

**CITY OF LAUDERHILL
POLICE OFFICERS
RETIREMENT PLAN**



**SUMMARY PLAN
DESCRIPTION**

DATED: April, 2005

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CITY OF LAUDERHILL POLICE OFFICERS RETIREMENT PLAN

INTRODUCTION

This document is intended to be a plain language summary of the administration and benefits provided by the City of Lauderhill Police Officers Retirement Plan.

While efforts have been made by the Board of Trustees to provide an accurate summary, this document is not the official plan document and your actual benefits are governed by the appropriate provisions of the actual statutes and ordinances which create this Plan, the Code of the City of Lauderhill, and Chapters 112, Part VII and Chapter 185, 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 Plan Administrator whose name, address and telephone number are:

Pete Prior
Benefits USA, Inc.
3810 Inverrary Blvd. Ste. 208
Lauderhill, FL 33319
(954) 730-2068

WHAT IS THE OFFICIAL NAME OF THE PLAN?

The official name of the Plan is the City of Lauderhill Police Officers Retirement 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 Police Department. Money is contributed to the Plan by you, the City and the State of Florida pursuant to an insurance premium rebate program established by the State of Florida under Chapter 185, Florida Statutes. According to 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. Two of the Trustees are active police officers who are elected by active members of the Plan; two of the 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 by majority vote. 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. The Fund's money is invested by professional money managers whose performance is monitored by investment professionals on a quarterly basis to ensure that the Board is receiving a proper return on the investment of pension assets.

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 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:

Michael Cochran
Kennie Hobbs
Hayward Benson, Jr.

Dave Hennessy
Michael Lucas

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

Michael Cochran
Lauderhill Police Officers Retirement Plan
2000 City Hall Drive
Lauderhill, Florida 33313

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 is administered by Pete Prior, Administrator, whose address is:

Benefits USA, Inc.
3810 Inverrary Blvd. Ste. 208
Lauderhill, FL 33319
Telephone number: (954) 730-2068

The day-to-day record-keeping functions of the Plan are the responsibility of Pete Prior. All records and books of the Plan, except medical records, are available for public inspection at the office of the Board of Trustees.

WHAT ARE THE LEGAL DOCUMENTS CREATING THE PLAN?

The Plan arises out of the Code of the City of Lauderdale, Chapter 112, Florida Statutes and Chapter 185, Florida Statutes, which provides a system for the taxation of insurance policies covering property located within the City of Lauderdale.

WHAT IS REQUIRED TO PARTICIPATE IN THE PLAN?

The Plan is open solely to active police officers of the City of Lauderhill. A police officer is any person employed full time in the Police Department of the City, who is certified as a police officer as a condition of employment in accordance with the provisions of Florida Statutes and whose duty it is to protect life and property and exercise lawful arrest powers of the State of Florida. 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 police officers. All full time police officers of the City of Lauderhill, absent the Chief of Police who has the option to opt out of the plan, must participate in this pension plan.

WHAT MUST I CONTRIBUTE TO THE PLAN?

Each active member of the Plan contributes a percentage of their salary to the Plan. Effective October 1, 2004, each member is required to contribute 9% of their salary to the Plan. Effective October 1, 2005, each member is required to contribute 10% 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 required

contribution prior to the time that the pay is subjected to federal income taxation. The money is then placed directly in the Pension 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 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.

WHAT BENEFITS DO I RECEIVE FROM THE FUND?

The following benefits are available from the Pension Fund:

a. Normal Retirement Date. Members are eligible for normal service retirement on the first day of the month coincident with or next following the date upon which the member has completed twenty (20) years of credited service; or the date upon which the member reaches age fifty-five (55) with five (5) years of credited service.

b. Normal Retirement Benefit. Upon reaching their normal retirement date, members who have attained a vested interest in the Plan are entitled to a retirement benefit of 3% of final monthly compensation for all service accrued prior to October 1, 2001 multiplied by the number of years of credited service, and 3 ½% of final monthly compensation for all service accrued on or after October 1, 2001 multiplied by the number of years of credited

service.

