

**CITY OF LAKE WORTH
FIREFIGHTERS' PENSION TRUST FUND
(DIVISION I PENSION)**



SUMMARY PLAN DESCRIPTION

Updated Effective 10/2023

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CITY OF LAKE WORTH FIREFIGHTERS' PENSION TRUST FUND

INTRODUCTION

This document is intended to be a plain language summary of the administration and benefits provided by the City of Lake Worth Firefighters' Pension Trust Fund.

This summary is not the official plan document and your actual benefits are governed by the appropriate provisions of the actual statutes, charter provisions and ordinances which create this Plan, the Lake Worth City Code, and Chapters 112, Part VII and Chapter 175, Florida Statutes. If there is any conflict between those legislative provisions and this summary, the legislative provisions control. Nothing in this document is intended to nor does it create a contract for benefits greater than that provided by law.

Any questions you have regarding your rights or benefits under this Plan should be directed to the Pension Board's third party administrator, the Pension Resource Center, whose address and telephone number are:

Pension Resource Center, LLC
4360 Northlake Blvd., Suite 206
Palm Beach Gardens, FL 33410
Phone: 561-624-3277
Fax: 561-624-3278

WHAT IS THE OFFICIAL NAME OF THE PLAN?

The official name of the Plan is The City of Lake Worth Firefighters' Pension Trust Fund, but the Plan is commonly referred to as the Division I Pension (hereinafter the Pension "Plan").

WHAT TYPE OF PLAN IS THIS?

This is a defined benefit plan. This means the amount of benefits that you receive is a percentage of your salary multiplied by years of service in the Fire Department. Money is contributed to the Fund by you and by the City. Insurance premium rebate monies from the State of Florida pursuant to Chapter 175, Florida Statutes, are deposited in a separate plan, the Division II Pension. Under Florida law, the City is ultimately responsible for making certain that the Plan is actuarially sound.

HOW IS THE PLAN ADMINISTERED?

The Plan is administered by a five member Board of Trustees. As the number of active firefighters has fallen below 10, two of the Trustees are now active and/or retired firefighters who are elected by all of the Participants of the Plan; two Trustees are appointed by the City Commission and must be legal residents of the City; and a fifth member is appointed by the other four.

The fifth member need not be a resident of the City.

The Board of Trustees is responsible for directing the investment of the assets of the Pension Fund to ensure that there will be adequate monies for future benefits. Those investments are actually managed by professional money managers whose performance is monitored by investment professionals on a quarterly basis to ensure that you are receiving a proper return on the investment of your pension monies.

The Fund employs a professional actuary who helps determine the cost of future benefits; accountants who determine the proper allocation of monies; and an attorney with expertise in the area of public pension law to advise the Board of Trustees. With the assistance of these professionals, the Board of Trustees is responsible for interpreting and applying the pension ordinance and for determining eligibility on all benefit claims.

The Trustees serve a two year term and are eligible for re-election or re-appointment. The Trustees receive no compensation for their service, and they only receive reimbursement for costs, including expenses for travel for educational activities on behalf of the Fund. In order to keep up on the latest trends in pension management, Trustees regularly attend schools and seminars pertaining to the management of pension funds for public employees.

The current Board of Trustees are:

Barry Ruf, Chairman
Richard Seamon, Secretary
Kevin Carson, Trustee
Valerie Hurley, Trustee
Theodore McMorrough, Trustee

In accordance with Florida law, the Chairman is the registered agent for service of process and his business address is:

Bary Ruf, Chairman
Lake Worth Firefighters Pension Trust Fund
c/o Pension Resource Center, LLC
4360 Northlake Blvd., Suite 206
Palm Beach Gardens, FL 33410

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

WHO ADMINISTERS THE PLAN?

The Plan employs a third party administrator, the Pension Resource Center, whose address is:

Pension Resource Center
4360 Northlake Blvd., #206
Palm Beach Gardens, FL. 33410
www.resourcecenters.com

561-624-3277

The day-to-day record-keeping functions of the Plan are the responsibility of the Pension Resource Center. All records and books of the Plan, except medical records, are available for public inspection at the office of the Pension Administrator.

WHAT ARE THE LEGAL DOCUMENTS CREATING THE PLAN?

The Plan arises out of Chapter 16 of the Lake Worth City Code, Chapter 112, Florida Statutes and Chapter 175, Florida Statutes, which provides a system for the taxation of property insurance policies covering property located within the City of Lake Worth.

