requested, had you been a member of the plan for the years or fractional parts of years for which you are requesting credit, plus
  - (ii) an additional amount to be determined by the Board's actuary so that there is no cost to the plan in giving you the additional years of credited service, plus
  - (iii) the amount charged by the actuary for determining the amount you must contribute.
- (b) Multiple requests to purchase credited service may be made at any time prior to retirement.
- (c) Payment of the required amount shall be made within 6 months of your request for credit, but not later than your retirement date, and shall be made in one lump sum payment upon receipt of which credited service shall be given, or you

may elect to make payment for the requested credited service over a period of time, as provided for in paragraph (g) below. If you are vested, you may use your share account balance to purchase this service. Transferred share account funds do not convert to member contributions.

- (d) The maximum credit under this subsection for service other than with the City of Clermont, when combined with the purchase of Prior Military Service shall be 5 years of credited service and shall count for all purposes, except vesting and eligibility for not-in-line of duty disability benefits. There shall be no maximum purchase of credit for prior service with the City of Clermont and such credit shall count for all purposes, including vesting.
  - (e) In no event, however, may credited service be purchased pursuant to this subsection for prior service with any other municipal, county or state law enforcement department, if such prior service forms or will form the basis of a retirement benefit or pension from a different employer's retirement system or plan.
  - (f) In addition to service as a Police Officer in this State, credit may be purchased in the same manner as provided above for federal, other state, county or municipal service if the prior service is recognized by the Criminal Justice Standards and Training Commission within the Department of Law Enforcement, as provided under Chapter 943, Florida Statutes, or you provide proof to the Board that such service is equivalent to the service required to meet the definition of a Police Officer.
  - (g) In lieu of the lump sum payment provided for in paragraph (c) above, you may elect to make payments by payroll deduction from each paycheck, over a period not to exceed 60 months, with interest at the actuarially assumed rate, in order to fully pay the amount provided for in paragraph (1)(a) of this subsection. Each payment made by payroll deduction shall be charged an administrative fee of \$0.98 by the City.
- (2) "Buy-Back" of Time Lost Due to Absences Authorized by the Family and Medical Leave Act. If you are absent on unpaid leave under the Family & Medical Leave Act, you may purchase lost credited service by making an actuarially determined contribution to the plan, such that there is no cost to the plan in allowing such credited service, within strict time periods provided for in the plan document.
- (3) "Buy-Back" for Military Service Prior to Employment. The years or fractional parts of years that you serve or have served on active duty in the military service of the Armed Forces of the United States, the United States Merchant Marine or the United States Coast Guard, voluntarily or involuntarily and honorably or under honorable conditions, prior to first and initial employment with the City Police Department shall be added to your years of credited service provided that:

- (a) You contribute to the plan a sum equal to:
  - (i) the amount that you would have contributed to the plan, based on your salary and the member contribution rate in effect at the time that the credited service is requested, had you been a member of the plan for the years or fractional parts of years for which you are requesting credit, plus
  - (ii) an additional amount to be determined by the Board's actuary so that there is no cost to the plan in giving you the additional years of credited service, plus
  - (iii) the amount charged by the actuary for determining the amount you must contribute.
- (b) Multiple requests to purchase credited service may be made at any time prior to retirement.
- (c) Payment of the required amount shall be made within 6 months of your request for credit, but not later than your retirement date, and shall be made in one lump sum payment upon receipt of which credited service shall be given or you may elect to make payment for the requested credited service over a period of time, as provided for in paragraph (e) below. If you are vested, you may use your share account balance to purchase this service. Transferred share account funds do not convert to member contributions.
- (d) The maximum credit under this subsection, when combined with the purchase of prior police service shall be 5 years and shall count for all purposes except vesting and eligibility for not-in-line of duty disability benefits.
- (e) In lieu of the lump sum payment provided for in paragraph (c) above, you may elect to make payments by payroll deduction from each paycheck, over a period not to exceed 60 months, with interest at the actuarially assumed rate, in order to fully pay the amount provided for in paragraph (3)(a) of this subsection. Each payment made by payroll deduction shall be charged an administrative fee of \$0.98 by the City.
- (4) Rollovers or Transfers of Funds to Purchase Service. In the event you are eligible to purchase additional credited service as provided above, you may be eligible to rollover or transfer funds from another retirement program in which you participate (traditional IRA, deferred compensation plan maintained by a government employer 457 plan, 401k plan, profit sharing plan, defined benefit plan, money purchase plan, annuity plan or tax sheltered annuity) in order to pay all or part of the cost of purchasing such additional credited service.

