

City of Tallahassee Firefighters

CITY OF TALLAHASSEE
PENSION PLAN
FOR FIREFIGHTERS



INTRODUCTION

The City of Tallahassee has established the Retirement System in order to help you prepare for a financially sound future. Under the retirement program, your retirement benefits may come from several sources:

- the Pension Plan,
- the Matched Annuity Pension (MAP) Plan, and
- the Retirement Savings Voluntary Program (RSVP).

When we retire, financial security does not just happen. It is the City's hope that the benefits you can receive from these plans together will allow you to make the most of your retirement years.

The Plan described in this booklet is known as "Part C". This is the pension plan that became effective for Firefighters covered by the collective bargaining agreement effective on October 1, 2006.

Here are some important facts you should know about your **Pension Plan**:

- You are eligible to participate immediately upon your employment with the City as a Firefighter in a full-time, budgeted position.
- You and the City both make contributions to help pay the costs of the Plan.
- Vesting under the Plan occurs after five years of pension service with the City.
- If you die before retirement, your beneficiaries will be eligible for benefits from the Plan.
- You may be eligible for disability retirement benefits from the Plan if you become disabled.
- Normal retirement is when you have completed 25 years of service with the City, regardless of age or age 55 with a minimum of five years of pension service. Early retirement with a reduced benefit is available after 20 years of service with the City or age 50 if you have five years of pension service. Other rules may apply if you were previously a member of another City pension plan.

- Benefits provided by the Plan are based on your years of service and your Average Monthly Compensation.
- Retirement benefits are payable to you for your lifetime.
- The Plan provides for cost-of-living increases in your benefit after retirement.
- A supplemental amount to offset the cost of health care benefits is paid from the Plan.
- You pay no income taxes on your retirement benefits until you receive them from the Plan.

In addition to the payments you will receive from the Pension Plan, the City also provides you the opportunity to accumulate additional amounts for your retirement and reduce your tax liability at the same time by making voluntary contributions to one or both of the following tax-deferred retirement savings plans:

- the Matched Annuity Pension Plan (MAP), a "401(k) Plan", or
- the Retirement Savings Voluntary Program (RSVP).

The MAP 401(k) Plan is a supplemental, flexible pension plan. You may make voluntary contributions on a tax-deferred basis throughout your working career, and choose how that money be invested. Upon retirement, the City may provide an additional matching contribution depending upon the plan provisions.

The Retirement Savings Voluntary Program (RSVP) offers a wide variety of funds into which you can direct your voluntary contributions. Your account value at retirement will be equal to the value of your contributions plus earnings from the investment funds that you elected.

Please read this booklet and contact the Retirement Office if you have any questions. It is important that you and your family understand the type and amount of benefits that you are eligible to receive.

This booklet summarizes the Plan Document that legally governs all plan operations. Full details of the Plan are covered in the Plan Document, which is contained in the City Ordinance. In case of any conflict between this booklet and the Ordinance, the provisions of the Ordinance will prevail.

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ELIGIBILITY AND MEMBERSHIP

You become a member of the Pension Plan on your first day of employment as a Firefighter in an approved, budgeted position. You will be asked to name a **beneficiary** who is to receive any benefits due that are not otherwise designated by the terms of the Plan in the event of your death.

Service Credit

Generally, you will receive credit for all service to the City performed while you are employed in a full-time, budgeted position. Special rules may apply in certain situations such as leave of absence, re-employment after termination, or other periods when you may not have been covered by one of the City's Plans. These are explained in other sections of this guide.

Contributions to the Plan

The Plan is funded by contributions from both you and the City.

Your required Pension Plan contribution is 11.95% of your *Compensation*. *Compensation means your base rate of pay, including vacation pay and longevity and merit bonuses, as well as pay differentials or other special pay, but does not include overtime.* Your contributions are made on a **pre-tax** basis, which means that you do not pay federal income tax on these amounts until a plan benefit is paid.

The current contribution rate will increase 1.04 each October 1st until 10/1/16.

Your contributions are credited with interest at the rate of 6% per year. In the event you should terminate your employment with the City before you are eligible to receive a retirement benefit, your contributions, plus the interest they have earned, will be refunded to you (see "Termination of Employment" on page 22).

The Plan's actuary determines the City's contribution to the Plan each year. The City contributes an amount necessary to actuarially fund the Plan.

WHEN YOU CAN RETIRE

There are five types of retirement from the Pension Plan:

- normal retirement
- early retirement
- disability retirement
- vested retirement
- deferred retirement option plan (DROP)

Regardless of when you become eligible to retire, you must have at least 5 years of *pension participation* to be eligible for a benefit. *Pension participation means that you belong to the Plan and are making the required contributions from your pay.* Your benefit payments will not begin until you have stopped working for the City in your full-time budgeted position.

