

**SUMMARY PLAN DESCRIPTION
FOR THE
POMPANO BEACH POLICE &
FIREFIGHTERS' RETIREMENT
SYSTEM**



UPDATED AND APPROVED MARCH 18, 2019



Dear Member:

The City of Pompano Beach established a defined benefit pension plan to provide eligible employees with retirement and related benefits.

This Summary Plan Description is a brief description of that Plan and your rights, obligations, and benefits under it. This Summary Plan Description is not meant to interpret, extend, or change the provisions of the Plan in any way. The provisions of the Plan may only be determined accurately by reading the actual Plan document.

A copy of the Plan is on file at the Pension office and may be read by you, your beneficiaries, or your legal representatives at any reasonable time. It is also located on our website, www.pbpfrs.org, for 24 hour viewing. If you have any questions regarding either the Plan or this Summary Plan Description, you should ask your Plan's Administrator. In the event of any discrepancy between this Summary Plan Description and the actual provisions of the Plan, the Plan shall govern.

At the end of this Summary Plan Description you will find pertinent actuarial and financial information specific to October 1, 2018.

Sincerely,

The Board of Trustees of the
Pompano Beach Police &
Firefighters' Retirement System





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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

Pompano Beach Police & Firefighters' Retirement System

Employers

City of Pompano Beach, Florida for Firefighter members
Broward County Sheriff's Office (BSO) for former City of Pompano Beach Police Officers who transferred to BSO and elected to remain in this Retirement System.

Plan Administrator

Board of Trustees
c/o Debra Tocarchick, Executive Director
Pompano Beach Police and Firefighters' Retirement System
2335 East Atlantic Boulevard, Suite 400
Pompano Beach, Florida 33062-5249
(954) 782-4161
www.pbfrs.org

Board of Trustees

The Plan is administered by a board of nine trustees comprised of three participants elected by the members of the Fire Department (who may include a DROP participant), three participants elected by the members of the Police Department (who may include a DROP participant or a retired police officer as provided in Chapter 185.05(d), Florida Statutes) and three City residents appointed by the City Commission.

| | | |
|-----------------------------------|------------------------------|-------------------------|
| Paul O'Connell, Chairman | Daniel Christophers, Trustee | David Hall, Trustee |
| Richard Samolewicz, Vice Chairman | Robert Drago, Trustee | Peter McGinnis, Trustee |
| Sharra Aaronian, Trustee | Vincent Femia, Trustee | Jorge Rossi, Trustee |

Designated Agent for Service of Legal Process

Paul O'Connell, Chairman of the Board of Trustees

Type of Administration

The Plan Administrator 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 which may affect your eligibility for benefits. The Plan Administrator may also retain the services of attorneys, accountants, actuaries, investment advisors and other professionals. The Board of Trustees has retained an Executive Director to handle the day-to-day business affairs of the Retirement System.

Type of Plan

The Plan is a governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code.

Plan Year

Each 12-month period beginning on October 1 and ending on September 30. The Plan's fiscal records are maintained on this basis. A copy of the audited financial statement is available by request, or on the Plan's website at www.pbfrs.org.

Relevant Provisions of Local and State Laws

The Plan is set forth in Sections 34.045 - 34.073 of the Code of Ordinances of the City of Pompano Beach.

The most recent amendment to the Plan that is reflected in this Summary Plan Description is Ordinance No. 2018-23 adopted January 9, 2018.

Certain provisions of Part VII, Chapter 112, Florida Statutes (F.S.), Chapter 175 and Chapter 185, F.S. and the Internal Revenue Code and various federal laws also govern your Plan.

Relevant Provisions of Collective Bargaining Agreements

Certain employees covered by the Plan are members of the following collective bargaining unit(s):

Fraternal Order of Police ("FOP)

International Union of Police Associations ("IUPA")

Pompano Beach Professional Fire Fighters, Inc., Local 1549
(Affiliated with International Association of Fire Fighters - IAFF)

Police Officers are represented by the FOP and IUPA based on their classification, however, the terms of any collective bargaining agreement are not pertinent to the Retirement System.

The current collective bargaining agreement between the IAFF unit and the Employer was effective October 1, 2016 through September 30, 2019.

