

**CITY OF MIAMI SPRINGS GENERAL EMPLOYEES'
RETIREMENT PLAN**

SUMMARY PLAN DESCRIPTION

Prepared May, 2017

INTRODUCTION

The City of Miami Springs 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 General Employees' Retirement 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.

Any questions you have regarding your rights or benefits under the Plan should be directed to the Fund 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.

CHAIRMAN, BOARD OF TRUSTEES

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GENERAL INFORMATION ABOUT YOUR PLAN

There is certain general information you may need to know about your Plan. This general information is summarized below.

Name of Plan

The name of the Plan is *City of Miami Springs General Employees' Retirement System*.

Plan Sponsor

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

Plan Administrator

The Board of Trustees is the Plan Administrator.

Fund Administrator

The Fund Administrator is a person or company engaged by the Board of Trustees to administer the day-to-day business of the Plan. The Fund Administrator is *Resource Centers, LLC*.

Designated Agent for Service of Legal Process

The Chairman 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 your eligibility for benefits. The Board of Trustees consists of five members: the City Manager, by virtue of the office, one person who is selected by the City Council, two who 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 elected by members of the Plan serve a four-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. Pension Fund 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 and Chapter 286, *Florida Statutes*, various federal laws including the Internal Revenue Code and amendments thereto and certain policies and rules 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 Pension Fund. 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 Pension Fund, in accordance with guidelines established by the Plan Administrator. The investment manager is *Highland Capital and Polen Capital*. The investment consultant advises the Board on its investment guidelines, the performance of its manager compared to applicable indices and recommends asset allocation of the Fund. The investment consultant is *AndCo*.

Member; Participant

Member or participant means any full-time employee except sworn police officers who work at least 1,000 hours per year for the *City of Miami Springs*. Participation in the Plan is mandatory. Employees appointed to director positions (City Manager, Assistant City Manager, or Department Director) after May 27, 2015 have the option to join the Plan.

Beneficiary

Your beneficiary is a person or persons that you designate to receive payments that may become payable by the Plan upon your death. You should designate a beneficiary when you become a member of the Plan. You may change your designation prior to retirement upon written notification to the Plan. If no beneficiary designation is in effect at the time of your death, the beneficiary will be your estate.

Contributions

Participants and the City 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, currently 9.09% of covered salary (reflecting cost sharing), are deducted from each bi-weekly paycheck and deposited in the Pension Fund. Interest is credited to participant contributions at the rate established by the Board of Trustees (currently 0.75%).

Creditable Service; Credited Service

"Creditable Service" or "Credited Service" is generally your period of employment measured in years and completed months. A year is any twelve consecutive months.

Final Average Salary

"Final Average Salary" is the average salary of any of your five highest contributing years within the last ten years of your employment. Salary includes your cash compensation but excludes overtime, lump sum payments for unused sick or vacation time, or any other lump sums, paid at retirement.

Vesting; Vested Benefit

You are vested for a Normal Retirement benefit upon completion of five or more years of Credited Service, or for an Early Retirement benefit upon completion of ten years of Credited Service with the *City of Miami Springs*.

RETIREMENT BENEFITS

1. ELIGIBILITY FOR NORMAL RETIREMENT

An employee who is age 62 and completes five years of service, or whose age and Credited Service equals 75, is eligible for Normal Retirement. An application for Normal Retirement must be filed with the Fund Administrator in order to be considered by the Board of Trustees. A member may retire on his or her Normal Retirement date or on the first day of any month thereafter. Retirement is not compulsory at any age.

2. AMOUNT OF A NORMAL RETIREMENT PENSION

The amount of a Normal Retirement pension is based on 1.75% of the Participant's Final Average Salary for each year of Credited Service prior to October 1, 1989 plus 2.50% of Final Average Salary for each year of Credited Service after October 1, 1989. Completed months of partial years of service are included in the benefit calculation. Final Average Salary is computed on the average salary of any of the five best contributing years out of the last ten years.

3. ELIGIBILITY FOR EARLY RETIREMENT

An employee who is age 55 and completes 10 or more years of Credited Service is eligible for Early Retirement. An application for Early Retirement must be filed with the Fund Administrator. A member may retire on his 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 benefit but is reduced by 3% for each year and partial year by which Early Retirement precedes the Normal Retirement date.