WHAT IS REQUIRED TO PARTICIPATE IN THE PLAN?

The Plan is a closed plan effective October 1, 2009. It covers those active firefighters that elected to stay in the Plan after the merger of fire services between the City and Palm Beach County. A firefighter is any person employed full time, who is certified as a firefighter as a condition of employment in accordance with the provisions of Florida Statutes, Section 633.35, and whose duty is to extinguish fires, to protect life, and protect property. This definition includes all supervisory and command personnel whose duties include, in whole or in part, the supervision, training, guidance, and management responsibilities of full time firefighters.

WHAT MUST I CONTRIBUTE TO THE PLAN?

Each active member of the Plan contributes 11.25% of their salary to the Plan. This contribution is accomplished through what is known as a "pick up" plan. A pick up plan provides for

the withdrawal from an employee's pay of the 11.25% contribution prior to the time that the pay is subjected to federal income taxation. The money is then placed directly in the Plan on behalf of the employee by the City.

The purpose of the pick up plan is to allow an employee to defer taxation on the 11.25% contribution until such time as an employee actually receives a pension. The pick up plan is authorized pursuant to City Ordinance and the provisions of Section 414(h)(2) of the Internal Revenue Code. The pick up plan has been in operation since October, 1991.

Contributions made to the Plan prior to October, 1991, which have already been taxed, will be received by an employee as a portion of the regular pension payment upon retirement. Those contributions will be tax exempt as a pro rata share of each month's pension payment.

In June of 2006, the Plan was amended to increase the multiplier to three and three quarters percent (3.75%) of average final compensation. At that time, a total of one thousand forty-four (1044) hours of retained leave is treated as pensionable for purposes of calculating a member's pension benefit, but only at the three percent (3%) rather than three and three quarters percent (3.75%) multiplier level. The one thousand forty-four (1044) hour pension cap on retained leave is based on a maximum of six hundred sixty (660) hours of retained sick leave and

three hundred eighty-four (384) hours of retained vacation leave.

In order to fund the higher benefit and to provide for cost neutrality for the City, the membership agreed as follows: An amount equal to \$343,882 of Chapter 175 premium tax money will be paid annually to the Plan. The actuary for the Plan shall evaluate the impact of the higher multiplier on an annual basis. If in any year the actuary determines that the sum of \$343,882 is inadequate to fund the higher multiplier, the cost shall be paid from the following funding sources in the order set forth below: (1) forfeitures from Division II, (2) investment earnings from Division II, (3) payment by members of Division II Share Accounts balances to the Division I plan pro-rata based on the account balances at the beginning of the fiscal year, and (4) increased member contributions above the current eleven and one quarter percent (11.25%) contribution rate.

WHAT BENEFITS DO I RECEIVE FROM THE FUND?

The Pension Fund provides for three types of retirement: normal service retirement, early service retirement, and disability retirement. In order to receive service retirement benefits from the Plan, you must be vested. The Plan requires ten years of service for a member to vest.

Normal Retirement: A member is eligible for normal service retirement when the member's age, calculated in complete months,

plus the member's years of service, also calculated in complete months, equals 900 months (75 years). A member may also retire upon the attainment of age fifty-five (55) with ten (10) years of service or upon the completion of twenty (20) years of service, regardless of age.

Early Retirement: A member is eligible for early retirement upon the attainment of age fifty (50) with ten (10) years of service. The early retirement benefit will be actuarially reduced by three percent (3%) for each year that the member's early retirement precedes the member's normal retirement date.

Vested Retirement: If a member completes ten (10) years of credited service and separates from employment prior to the attainment of age fifty (50), the member must decide whether to receive an early retirement benefit or defer payment until normal retirement age. If the member decides to commence payment on the member's early retirement date, the benefit will be reduced by three percent (3%) for each year by which the starting date of the benefit precedes the normal retirement date. Alternatively, a member may receive a deferred retirement benefit by waiting to receive a pension benefit until the member reaches normal retirement age of fifty-five (55). This deferred benefit will not be subject to the three percent per year early retirement reduction.

