

City of Ft. Pierce

Police Officers' Retirement Trust Fund

Summary Plan Description

December 2020

Introduction

As a member in the Ft. Pierce Police Officers' Retirement Trust Fund (the "Plan"), you are included in a program of benefits to help you meet your financial needs in retirement, or in the event of disability or death. The purpose of this booklet is to give you a brief description of benefits available to you under your pension plan.

Planning for retirement begins now. This booklet can be a valuable tool in preparing for your retirement and financial future. If you need any further information on any of the topics presented in this booklet, please contact the Pension Administrator or the Board of Trustees (the "Board"). They will answer any questions to help you better understand your benefits.

The information presented is a summary of the Plan as provided in the City of Ft. Pierce Code of Ordinances which governs your Plan. The legal citation for your Plan is Chapter 13, Article IV, Division 2, Section 13-161 to Section 13-177, City of Ft. Pierce Code and this document includes changes through Ordinance 14-002 dated February 3, 2014. **Any discrepancies between information in this booklet and the Plan will be governed by the Plan.** A copy of the Plan can be obtained online at www.municode.com or from the Pension Administrator. Their address is:

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Telephone: 561-624-3277
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Board of Trustees
Ft. Pierce Police Officers' Retirement Trust Fund
Brian MacNaught, Chair
Daniel Flaherty, Secretary
James Grecco
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DEFINITIONS

Accumulated contributions - the total of all amounts contributed by a member to the Ft. Pierce Police Officers' Pension Fund.

Actuarial Equivalence - the actuarial present value of any benefit payable under the terms of this Plan in a form other than the normal form of benefit.

Average Salary - the monthly average of earnings during the best three (3) years of the last ten (10) years of employment.

Beneficiary - an individual, such as a spouse, child or dependent parent, who is to receive a survivor benefit from the Plan following the death of a member.

Board - the Board of Trustees which administers, manages and operates the Plan.

Credited service - A member's years of service as a Police Officer in Ft. Pierce Police Department or from effective date of Plan, whichever is later. Also includes those years which a member leaves employment to serve in the U.S. Military, provided the member reenters the service of the city as a police officer within twelve (12) months after the date of release from such military service, except that members who die or become disabled while serving on active duty military service shall be treated as though re-employed the day before the member became disabled or died, was credited with the service they would have been entitled to under this section, and then either died a non-duty death while employed or became disabled from a non-duty disability. Credited service is limited to 30 years.

Ft. Pierce Retirement System - Retirement System for Officers and Employees of Participating Employers.

Member - a Ft. Pierce Police Officer participating in the Plan.

Salary - the regular monthly salary paid to a Police Officer for services rendered.

PARTICIPATION IN THE PLAN

Each Police Officer employed in the City of Ft. Pierce Police Department is a Plan member. A Police Officer is any duly appointed and enrolled policeman in the regular full-time employ of the City.

ELIGIBILITY FOR NORMAL RETIREMENT

A Police Officer who either has 25 or more years of credited service or is age 55 with 10 years of service is eligible for normal retirement. An application for normal retirement must be filed with the Pension Administrator and approved by the Board.

AMOUNT FOR NORMAL RETIREMENT PENSION

The amount of a normal retirement pension is based on a member's credited service, average salary and pension multiplier.

Average salary is the average regular monthly salary of the member during the best three (3) years of the last ten (10) years of credited service. Salary is the regular monthly salary paid to a Police Officer for services rendered.

Credited service is generally a member's period of employment as a Police Officer in the Police Department of the City of Ft. Pierce, measured in years and fractional parts of a year. In certain circumstances, limited periods of military service may be recognized as credited service. Promptly contact the Pension Administrator if either situation applies and you have not already resolved the question.

The pension multiplier is 2.0% with a maximum monthly benefit of \$1,000.00 or 1%, with credited service limited to 30 years.

AMOUNT FOR EARLY RETIREMENT PENSION

A Police Officer who is age 45 with 10 or more years of service is eligible for early retirement. The early retirement benefits that are payable to a Police Officer are determined in the same manner as the normal retirement benefit but are actuarially reduced by 3% for each complete year by which the member's age at retirement precedes age 55 to take into account the Police Officer's younger age and the earlier commencement of retirement income payments. The maximum reduction is 30%. Benefits are not reduced if the member has 25 years of service. Alternatively, a Police Officer may receive benefits without reduction by waiting to begin payments until normal retirement age.

