

**CITY OF MIAMI SPRINGS POLICE AND FIREFIGHTERS'
RETIREMENT SYSTEM**

SUMMARY PLAN DESCRIPTION

Prepared August 5, 2021

INTRODUCTION

The City of Miami Springs (the “City”) has established a defined benefit pension plan to provide eligible employees with retirement and related benefits.

This document is intended to be a plain language summary of the benefits provided by the City of Miami Springs Police and Firefighters Retirement System (the “Plan”).

This summary is not a legal document and any precise questions regarding your benefits are governed by the provisions of the City of Miami Springs Code of Ordinances Chapter 35, Florida Statutes Chapter 112, Part VII and Chapter 286. If there is any conflict between these legislative provisions and this summary, the legislative provisions will control. This summary has been updated through ordinance 1119-2020, dated May 10, 2021.

Any questions you have regarding your rights or benefits under the Plan should be directed to the Plan Administrator whose name, address and telephone number are listed in this summary.

We urge you to read and understand this summary in order to become familiar with the benefits of the Plan, how they contribute to your financial security and how they will enrich your retirement years.

Pete Baan

CHAIR, BOARD OF TRUSTEES

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**Exhibit A provides a listing of the Plan's Board of Trustees and the Plan's service providers*

GENERAL INFORMATION ABOUT YOUR PLAN

There is certain general information members may need to know about their Plan. This general information is summarized below.

Name of Plan

The name of the Plan is *City of Miami Springs Police and Firefighters' Retirement System*.

Plan Sponsor

The Plan Sponsor is the *City of Miami Springs*.

Plan Administrator

The Board of Trustees is the Plan Administrator. The Board of Trustees has hired the *Pension Resource Center, LLC* to administer the day-to-day business of the Plan.

Designated Agent for Service of Legal Process

The Chair of the Board of Trustees is the designated agent for service of legal process.

Type of Administration

The Plan Administrator, which is the Board of Trustees, is responsible for the overall administration of the Plan. It has discretionary authority to construe the terms of the Plan and make determinations on questions that may affect a member's eligibility for benefits. The Board of Trustees consists of five members, two of whom are legal residents of the City who are appointed by the City Council, two of whom are current members of the Plan who are elected by the members of the Plan and a fifth Trustee who is chosen by a majority of the first four Trustees. Trustees serve a two-year term and may succeed themselves in office. The Board of Trustees may retain the services of attorneys, accountants, actuaries, administrators, investment advisors and other professional consultants. Plan assets are maintained and invested separately from City assets and cannot be used for any purpose other than that specified in the City Code of Ordinances. Members of the Board of Trustees are listed in Exhibit A.

Plan Year

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

Relevant Provisions of Local and State Laws

The Plan is set forth in Chapter 35 of the *City of Miami Springs* Code of Ordinances. The Plan is also governed by certain provisions of Chapter 112, Part VII, Chapter 119, Chapter 185 and Chapter 286, Florida Statutes, and various federal laws including the Internal Revenue Code and amendments thereto and Operating Rules and Procedures adopted by the Board of Trustees.

Financial and Actuarial Information

A report of financial and actuarial information is included as Exhibit B.

Custodian

The Custodian is responsible for the safekeeping of securities owned by the Plan. At the direction of the Plan Administrator, the Custodian also pays benefits to eligible persons and pays expenses incurred by the Plan. The Custodian is *Salem Trust Company*.

Investment Manager and Consultant

The investment manager is responsible for selecting the securities to be bought and sold by the Plan, in accordance with guidelines established by the Plan Administrator. The investment manager is *Highland Capital and Polen Capital*. The investment consultant advises the Board of Trustees on its investment guidelines, the performance of its manager compared to applicable indices and recommends asset allocation of the Plan. The investment consultant is *AndCo., Consulting*.

Member: Participant

Member or participant means a member of the Plan employed by the *City of Miami Springs* Police Department as a full-time sworn police officer. Participation in the Plan is mandatory.

Beneficiary

A beneficiary is a person or persons designated by a member to receive payments that may become payable by the Plan upon their death. Members should designate a beneficiary when they become a member of the Plan. A designation of beneficiary may be changed prior to retirement upon written notification to the Plan. If no beneficiary designation is in effect at the time of a member's death, the beneficiary will be their estate.