Normal Retirement

Normal Retirement means you can retire with full, or "unreduced", retirement benefits. Under this Plan, you are eligible for Normal Retirement if:

- you have completed 25 years of service with the City, regardless of your age; or
- you are age 55 and have completed 5 years of pension service.

Early Retirement

If you take Early Retirement, your benefits will be reduced since payments will begin before your Normal Retirement date (see "Your Benefit Amount").

You are eligible for **Early Retirement** if:

- you have completed 20 years of service with the City, regardless of your age, or
- you are age 50 and have completed 5 years of pension service.

Disability Retirement

If you become totally and permanently disabled, you will be eligible to apply for disability retirement if:

- the disability occurred in the line of duty, or
- you completed 2 years of service before the disability occurred.

Totally and Permanently Disabled means that you are no longer able to perform efficient and useful service as a Firefighter. Prior to applying for disability retirement, you must request a reasonable accommodation from your department. Once you have been notified that there is not a reasonable accommodation available and you feel that you qualify for a disability retirement benefit, you should apply to the Pension Administrator and furnish a doctor's report supporting your claim.

Vested Retirement

If your employment with the City ends before you are eligible for normal or early retirement benefits and you have participated in the Pension Plan for at least five years, you have earned a non-forfeitable right to receive benefits at a future date when you reach normal retirement age. This is known as being "vested" in your benefit.

This vested benefit will be payable to you if you leave your contributions and earnings in the Plan when you terminate. You will be eligible to receive a retirement benefit when you reach age 55. The amount of your benefit will be calculated according to the formula described in this booklet (see "Your Benefit Amount").

You may elect to withdraw your contributions and earnings when you leave, but if you do, you will forfeit your right to this future retirement benefit.

Deferred Retirement Option Plan (DROP)

Effective January 1, 2007, the City of Tallahassee implemented a 3 year DROP program for Firefighters that will allow City employees to continue their employment while their retirement benefit is deposited monthly into an interest bearing account. This program provides an excellent opportunity for retirees to accumulate savings while continuing their employment.

- The maximum participation period is 3 years. Once you join DROP, you must terminate employment at the end of the 3-year period. This is an irrevocable decision, however, you may choose to terminate employment earlier if you wish.
- You are eligible to join DROP at normal retirement; 25 years of service or age 55 with 5 years of pension service. **There is no Early Retirement DROP eligibility.**
- When you first become eligible to join DROP, you have up to 2 years to elect to participate in DROP.
- Your retirement benefit is calculated as though you “retired” the day you enter DROP. You no longer accrue pension credit while you are in DROP.
- Your pension payment is then paid monthly to the GIA account while you are in DROP. Once you terminate DROP, you will have full investment control and access to your DROP funds. Your DROP account will have the same withdrawal options currently available with the MAP 401(k) or RSVP 457 plans.
- The City will continue to make pension contributions, and you will continue to have pension contributions deducted from your paycheck. Pension contributions for those enrolled in DROP will mirror those of active employees.
- You will continue to participate in the 175 Supplemental Share Plan while in DROP.
- You will not have access (withdrawals) to either the DROP, MAP 401(k), 175 or RSVP 457 funds until you terminate employment and DROP participation.
- Your employment requirements and benefits during DROP remain the same.
- Personal/Sick leave accrual remains the same with the following exceptions:
Personal Leave: The employee will be given the option of having their accrued personal leave (6 weeks maximum) paid out and included in the calculation of their DROP benefit. If you choose to do so, and the personal leave balance is over the maximum, only the amount over maximum will be paid upon termination of DROP. If you choose not to be paid out, you will only be paid the amount of personal leave you had on the books at time you entered DROP
Sick Leave: Sick leave will continue to accrue and will not be paid out until termination of the DROP.

Exception

- * Any Firefighter who is already past his/her 27 years of service will have until February 1, 2007 to join DROP and participate a Maximum of 3 years in DROP.
- * A Firefighter who's normal retirement is age 55 and will have less than 25 years service at age 55, will have until age 60 to join DROP or 27 years of service, which ever is earlier.

The following table illustrates the estimated value of a DROP account. To roughly approximate what your DROP account could be worth, find the amount closest to your estimated monthly retirement benefit on the left side of the table below. Next, find the number of years you plan to participate in DROP. The amount at the intersection of the selected row and column is a rough estimate of the value of your DROP account. This calculation is based on the GIA rate of 3.50%.