Custodian

The custodian of the Plan 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:

Comerica Bank
Detroit, Michigan

Investment Manager(s)

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 managers are:

| | | |
|--|--|--|
| BlackRock New York, New York | Ironwood Capital Management San Francisco, CA | Sands Capital Management, LLC Arlington, Virginia |
| Blackstone Tactical Opportunities Fund, LP New York, New York | Lazard Asset Management New York, NY | Sawgrass Asset Management, LLC Jacksonville, FL |
| BNY Mellon Asset Management NA Boston, MA | NB Alternatives Advisers, LLC Dallas, TX | Victory Capital Management, Inc. Brooklyn, Ohio |
| Brookfield Public Securities Group, LLC New York, New York | Nuance Investments Kansas City, MO | Wells Capital Management Menomonee Falls, Wisconsin |
| Goldman Sachs & Co. New York, NY | Pine Grove Institutional New York, NY | |
| Invesco Atlanta, GA | Renaissance Investment Mgt Cincinnati, OH | |

Member

You are a Member of the Plan if you fulfill the prescribed eligibility requirements (see Eligibility and Continuous Service section).

Beneficiary

Your Beneficiary is each person designated to the Plan Administrator in writing by you to receive any payments that may become payable by the Plan upon your death. You should designate a Beneficiary when you become a Member of the Plan. Any Beneficiary designation naming a trust as a Beneficiary must be accompanied by a copy of the trust document. From time to time, you should review your existing designation to insure that it expresses your wishes. Prior to retirement you may change your designation at any time upon written notification to the Plan Administrator. After retirement, you may change your designation up to two times upon written notification to the Plan Administrator. A change in your designation of beneficiary after retirement will require a recalculation and possible adjustment of your final benefit payments.

CONTRIBUTIONS TO THE PLAN

Benefits of the Plan are financed by contributions that are paid into the pension fund and by investment earnings generated by the investments of the pension fund. Contributions to the fund are made by:

You

If you are a firefighter member, your contribution rate is 11.6% of your covered salary (see later page for definition of covered salary). If you reach 25 years of Continuous Service and the maximum benefit cap of 80% of your average monthly earnings, your contribution rate is reduced to 0.50% until your Normal Retirement Date. The Employer "picks up" this contribution for your benefit through a salary reduction of your base pay so your contributions to the Plan are made on a pre-tax basis. If you are a police officer member, the Employer contributes 8.6% of your covered salary on your behalf.

Your contribution will cease upon your retirement, including your participation in the DROP, death or termination of employment. Interest is credited on your contributions at an annual rate of 3.0% per fiscal year, posted each September 30 based on the contributions plus interest balance on the prior September 30th. No interest is accrued on contributions that have not been in the fund for a whole year prior to the end of your employment.

State of Florida

Monies are paid each year by the State pursuant to Chapters 175 and 185, Florida Statutes. One-half of Chapter 185 monies in excess of \$876,088 are used solely for the benefit of eligible police officers and all Chapter 175 monies in excess of \$821,230 are used solely for the benefit of firefighters. These benefits are described more fully below in the sections titled "Supplemental Retirement Benefit for Firefighters" and "Supplemental Retirement Benefit for Police Officers."

Your Employer

Your Employer must contribute an amount determined by the Plan's actuary to be sufficient, along with your contribution and the State contribution, to systematically fund the benefits under the Plan. The Employer's contribution will vary depending on the actuarial experience of the Plan.

ELIGIBILITY AND CONTINUOUS SERVICE

Eligibility

You are eligible to be a Member of the Plan if:

- You are a firefighter of the City of Pompano Beach or a former Pompano Beach police officer who transferred to the Broward County Sheriff's Office on August 1, 1999 pursuant to Resolution No. 99-223 and Ordinance No. 99-46;
- You have reached your 18th birthday;
- You have satisfactorily completed all required medical exams;
- You have met all requirements of the Civil Service Board; and
- You are employed full-time, as determined by the Employer.

Continuous Service

Continuous Service is used to compute the amount of your pension benefit when you retire, to determine whether you are eligible for certain benefits and to determine whether you are vested. Your Continuous Service is equal to your length of service with the Employer from your last date of hire until your date of termination, retirement, death or disability, calculated as whole years and months. Authorized vacations and leaves of absence are included. No credit for benefit computation purposes shall be given for authorized vacations or leaves of absence to the extent that they exceed six months.

Break in Service

If you terminate employment and later return to work for the Employer, you will become a Member regardless of your age upon reemployment, once you have satisfactorily completed all required medical exams and have met all requirements of the Civil Service Board. However, no credit shall be given for the period of time you were gone. If you received a refund of your accumulated contributions when you terminated employment, you may receive credit for your prior service only if you repay in full all monies previously refunded, plus interest at the rate(s) assumed for actuarial purposes. One-half of the repayment is due within three months of your reemployment, with the balance due within six months of your reemployment. If repayment is not made in full within the prescribed time frame, any monies paid shall be refunded. If these monies are refunded, you will then have no further opportunity to obtain credit for prior service.