Normal Retirement Benefit: If you reach normal retirement age and have attained a vested interest in the Plan, you are entitled to a retirement benefit of three percent (3%) of your average final compensation for each year of credited service. This three percent per year "multiplier" applies to all active members employed on or after October 1, 2002. Pension payments are made in twelve (12) monthly installments per year. For all members retiring or entering the DROP on or after April 1, 2006, the Plan was amended to increase the retirement benefit to three and three-quarters percent (3.75%) of average final compensation for all years of service.

Average final compensation: Your benefit is computed based on your average final compensation, which is calculated by combining the two (2) highest earning years of the last five (5) years preceding retirement and dividing by two.

Variable Cost of Living Adjustment (COLA): The Pension Plan was amended in 1997 to create a variable cost of living adjustment (COLA), paid in the form of a 13th check. If the Plan enjoys a net actuarial gain, the Trustees, with the advice of the Plan's actuary, will pay the 13th check in December. The payment of this benefit is not guaranteed in any particular year and is dependent on the financial success of the Plan. If a 13th check is payable for the year, the benefit shall be paid in equal amounts to all retirees based on the actuarial gain determined by

the actuary.

Disability Benefits: If a member becomes disabled prior to receiving either a normal or early service retirement benefit, disability benefits are available under the Plan.

If a member becomes permanently and totally disabled from useful and efficient service as a firefighter as the result of an accident, illness, or injury arising in the line of duty (with certain exclusions, including drug and alcohol abuse), a member is entitled to a disability pension which is the greater of the employee's then accrued benefit or fifty percent (50%) of the employee's average final compensation. If a member recovers from disability and returns to service, credit in the Plan will be restored for time spent on disability.

If a member is injured outside the line of duty, the member is eligible for a non-service connected disability retirement which is equal to the member's accrued benefit. A member must have at least ten (10) years of service in order to receive a non-service connected disability, but there is no time of service requirement to receive a service-connected disability.

Disability benefits afforded under the Plan will be offset by Worker's Compensation benefits to the extent that the two benefits do not exceed one hundred percent (100%) of the employee's average monthly wage, but reductions to a pension

shall not fall below forty-two percent (42%) for a service-connected disability or twenty-five percent (25%) for a non-service connected disability.

WHAT IS A DROP?

Your Pension Fund has created a Deferred Retirement Option Plan (DROP) which offers the active member an opportunity, prior to retirement, to keep working and accumulate pension benefits at the same time.

Once an active member has attained the age of fifty-five 55 and has at least ten (10) years of creditable service, or has at least twenty (20) years of creditable service irrespective of age, the member can exercise the option to DROP. The member submits an application to DROP to the Pension Board and all rights in the Pension system are frozen as of that time.

The member's service pension is calculated by the Fund's actuary as if the member had actually retired and separated from service on the date of entry into the DROP. The member however keeps working for Fire Rescue for up to seven (7) years. The pension payments which the member would have received had he or she actually separated from service are deposited into an account for the member's benefit and are invested as part of the Fund. The member ceases making contributions to the Fund during his or her DROP participation and is no longer eligible for any increase

in pension benefits. Entry into the DROP is irrevocable once made. At the end of participation in the DROP, and not more than seven (7) years after entry into the DROP, the member must actually separate from service. Upon separation the firefighter is eligible to receive the proceeds of his or her DROP account together with any interest earnings. The firefighter also begins to receive his or her monthly service pension on the first day of the month following his or her actual separation from service.

WHAT IF I DIE BEFORE I RETIRE?

If a member dies prior to retirement, benefits are payable to surviving beneficiaries. In the case of a duty-connected death, a member's contributions are returned; one-third (1/3) of the member's salary is paid to the spouse, up to one-quarter (1/4) of the member's salary is paid to each dependent child with a maximum of one half (1/2) of the member's salary being paid to the decedent's children, or if there is no spouse or children, then up to one sixth (1/6) of the member's salary to each dependent parent. Payments to a spouse continue for the life of a spouse, payments to surviving minor children continue until the child attains the age of majority, dies, marries, or is otherwise emancipated.

If a member dies other than in the line of duty and has ten

(10) years of service, there will be a refund of contribution or the payment of an accrued benefit to a surviving spouse as designated by the member prior to death, as if the member had retired on the date of death and elected a survivor option.

If a member dies while participating in DROP, irrespective of the cause of death, the member is presumed to have separated from service on the date of death and the proceeds of the member's DROP account are paid to the member's designated beneficiary and pension payments are made in accordance with the survivor option elected by the member prior to death.