Monthly Pension Payment

Years of Participation in DROP

		1 year	2 years	3 years
\$100.00	=	\$1,219.44	\$2,482.25	\$3,789.97
\$500.00	=	\$6,097.19	\$12,411.24	\$18,949.86
\$1,000.00	=	\$12,194.38	\$24,822.48	\$37,899.73
\$1,500.00	=	\$18,291.58	\$37,233.73	\$56,849.59
\$1,600.00	=	\$19,511.01	\$39,715.98	\$60,639.57
\$1,700.00	=	\$20,730.45	\$42,198.22	\$64,429.54
\$1,800.00	=	\$21,949.89	\$44,680.47	\$68,219.51
\$1,900.00	=	\$23,169.33	\$47,162.72	\$72,009.48
\$2,000.00	=	\$24,388.77	\$49,644.97	\$75,799.46
\$2,100.00	=	\$25,608.21	\$52,127.22	\$79,589.43
\$2,200.00	=	\$26,827.64	\$54,609.47	\$83,379.40
\$2,300.00	=	\$28,047.08	\$57,091.72	\$87,169.38
\$2,400.00	=	\$29,266.52	\$59,573.96	\$90,959.35
\$2,500.00	=	\$30,485.96	\$62,056.21	\$94,749.32
\$2,600.00	=	\$31,705.40	\$64,538.46	\$98,539.29
\$2,700.00	=	\$32,924.84	\$67,020.71	\$102,329.27
\$2,800.00	=	\$34,144.27	\$69,502.96	\$106,119.24
\$2,900.00	=	\$35,363.71	\$71,985.21	\$109,909.21
\$3,000.00	=	\$36,583.15	\$74,467.45	\$113,699.19
\$3,100.00	=	\$37,802.59	\$76,949.70	\$117,489.16
\$3,200.00	=	\$39,022.03	\$79,431.95	\$121,279.13
\$3,300.00	=	\$40,241.47	\$81,914.20	\$125,069.11
\$3,400.00	=	\$41,460.91	\$84,396.45	\$128,859.08
\$3,500.00	=	\$42,680.34	\$86,878.70	\$132,649.05
\$3,600.00	=	\$43,899.78	\$89,360.95	\$136,439.02
\$3,700.00	=	\$45,119.22	\$91,843.19	\$140,229.00
\$3,800.00	=	\$46,338.66	\$94,325.44	\$144,018.97
\$3,900.00	=	\$47,558.10	\$96,807.69	\$147,808.94
\$4,000.00	=	\$48,777.54	\$99,289.94	\$151,598.92
\$4,100.00	=	\$49,996.97	\$101,772.19	\$155,388.89
\$4,200.00	=	\$51,216.41	\$104,254.44	\$159,178.86
\$4,300.00	=	\$52,435.85	\$106,736.68	\$162,968.83
\$4,400.00	=	\$53,655.29	\$109,218.93	\$166,758.81

\$4,500.00	=	\$54,874.73	\$111,701.18	\$170,548.78
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YOUR BENEFIT AMOUNT

Normal Retirement Benefit

The amount of your benefit is based on:

- your years of pension participation,
- your age at retirement, and
- your Average Monthly Compensation.

The formula for calculating your monthly Normal Retirement benefit is:

$$\text{Total Accrual Percentage} \times \text{Average Monthly Compensation}$$

The **Accrual Percentage** used in the benefit formula is:

- 3.00% times your years of pension participation for the first 20 years of pension participation; **plus**
- 4.00% times your years of pension participation thereafter for a **maximum total accrual of 81%**.

Your Average Monthly Compensation is the total of your highest consecutive 36 months of Compensation, divided by 36.

Example

Let's look at an example of how a Normal Retirement benefit is determined:

Suppose you joined the Plan on October 1, 1974 and retire at age 55 with 25 years of service. Your Compensation for the last three years is the highest salary that you earned while working for the City. In those three years, you earned a total of 135,000.

Using the Accrual Percentages above, your Total Accrual Percentage is:

$$\begin{aligned} 20 \text{ years} \times 3\% \text{ (from 10/1/74 to 9/30/94)} &= 60\% \text{ plus} \\ 5 \text{ years} \times 4\% \text{ (from 10/1/94 to 9/30/99)} &= 20\% \\ &= 80\% \text{ Total Accrual Percentage} \end{aligned}$$

Your Average Monthly Compensation is:

$$\$135,000 \div 36 \text{ months} = \$3,750$$

In this example, your monthly retirement benefit would be:

$$80\% \times \$3,750 = \mathbf{\$3,000 \text{ per month}}$$

To estimate your Normal Retirement Benefit, use the worksheet on page 10.

Early Retirement Benefit

If you elect Early Retirement, your benefit amount is first determined using the same formula that is used for calculating a Normal Retirement benefit. Because you elect to start payments prior to your Normal Retirement date, the benefit amount will then be reduced to adjust for the extra payments that will be made over your lifetime.

Age 50 Early Retirement

If you retire early under the Age 50 provision the reduction that would be applied to your benefit is 3% a year, by which payments start before your Normal Retirement at age 55.

Example

Suppose you joined the plan on October 1, 1974, retire at age 50 with 19 years of service and your Average Monthly Compensation is \$3,000 per month. Your Early Retirement benefit would be calculated as follows:

$$19 \text{ years} \times 3\% \text{ (from 10/1/74 to 9/30/93)} = 57\% \text{ Total Accrual Percentage}$$

So the monthly payment amount before the Early Penalty reduction is:

$$57\% \times \$3,000 = \$1,710 \text{ per month}$$

Since you would be eligible for Normal Retirement at age 55, you are retiring 5 years prior to your Normal Retirement date. Therefore, if you elect to begin receiving your payments right away, they will be *reduced* by 15% ($3\% \times 5$ years), or \$256.50 per month.