c. Final Monthly Compensation. Final monthly compensation is the average of the best five (5) of the last ten (10) years of service. If the member is employed for less than five (5) years, the average is taken from the period of actual employment.

d. Credited service. Credited service means uninterrupted service as a police officer for which a contribution to the Plan is made.

e. Early Retirement. If a member completes ten (10) years of service and is age fifty (50), the member may elect an early retirement benefit. This retirement benefit may be taken in either of two ways. It may commence immediately on the first day of the month coincident with or next following the date of early retirement and continue during the member's lifetime. The benefit is actuarially reduced for each year and month by which the starting date of the benefit precedes the normal retirement date. The normal retirement date in this instance is the date the member would have attained age fifty-five (55) with ten (10) years of credited service.

Alternatively, a member may receive a deferred retirement benefit by waiting to receive a pension benefit until the member reaches normal retirement age (the date upon which the member would have completed 20 years of credited service, or the date upon which the member attains age 55 with 5 years of credited service). This

benefit will continue during the member's lifetime and will not be subject to the early retirement actuarial reduction. The amount of the deferred early retirement benefit is computed the same as for normal retirement, except that final monthly compensation and credited service are determined as of the member's early retirement date.

f. Duty Disability Benefit. If a member becomes permanently and totally disabled from useful and efficient service as a police officer as the result of an accident, illness, or injury arising in the line of duty, a member is entitled to a disability pension paid in equal monthly installments in an amount equal to the member's accrued benefit, but shall not be less than 42% of final monthly compensation.

g. Non-duty disability benefit. A member with ten (10) or more years of service credit may be eligible for a non-duty disability pension. If injured outside the line of duty, the member is permitted to apply for a non-service incurred disability retirement which shall be paid in equal monthly installments in an amount equal to two (2%) percent of final monthly compensation multiplied by the number of years of credited service, but shall not be less than twenty-five (25%) percent of final monthly compensation.

Payments of disability benefits for either duty or non-duty disabilities continue until the death of the member or recovery from the disability.

h. Disability procedure. A member seeking a disability retirement should request a disability application from the administrator and is required to submit proof of the disability. After reviewing a disability application, the Board shall require the applicant to submit to an independent medical examination conducted by a physician or physicians selected by the Board. A member applying for a disability benefit has the right to request a formal evidentiary hearing at which time medical reports will be considered, and the member will have an opportunity to present his or her own evidence and cross examine all witnesses.

A member who receives a disability pension can be reexamined by the Board at any time prior to the member's normal retirement date, and if found to have recovered, must resume active service with the City. If a member recovers, yet refuses reemployment with the City, the disability pension will be terminated. Disability benefits may not be awarded to a member whose employment terminated prior to the member's becoming disabled, nor may a member receive a disability benefit as the result of a self-inflicted injury or any disability resulting from the habitual use of narcotics or alcoholic beverages.

i. Payment of Normal Retirement Benefit. Pension benefits may be paid in a number of ways. You can ordinarily expect to receive your first retirement benefit check within thirty (30) to ninety

(90) days from separation from service. Direct deposit is available upon request, but will require approximately thirty (30) days for processing.

The normal form of retirement for a member is a ten year certain and life thereafter annuity. This means that a member receives a pension for life and is guaranteed 120 payments regardless of whether the member dies prior to the 120th payment. If the member dies prior to receiving at least 120 monthly payments, monthly payments will be made to the member's beneficiary until a total of 120 payments have been made. If a member dies after his or her normal retirement date but before receiving benefits, the member's beneficiary shall be entitled to 120 monthly payments in an amount equal to that which the member would have received had the member retired on the date of death. If a member is still alive after the payment of the 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 upon the member's death.

j. Optional forms. Instead of receiving the normal form of benefit set forth above, a member may choose other methods of payment. The member may choose to receive a reduced benefit during the member's lifetime and to have all or a portion of the benefit continue after death to the member's spouse or other relative for the remainder of the spouse's or other relative's life. This form

of benefit is called a joint and survivor annuity. A member selecting a joint and survivor option will receive a reduced monthly benefit based on the age of their designated joint survivor, which will be less than a life annuity. In the event that the designated survivor dies, or in the case of a spouse, the marriage is dissolved, before the member's benefit payments begin, this option is automatically cancelled to permit payments of pension benefits to the member as if the election had never been made. A member may, at that time, elect an unreduced life annuity or a ten (10) year certain and life thereafter benefit.