HOW DO I RECEIVE MY RETIREMENT BENEFIT?

When a member retires various benefit options are available.

Ten Year Certain and Life: The standard form of retirement is known as a "Ten Year Certain and Life" pension. This means that a member is guaranteed one hundred twenty (120) monthly payments, regardless of whether the member dies prior to the one hundred twentieth (120th) payment. If death occurs within the ten (10) year period, the remaining payments are paid in accordance with the beneficiary designation of the member. If a member is still alive after the payment of the one hundred twentieth (120th) pension check, the pension continues for the life of the member, but there is no survivorship benefit paid to a spouse or any other beneficiary.

Optional Forms of Benefit:

For various reasons, a member may decide to elect one of the optional forms of benefit rather than the ten year certain and life option.

Single Life Annuity: Members may elect the optional "Life Only" pension, payable as an actuarially calculated larger monthly benefit. This means that a member's pension will continue for his or her life, but upon the member's death the pension ceases. Under this option there is no minimum payment guarantee and there is no survivor benefit. This option is also referred to as a "Single Life Annuity", which is payable only during the member's lifetime.

Joint and Survivor Options: Another optional form of retirement benefit is known as a "Joint and Survivor" pension. This means that a member receives a slightly reduced monthly pension, but leaves a specific percentage of the base pension benefit to a designated survivor (referred to as the member's "Joint Annuitant"). The options for the joint survivor pension are to leave a 50% benefit, sixty-six and two-thirds percent (66-2/3%) benefit, seventy-five percent (75%) benefit, or one hundred percent (100%) benefit to the member's joint annuitant.

Level Income Pension: The final optional form of retirement benefit is referred to as the "Level Income" option. Under this

option the member receives a larger monthly amount, which is payable until age sixty-five (65). After attainment of age sixty-five (65), the benefit is reduced upon the initiation of the primary Social Security benefit. This option is intended to provide an advance payment of a portion of the member's Social Security benefit. Upon reaching the age at which the primary Social Security benefit is payable, the monthly pension is reduced by the entire amount of the Social Security payment. Because this can result in a substantial reduction in the member's benefit in a later period in life, members should carefully review this option to determine whether it is appropriate and in their personal financial interest.

The consent of a firefighter's joint pensioner or beneficiary is not required for the selection of any option. A firefighter may replace a designated beneficiary, provided that the joint pensioner is in good health at the time of removal and the amount of the retirement paid to the newly designated beneficiary does not exceed the amount which would have been paid to the beneficiary being replaced. The consent of the Board of Trustees is required regarding these changes.

If a designated beneficiary or joint pensioner dies before the firefighter has retired, the selected option is cancelled and the retirement income automatically converts to the (ten) 10 year certain, unless the firefighter designates a new beneficiary

prior to retirement and within ninety (90) days of the death of the beneficiary.

If a firefighter leaves service with less than ten (10) years of credited service, all accumulated contributions are returned to the member. If the member earns ten (10) years of credited service and then leaves the Fire Department, the member may receive either a return of contributions or an accrued benefit with payment beginning at age fifty (50). A member is considered "vested" upon the completion of ten (10) years of credited service.

ARE BENEFITS IN THIS PLAN FORFEITABLE?

As discussed above, if you separate from service before you vest, you will not receive any benefits from the Plan, although you are entitled to a refund of your contributions. In addition, benefits are forfeitable pursuant to the provisions of Section 112.3173, Florida Statutes, which provides for the forfeiture of retirement benefits of persons convicted of specific offenses.

ARE MY PENSION BENEFITS SUBJECT TO CLAIMS FOR ALIMONY, CHILD SUPPORT OR ANY OTHER CREDITOR?

Under state law and local ordinance, this Plan is exempt from claims of creditors. The only exception is a court award of child support or alimony. Under Florida's laws, there is a specific exemption permitting these payments to be made from the

Fund.

In a divorce proceeding, a court can order a firefighter to pay a portion of his or her benefits to a spouse once that benefit is received. Once pension monies are actually paid to a retiree, the pension money is no longer exempt from attachment or claim by any creditor.

ARE MY PENSION BENEFITS TAXABLE?

Service retirement payments and non-duty disability pensions are taxable as ordinary income. The retiree will receive a tax form from the Pension Fund at the end of each January reporting the income received in the prior year. Service-connected disability retirement pensions, coordinated with Worker's Compensation, are generally considered to be tax exempt. For specific tax advice you should consult a qualified tax expert.