Contributions

Participants and the *City of Miami Springs* contribute a percentage of covered salary as required by the most recent actuarial valuation, based on the investment performance and experience of the Plan. Participant contributions are deducted from each bi-weekly paycheck and deposited in the Plan. Interest is credited to participant contributions at the rate of 4% per year. In addition to member and *City of Miami Springs* contributions, a contribution for the benefit of police officers' retirement benefits is received each year from the State of Florida, pursuant to and Chapter 185, Florida Statutes. The State contribution is deposited in the Plan and invested along with the other Plan assets.

Creditable Service; Credited Service

"Creditable Service" or "Credited Service" is generally a member's period of employment as a police officer from their last date of employment with the *City of Miami Springs* measured in years and parts of years. A year is any twelve consecutive months.

Average Monthly Earnings

For service before October 12, 2014 "Average monthly earnings" is the average salary of a member's three best consecutive contributing years. For service on or after October 12, 2014 "Average monthly earnings" is the average salary of a member's five best consecutive contributing years. Members who were employed and within three years of Normal Retirement eligibility on October 12, 2014 continue to have their average monthly earnings determined based on the highest three years instead of the highest five years.

"Salary" is all regular, periodic compensation received from the *City of Miami Springs* with the exception of overtime, lump sum payments at retirement for unused sick leave or unused vacation pay, or any other lump sum payments at retirement.

Vesting; Vested Benefit

Members become vested for a present or future benefit upon completion of five years of full-time contributing employment as a sworn police officer with the *City of Miami Springs*.

Collective Bargaining Agreement

Article 33 of the current collective bargaining agreement between the *City of Miami Springs* and the Florida State Lodge Fraternal Order of Police Inc. contains provisions that deal directly with pension benefits. Pension benefits are a bargainable issue. The current bargaining contract expires September 30, 2023.

RETIREMENT BENEFITS

1. ELIGIBILITY FOR NORMAL RETIREMENT

Eligibility for normal retirement in this Plan depends on the member's date of hire:

- Members hired before October 12, 2014 are eligible for normal retirement at age 55 with 10 or more years of continuous service, or at any age with at least 20 years of continuous service.
- Members hired on or after October 12, 2014 are eligible for normal retirement at age 55 with 10 or more years of continuous service, or as early as age 52 with 25 or more years of continuous service.

An application for normal retirement must be filed with the Plan Administrator in order to be considered by the Board of Trustees. A member may retire on their normal retirement date or on the first day of any month thereafter.

2. AMOUNT OF A NORMAL RETIREMENT PENSION

The portion of a member's normal retirement pension accrued up to October 12, 2014 is frozen (unless they were within three years of normal retirement eligibility on this date). The frozen benefit amount was determined based on 3.5% of the member's frozen average monthly earnings as of October 12, 2014 multiplied by the number of years and completed months of their continuous service as of October 12, 2014.

Normal retirement benefits earned on and after October 12, 2014 depend on the member's date of hire.

- Members within three years of normal retirement eligibility on October 12, 2014 continue to earn benefits at 3.5% of average monthly earnings per year of service with no cap.
- Members hired before October 12, 2014 but not meeting the above criteria earn 3.50% of average monthly earnings for each year of continuous service after October 12, 2014 (to the nearest completed month), until total service from hire date equals twenty years, and 3.0% of average monthly earnings for each year thereafter. The maximum benefit is 85% of final average monthly earnings.
- Members hired on or after October 12, 2014 earn 2.5% of average monthly earnings per year of Credited Service. The maximum benefit is 70% of average monthly earnings. The minimum benefit is 2.0% per year of service. Effective October 1, 2021, members will earn 3.0% of average monthly earnings per year of Credited Service, up to a maximum of 75% of average monthly earnings.

3. ELIGIBILITY FOR EARLY RETIREMENT

A member who is age 50 and has ten or more years of continuous service is eligible for early retirement. An application for early retirement must be filed with the Plan Administrator. A member may retire on their early retirement date or on the first day of any month thereafter.

4. AMOUNT OF AN EARLY RETIREMENT PENSION

An early retirement benefit is computed on the same basis as a normal retirement but is reduced by 3% for each year and partial year by which the member's age at early retirement precedes the normal retirement date.