The consent of a police officer's joint survivor is not required for the selection of any option. A member may replace a designated joint survivor, provided that the previously designated joint survivor is alive at the time of removal. The amount of the benefit payable to the member upon the designation of a new joint survivor is actuarially redetermined taking into account the ages and sex of the former joint survivor, the new joint survivor, and the member. The consent of the Board of Trustees is required regarding these changes.

Another option a member may choose is an enhanced single life annuity. This means that a member's benefit will continue for his or her life, but upon death the benefit ceases. The monthly payment under the single life annuity will be larger than the monthly benefit payable under any other payment option. Unlike the other

options, there is no guaranteed payment in excess of the accumulated contributions of the member. If the member dies prior to receiving payments equal to the member's contributions, the amount necessary to reach the accumulated contributions made by the member are payable to the member's designated beneficiary or estate if there is no designated beneficiary.

k. Vesting. A member who completes 5 years of credited service becomes fully vested in the fund. This means that no further service is required in order to receive a pension upon reaching early or normal retirement age. Instead of waiting until the member reaches retirement age, the member may elect to immediately receive a refund of accumulated contributions which will be paid in a single lump sum. A member electing to receive an immediate refund of contributions forfeits the right to receive a monthly pension.

l. Thirteenth Check or COLA (Cost of living Adjustment). Effective October 1, 2004, each member shall be eligible, upon retirement or entry into DROP, to receive a cost of living adjustment (COLA) in the form of a thirteenth check. The cost-of-living adjustment is not guaranteed and is based upon actuarial gains in the Plan which takes into account the investment performance of the Plan. The funds required for the payment of any cost of living adjustment are derived solely from the investment return of Plan assets only in such amounts that exceed the investment return assumed for purposes of the actuarial

valuation of the Plan and a total experience gain for the Plan as compared to the actuarial assumptions. The cost-of-living adjustment shall not exceed the regular monthly retirement benefit of the member.

WHAT IF I DIE BEFORE I RETIRE?

If a member dies prior to retirement, benefits are payable to surviving beneficiaries. If a member dies prior to vesting, the member's designated beneficiary is paid the amount equal to the member's accumulated contributions. If the member has completed five (5) years of credited service, the member's designated beneficiaries are entitled to the benefits otherwise payable at early or normal retirement.

If a retiree dies, death benefits, if applicable, will be paid in accordance with any optional form of benefit chosen at the time of retirement.

In addition to benefits payable from the Pension Plan, death benefits are also available from a variety of other sources as well. The State of Florida, for example, provides a \$25,000.00 death benefit if a police officer is accidentally killed while engaged in the performance of law enforcement duties. If the officer is accidentally killed while in hot pursuit or in responding to what is reasonably believed to be an emergency, an additional \$25,000.00 is available. If the officer is

intentionally killed while engaged in the performance of law enforcement duties, the death benefit is increased to \$75,000.00.

Moreover, the children of a police officer intentionally killed in the line of duty are entitled to a college education at a Florida public university, community college or vocational-technical school at the expense of the state. The spouse and children are also entitled to receive free health insurance. Workers' Compensation provides benefits of up to \$100,000.00 and funeral expenses of up to \$5,000.00.

The United States Department of Justice has created a Public Safety Officer Death Benefit Program. Police officers killed in the line of duty receive a \$100,000.00 payment from the United States government. In addition, police officers killed while assisting federal agents also receive an additional \$50,000.00. These programs are administered by the United States Department of Justice, Law Enforcement Administration. Finally, Social Security death benefits provide additional income based on statutory criteria.

**AM I PERMITTED TO BUYBACK CREDIT FOR PRIOR POLICE
OR MILITARY SERVICE?**

Yes. A member with prior police service with another employer or who has served on active military duty in the Armed Forces of the United States may purchase up to a maximum of five (5) years of

service credit, provided that for each year being purchased the member pays to the pension plan the full actuarial cost of the buyback as determined by the Plan actuary.