Therefore, your monthly benefit would be \$1,453.50 (\$1,710 - \$256.50) beginning at age 50.

20 Years of Service Early Retirement

If you retire early under the 20 years of service provision the reduction that would be applied to your benefit is 6.8% a year, by which payments start before your Normal Retirement of twenty-five (25) years of service.

Suppose you joined the plan on October 1, 1974, retired at age 48 with 20 years of service and your Average Monthly Compensation is \$3,000 per month. Your Early Retirement would be calculated as follows:

$$20 \text{ years} \times 3\% \text{ (from 10/1/74 to 9/30/94)} = 60\% \text{ Total Accrual Percentage}$$

So the monthly payment amount before the Early Penalty reduction is:

$$60\% \times \$3,000 = \$1,800 \text{ per month}$$

Since you will be eligible for Normal Retirement at 25 years of service, you are retiring 5 years prior to Normal Retirement date. Therefore, if you elect to begin receiving your payments right away, they will be reduced by 34 % (6.8 x 5 years), or \$612 per month.

Therefore, your monthly benefit would be \$1,188 (\$1,800- \$612) beginning at 20 years of service.

To estimate your Early Retirement Benefit, use the worksheet on pages 10-11.

ESTIMATING YOUR BENEFIT AMOUNT

Normal Retirement Benefit

This worksheet is designed for you to estimate the monthly benefit you would receive at Normal Retirement. For Early Retirement estimates, you will need to complete this page; using the number of years you will have worked for Early Retirement *and* the next page to apply the reduction for Early Retirement.

of years City Pension Participation first 20 years: _____
Accrual Percentage: X _____ 3.00%
Accrual Percentage for first 20 years: = _____

of years City Pension Participation after first 20 years: _____
Accrual Percentage: X _____ 4.00%
Accrual Percentage after first 20 years: = _____

of years on Non-City Buyback Service purchased by retirement: _____
Accrual Percentage: X _____ 2.00%
Non-City Pension Accrual: = _____

Total Accrual Percentage (maximum of 81%): _____ %
 (Add the above Accrual Percentages together)

Average Monthly Base Compensation: \$ _____
 (Total highest consecutive 36 months of Base Salary divided by 36)

Total Accrual Percentage (see above): X _____ %

Monthly Retirement Benefit: = \$ _____
 (Average Monthly Compensation x Total Accrual Percentage)

Early Retirement Benefit

This worksheet is designed for you to estimate the monthly benefit you would receive at Early Retirement. You will need to complete the previous page; using the number of years you will have worked for Early Retirement *and* this page to apply the reduction for Early Retirement.

20 years = 6.8% per year

Age 50 = 3% per year

Accrual Percentage % (Either 6.8% or 3%): _____ %

Years Early: X _____
 (# of years between Early and Normal Retirement)

% Adjustment for Early Retirement: = _____ %
 (Percentage x # Years Early)

Monthly Retirement Benefit: X \$ _____
 (from previous page)

Dollar Reduction Amount: = \$ _____
 (% Adjustment for Early Retirement x Monthly Retirement Benefit)

Monthly Retirement Benefit: \$ _____

Dollar Reduction Amount: - \$ _____

Early Retirement Benefit: = \$ _____
 (Monthly Retirement Benefit - Dollar Reduction Amount)

Disability Retirement Benefit

If you qualify for a Disability Retirement benefit, your monthly payment will be equal to the *greater* of:

- (1) the amount that would be payable to you based on your Average Monthly Compensation and years of service at the time you became disabled and the Accrual Percentage determined by the years of service you would have earned if you had continued to work until your Normal Retirement date, with the Accrual Percentage limited to 50% or
- (2) the amount that would be payable based on your actual years of service as of the date you became disabled and your Average Monthly Compensation.

Example

Suppose you joined the plan on October 1, 1988, become disabled at age 42 with 18 years of service, and your Average Monthly Compensation is \$3,000.

In order to calculate a benefit under method (1) above, your service would be projected to your Normal Retirement date. Under Part C, you would have been eligible to retire at 25 years of service.

The amount you would be entitled to under method (1) would be:

$$20 \text{ years} \times 3\% \text{ (from 10/1/88 to 9/30/08)} = 60\%$$

$$5 \text{ years} \times 4\% \text{ (from 10/1/08 to 9/30/13)} = \underline{20\%}$$

80% Total Accrual Percentage

However, under this method the total projected Accrual Percentage cannot be greater than 50%. Therefore, the Accrual Percentage used in the benefit formula is 50%.