5. STANDARD FORM OF RETIREMENT

The standard form of retirement is a Single Life Annuity, payable to the member for their life. At the time of death, all monthly payments will cease.

6. BENEFIT OPTIONS

Benefit options should be elected before retirement and can be changed at any time prior to the receipt of a member's first pension benefit check. Any benefit option available shall have the same actuarial value as the standard form of retirement and will result in a lower monthly amount to the retiree than the Single Life Annuity.

- **Ten Year Certain and Life Thereafter** – This option guarantees to pay 120 monthly payments (10 years). The monthly amount will be less than the benefit payable for the Single Life Annuity. If the member dies before receiving 120 payments, the same monthly payment will continue to be paid to their beneficiary until 120 payments have been paid in total. If the member is still alive for longer than ten years, the same monthly payment will continue to them for the rest of their life, and will cease upon death.
- **Joint and Last Survivor** – The Joint and Last Survivor option pays the retired participant a reduced monthly pension for life. Upon the retired participant's death, the benefit (or a designated fraction of the benefit) will continue during the lifetime of the spouse or a relative other than the spouse. This election will be null and void if the designated beneficiary dies before the benefit payments commence.
- **Other Optional Forms of Benefits** – Benefits may be paid in any form approved by the Board provided the benefit is actuarially equivalent to the benefit options listed above.

NOTE: The percentage of reduction for optional forms of benefits is based on the member's age and their beneficiary's age at the time of the member's retirement. The precise payment cannot be calculated until after the member has received your final paycheck. A request for an optional form of retirement must be submitted in writing to the Board of Trustees. Joint and Survivor optional forms of payment cannot be elected or changed after the first pension check is cashed.

7. DISABILITY RETIREMENT

A member is considered disabled when they become permanently unable to perform their regular and continuous duties as a Police Officer. A written application is made to the Board of Trustees for a disability pension. The Board of Trustees gathers evidence of the member's disability and decides whether the disability pension is to be granted. If the disability pension is granted, the benefit amount shall be:

- Service Connected

If the injury or disease is service connected, 66 2/3% of salary in effect on the date of disability.

- Non-Service Connected

If the injury or disease is not service connected, the amount of the member's Accrued Benefit with a minimum of 25% of your average monthly earnings on the date of disability. This non-service connected benefit is only available to the member if they have ten or more years of continuous service.

Other information you should know about Disability Retirement:

- Benefit Options

The same benefit options are available to members retiring on a service-incurred or non- service-incurred disability as for members retiring on a Normal or Early Retirement.

- Disability After Termination of Employment

Terminated persons, either vested or non-vested, are not eligible for disability benefits.

- Termination of Disability Benefit

A member's disability benefit terminates upon the earlier of death or recovery. As a disabled pensioner, members are subject to periodic medical examinations as directed by the Board of Trustees to determine whether a disability continues.

- Benefit Offsets

A member's pension benefits may not be offset by Workers Compensation benefits except to the extent that the total of the two exceeds the member's average monthly wage.

- Statutory Presumptions of Disability in Line of Duty (Section 185.18)

Any condition or impairment of health caused by tuberculosis, hypertension, heart disease or hardening of the arteries resulting in total or partial disability or death is presumed to have been accidental and suffered in the line of duty unless the contrary is shown by competent evidence, provided that such Police Officer shall have successfully passed a physical examination before entering into service, which examination failed to reveal any evidence of such condition.

- Recovery

If the member recovers from ~~you~~ their disability and are immediately re-employed by the City of Miami Springs, the period of time they were disabled shall be included as continuous service. If the member recovers and is not immediately re-employed, their future benefits will be determined as though they initially terminated employment on their date of disability.

- Exclusions

To receive disability benefits, the member must establish to the satisfaction of the Board that their disability was not caused by:

- a) Their own willfully intended or self-inflicted injury;
- b) Excessive and habitual use of drugs, intoxicants or narcotics;
- c) The commission of any criminal act; and

d) A condition which gave rise to the disability that existed prior to their employment and/or which was evidenced during their pre-employment physical.

8. DEFERRED RETIREMENT OPTION PLAN (DROP)

Members become eligible to participate in the DROP when they reach their normal retirement eligibility. If they wish to participate in the DROP, they must give advance written notice to the City and must make application to the pension Board.