If (1) your employment was terminated by the Employer, (2) you received a refund of your member contributions, (3) you are reinstated by the Employer, and (4) you wish to receive credit for your prior service, see the Executive Director of the Plan for specifics on repayment of refunded monies.

Military Service

Should you take a leave of absence from the Employer in order to enter the military either voluntarily or non-voluntarily, your period of leave will be included in your Continuous Service if you apply for reemployment with the Employer within one year after your discharge.

Any active duty in the military prior to your date of hire by the Employer is not included in Continuous Service.

RETIREMENT DATES

Normal Retirement Date

Your Normal Retirement Date is the earliest date when unreduced retirement benefits may be paid to you. Your Normal Retirement Date is the earlier of the date you reach age 47, age 50 for firefighters hired after May 27, 2014, and complete 20 years of Continuous Service or the date you reach age 55 and complete 10 years of Continuous Service. A Police member may retire after 25 years of service, regardless of age (i.e. prior to attaining age 47), provided that the full actuarial cost of the earlier retirement age is purchased.

Early Retirement Date

Your Early Retirement Date is the first day of any month following the earlier of completion of 20 years of Continuous Service or attainment of age 50 and completion of 10 years of Continuous Service. You may retire at any time following this date with reduced benefits as described later.

Delayed Retirement Date

You may continue to work past your Normal Retirement Date. The date you actually stop working will be your Delayed Retirement Date.

RETIREMENT BENEFITS

Normal Retirement Benefit

The monthly benefit that you will receive if you retire on your Normal Retirement Date is called your Normal Retirement Benefit.

The amount of your Normal Retirement Benefit is based on the following factors:

1. Your Covered Salary - This is the amount of your compensation including base pay, regular longevity bonuses, assignment pay, temporary upgrade pay and, for firefighters, the 3.5% lump-sum pay received in 2009. Excluded are: non-regular overtime for firefighter members, non-regular overtime in excess of 25 hours per year for police officer members, bonuses, and any other non-regular pay. Covered Salary will be limited to \$265,000 (as adjusted periodically for cost-of-living) in any one year. However, if you became a member of the Plan before January 1, 1996, this limitation will not apply.
2. Your Average Monthly Earnings - This is the average of your Covered Salary for the highest three years (five years for firefighters hired on or after May 27, 2014) preceding your retirement. Your highest years do not have to be consecutive.
3. Your years of Continuous Service at your Normal Retirement Date.
4. Your benefit accrual rate.

The calculation of your Normal Retirement Benefit is as follows:

Police Member Benefit:

3.0% of your Average Monthly Earnings multiplied by your first 25 years of Continuous Service plus 2.0% of your Average Monthly Salary multiplied by your years, if any, of Continuous Service in excess of 37.5 years.

Example: If your Average Monthly Salary at your Normal Retirement Date is \$5,000 and your Continuous Service is 22 years, then the calculation is as follows:

$$3.0\% \times \$5,000 \times 22 \text{ years} = \$3,300.$$

Your Normal Retirement Benefit payable each month would be \$3,300.

Firefighter Member Benefit:

3.0% of your Average Monthly Earnings multiplied by your first 10 years of Continuous Service, 4.0% of your Average Monthly Earnings multiplied by the next 10 years, and 2.0% of your Average Monthly Earnings multiplied by the next 5 years with a maximum benefit equal to 80% of Average Monthly Earnings upon the completion of 25 years of Continuous Service, plus 2% of your Average Monthly Salary multiplied by your years, if any, of Continuous Service in excess of 40 years.

Example: If your Average Monthly Salary at your Normal Retirement Date is \$5,000 and your Continuous Service is 22 years, then the calculation is as follows:

$$(3.0\% \times \$5,000 \times 10 \text{ years}) + (4.0\% \times \$5,000 \times 10 \text{ years}) + (2.0\% \times \$5,000 \times 2 \text{ years}) = \$3,700.$$

The retirement benefit is paid to you for the rest of your life in accordance with the Normal Form of Benefit Payment as described later (however, see the sections on Death Benefits After Retirement and Election of Optional Forms of Benefit Payments). Your benefits from this Plan are paid in addition to any benefits you may receive from Social Security.

Accrued Benefit

The portion of your Normal Retirement Benefit that you have earned at any point in time is your Accrued Benefit. Your Accrued Benefit is computed in the same way as the Normal Retirement Benefit, except using your present Average Monthly Earnings and Continuous Service in the preceding calculation. The Accrued Benefit is a monthly amount that starts on your Normal Retirement Date, provided you are eligible to receive such benefit (refer to the Vested Retirement Benefit section).

Early Retirement Benefit

If you retire early, you may receive your Early Retirement Benefit payable immediately or defer it to your Normal Retirement Date.