L. Contributions and Funding. The City is paying the portion of the cost of the pension plan over and above your contributions and all or a portion of the amounts received from the state insurance rebates, pursuant to a mutual consent agreement between the City and the Union. You contribute 5 % of your salary to the plan. Your contributions earn interest at the rate of 5% and

will be excluded from your gross income for withholding purposes so you will realize income tax benefits.

M. Maximum Benefits. In no event will the annual benefits paid from this plan exceed ~~\$265,000.00~~ ~~\$230,000.00~~ annually, subject to certain cost of living adjustments and actuarial reductions, under certain circumstances, prior to age 62 as set forth in Section 415 of the Internal Revenue Code.

If you began participation for the first time on and after January 1, 1980, you cannot receive a benefit in excess of 100% of your average final compensation. If you began participation prior to this date, you are not subject to the 100% limitation.

N. Forfeiture of Pension. If you are convicted of the certain crimes listed in the plan document committed prior to retirement, or if your employment is terminated by reason of your admitted commission, aid or abetment of these crimes, you shall forfeit all rights and benefits under the plan, except for the return of your contributions as of the date of your termination.

O. Conviction and Forfeiture; False, Misleading or Fraudulent Statements. It is unlawful for you to willfully and knowingly make, or cause to be made, or to assist, conspire with, or urge another to make, or cause to be made, any false, fraudulent, or misleading oral or written statement or withhold or conceal material information to obtain any benefit from the plan.

If you violate the previous paragraph, you commit a misdemeanor of the first degree, punishable as provided in Section 775.082 or Section 775.083, Florida Statutes.

In addition to any applicable criminal penalty, upon conviction for a violation described above, you or your beneficiary may, in the discretion of the Board, be required to forfeit the right to receive any or all benefits to which you would otherwise be entitled under the plan. For purposes of this subsection, "conviction" means a determination of guilt that is the result of a plea or trial, regardless of whether adjudication is withheld.

P. Claims Procedure Before the Board. You may request, in writing, that the Board review any claim for benefits under the plan. The Board will review the case and enter a decision as it deems proper within not more than 270 days from the date of the receipt of such written request, or in the case of a disability claim, from receipt of a medical release and completed interrogatories. The time period may be extended if you agree to the extension.

The Board's decision on your claim will be contained in an order which will be in writing and will include:

- (1) The specific reasons for the Board's action;
- (2) A description of any additional information that the Board feels is necessary for you to perfect your claim;
- (3) An explanation of the review procedure next open to you which includes a formal evidentiary hearing.

#### 4. NON-FORFEITURE OF PENSION BENEFITS

A. Liquidation of Pension Fund Assets. In the event of repeal, or if contributions to the plan are discontinued by the City, there will be a full vesting of benefits accrued to date of repeal.

B. Interest of Members in Pension Fund. At no time prior to the satisfaction of all liabilities under the plan shall any assets of the plan be used for any purpose other than for the Police Officers' exclusive benefit. In any event, your contributions to the plan are non-forfeitable.

5. **VESTING OF BENEFITS**

Your retirement benefits are partially vested after 5 years of credited service, and fully vested after 10 years of credited service (See subsection 3.I, above).

6. **APPLICABLE LAW**

The plan is governed by certain federal, state and local laws, including, but not limited to the following:

- A. Internal Revenue Code and amendments thereto.
- B. Chapter 185, Florida Statutes, "Municipal Police Officers' Retirement Trust Funds".
- C. Part VII, Chapter 112, Florida Statutes, "Actuarial Soundness of Retirement Systems".
- D. Ordinances of the City of Clermont.
- E. Administrative rules and regulations adopted by the Board of Trustees.

7. **PLAN YEAR AND PLAN RECORDS**

The plan year begins on October 1 of each year and ends on September 30 of the following year. All records of the plan are maintained on the basis of the plan year.

8. **APPLICABLE PROVISIONS OF COLLECTIVE BARGAINING AGREEMENTS**

There is a current collective bargaining agreement between the City and the Police Officers. Pension benefits can be bargainable.

9. **FINANCIAL AND ACTUARIAL INFORMATION**

- A. A report of pertinent financial and actuarial information on the solvency and actuarial soundness of the Plan is attached as Exhibit "B".
- B. A copy of the detailed accounting report of the plan's expenses for the previous fiscal year is available for review upon request to the plan administrator.
- C. A copy of the administrative expense budget for the plan, for each fiscal year is available for review upon request to the plan administrator.

10. **DIVORCE OR DISSOLUTION OF MARRIAGE**

Federal and state law provides certain restrictions regarding the payment of your pension benefits in the event of your divorce or dissolution of marriage. Immediately upon your involvement in such a legal proceeding, you should provide the Plan Administrator with the name and address of your attorney or your name and address if you have no attorney. The Board's attorney will then provide you or your attorney with information concerning the legal restrictions regarding your pension benefits. In addition, a copy of any proposed order must be submitted to the Board



prior to entry by the court. Failure to do so may require you to pay any expenses incurred by the Board in correcting an improper court order.