A member who is receiving, or will receive a pension benefit for prior service in any other pension plan supported by public funds, except a military pension, shall not be eligible for buyback of that prior service, under the provisions of this section. In order to be permitted to purchase prior service, the member must submit proof to the Board that the member is not receiving and will not receive a pension benefit from another plan based on the prior service. Prior police and/or military service shall not count towards vesting under the Plan.

WHAT IS A DROP?

Your Pension Fund has created a Deferred Retirement Option Plan (DROP) which offers active members an opportunity, prior to retirement, to keep working and simultaneously accumulate pension benefits. In other words, it is a chance to earn two incomes at the same time, with one of them being saved and invested without current tax liability. From a technical standpoint, a DROP program represents a method of providing for the deferred receipt of retirements from a defined benefit plan.

Eligibility to participate in the DROP is based upon the attainment of age fifty-five (55) with five (5) years of service,

or the completion of twenty (20) years of credited service regardless of age.

The maximum period of participation in the DROP is five (5) years. Notice of election to DROP must be accompanied by a post-dated letter of resignation which shall be fully binding upon the member. Any subsequent election to voluntarily terminate employment, prior to the maximum limit of the DROP, shall be by binding written notice to the employer.

Upon entering the DROP, 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. Furthermore, all rights in the Pension Plan are frozen as of the date the member enters the DROP. The member, however, keeps working for the City for up to 5 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 along with the other assets of the Pension Fund.

Your DROP account balances is credited with interest based on the actuarially assumed rate of the pension plan (which is currently 8% per year). The assumed rate may be adjusted prospectively by the Pension Board from time to time, but cannot be decreased retroactively.

Since a DROP participant is "retired" for pension purposes, the member ceases making regular employee contributions during DROP

participation. Because the DROP participant is no longer making contributions into the Pension Fund, the DROP participant's take home pay will generally increase. It is important to recognize, however, that a DROP participant is no longer eligible for any increase in pension benefits after entering into the DROP.

Entry into the DROP is irrevocable once made. At the end of participation in the DROP, and not more than 5 years after entry into the DROP, the member must actually separate from service with the City. Upon separation, the member is eligible to receive the proceeds of his or her DROP account together with any interest earnings. The member 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.

DROP account balances, at the option of the member, may be paid as a lump sum, rollover to an IRA (individual retirement plan), rollover to a 457 deferred compensation plan, or rollover to another qualified plan. No payment may be made from the DROP until the employee actually separates from service with the City.

Upon commencement of participation in the DROP, the member shall no longer be eligible for disability retirement from the pension plan. If a member becomes disabled during the DROP period, the member shall be treated as if he/she voluntarily terminated DROP participation on the day prior to the date of disability. If an employee shall die during participation in the DROP, the employee shall be treated as any other vested member in the plan who dies after retirement.

**WHAT IF I DIE AFTER I RETIRE OR AFTER
I COMMENCE PARTICIPATING IN THE DROP?**

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, including any investment gains, are paid to the member's designated beneficiary. In such event, pension payments are made in accordance with the survivor option elected by the member prior to death. The DROP participant is treated as a retiree and any elected survivorship benefit would become due and payable upon the DROP participant's death, whether or not that death was duty related.

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 spousal support. Under Florida law, there is a specific exemption permitting these payments to be made from the Fund.

In a divorce proceeding, a court can order a police officer 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 an application form and submission to such medical exams as may be determined by the Board. All applications may be obtained from the

Administrator.

If a member is dissatisfied with any benefit application brought before the Board, the member has the opportunity to appeal that decision within 30 days of the date of any written decision by the Board by filing a petition for common law certiorari in the Circuit Court of Broward County, Florida.

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 Pension 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 Sunshine Law.

**ARE THERE COLLECTIVE BARGAINING AGREEMENTS
THAT GOVERN THE PLAN?**

From time to time, the Fraternal Order of Police and the City have negotiated 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 in writing to the Plan Administrator, Pete Prior.

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. The ordinances governing your Plan can be found within the Code of the City of Lauderhill.