1. A deferred Early Retirement Benefit is the benefit that begins on your Normal Retirement Date and is paid to you for the rest of your life. The benefit is equal to your Accrued Benefit on the date you terminated employment.

2. An immediate Early Retirement Benefit is a benefit that begins on your Early Retirement Date and is paid to you for the rest of your life. The benefit is equal to your Accrued Benefit on the date you retire, but reduced for the number of years or fractions of years by which the starting date of the benefit precedes your Normal Retirement Date. The benefit is reduced to take into account your younger age and earlier commencement of benefit payments. The following table shows how much your benefit will be reduced if payments begin before your Normal Retirement Date:

| Number of Years Early: | Percentage Reduction: |
|------------------------|-----------------------|
| 1 | 8.03% |
| 2 | 15.36 |
| 3 | 22.07 |
| 4 | 28.20 |
| 5 | 33.82 |
| 6 | 38.97 |
| 7 | 43.69 |

However, if you are age 50 or older on your Early Retirement Date, the Percentage Reduction shall not exceed 3% for each year by which your Early Retirement Date precedes your Normal Retirement Date.

Delayed Retirement Benefit

The amount of your monthly Delayed Retirement Benefit is calculated and paid in the same way as the Normal Retirement Benefit. However, your Average Monthly Salary and Continuous Service as of your actual retirement date are used in the calculation.

Cost of Living Adjustment (COLA)

Effective October 1, 2000, the Plan began to allow for an automatic annual increase equal to 2% payable on each October 1. An additional increase of up to 1% is payable if certain conditions are met. The COLA will apply to each retiree or eligible beneficiary who has been retired for at least five years. If you participate in the DROP over 5 years, the COLA will begin on the October 1 following your termination of employment with the City.

Procedures for Application for Retirement Benefits

The following procedures are provided to assist you as you prepare for retirement:

1. Two to three months before your date of retirement, contact the pension office to request a projection of retirement benefits.
2. At least 45 days prior to your date of retirement, contact the pension office to set up an appointment to come in and complete an application for retirement benefit and supporting documents. You should also contact Human Resources as to the requirements of your department for retirement.
3. When you apply, you will have to provide a certified copy of your birth certificate. In addition, if you elect a Joint and Survivor Annuity, you must also provide a certified copy of your beneficiary's birth certificate.
4. Your completed application for retirement will be placed on the next available Agenda for Board approval following receipt of the application.
5. The benefit calculation process begins after your date of retirement. The Executive Director will advise you when the final benefit calculation has been completed by the Actuary so you can select your form of benefit. After your first benefit payment, you will not be allowed to change your benefit option unless you chose a Joint & Survivor option and your beneficiary dies first. Therefore, the selection of your form of benefit should be carefully considered.
6. The Board of Trustees approves your monthly benefit amount and any retroactive payment due at the next board meeting.
7. It is recommended that you consult with a qualified tax advisor before you take benefit payments from the Plan.

DISABILITY RETIREMENT

If you become totally and permanently disabled and unable to perform the regular duties or any other duties in the Department as provided by the Plan, you may be eligible for a disability benefit. In the case of a disability incurred in the line of duty (Service Incurred), you will be eligible for a benefit regardless of your length of service. In the case of a disability that is not incurred in the line of duty (Non-Service Incurred), you will only be eligible for a benefit if you have at least 10 years of Continuous Service.

Service Incurred Disability

The amount of your benefit due to Service Incurred disability is 75% of your monthly earnings payable on the first day of the month following the date the Board of Trustees approves your Service Incurred Disability Retirement. This benefit is payable for a minimum of 10 years or until your recovery from such disability. If you are a firefighter whose accrued benefit exceeds 75% of your monthly earnings, then the excess benefit will be paid as a Normal Retirement Benefit. The Disability portion of the benefit is generally considered to be tax-free; the Normal Retirement portion is taxable.

Non-Service Incurred Disability

The amount of your benefit due to Non-Service Incurred disability will be an amount equal to the sum of:

1. 3.0% of your Average Monthly Earnings multiplied by your years of Continuous Service, up to a maximum of 60% of your monthly earnings in effect on the date the Plan Administrator approves your Disability Retirement, plus
2. 2.0% of your Average Monthly Earnings multiplied by your years of Continuous Service in excess of 25 years, if any.

This benefit is payable for a minimum of 10 years or until your recovery from disability and is a taxable benefit.