FORMS OF PAYMENT OF A PENSION

Normal Form

The standard form of payment for the pension described above is a benefit for ten years certain and life. Under this form of benefit, a retired member is paid a monthly pension for life. If after payments commence, the member dies before 120 payments have been made, then a beneficiary will be paid the remainder of the 120 payments. After 120 payments have been made, no further benefit is payable to the beneficiary.

When there is no beneficiary named, the benefit will be paid to the spouse, dependent children, or dependent living parents of the Police Officer, or if there is no such survivor, then to the deceased Police Officer's estate.

If a retired member has elected an option with a joint pensioner or beneficiary, and the retirement income benefits have begun, he or she may change the designate pensioner or beneficiary twice without the approval of the Board. The retired member shall file with the board of trustees a notarized notice of such change.

**IT IS IMPORTANT TO KEEP YOUR
BENEFICIARY DESIGNATION UP TO DATE**

SURVIVOR BENEFITS - DEATH BEFORE RETIREMENT

If a member who has 10 or more years of service dies prior to retirement, the member's beneficiary is entitled to the benefits otherwise payable at early or normal retirement age in a lump sum, actuarially reduced.

If no pension is paid or will become payable on account of the death of a member, the member's accumulated contributions with interest are paid to the member's designated beneficiary or to the member's estate if there is no designated beneficiary.

DISABILITY RETIREMENT

A pension may be payable to a member who has 10 years of credited service and who becomes disabled while employed in the Police department as a Police Officer.

Duty Disability

The benefit provided to members who become disabled in the line of duty shall, when combined with the benefit provided by the Plan, be actuarially equivalent to a retirement annuity of at least two percent (2%) of average monthly salary per year of service guaranteed for ten years certain and life.

Non-Duty Disability

The benefit provided to members who become disabled while off duty shall, when combined with the benefit provided by the Plan, be actuarially equivalent to a retirement annuity guaranteed for ten years certain. This benefit is payable only if the member has 10 years of service.

In the event a member becomes totally and permanently disabled after 10 or more years of service, then the member is entitled to the payout of this benefit in a lump sum.

The disability must arise from a mental or physical illness, disease or injury which totally and permanently prevents the member from performing useful and efficient service as a Police Officer in the Ft. Pierce Police Department. No Police Officer shall be permitted to retire under a disability retirement until examined by a duly qualified physician or surgeon to be selected by the Board and the physician or surgeon finds the member to be disabled from performing the functions of a Police Officer. The final determination of disability is made by the Board.

If disability results from excessive and habitual use of drugs, intoxicants or narcotics, willful and illegal participation in fights, riots or civil insurrection, or while committing a crime, or injury or disease sustained while serving in an armed force, no disability pension can be awarded.

A member who is retired for disability may be required to undergo periodic medical examination under the direction of the Board to determine if the retired member is capable of performing the duties of a Police Officer in the Department.

There is no non-duty disability pension if a Police Officer's credited service is less than 10 years. In that event, accumulated contributions are refunded.

ENDING EMPLOYMENT BEFORE RETIREMENT

If a member with less than 10 years of credited service quits or is fired from employment as a Ft. Pierce Police Officer, the member shall be entitled to refund of contributions without interest. Should a member who took a refund of contributions, be rehired by the Department, the member has only 90 days from re-employment to repay the contributions to reinstate the service. After that this service cannot be restored.

If a member has at least 10 years of credited service when employment as a Police Officer terminates, the right to a deferred normal retirement is retained so long as accumulated contributions are left on deposit in the Plan. The amount of deferred normal retirement pension is calculated using average monthly earnings and credited service at the time of termination of employment as a Police Officer. Normal retirement and payment of a pension is available upon application on or after age 45. The amount of pension payable before age 55 is subject to early retirement reduction.

FILING FOR RETIREMENT

In order to ensure that you receive your pension on time, you should file your application with the Pension Administrator at least 30 days before retirement. All forms can be obtained from the Pension Administrator at the address on the Introduction page. Penalties will be imposed for making a false or misleading statement to obtain a pension benefit. It can take up to 60 days after your date of retirement to receive your first pension check.

CLAIMS REVIEW PROCEDURE

Any member, former member, or beneficiary who has been denied a benefit by a decision of the Board shall be entitled to request in writing that the Board give further consideration to the claim. This request, together with a written statement of the reasons why the claimant believes his/her claim should be allowed, shall be filed with the Board no later than 20 days after receipt of the written notification of the denial.