5. STANDARD FORM OF RETIREMENT

The standard form of retirement is a straight life pension payable to you for your life. If you should die before you have received an amount equal to your own contributions, payments will continue to your beneficiary until your own contributions with interest have been paid.

6. BENEFIT OPTIONS

Any of the following benefit options available to you will have the same actuarial value as the standard form of retirement.

- **Ten Year Certain and Life Thereafter** – This option provides monthly payments as long as you live. If you should die before receiving 120 monthly payments, the same monthly payment will continue to be paid to your beneficiary until a total of 120 monthly payments have been paid.
- **100% Joint and Survivor** – This option pays the retired Participant a reduced monthly pension for life. Upon the retired Participant's death, the beneficiary designated when the form of payment was elected will be paid 100% of the reduced monthly pension as long as he or she lives.

- **50% Joint and Survivor** – This option pays the retired Participant a reduced monthly pension for life. The reduction is less than the 100% survivor option described above. Upon the retired Participant's death, the beneficiary will be paid 50% of the reduced monthly pension as long as he or she lives.

NOTE: The percentage of reduction in the amount of your pension benefit under the survivor options is based on your age and your beneficiary's age at the time of your retirement. A request for an optional form of payment must be submitted in writing to the Board of Trustees. Joint and Survivor optional forms of payment cannot be elected or changed after the actual beginning of payments.

7. **DISABILITY RETIREMENT**

You are considered disabled when you become totally and permanently incapacitated for duty in the employ of the City by reason of a personal injury or disease. A written application is made to the Board of Trustees for a disability pension. The Board of Trustees gathers evidence of your disability and decides whether or not the disability pension is to be granted. If the disability pension is granted, the following shall apply:

- Service Connected

If the disability occurred in the line of duty and you are receiving Workers Compensation, you will be paid your accrued benefit with a minimum of 25% of your monthly rate of pay in effect on the date of disability. Upon termination of Workers Compensation, the benefit shall be re-computed by allowing additional service credit from your date of retirement to age 60. You are eligible for a Service Incurred Disability regardless of your length of service.

- Non-Service Connected

If the disability is not service connected, you will be paid your accrued benefit. You must have completed ten years of Credited Service to become eligible for a Non-Service Incurred Disability.

Other information you should know about Disability Retirement:

- The same survivor options are available to employees who retire on a service-incurred or non-service-incurred disability as for members retiring on a Normal or Early Retirement.
- Your disability benefit will be payable until your death or recovery. As a disabled pensioner, you are subject to periodic medical examinations as directed by the Board of Trustees to determine whether a disability continues.
- If you recover and return to City employment, you will again become a member of the retirement system and your Credited Service at the time of disability will be restored. If you were disabled in the line of duty, you will receive service credit for the period of your disability. If your disability did not arise out of your employment, you will not be given service credit for the period of disability.

8. **DEFERRED RETIREMENT OPTION PLAN (DROP)**

If you have attained age 62 and have at least five years of Credited Service, or if your age and years of Credited Service total 75, you are eligible to participate in the DROP. If you wish to participate in the DROP, you must give written notice to the City by completing a form provided for that purpose and make application to the Pension Board. You may participate in the DROP for a maximum of five years; however, you may terminate City employment and DROP participation sooner than the maximum period with advance written notice to the City and the Pension Board.

DROP PLAN FEATURES:

- If you elect the DROP, you will be considered retired for purposes of the pension plan, even though you are continuing your City employment. You will not be required to pay any further contributions into the pension plan and you will not accrue any additional service or any additional benefits under the Plan after entering the DROP.
- You will not be eligible for disability or pre-retirement death benefits under the pension plan.
- Your monthly retirement benefit, determined as stated on page 4 under "Retirement Benefits", will be paid into your DROP account during the DROP period. Your account will earn interest at a rate to be set by the Board of Trustees. Account balances will be adjusted quarterly. Interest credits will cease after the maximum period of DROP participation expires.
- As soon as practicable following your termination of City employment, your entire DROP account balance will be available to you. 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 you select that approved by the Board and conforms to all applicable laws.
- If you die before your DROP account is distributed, your designated beneficiary shall have the same rights that you would have had with respect to distribution of the DROP account.

