

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

**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 Police and Firefighters Retirement System.

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.

Pete Baan

---

*CHAIRMAN, BOARD OF TRUSTEES*

## TABLE OF CONTENTS

<b><u>Section Title</u></b>	<b><u>Page</u></b>
General Information about Your Plan	1
Retirement Benefits	4
Exhibit A*	10
Pertinent Actuarial Information (as of October 1, 2016)	11
Reconciliation of Plan Assets (from October 1, 2015 to October 1, 2016)	12

*\*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 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 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.

### **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 *The Pension Resource Center, 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, two of whom are legal residents of the *City of Miami Springs* 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. 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 1<sup>st</sup> and ending on September 30<sup>th</sup> 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. Your 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 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 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**

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 are deducted from each bi-weekly paycheck and deposited in the Pension Fund. Interest is credited to participant contributions at the rate of 4% per year. In addition to member and City contributions, a contribution for the benefit of police officers' retirement benefits is received each year from the State of Florida, pursuant to Chapter 185, Florida Statutes. The State contribution is deposited in the Pension Fund and invested along with the other Fund assets.

**Creditable Service; Credited Service**

"Creditable Service" or "Credited Service" is generally your period of employment as a police officer from your 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 your three best consecutive contributing years. For service on or after October 12, 2014 "Average monthly earnings" is the average salary of your 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 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**

You are 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 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, 2017.

## **RETIREMENT BENEFITS**

### **1. ELIGIBILITY FOR NORMAL RETIREMENT**

Eligibility for normal retirement in this Plan depends on your 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 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.

### **2. AMOUNT OF A NORMAL RETIREMENT PENSION**

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

Normal retirement benefits earned on and after October 12, 2014 depend on your 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.

### **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 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 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 you for your life. At the time of your 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 your first pension benefit check. Any benefit option available to you 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 you die before receiving 120 payments, the same monthly payment will continue to be paid to your beneficiary until 120 payments have been paid in total. If you are still alive for longer than ten years, the same monthly payment will continue to you for the rest of your life, but will cease upon your 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 your age and your beneficiary's age at the time of your retirement. The precise payment cannot be calculated until after you have 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**

You are considered disabled when you become permanently unable to perform your 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 your 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 your 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 you if you 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

Your disability benefit terminates upon the earlier of 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.

- Benefit Offsets

Your pension benefits may not be offset by Workers Compensation benefits except to the extent that the total of the two exceeds your 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 you recover from your disability and are immediately re-employed by the City, the period of time you were disabled shall be included as continuous service. If you recover and are not immediately re-employed, your future benefits will be determined as though you initially terminated employment on your date of disability.

- Exclusions

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

- a) Your 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 your employment and/or which was evidenced during your pre-employment physical.

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

You become eligible to participate in the DROP when you reach your normal retirement eligibility. If you wish to participate in the DROP, you 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 employment 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 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 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 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 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 account.

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

**Service Incurred Death**

If you die in the line of duty, your spouse will receive 25% of your salary in effect at the time of death payable until his or her death. Each unmarried child until death, marriage or age 18 (22 if a full-time student in an accredited school) will receive 7 ½ % of your salary in effect at the time of death. The maximum family benefit is limited to 40% of your salary in effect at the time of death. Upon the death of your spouse, benefits for each child are raised to 15% with a maximum benefit of 30% of your final earnings.

**Non-Service Incurred Death**

If your death is non-service related, and you are eligible for normal retirement on your date of death, your spouse will be paid a 100% Joint & Survivor Annuity unless you had elected a Ten Year Certain and Life benefit in writing. If you were not married at the time of your death, the Ten Year Certain and Life benefit will be paid to your beneficiary. If you were not eligible for normal retirement, your accumulated contributions plus interest will be returned to your 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 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 you were a member immediately preceding the effective date of this retirement system 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) You are guaranteed the payment of benefits on your behalf at least equal in total amount to your accumulated contributions.

12. **FORFEITURE OF PENSION**

If you are convicted of certain crimes listed in Sections 112.3173, 175.95 and 185.85, 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.

13. **FILING FOR RETIREMENT**

You should file your retirement application at least thirty days before your planned retirement date. 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

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 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: Pete Baan  
Secretary: Jorge Capote  
Trustee: Jimmy Deal  
Trustee: Robert Gordon  
Trustee: Gene Duffy

**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

<b>PERTINENT ACTUARIAL INFORMATION</b>		
	<b>As of October 1st</b>	
	<b>2016</b>	<b>2015</b>
Number of Members of the Plan		
Active Employees	35	29
Those Receiving or Due to Receive Benefits	49	49
Annual Payroll of Active Members	\$2,491,689	\$2,069,404
Annual Rate of Benefits in Pay Status	1,984,242	1,897,641
Actuarial Accrued Liability	29,631,328	28,986,140
Actuarial Value of Assets	26,530,152	24,771,577
Unfunded Accrued Liability (Credit)	3,101,176	4,214,563
Required Contribution to be Made to the Plan Over and Above Contributions by Members of the Plan*	546,521	723,964
Required Contribution as % of Payroll of Active Members*	21.93 %	34.99 %
Required Contribution to be Paid During Year Ending	9/30/2018	9/30/2017

\* Includes \$49,427 in State contributions.

### Reconciliation of Plan Assets

Item	September 30	
	2016	2015
A. Market Value of Assets at Beginning of Year	\$ 27,671,000	\$ 27,593,054
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 353,736	\$ 309,304
b. Employer Contributions	703,169	663,337
c. State Contribution	120,954	115,213
d. Purchased Service Credit	-	-
e. Total	<u>\$ 1,177,859</u>	<u>\$ 1,087,854</u>
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 653,163	\$ 593,164
b. Net Realized/Unrealized Gains/(Losses)	2,245,513	805,901
c. Investment Expenses	<u>(145,664)</u>	<u>(146,137)</u>
d. Net Investment Income	\$ 2,753,012	\$ 1,252,928
3. Benefits and Refunds		
a. Regular Monthly Benefits	\$ (1,512,614)	\$ (1,186,098)
b. Refunds	(9,940)	(122,349)
c. Lump Sum Benefits Paid	-	-
d. DROP Distributions	<u>(1,224,735)</u>	<u>(845,401)</u>
e. Total	\$ (2,747,289)	\$ (2,153,848)
4. Administrative and Miscellaneous Expenses	\$ (114,442)	\$ (108,988)
5. Transfers	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 28,740,140	\$ 27,671,000
D. Reserves		
1. DROP Accounts	\$ (1,246,884)	\$ (1,907,142)
2. State Contribution Reserve	<u>(71,527)</u>	<u>(71,338)</u>
3. Total Reserves	\$ (1,318,411)	\$ (1,978,480)
E. Market Value Net of Reserves	\$ 27,421,729	\$ 25,692,520