The Board shall then conduct a hearing within the next 45 days. Written notice of the hearing will be sent by certified mail, to the claimant 10 days prior to the hearing, at the address listed on the written appeal.

The claimant may be represented at the hearing by an attorney or other representative of his/her choosing. During the hearing the claimant shall have the opportunity to submit written and oral evidence and arguments in support of his/her claim. The claimant shall also have the opportunity to review the Board's file at or prior to the

hearing. Either the claimant or the Board may request that a court reporter record the proceedings. In this event a complete written transcript of the proceedings shall be furnished to both parties at the expense of the party requesting the attendance of the court reporter.

A final written decision shall be made by the Board within 10 days of the appeal hearing, unless there has been an extension granted. The communication shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based.

BENEFIT FORFEITURE

Any member who is convicted of any of the below offenses committed prior to retirement shall forfeit all rights and benefits under this Plan, except for a refund of accumulated contributions. The specified offenses are:

- (1) Committing, aiding or abetting of an embezzlement of public funds;
- (2) Committing, aiding or abetting of any theft by a public officer or employee from employer;
- (3) Bribery in connection with the employment of a public officer or employee;
- (4) Any felony specified in Chapter 838, Florida Statutes;
- (5) The committing of impeachable offense;
- (6) The committing of any felony by a public officer or employee who, willfully and with intent to defraud the public or the public agency for which the public officer or employee acts or in which he or she is employed of the right to receive the faithful performance of his or her duty as a public officer or employee, realizes or obtains, or attempts to realize or obtain, a profit, gain, or advantage for himself or herself or for some other person through the use or attempted use of the power, rights, privileges, duties, or position of his or her public office or employment position;
- (7) The committing on or after October 1, 2008, of any felony defined in §800.04, Florida Statutes, against a victim younger than 16 years of age, or any felony defined in Chapter 794, Florida Statutes against a victim younger than 18 years of age, by a public officer or employee through the use or attempted use of power, rights, privileges, duties, or position of his or her public office or employment position.

Any member who has received benefits from the Plan in excess of his accumulated contributions shall be required to repay the Plan. The Board may implement legal action necessary to recover such funds.

Additionally, a member who makes a false or misleading statement to obtain retirement benefits shall commit a misdemeanor of the first degree and if convicted, the member shall forfeit his/her benefit.

DEFERRED RETIREMENT OPTION PLAN (DROP)

A member may elect DROP participation prior to completing 27 years of credited service if the member is eligible for normal retirement. DROP participation ends when any one of the following events occurs: (i) termination of employment; (ii) completion of 30 years of credited service or (iii) completion of 5 years of participation in the DROP. Upon entry into the DROP, the member will provide an irrevocable letter of resignation effective not more than 60 months after entry in DROP. DROP members are not entitled to disability or pre-retirement death benefits.

Upon the effective date of DROP participation, a member's pension amount is calculated based on credited service and final average salary at that time and the amount remains permanently frozen. The member's DROP account is credited with monthly amounts equal to the frozen pension during the period of DROP participation. DROP accounts are credited with net investment earnings during the DROP period based upon the earnings of the Plan as a whole or the rate of return for the Vanguard Prime Money Market Fund (VMMXX). Investment earnings and monthly credits are suspended at the end of the DROP period if the member continues working.

DROP members must elect distribution at termination of employment.

COST OF THE PLAN

Members are required to contribute: 3.5% of salary through May 1, 2011; 4.5% of salary through the first full pay period following October 1, 2011; and 7% of salary thereafter. Contributions are deducted from each paycheck and credited to the Plan account.

ADMINISTRATION OF THE PLAN

The Plan is administered by a Board which is responsible for overseeing the investment of Plan assets and application of the provisions of the Plan Ordinance. The Board has authority over distribution of all pensions and makes final decisions on claims and appeals. Five trustees comprise the Board: two legal residents of the City appointed by the City Commission, two full-time Police Officers elected by Plan members and a trustee chosen by the majority of the other four trustees.

Plan assets are maintained and invested entirely separate from City assets and cannot be used for any purpose other than those specified in the Plan Ordinance.