Effective January 1, 2019, changes in the federal tax laws have eliminated tax deductions for alimony if a marriage was dissolved or a property settlement agreement was made on or after January 1, 2019. Modifications to existing orders or agreements on or after January 1, 2019, may be tax deductible if both parties agree.

#### 11. **EX-SPOUSES AS BENEFICIARY OR JOINT PENSIONER**

The Florida Legislature has adopted Section 732.703, Florida Statutes. This law nullifies the designation of your ex-spouse as a Beneficiary or Joint Annuitant / Joint Pensioner on your pension plan retirement benefits. This law went into effect on July 1, 2012. This law contains several exceptions, including not changing the designation of your beneficiary or joint pensioner by Court Order.

After July 1, 2012, if you want your ex-spouse to be a beneficiary or joint annuitant/joint pensioner for your plan benefit, you will have to make that designation AFTER the dissolution of marriage. If you currently have an ex-spouse as a beneficiary or joint annuitant/joint pensioner, and want to keep this designation, you will have to designate the ex-spouse again after July 1, 2012.

To reconfirm your current beneficiary, or to designate a new beneficiary, complete a new Designation of Beneficiary Form (PF-3).

To reconfirm your current joint annuitant/joint pensioner, or to designate a new joint annuitant/joint pensioner (if authorized by the current plan provisions), indicate such change on a Change or Confirmation of Designated Joint Annuitant or Joint Pensioner Form (PF-25). If necessary, the plan administrator will submit the new form to the actuary of the plan for recalculation of your benefit. There may be a charge to you to make this change.

To obtain either of the above forms, or if you have any questions, please contact your plan administrator.

#### 12. **EXCLUSION OF HEALTH INSURANCE PREMIUMS FROM INCOME.**

When you retire because of disability or have worked to the date you are immediately eligible for normal retirement (not early retirement), you can elect to exclude from income, distributions made from your benefit that are used to pay the premiums for accident or health insurance or long-term care insurance. The premium can be for coverage for you, your spouse, or dependents. The distribution must be made directly from the plan to the insurance provider using pension form PF-22 which authorizes the distribution. (This form may be obtained from your plan administrator) You can exclude from income the smaller of the amount of the insurance premiums or \$3,000.00. You can only make this election for amounts that would otherwise be included in your income.

#### 13. **FEDERAL INCOME TAX CONSEQUENCES**

The Plan is intended to qualify under Section 401 of the Internal Revenue Code as a qualified plan. It is important that you consult qualified experts to determine whether you must pay taxes on the pension benefits you receive.

## **EXHIBIT "A" - BOARD OF TRUSTEES**

The names and addresses of the members of the Board of Trustees are:

Chairman: **Chris Martin** ~~Scott Tufts~~  
3600 US 27  
Clermont, Florida 34711

Secretary: John Baker  
3600 US 27  
Clermont, Florida 34711

Member: **G. Ross Hutto** ~~Chris Martin~~  
3600 US 27  
Clermont, Florida 34711

Member: **Jimmie Harper** ~~Mark Vitek~~  
3600 US 27  
Clermont, Florida 34711

Member: Jason Sayre  
3600 US 27  
Clermont, Florida 34711

## **PLAN ADMINISTRATOR**

Mr. J. Scott Baur  
Clermont Police Officers' Retirement Plan  
c/o Pension Resource Centers  
4360 Northlake Blvd., Suite 206  
Palm Beach Gardens, FL 33410

Business Phone: 561-624-3277  
E-mail: [Scott@resourcecenters.com](mailto:Scott@resourcecenters.com)

## EXHIBIT "B" - FINANCIAL AND ACTUARIAL INFORMATION

### Summary of Valuation Data

City/District Name: CLERMONT  
Employee group(s) covered: Police  
Current actuarial valuation date: 10/1/2021

Number of plan participants:	
Active participants	81
DROP participants	1
Deferred vested participants	9
Due a refund of contributions	26
Participants receiving a monthly benefit	26
TOTAL	143
Actuarial Value of Plan Assets:	28,764,225
Actuarial Accrued Liability (AAL):	23,026,826
Unfunded Accrued Liability (UAL):	0
Market Value of Plan Assets:	28,938,693
Funded Ratio:	154.67%
Rate of Return:	
Actuarial Value	20.50%
Market Value	20.89%
Assumed	7.00%
Percentage of payroll contributed by employee:	5%
AFC Averaging Period (years):	5