9. **SURVIVOR BENEFITS- DEATH BEFORE RETIREMENT**

If you have ten or more years of Credited Service and die before you have terminated employment, or if you have terminated employment after ten or more years of Credited Service and die before your vested benefit has begun, your designated beneficiary will receive a benefit starting on the first day of the month following your death. The benefit will be calculated as if you had retired on the date of your death and had elected the 100% Survivor option. The monthly benefit so determined will be payable for the life of your designated beneficiary.

10. **TERMINATION OF EMPLOYMENT PRIOR TO RETIREMENT**

Vested Members - Participants who terminate employment with the City after five or more years of Credited Service may leave their contributions in the Plan and retain the right to a deferred retirement. The commencement date of the deferred pension is the member's Normal Retirement date. Participants having at least ten years of Credited Service who terminate employment with the City and who have not withdrawn their contributions may elect an Early Retirement. The benefit shall be the benefit in effect on the member's termination date and is calculated using Final Average Salary and Credited Service at the time of termination of employment. Contributions left in the Plan will accumulate at the same rate of interest as contributions of active employees. 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 with interest 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.

11. **FORFEITURE OF PENSION**

If you are convicted of certain crimes listed in Sections 112.3173, Florida Statutes, committed prior to retirement, or if your employment is terminated by reason of your admitted commission, aid or abetment of these crimes, you shall forfeit all rights and benefits under the Plan, except for the return of your contributions as of the date of your termination. Your 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.

12. **FILING FOR RETIREMENT**

You should file your retirement application at least thirty days before your planned retirement date. The precise payment cannot be determined until after you have received your final paycheck. The application and all related forms can be obtained from the Fund Administrator at the following address:

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

13. **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 Fund 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

Chairman: Thomas Cummings
Secretary: Tammy Romero
Trustee: William Alonso
Trustee: Francisco Arguelles
Trustee: Elaine Pons

ACTUARY

Gabriel, Roeder, Smith & Company
1 East Broward Boulevard, Suite 505
Ft. Lauderdale, FL 33301
(954) 527-1616

ADMINISTRATOR

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

AUDITOR

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

LEGAL COUNSEL

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

PERTINENT ACTUARIAL INFORMATION

	As of October 1st	
	2016	2015
Number of Members of the Plan		
Active Employees	70	52
Those Receiving or Due to Receive Benefits	97	93
Annual Payroll of Active Members	\$3,112,373	\$2,379,287
Annual Rate of Benefits in Pay Status	1,336,830	1,260,270
Actuarial Accrued Liability	18,254,929	17,237,855
Actuarial Value of Assets	16,570,614	15,830,330
Unfunded Accrued Liability (Credit)	1,684,315	1,407,525
Required Contribution to be Made to the Plan Over and Above Contributions by Members of the Plan	417,970	336,481
Required Contribution as % of Payroll of Active Members	12.91%	13.60%
Required Contribution to be Paid During Year Ending	9/30/2018	9/30/2017

Reconciliation of Plan Assets

Item	September 30	
	2016	2015
A. Market Value of Assets at Beginning of Year	\$ 17,652,507	\$ 17,462,905
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 252,554	\$ 208,312
b. Employer Contributions	317,957	344,236
c. Purchased Service Credit	-	-
d. Total	<u>\$ 570,511</u>	<u>\$ 552,548</u>
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 423,713	\$ 379,273
b. Net Realized/Unrealized Gains/(Losses)	1,418,317	508,658
c. Investment Expenses	<u>(121,202)</u>	<u>(121,588)</u>
d. Net Investment Income	\$ 1,720,828	\$ 766,343
3. Benefits and Refunds		
a. Regular Monthly Benefits	\$ (924,335)	\$ (768,927)
b. Refunds	(39,929)	(53,595)
c. Lump Sum Benefits Paid	-	-
d. DROP Distributions	<u>(807,118)</u>	<u>(224,555)</u>
e. Total	\$ (1,771,382)	\$ (1,047,077)
4. Administrative and Miscellaneous Expenses	\$ (82,657)	\$ (82,212)
5. Transfers	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 18,089,807	\$ 17,652,507
D. DROP Accounts	\$ (960,106)	\$ (1,192,739)
E. Market Value Net of Reserves	\$ 17,129,701	\$ 16,459,768