HOW DO I APPLY FOR BENEFITS?

Application for service retirement benefits is made by filing an application form with the Pension Administrator. Application for disability retirement requires the completion of a disability application and submission to such medical exams as may be determined by the Board. All applications may be obtained from the Administrator, the Pension Resource Center.

If a member is dissatisfied with any benefit application

brought before the Board, the member has the opportunity to appeal that decision within thirty (30) days of the date of the Board's written decision. The procedure for an appeal requires the member to file a petition for common law certiorari in the circuit court of Palm Beach County.

ON WHAT BASIS ARE PLAN RECORDS KEPT?

The Board keeps accurate and detailed accounts of all investments, receipts, disbursements, and other transactions pertaining to Fund property. The Board's Administrator keeps a record of all its proceedings and they are available for public inspection. The Board's meetings are open to the public, under the Government In The Sunshine Law.

ARE THERE COLLECTIVE BARGAINING AGREEMENTS THAT GOVERN THE PLAN?

From time to time, the IAFF and the County/City may negotiate Plan changes. Any contract provision must be made effective by changing the ordinances which govern this Plan.

WHAT IF I HAVE FURTHER QUESTIONS REGARDING MY BENEFITS?

All questions should be directed to the Pension Administrator, the Pension Resource Center. Members may also present any questions at the quarterly Pension Board meetings.

SUMMARY

The foregoing Summary Plan Description has been designed to help answer some of your questions about how your Pension Plan is organized and managed. The final authority on any interpretation of the Pension Plan, however, is the actual legislation which created the Plan. In the event of any conflict between this booklet and those laws, the provisions in law control. In the case of the City of Lake Worth, the ordinances are found in Chapter 16, Article 3 of the Code of the City of Lake Worth.

PERTINENT ACTUARIAL INFORMATION AS OF OCTOBER 1

	2023	2022
Number of Members of the Plan		
Actives (Current Employees)	1	1
Inactives (Service and Disability Retirees, Beneficiaries and Vested Terminated Employees)	64	65
DROP Participants	6	6
Annual Payroll of Active Members	\$133,913	\$129,235
Annual Rate of Benefits in Pay Status & DROP	4,233,583	4,234,018
Entry Age Normal Actuarial Accrued Liability	46,745,135	47,405,231
Net Market Value of Assets Available for Benefits	33,384,790	30,233,817
Required City and Division II Contribution to be Made to the Plan Over and Above Contributions by Members of the Plan:	3,744,993	3,622,350
Required Contributions as % of Payroll of Active Members	2,798.38 %	2,670.66 %
Required Contribution to be Paid During Year Ending	9/30/2025	9/30/2024

Reconciliation of Plan Assets		
Item	September 30	
	2023	2022
A. Market Value of Assets at Beginning of Year	\$ 49,321,196	\$ 58,949,730
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 14,591	\$ 17,436
b. Employer Contributions (including PBSO)	3,610,456	3,634,387
c. State Contributions (Division II)	21,645	15,180
d. Rollover Contributions	11,343	316,920
e. Purchased Service Credit	-	-
f. Other Income	-	-
g. Total	\$ 3,658,035	\$ 3,983,923
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 2,240,416	\$ 3,849,823
b. Net Realized Gains (Losses)	(6,341,129)	(239,593)
c. Net Unrealized Gains (Losses)	8,884,160	(12,610,339)
d. Investment Expenses	(181,561)	(166,066)
e. Net Investment Income	\$ 4,601,886	\$ (9,166,175)
3. Benefits and Refunds		
a. Regular Monthly Benefits	\$ (3,760,909)	\$ (3,703,570)
b. DROP Distributions	(1,209,900)	(654,400)
c. Refunds of Member Contributions	-	-
d. Total	\$ (4,970,809)	\$ (4,357,970)
4. Administrative and Miscellaneous Expenses	\$ (101,298)	\$ (88,312)
5. Transfers	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 52,509,010	\$ 49,321,196
D. Reserves		
1. State Contribution Reserve	\$ -	\$ -
2. DROP Accounts	(19,124,220)	(19,087,379)
3. Total Reserves	\$ (19,124,220)	\$ (19,087,379)
E. Market Value Net of Reserves	\$ 33,384,790	\$ 30,233,817