Application for Disability Retirement Benefits

The following procedures are provided for your information:

1. Notify the pension office to set up an appointment to complete an application for disability retirement benefits.
2. You will have to provide to the Executive Director a certified copy of your birth certificate. In addition, if you elect a Joint and Survivor Annuity, you must also provide a certified copy of your beneficiary's birth certificate.
3. When you apply, you will be asked to sign an authorization for release of medical records and an authorization to waive confidentiality of medical records.
4. You must complete a questionnaire and provide the names and addresses of all doctors, hospitals and other health care providers who have treated you for the injury or illness causing the disability.
5. After all medical records, workers' compensation records, and medical insurance files have been obtained, an Independent Medical Examination (IME) will be scheduled.
6. After the IME report is received, the application will be placed on the next available Board meeting Agenda. You will be notified of the Board meeting at which the application will be considered. You may review the medical records, reports and other pertinent information prior to the meeting. Please note this is considered an informal disability hearing.
7. If you are present at the informal disability hearing, you will be entitled to make your own presentation, personally or through an attorney. You may also be required to answer questions from the Board of Trustees and/or its attorney.

8. You will be notified in writing of the Board's decision. If your application is approved, your benefit payment will commence. If your application is denied, the Board shall provide written explanation of your right to appeal the Board's decision at a formal disability hearing and the time limit within which you must request a formal disability hearing in writing.

SURVIVOR BENEFITS

Before Retirement

Service Incurred

If you die as a direct result of an occurrence arising from the performance of your duties, the following death benefit shall be payable:

1. A \$5,000 lump sum payment to your designated beneficiary; plus
2. To your spouse: 75% of your final earnings until your spouse's death; plus
3. To each unmarried natural or legally adopted child until the earlier of age 18 (age 22 if a full-time student in an accredited school), marriage or death: 7.5% of your final earnings.

The maximum amount payable to your spouse and children is limited to 90% of your final earnings. If you have no spouse, or upon your spouse's death, each eligible child shall receive 15% of your final earnings - not to exceed 50%.

Non-Service Incurred

If you die before retirement from causes not attributable to active duty, then your death benefit is:

1. With less than one year of Continuous Service: None
2. With one year, but less than five years of Continuous Service: A \$5,000 lump sum payment paid to your designated Beneficiary.
3. With five years, but less than 10 years of Continuous Service:
 - a. \$5,000 lump sum payment paid to your designated Beneficiary; plus
 - b. To your spouse: 65% of your Accrued Benefit as of your date of death, subject to a 20% minimum of your Average Monthly Earnings; plus
 - c. To each unmarried natural or legally adopted child until the earlier of age 18 (age 22 if a full-time student in an accredited school), marriage or death: The same benefits and age stipulations as outlined for service incurred death benefits.

The maximum amount payable to your spouse and children is limited to 50% of your final earnings.

4. With 10 or more years of Continuous Service: Your designated Beneficiary may elect the benefit described under Item 3 above or your Accrued Benefit as of the date of death. The full benefit will be payable at your Normal Retirement Date or your beneficiary may elect to take a reduced benefit at your Early Retirement Date.
5. If you die on or after January 1, 2007 while performing "Qualified Military Service" as defined by federal law, you will be treated as though you had resumed employment immediately prior to your death.

After Retirement

If you were receiving an optional form of retirement payment which provided for a survivor's benefit to be paid after your death, your Beneficiary will receive payments following your death in accordance with that option. These options are described in the "Form of Benefit Payments" section.

VESTING

If you terminate employment, other than by reason of retirement, disability or death, you may be entitled to a Deferred Vested Retirement Benefit. This benefit is equal to your Accrued Benefit on your termination date multiplied by your vested interest. The following chart shows your vested interest in your Accrued Benefit.

| Vesting Schedule | |
|---|-------------------------|
| Completed Years of Continuous Service: | Vested Interest: |
| Less than 10 years | 0% |
| 10 or more years | 100% |

The vested benefit is payable at your Normal Retirement Date. However, if you have 20 or more years of Continuous Service at the time of your separation of employment, you may receive your vested benefit immediately, reduced as it would be for an Early Retirement (see Early Retirement Benefit).

If you separate employment before you are vested, you will only be eligible to receive a refund of your own contributions plus your accrued interest. However, even if you are vested, you may elect to receive a refund of contributions plus your accrued interest in lieu of any and all benefit payments. Please refer to the "Contributions to the Plan" section for a description of how interest is accrued.

The taxable portion of any refund you receive is subject to an automatic 20% withholding for federal income tax purposes. This tax can be avoided, however, if you directly roll the taxable portion over to an Individual Retirement Account (IRA) or another qualified employer plan. This direct rollover will likely result in no tax being due until you begin withdrawing funds from the IRA or other such qualified employer plan, however, it is recommended that you seek personal tax or financial planning consultation prior to making any decisions.