So your monthly benefit under method (1) would be:

$$\mathbf{50\% \times \$3,000 = \$1,500 \text{ per month}}$$

The amount that you would be entitled to under method (2) on the previous page would be:
 $18 \text{ years} \times 3.0\% \text{ (from 10/1/88 to 9/30/06)} = 54\% \text{ Total Accrual Percentage}$

So your monthly benefit under method (2) would be:
 $54\% \times \$3,000 = \$1,620 \text{ per month}$

Therefore, the greatest benefit would be the amount determined by using method (2), or \$1,620 per month.

Important Notes About Disability Retirement

- Once you have begun receiving disability payments, you will be required to submit a doctor's report to the Retirement Office **once a year**. This report should certify that you continue to be "totally and permanently disabled" and continue to be unable to return to service as a Firefighter.
- If you cease to be disabled and return to service as a Firefighter, you will no longer be eligible to receive disability benefits.
- If you return to work as a Firefighter, the period of time that you received disability benefits will not be counted as "service" for purposes of calculating future pension benefit amounts.

Vested Retirement Benefit

If you terminate your employment after at least 5 years of participation in the Plan but before you are eligible for Normal or Early Retirement, you have earned a "vested" benefit that will be payable to you in the future when you reach age 55. This is known as a "**Vested Retirement**". In order to qualify for this benefit, you must leave your contributions, and the interest they have earned, in the Plan until you reach age 55. The amount you will receive is based on your total Accrual Percentage and your Average Monthly Compensation at the time you terminated employment.

Example

Suppose you have worked for the City for 6 years and terminate employment at age 35. Also assume that your contributions to the Plan total \$12,000, and that your Average Monthly Compensation is \$2,000.

The monthly benefit that would be paid to you at age 55 would be:

$$3\% \times 6 \text{ years} \times \$2,000 = \$360$$

In order to receive this benefit, you would have to leave the contributions that you made, plus the interest on these contributions, in the Plan. If you wish, you could withdraw those contributions (\$12,000) plus the interest earned. However, if you do you will not be considered a Vested Retiree and you would **not** receive any future benefit from the Plan.

BUYBACK SERVICE

In addition to the retirement credit you earn from your City of Tallahassee employment, you may be eligible to purchase additional service and have it included in your pension. The City's buyback provisions have been based on similar provisions of the Florida Retirement System. The various types of service included are:

Prior City Refunded Service

Requirement: Firefighters who have been reemployed can purchase prior city refunded service within the first 90 days; otherwise, they will have to wait until their two-year anniversary date to purchase this service.

Cost: Calculated at 8% interest on the refunded amount from the date the refund was issued.

Accrual: 3.00% for each year purchased.

Prior Permanent City (Pre-Pension) Service

You can purchase service that was previously counted only for eligibility purposes, but not pension credit called "Pre-Pension".

Requirement: You must be reemployed with the City in a permanent position for at least 2 full years.

Cost: Calculated at 7% of your first full calendar year of City salary (no earlier than 1973) for each year to be purchased, *plus* 8% interest compounded annually from the first day of the year used for salary.

Accrual: 3.00% for each year purchased.

Wartime Military Service

Requirements: You must have 5 years of City service to purchase up to five years of pension credit for wartime military service. Your military service being purchased cannot be claimed for retirement eligibility under any other plan. A DD-214 indicating your active duty and an Honorable discharge will need to be provided. You must have served active duty for at least one day during “wartime” dates as defined by Section 1.01 (14) of the Florida Statutes.

Mexican War, World War I, World War II: From 12/7/41 to 12/31/46
Korean Conflict: From 6/27/50 to 1/31/55
Vietnam Era: From 2/28/61 to 5/7/75
Persian Gulf War: From 8/2/90 to 1/2/92

Cost: Calculated at 7% of your first full calendar year of City salary (no earlier than 1973) for each year purchased, *plus* 8% interest compounded annually from the first day of the year used for salary.

Accrual: 2.00% for each year purchased.

Upon completion of ten years of City service, the service purchased will also be included for retirement eligibility.

Non-Wartime and Out-of-City Public Service

Requirements: You must have 5 years of City service to purchase up to five years of pension credit for combined non-wartime and out-of-city public service. Your military or out-of-city public service cannot be claimed for retirement eligibility under any other plan. A DD-214 indicating active duty and an Honorable discharge *or* out-of-city public service verification form must be submitted.

Cost: 20% of your first full calendar year of City salary (no earlier than 1973, minimum \$12,000) for each year purchased, *plus* 8% interest compounded annually from the first day of the year used for salary.

Accrual: 2.00% for each year purchased.

Upon completion of ten years of City service, the service purchased will also be included for retirement eligibility.