Plan members with at least 20 years of service but less than 27 years of service at the date of entry into the DROP may participate in the DROP for a maximum of 5 years. Plan members with 27 or more years of service but less than 35 years of service at the date of entry into the DROP may participate in the DROP for a maximum of 3 years. Plan members with 35 or more years of service at the date of entry into the DROP may participate in the DROP for a maximum of 2 years. Members may terminate DROP participation and *City of Miami Springs* employment sooner than the maximum period with advance written notice to the *City of Miami Springs* and the Pension Board.

DROP PLAN FEATURES:

- If a member elects the DROP, they will be considered retired for purposes of the pension Plan, even though continuing your *City of Miami Springs* employment. They will not be required to pay any further contributions into the pension Plan and they will not accrue any additional service or any additional benefits under the Plan after entering the DROP.
- They will not be eligible for disability or pre-retirement death benefits under the pension Plan.
- The member's monthly retirement benefit, determined as stated on page 4 under "Retirement Benefits", will be paid into their DROP account during the DROP period. The member's account will earn interest at the same rate as the net investment earnings of the pension Plan. As the net investment earnings of the plan move up or down during your DROP participation, your interest rate credit will be adjusted up or down accordingly. Account balances will be adjusted quarterly.
- As soon as practicable following your termination of *City of Miami Springs* employment, their entire DROP account balance will be available to them. The balance may be paid in a cash lump sum, directly to an eligible retirement plan in a direct rollover or in any other form of payment they select that conforms to all applicable laws.
- If they die before their DROP account is distributed, their designated beneficiary shall have the same rights that they would have had with respect to distribution of the account.

9. SURVIVOR BENEFITS- DEATH BEFORE RETIREMENT

Service Incurred Death

If a member dies in the line of duty, their spouse will receive 25% of their salary in effect at the time of death payable until their death. Each unmarried child until death,

marriage or age 18 (22 if a full-time student in an accredited school) will receive 7½ % of the member's salary in effect at the time of death. The maximum family benefit is limited to 40% of the member's salary in effect at the time of death. Upon the death of the member's spouse, benefits for each child are raised to 15% with a maximum benefit of 30% of the member's final earnings.

Non-Service Incurred Death

If a member's death is non-service related, and they are eligible for normal retirement on their date of death, the member's spouse will be paid a 100% Joint & Survivor Annuity unless they had elected a Ten Year Certain and Life benefit in writing. If the member was not married at the time of their death, the Ten Year Certain and Life benefit will be paid to their beneficiary. If the member was not eligible for normal retirement, their accumulated contributions plus interest will be returned to their beneficiary.

Minimum Benefits

Pre-retirement death benefits shall be subject to the provisions of Minimum Benefits as described below in paragraph 11.

10. TERMINATION OF EMPLOYMENT PRIOR TO RETIREMENT

Vested Members - Participants who terminate employment with the *City of Miami Springs* after five or more years of credited service may leave their contributions in the Plan. The right to a deferred early or normal retirement is retained so long as accumulated contributions are not refunded. The commencement date of the deferred pension is the member's early or normal retirement date. The benefit shall be the benefit in effect on the member's termination date and is calculated using Average Monthly Earnings and credited service at the time of termination of employment. Vested members who elect a refund of their contributions are required to sign a release indicating they are aware they have waived future retirement benefits available under the Plan.

Non-vested Members - If a participant with less than five years of service terminates employment with the City, the participant's contributions will be refunded and future rights to a pension are forfeited.

Refund of Contributions - The Internal Revenue Service requires 20% withholding on untaxed contributions distributed as a lump sum. As an alternative, terminating employees may roll over their contributions to an individual retirement account or to another eligible plan that will accept the contributions. Upon termination, employees will be provided a tax notice that sets forth their alternatives. Contributions left in the Fund continue to earn interest.

11. MINIMUM BENEFITS

(a) If an individual was a member of the Plan immediately preceding the effective date of this Plan and had a balance in the police state retirement funds, upon your termination for any reason you will be paid the balance, including interest, and the amount of your accumulated contributions as of January 1, 1977.

(b) The member is guaranteed the payment of benefits on their behalf at least equal in total amount to your accumulated contributions.