Requesting a Refund of Contributions

The following procedures are provided for your information:

1. Contact the pension office to set up an appointment to complete a Request for Refund of Contributions form and to obtain the required IRS Special Tax Notice Regarding Plan Payments.
2. Because complex rules apply to your refund and the rollover of payments, you should seek competent tax advice from your tax advisor.
3. Allow 4-6 weeks after you have completed the Request for Refund of Contributions for your check(s) to be issued, whether the refund is paid to you or payment is made directly to your IRA or another qualified employer plan.

FORMS OF BENEFIT PAYMENTS

Normal Form of Benefit Payment

Unless you elect otherwise before retirement, your pension is payable as a Ten Year Certain and Life Annuity. This benefit is a series of monthly payments for your life. However, if you die before receiving 120 payments (ten years), your Beneficiary will receive the remainder of the guaranteed payments. Example: If you received 80 payments prior to dying, your Beneficiary would receive 40 payments.

Election of Optional Forms of Benefit Payments

You have the right at any time before your actual retirement date, which includes entry into the DROP, to elect not to have your retirement benefit paid in the Normal Form. Your benefit would then be paid according to the form that you choose.

You may choose among the options described below and revoke any such elections and make a new election at any time prior to your actual retirement date. You must make such an election by written request to the Plan Administrator and such an election shall be subject to the approval of the Plan Administrator. This election also applies to terminated Participants who are eligible for payment of deferred Vested Retirement Benefits. The options available are as follows:

1. **Option 1 - Joint and Last Survivor Annuity**

You may elect to receive a decreased monthly retirement benefit during your lifetime and have such decreased retirement benefit (or a designated fraction thereof) continued after your death to and during the lifetime of your Beneficiary. Under this option, you may change your beneficiary twice without approval of the Plan Administrator and without regard to whether your Beneficiary is in good health or alive. Upon submitting a change in Beneficiary, your benefit will be recalculated and may increase or decrease. If your Beneficiary predeceases you and you do not wish to name a new beneficiary under the terms noted above, you may make a one-time election to have your benefit actuarially converted to the Normal Form.

2. **Option 2 – Life Annuity**

You may elect to receive a larger retirement benefit payable for the rest of your life, ceasing upon your death.

3. **Option 3 - Other**

You may elect another optional form which is subject to the approval of the Plan Administrator and which is actuarially equivalent to the Normal Form of Benefit.

In no event will the total of benefit payments to you and your Beneficiary be less than your own accumulated contributions plus accrued interest, as described in the “Contributions to the Plan” section.

DEFERRED RETIREMENT OPTION PLAN (DROP)

You are eligible to elect to participate in the DROP when you reach your Normal Retirement Date. This election must be made before you attain 25 years of Continuous Service. However, if you have 25 years of Continuous Service, but you are not yet eligible for Normal Retirement, you may elect to participate in the DROP upon reaching Normal Retirement. Election into the DROP is voluntary. If you are a firefighter, this election constitutes an irrevocable election to voluntarily terminate your employment effective automatically upon the termination of participation in the DROP. You may participate in the DROP for a maximum of five years if you are a police officer and eight years if you are a firefighter.

Once you begin participation in the DROP, you will no longer be eligible for pre-retirement death benefits. If you are police officer member, you will not be eligible for disability benefits under the Plan. If you are a firefighter member and become disabled after you enter the DROP, you are eligible to apply for a service incurred or non-service incurred disability retirement benefit. If the Board of Trustees determines that you are totally and permanently disabled, your benefit will be reclassified (see the Disability Retirement section).

DROP Account Options

If you elect to enter the DROP, the monthly benefit you would have received if you had retired on your election date will be paid into your DROP account. You have the choice to have your DROP account invested with the Pension Fund assets and credited or debited with the same net investment return realized by the Fund each quarter. This is called the Fund Rate Option. On the other hand, you may choose to invest your DROP account in a governmental money market fund made available by the Board of Trustees. This is called the Employee Directed-Mutual Fund Option.

Fees and Expenses

With the Fund Rate Option, the expense charged against your account for administering your DROP is set at the annual rate of 0.75% of your account balance (.1875% quarterly).

With the Employee Directed-Mutual Fund Option, the internal expense ratio is determined by the fund. The fee is then rebated back for a net zero expense.

Payment of expenses will continue until your DROP account has been paid out in full.

DROP Loan Program

You may borrow from your DROP account up to 50% of your current account balance, subject to a minimum of \$5,000 and a maximum of \$50,000.

You must submit an application to the Plan Administrator and execute a promissory note that provides for a definite interest rate (the "prime rate" in effect on the day you file your paperwork), repayment schedule and maturity date not to exceed five years.