**Important
Information
Regarding Buyback
Procedures**

- Amounts quoted by our office are accurate through September 30th of each year. Each October 1, eight percent interest will be added to your amount due.
- You have the ability to save towards the purchase of this service on a pre-tax basis through the City's MAP 401(k) and RSVP 457 plans.
- Please keep in mind that although you have until September 30th to pay the amount due without incurring additional interest, if you are purchasing your service through a rollover from MAP 401(k) or RSVP 457 plans, the paperwork must be completed, signed and in our office no later than August 16th to ensure the rollover is received in our office on or before September 30th.
- You have until your date of retirement to purchase any additional service. Once your retirement is final or you enter the DROP, you will no longer be entitled to exercise this option.

Cost-of-Living Increase

The Pension Plan provides that a 3% cost-of-living (COLA) adjustment be applied to your monthly retirement benefit as of October 1st of each year. Your COLA will begin the **latter of**:

- you reaching age 52 or
- your actual retirement date.

In the first year, the increase will be prorated if you have not been retired for a full year.

Health Care Supplement

If you receive a pension benefit from the Plan, you will also receive a monthly health care supplement of \$5.00 per month for every year of pension service with the City, up to a maximum of 30 years, once you reach Normal Retirement age (remember, "Normal Retirement age" is the age at which you can begin receiving unreduced pension payments). If you are a disability retiree, the supplement will be paid to you as soon as you begin receiving pension payments regardless of your age.

If a pension payment is made to your spouse after your death, this supplement will continue to be paid.

HOW YOUR BENEFIT IS PAID

The Pension Plan provides for different forms of payment that are available to you when you retire. These payment methods are explained below.

When you retire, a payment amount, called the **Base Pension Payment**, is calculated using the applicable retirement formula. If you choose another form of payment, factors such as your life expectancy are taken into consideration and the payment amounts may be reduced. You will decide which form of payment is best for you and your family.

Regardless of which form of payment you select, you or your estate will receive at least the value of your own contributions and earnings.

Forms of Payment

Under the rules of the Plan, your beneficiary can be whomever you choose if you elect one of the three payment methods below:

- Ten Year Certain and Life (Base Benefit): This benefit amount, calculated under the formula explained in the preceding section of this Guide, provides a monthly benefit for your lifetime, with 120 monthly payments guaranteed. This means that if you die before receiving 120 payments, the remaining payments will be made to your named beneficiary. **You will receive benefits for life, regardless of the number of payments made to you;** but if you have received more than 120 payments at your death, nothing will be payable to your beneficiary.
- Fifteen Year Certain and Life: Under this option, the Base Pension Payment is reduced during your lifetime. It is like the Ten Year Certain and Life option, except that 180 payments are guaranteed. If you die before receiving 180 payments, the remaining payments will be made to your beneficiary.
- Twenty Year Certain and Life: Under this option, the Base Pension Payment is reduced during your lifetime. It is like the Ten Year Certain and Life, except that 240 payments are guaranteed. If you die before receiving 240 payments, the remaining payments will be made to your beneficiary.

If you elect one of the following four payment methods, no beneficiaries other than your spouse you are married to at retirement can receive these benefit payments:

- Joint and Contingent One Half: This benefit option provides a reduced monthly benefit for your lifetime and, after your death, a payment of one-half of your benefit to your spouse for life.
- Joint and Contingent Two Thirds: This benefit option provides a reduced monthly benefit for your lifetime and, after your death, a payment of two-thirds of your benefit to your spouse for life.
- Joint and Contingent Three Fourths: This benefit option provides a reduced monthly benefit for your lifetime and, after your death, a payment of three-fourths of your benefit to your spouse for life.
- Joint and Contingent Full Benefit: This benefit option provides a reduced monthly benefit for your lifetime and, after your death, an equal amount is payable to your spouse for life.

If you elect the following option a beneficiary or spouse **cannot** receive a benefit payment:

- Life Only: As required under Florida Statutes 175, you may choose to receive a “Life Only” Pension Payment where the amount is actuarially determined for your lifetime. No further benefits would be paid upon your death; therefore, it is suggested that you choose this option only if you are not married at the time you retire.

The example below illustrates how the Base Pension Payment would be reduced under the various optional payment forms available. Assume you retire in 1999 at age 55 with 25 years of pension participation. Your Average Monthly Compensation is \$3,000 per month and your spouse is also 55 years old.

Ten Year Certain and Life (Base)	\$2,400.00
Fifteen Year Certain and Life	\$2,331.96
Twenty Year Certain and Life	\$2,251.09
Life Only	\$2,465.28
Joint and Contingent One Half	\$2,288.10
Joint and Contingent Two Thirds	\$2,234.56
Joint and Contingent Three Fourths	\$2,208.71
Joint and Contingent Full Benefit	\$2,134.65

This is only an example of the different payment options. Your benefit will, of course, be different since it is based on your age, service, salary, and your spouse's age.