The current members of the Board are:

Brian MacNaught, Chair
Daniel Flaherty, Secretary
James Grecco
Frank Amandro
Carlos Villanueva

INVESTMENTS

The assets of the Plan are presently invested by Investment Managers hired by the Board and mutual fund investments, both are managed in accordance with investment guidelines adopted by the Board in consultation with their investment advisors. The current Investment Managers are:

- C.S. McKee - Fixed Income and Small Cap
- Vanguard Mid-Cap
- Vanguard REIT
- SPDR Barclays Cap Convertible
- WHV International
- American Funds International

ACTUARIAL SOUNDNESS

The actuary for the Plan has determined that the Plan is actuarially sound and can adequately fund the benefits based upon projected contributions to the Plan and investment earnings.

DIVORCE OR DISSOLUTION OF MARRIAGE

Federal and State law provide 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 Board with the name and address of your attorney or your name and address if you have no attorney. The Plan's attorney will then provide you or your attorney with information concerning the legal restrictions regarding your pension benefits. 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.

FEDERAL INCOME TAX CONSEQUENCES

The Plan is intended to qualify under Section 401 of the Internal Revenue Code as a qualified pension plan. Distributions made to you under the Plan constitute taxable income. It is important that you consult qualified experts to determine whether or not you must pay taxes on the pension benefits you receive.

AGENT FOR SERVICE OF LEGAL PROCESS

Board of Trustees
% Bonni S. Jensen
Klausner, Kaufman, Jensen & Levinson
7080 NW 4th Street
Plantation, Florida 33317

PLAN YEAR

The Plan year is the twelve month period beginning each October 1. Records are kept on a fiscal year basis.

COLLECTIVE BARGAINING

Members in the Plan are represented by Coastal Police Benevolent Association and are covered by a Collective Bargaining Agreement (CBA). No section of the CBA refers specifically to this Plan.

EXHIBIT B

PERTINENT ACTUARIAL INFORMATION

	September 30	
	2019	2018
Number of Members of the Plan		
Active Employees	108	114
Those Receiving or Due to Receive Benefits	46	38
Annual Payroll of Active Members as of Valuation Date	\$ 7,563,649	\$ 7,346,922
Annual Rate of Benefits in Pay Status	784,494	584,396
Actuarial Accrued Liability	16,632,967	15,100,620
Net Assets Available for Benefits (Actuarial Value)	14,894,605	13,877,052
Unfunded Actuarial Accrued Liability	1,738,362	1,223,568
Anticipated Contribution Revenue for FY 2020;		
Actual Contribution Revenue for FY 2019	<u>FY 2020</u>	<u>FY 2019</u>
Member Contributions	529,455	569,137
State Contributions	402,063	402,063
Amount from Excess Contribution Reserve	<u>(125,233)</u>	<u>(145,138)</u>
Total	806,285	826,062
Total Required Contribution		
For Year Ending	9/30/2020	9/30/2019
Dollar Amount	806,285	826,062
As % of Annual Payroll	10.66 %	10.16 %

RECONCILIATION OF PLAN ASSETS

Item	September 30	
	2019	2018
A. Market Value of Assets at Beginning of Year	\$ 14,854,664	\$ 13,973,711
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 569,137	\$ 502,051
b. City Contributions	-	-
c. State Contributions	402,063	367,113
d. Other	-	-
e. Total	\$ 971,200	\$ 869,164
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 448,061	\$ 468,132
b. Realized Gains/(Losses)	1,632,085	283,086
c. Unrealized Gains/(Losses)	(1,286,087)	97,172
d. Investment Expenses	(70,218)	(68,371)
e. Net Investment Income	\$ 723,841	\$ 780,019
3. Benefits and Refunds		
a. Regular Monthly Benefits	\$ (604,266)	\$ (533,929)
b. Lump Sum Distributions	-	-
c. Refunds of Contributions	(39,638)	(95,647)
d. DROP Account Distributions	(92,932)	(103,576)
e. Total	\$ (736,836)	\$ (733,152)
4. Administrative and Miscellaneous Expenses	\$ (39,355)	\$ (35,078)
C. Market Value of Assets at End of Year	\$ 15,773,514	\$ 14,854,664
D. Reserves		
1. State Contribution Reserve	\$ (279,498)	\$ (279,498)
2. DROP accounts	(139,016)	(147,091)
3. Total Reserves	\$ (418,514)	\$ (426,589)
E. Market Value Net of Reserves	\$ 15,355,000	\$ 14,428,075