Payments may be made bi-weekly or monthly and may be automatically deducted by the Pompano Beach Credit Union or your monthly pension benefit. Firefighters may have payments deducted from their City paychecks.

You will be responsible for paying all costs of the loan, including doc stamps, intangible taxes, loan-servicing fees, etc.

You will not earn DROP interest on the outstanding balance on your loan.

Contact the Executive Director for full details regarding the loan program, including default provisions and military leave suspensions.

Termination of Employment

Upon your termination of employment, the balance of your DROP account will become payable to you in addition to your regular monthly pension benefit. You will have the following options of payment for your DROP account:

- 1) A single lump sum payment,
- 2) Annual installments, which can be changed once each year by June 30,
- 3) Monthly installments, which can be changed once each year by June 30.

If you die before your DROP account balance has been paid out in full, your Beneficiary will have the same payout options as listed above. DROP payments to your Beneficiary will be in addition to any retirement benefits payable by the Plan.

SUPPLEMENTAL RETIREMENT BENEFIT FOR FIREFIGHTERS

Effective October 1, 2010, a Supplemental Retirement Benefit Plan was established as a result of contract negotiations between the City and the IAFF, Local 1549. Under this Plan, also known as the Chapter 175 Plan or Share Plan, a portion of monies received from the State is set aside and allocated to individual accounts for all eligible firefighter members.

The initial allocation on October 1, 2010 was \$2,540,196, which was allocated to the accounts of all firefighters who were on the City's payroll as of September 30, 2010. Each eligible member received a unit of credit (or "share") for each month of Continuous Service earned

through that date. He or she was then credited with a proportional share of the total, calculated by dividing his or her shares by the total shares of all members.

Effective January 1, 2012 and each January 1 thereafter, each firefighter on the City's payroll the previous September 30, is credited with a share for each month of continuous service earned during that plan year (a maximum of 12). Each such eligible member will then receive a proportional share of the Chapter 175 monies for that year that exceed \$821,230.

In addition, each active member and DROP participant employed on January 1 of each year, starting in 2012, will be credited with investment earnings or losses. Such earnings or losses will be calculated on the preceding December 31 share account balance, at the net rate of return of the pension plan for the preceding plan year ending September 30. Alternatively, a member within five (5) years of his or her expected termination of employment, may make a one-time irrevocable, written election to have interest credited at a money market rate, based on a money market fund selected by the Board of Trustees. When a member makes such an election, the money market rate will apply starting with the beginning of the quarter in which the election is made. The net rate of return for the plan will apply to all previous quarters, whether positive or negative.

Members become vested in their share account balances at the rate of 50% upon ten (10) years of continuous service, 75% upon fifteen (15) years of continuous service and 100% upon twenty (20) years of continuous service. All active firefighters will become 100% vested upon death or eligibility for a disability pension. The vested portion of a member's account balance will be calculated as of the date of termination of employment and will become payable when the member becomes eligible for receipt of pension benefits. Distributions are made as lump sum payments and are eligible for rollover to another qualified plan. The non-vested portion of a member's share account will be allocated proportionally to all eligible members on the next allocation date.

SUPPLEMENTAL RETIREMENT BENEFIT FOR POLICE OFFICERS

Effective February 28, 2017, a Supplemental Retirement Benefit for Police Officers was established as a result of an amendment to Chapter 185, Florida Statutes. Under this Plan, also known as the Chapter 185 Plan or Share Plan, a portion of monies received from the State is set aside to provide special benefits to eligible police officer members.

Effective October 1, 2015, one-half of the accumulated excess Chapter 185 premium tax reserve account as of October 1, 2015 (\$107,581); and one-half of the Chapter 185 annual premium tax revenues received from the State of Florida that exceeded \$876,088 was set aside for the Share Plan. Effective July 10, 2018, the Board of Trustees adopted a Statement of Policy regarding allocation, administration and distribution of the Share Plan.

Effective September 30, 2018, each police officer member received one share. The total number of shares was divided into the initial amount of premium tax revenues held in reserve of \$314,032 to derive the initial value of each share which was then credited retroactively to each member. In addition, the total number of shares was then divided into the excess premium tax revenue received of \$186,087 to derive the annual value of each share for plan year 2017. A total of \$500,119 representing the initial amount plus the annual amount was allocated equally between the members. Each September 30 thereafter, the total number of shares will be divided into one-half of the premium tax revenues received for that plan year in excess of \$876,088 and allocated to the members.

Eligible police officer members who are receiving a monthly pension benefit receive an

annual share plan payment on December 1 of the amount credited to their share account as of the immediately preceding September 30.