FIREFIGHTERS’ SUPPLEMENTAL SHARE PLAN

The following is a summary of the provisions of the Share Plan:

- Only current active and future active Firefighters as of 10/1/02 are eligible to participate.
- A separate Board of Trustees – five (5) member board per Florida Statutes.
- Firefighters’ will be 100% vested in the Share Plan and eligible for share(s) after 5 years of pension service.
- Share account is available for disbursement after separation from service/employment, even if Firefighter is not retiring.
- Firefighters can leave Share account balance until age 70 ½.
- Share accounts will be set-up as self-directed investment accounts (similar to current MAP/RSVP investments).
- Share accounts will be tax deferred.
- You must be an active Firefighter as of September 30th each year to be eligible for shares.
- Share Plan allocation (number of shares) to each eligible Firefighter will be as follows:

<u>Years of credited service</u>	<u>Number of Shares</u>
Less than 5	0
5 or more, but less than 10	1
10 or more, but less than 15	2
15 or more, but less than 20	3
20 or more, but less than 31	4
31 years or more	0

BENEFITS PAYABLE UPON YOUR DEATH

The Pension Plan not only provides a benefit for you at retirement, but also provides a pre-retirement death benefit for your beneficiaries if you should die while you are actively employed.

The death benefit payable to your beneficiary(ies) will be a lump sum amount, calculated by multiplying the following 3 factors:

- Years of service from your date of employment projected through age 55, times
- 200%; times
- Your Monthly Base Salary at the time of your death. The minimum benefit paid is \$50,000 with a maximum benefit of \$400,000. Your *Base Salary* is defined as your regular rate of pay excluding overtime, pay differentials, supplements, bonuses and allowances.

Example

A firefighter hired at age 20 with a Monthly Base Salary of \$2,000 would receive a pre-retirement death benefit of \$140,000, calculated as follows:

$$35 \text{ years of service} \times 200\% \times \$2,000 = \$140,000$$

If You Die with Retirement Eligibility

If you were eligible to retire at the time of your death, your spouse (if listed solely as your primary beneficiary) may choose to be paid the Joint & Contingent Full Benefit, determined as if you had retired on the date of your death, instead of the benefit described above.

In Line of Duty Death Benefit

Gives the spouse the option of receiving the current “lump sum death benefit” or to receive a lifetime monthly pension benefit payable to spouse when the firefighter would have completed his/her 25 year career and retired with a Joint & Contingent Full payment option, or to receive a benefit of 50% of the firefighters base salary beginning the month following date of death.

TERMINATION OF EMPLOYMENT

If you terminate your employment with the City for reasons other than death, disability or retirement before you have five years of pension service, you are not eligible to receive retirement benefits. You can either leave your pension balance on deposit for a maximum of five years in case of possible reemployment or receive a refund of all the contributions you made to the Plan, plus interest. Contributions receive interest at a rate of 6% per year. Your refund will be made within 60 days following your termination.

If you have five or more years of service when you terminate, you have a right to a retirement benefit at age 55 (see Vested Retirement). If you choose, you may instead receive a refund of your contributions and interest.

Under current law, if you choose to receive a refund, the City is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes. The amount of tax that is due depends on several factors; including the type of distribution you receive, your age at termination, and your tax bracket. Detailed information, about the tax treatment applicable to your refund, will be provided to you at the time you terminate your employment. You should consult with your personal tax advisor for more information concerning your personal situation.

OTHER IMPORTANT INFORMATION

This section summarizes how other City plans or policies may affect your benefits under this Plan. If you have any questions, please contact the Retirement Office for more information.

Leave of Absence Without Pay

During your employment, you may be granted a leave of absence for various reasons such as military leave or other reasons as approved by your department. Such a leave affects your coverage under the Pension Plan in several ways, including eligibility for disability or death benefits and accrual of service. If you take a leave, the Retirement Office will inform you of the rules that apply to you.

Purchase of Health Care Coverage

If you qualify to retire under this Plan, you may elect to keep your health insurance coverage provided by the City's health care plan. The premiums will be deducted from your pension payments.

If you retire and have accrued sick leave that you have not used, you may apply this unused portion toward the cost of health insurance under the City's plan. The amount that will be paid depends on your age and how many hours of sick leave you have accrued at the time you retire.

There are other rules that apply to this coverage. You should contact the Retirement Office for more information.

Transfer of General Employees or Police Officers

If you were a General Employee or Police Officer employed by the City and then become a Firefighter, you will become a member of this Firefighters' Part C if you were in Part C of either the Police Officers' Plan or the General Employees' Plan.

If you became a Firefighter before you had 10 years of service as a General Employee or Police Officer, you will be eligible for retirement at the time specified in the rules of this Part C.

If you were a General Employee or Police Officer for more than 10 years before you became a Firefighter, you will be eligible for retirement under the rules of the Plan from which you transferred.

If you become a Firefighter after you have 10 years from the General or Police Officer Plan and then you participant in the Firefighter Plan for 10 years, your normal retirement eligibility date shall be under the plan that is more beneficial.

If You Are Re-Employed by the City

If you are rehired by the City, your future retirement benefit will be affected in several different ways, depending on when and why you terminated, and the length of service during your previous employment and after you are rehired.