12. FORFEITURE OF PENSION

If a member is convicted of certain crimes listed in Sections 112.3173, 175.95 and 185.85, Florida Statutes, committed prior to retirement, or if their employment is terminated by reason of their admitted commission, aid or abetment of these crimes, they shall forfeit all rights and benefits under the Plan, except for the return of their contributions as of the date of their termination. A member's rights and benefits under the Plan are also subject to forfeiture for conviction of making false, misleading or fraudulent statements made to obtain retirement benefits.

13. FILING FOR RETIREMENT

A member should file their retirement application at least thirty days before their planned retirement date. The application and all related forms can be obtained from the Plan Administrator at the following address:

Resource Center, LLC
4360 Northlake Boulevard, Suite 206
Palm Beach Gardens, FL 33410
Telephone (561) 624-3277

14. PUBLIC MEETINGS; APPEARANCES; JUDICIAL REVIEW

All meetings of the Board of Trustees are open to the public and are governed by the provisions of the Florida Government in the Sunshine Law. Any member wishing to present a request for action by the Board must do so by making a request in writing to the Plan Administrator in advance of the meeting. All decisions of the Board are final. Members who disagree with a decision of the Board of Trustees may seek judicial review in the manner provided by law.

Exhibit A**BOARD OF TRUSTEES**

Chair: Pete Baan
Secretary: Claire Gurney
Trustee: Jorge Capote
Trustee: Robert Gordon
Trustee: Gene Duffy

ACTUARY

Gabriel, Roeder, Smith &
Company 1 East Broward
Boulevard, Suite 505 Ft.
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(954) 527-1616

ADMINISTRATOR

Resource Center, LLC 4360
Northlake Blvd, Suite 206
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33410
(561) 624-3277

AUDITOR

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One S. E. Third Ave., Suite
1100
Miami, FL 33131
(305) 995-9612

LEGAL COUNSEL

Klausner, Kaufman, Jensen &
Levinson Attorneys At Law
7080 N.W. 4th Street
Plantation, Florida 33317

PERTINENT ACTUARIAL INFORMATION		
	As of October 1st	
	2020	2019
Number of Members of the Plan		
Active Employees	39	35
Those Receiving or Due to Receive Benefits	53	52
Annual Payroll of Active Members	\$3,005,283	\$2,681,641
Annual Rate of Benefits in Pay Status	2,275,592	2,169,217
Actuarial Accrued Liability	33,406,606	33,324,755
Actuarial Value of Assets	33,044,924	31,365,382
Unfunded Accrued Liability (Credit)	361,682	1,959,373
Required Contribution to be Made to the Plan Over and Above Contributions by Members of the Plan*	512,247	597,763
Required Contribution as % of Payroll of Active Members*	17.04 %	22.29 %
Required Contribution to be Paid During Year Ending	9/30/2022	9/30/2021

* Includes State contributions of \$123,217 for FYE 2022 and \$133,219 for FYE 2021.

Reconciliation of Plan Assets

Item	September 30	
	2020	2019
A. Market Value of Assets at Beginning of Year	\$ 33,159,350	\$ 33,047,918
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 311,426	\$ 357,453
b. Employer Contributions	505,798	528,264
c. State Contribution	124,360	130,143
d. Purchased Service Credit	-	-
e. Total	<u>\$ 941,584</u>	<u>\$ 1,015,860</u>
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 776,815	\$ 741,870
b. Net Realized/Unrealized Gains/(Losses)	3,077,312	1,269,918
c. Investment Expenses	<u>(193,637)</u>	<u>(202,028)</u>
d. Net Investment Income	\$ 3,660,490	\$ 1,809,760
3. Benefits and Refunds		
a. Regular Monthly Benefits	\$ (1,922,855)	\$ (1,830,312)
b. Refunds	(30,757)	(110,657)
c. Lump Sum Benefits Paid	-	-
d. DROP Distributions	<u>(125,539)</u>	<u>(689,342)</u>
e. Total	\$ (2,079,151)	\$ (2,630,311)
4. Administrative and Miscellaneous Expenses	\$ (77,460)	\$ (83,877)
5. Transfers	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 35,604,813	\$ 33,159,350
D. Reserves		
1. DROP Accounts	\$ (740,442)	\$ (495,348)
2. State Contribution Reserve	<u>(8,859)</u>	<u>(11,369)</u>
3. Total Reserves	\$ (749,301)	\$ (506,717)
E. Market Value Net of Reserves	\$ 34,855,512	\$ 32,652,633