If you received a refund of all the contribution to the Plan from your previous employment with the City, you will be eligible to purchase these years back. You may purchase this service within the first 90 days of employment; otherwise, you will have to wait until your two-year anniversary date to purchase. Interest will be charged from the date of refund. At the time of your rehire, these rules will be discussed with you.

You will be eligible for 175 Supplemental Share Plan funds only upon reaching five years in the pension plan after reemployment.

Re-Employment After Retirement

If you are retired and receiving benefit payments and return to work with the City in a permanent, budgeted position the payments will cease. You may accrue additional benefits during your period of re-employment, depending on your length of service. In any event, when you again terminate, your previous benefits will resume. If you return to work in a temporary position your benefit payments will cease if you work more than 2,080 hours in any fiscal year. You should contact the Retirement Office upon your re-employment for more information about these rules.

Pre-Retirement Counseling

The City Retirement Office provides a number of ways to help you understand your Retirement System benefits and is always available to answer any questions you may have about your pension benefits. In addition, if you are within three years of retirement eligibility, you may schedule a personal meeting with one of the Retirement Benefits Analysts to review your individual retirement projection (this is called a "Dry Run").

Taxes

When you begin receiving your benefit payments, the amounts you receive will be subject to Federal income tax. You will receive a Form 1099R each year, which shows the amount that has been reported to the Internal Revenue Service for tax purposes. The amount of tax that is due depends on several factors, including the type of distribution you receive, your age at termination, and your tax bracket. Detailed information about the tax treatment applicable to your benefits and the proper forms for tax withholding will be provided to you at the time you terminate

or retire. You should consult with your personal tax advisor for more information concerning your personal situation.

GENERAL PLAN INFORMATION

As required by Florida law, this section provides you with general information about the Plan. Should you have a question about the Plan or any of its provisions, contact the Retirement Office.

Plan Name and Type

The name of the Plan is the City of Tallahassee Pension Plan Part C. The Plan is a defined benefit plan.

Plan Administration and Service of Legal Process

The City Treasurer-Clerk serves as the Administrator of the Pension Plan and the City's agent for service of legal process. The Plan and its records are kept on a fiscal year basis, beginning each October 1st and ending each September 30th. The Administrator can be contacted as follows:

City Treasurer-Clerk
300 South Adams Street, Box A-31
Tallahassee, Florida 32301-1731
(850) 891-8130

Plan Trustees

The Board of Trustees of the City of Tallahassee Pension Plan is composed of the members of the City Commission and one Police Officer or Firefighter.

Provisions of Law

The Pension Plan was established by Chapter 14 of the City of Tallahassee Code and is amended from time to time by an act of the City Commission.

Applying for Benefits

If you are an active employee and wish to retire and begin receiving benefits, you should contact the Retirement Office to schedule an appointment at least 30 days prior to your retirement date. If you leave the Retirement Office and are entitled to a deferred vested pension, you should contact the Retirement Office at least 30 days before you wish your benefits to begin. Application forms for retirement benefits and election forms for payment options available to you can be obtained from the Retirement Office. At your retirement interview, a Retirement Benefits Analyst will review your benefit amount and all of the payment options with you.

Appeals Procedure

If you disagree with a decision affecting your retirement, you may file a written appeal to the Plan Administrator requesting that your claim be reviewed. If your claim is denied, you may then appeal the decision of the Plan Administrator to the Plan's Board of Trustees. You should submit your claim for benefits in writing to the Plan Administrator at the address on page 26.

Advisory Committee

The Committee is elected from participants in the Plan and is responsible for reviewing applications for retirement and special requests. The Committee provides a valuable link between the employees and administration.

Assignment of Benefits

Benefits under the City's Pension Plan are not subject to attachment, garnishment or any other legal process except as required by Florida law. Benefits are not assignable (for example, to a third party as security for a loan or debt), except under certain circumstances after you terminate and begin receiving benefits. You may request that monies be withheld from your pension benefit for payments to the City of Tallahassee to repay certain indebtedness. No other payments may be withheld.

Financial and Actuarial Information

The independent actuary for the City's Pension Plan regularly prepares a report for the City concerning the financial condition of the Plan. The actuary has determined that the plan is operating on an actuarially sound basis and is in excellent financial condition. The techniques and assumptions are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. Additional information is available from the actuary's report and the Annual Report of the City, both of which can be obtained from the Retirement Office.

Forfeiture of Benefits

The City Ordinance specifies that you must forfeit all rights and benefits under this Plan (except for the return of your own contributions and earnings) if, before your retirement or termination of employment with the City, you have admitted to and are convicted of:

- aiding or abetting any embezzlement or theft from the City;
- bribery in connection with your employment; or
- any other felony specified in Chapter 838, Florida Statutes.

Collective Bargaining Agreement

The collective bargaining agreement between the City and the International Association of Firefighters Local 2339 provides for the participation in the plan of the employee group described on page 1.