Eligible police officer members who are not receiving a monthly pension benefit have earnings or losses applied to their account at a rate equal to the pension plan's actual net rate of investment return for the preceding plan year. In the alternative, members who are within five years of their expected receipt of a monthly pension benefit may make a one-time irrevocable election to have interest credited to their share account from a money market fund selected by the Board of Trustees. Upon receipt of a monthly pension benefit, those members will receive a distribution of 100% of the balance of their share account which may be rolled over to another qualified plan or taken as a lump sum distribution.

All police officer members are 100% vested in their share account.

TERMINATION OF THE PLAN

If the Plan is terminated or if the Employer completely discontinues making contributions, you will immediately become fully vested in the benefit you have earned. The Plan sponsor is required to fund all such nonforfeitable benefits. Only after all accrued benefits have been paid and any other liabilities have been satisfied can any remaining money be returned to the Employer. Termination of the Plan will have no effect on your DROP or Share Plan account balances.

IMPORTANT NOTICE

There are certain circumstances which may result in the disqualification, ineligibility, denial, loss, forfeiture, suspension or deferral of your benefits in this Plan. The following is a non-inclusive list of these circumstances:

1. If you terminate employment before reaching the Normal or Early Retirement Date and you do not have enough Continuous Service to have earned a vested interest, no benefits will be payable except for a return of your own contributions with interest.
2. No credit is allowed either for benefit accrual or vesting purposes for any period in which you are not considered a full-time employee or any period of an unpaid leave in excess of six months.
3. Your retirement benefit will not be payable until actual retirement date, even if you continue to work beyond your Normal Retirement Date. Please note, however, that if you elect to participate in the DROP, your benefit will be deposited to your DROP account.
4. Your Accrued Benefit may be forfeited if you admit to or are convicted of certain specified offenses as provided by State law (Chapter 112.3173 F.S.).
5. Your Accrued Benefit may be forfeited in the event that you are convicted of a misdemeanor of the first degree as provided by State law (Sections 775.082 or 775.083) relating to false, fraudulent or misleading information to obtain any benefit from the Plan. Conviction includes a determination of guilt as a result of plea or trial, regardless of whether adjudication is withheld.
6. Payment of your benefits may be subject to an income deduction order for alimony or child support made pursuant to state law.
7. The Plan cannot pay benefits that exceed the limits established in Section 415 of the Internal Revenue Code.

Your benefit is not assignable or subject to garnishment or other legal process except as noted above. However, you may authorize the Plan Administrator to withhold from your monthly

benefit the funds necessary to pay for:

1. benefits received through the City or BSO,
2. the certified bargaining agent of the City or BSO,
3. child support or alimony,
4. accident, health and long-term care insurance premiums for yourself or your dependents.

The Plan Administrator shall not be liable for following your instructions with regard to these voluntary deductions if it acted in good faith.

YOUR RESPONSIBILITIES

1. Retain this Summary Plan Description with your other important papers for later reference or for replacement by updated versions and supplemental notices, if any.
2. Upon completing eligibility requirements, sign the Member's Acceptance and Application for Membership form and a Designation of Beneficiary form.
3. Keep your Beneficiary designation form updated to accurately express your wishes.
4. If you terminate employment, check to see if you are entitled to a Vested Retirement Benefit and the date payable.
5. If you should terminate employment with rights to a deferred Vested Retirement Benefit, then, shortly before the date on which it is to begin, you should contact and notify the Plan Administrator to begin such payments.
6. Complete such forms as may be required by the Plan Administrator in order to carry out the provisions of the Plan.
7. Stay abreast of Plan changes.

CLAIMS AND PROCEDURES

Claims for benefits under the Plan must be filed in writing with the Plan Administrator. If you are eligible for any benefits from this Plan, you will be provided a notification form showing the amount of your benefit and options, if any, and the earliest date on which such benefit is payable.

Your request for Plan benefits shall be considered a claim for Plan benefits, and it will be subject to a full and fair review. If your claim is wholly or partially denied, the Plan Administrator shall furnish you a written notice of its denial within a reasonable time period following its decision. This written notice will state as clearly and concisely as possible the Plan Administrator's findings and conclusions.

If your claim has been denied, and you wish to submit your claim for review, you may file with the Executive Director a request for a public rehearing and review by the Plan Administrator. This filing must be made within the time provided by the Board following notification in writing of the Plan Administrator's initial denial.

As soon as practicable after the Plan Administrator receives your request for a rehearing, it shall meet after giving reasonable notice. You have the right to be present at this meeting with legal counsel, if you desire. You will be allowed to submit any evidence in support of your claim.

If the Plan Administrator again denies your claim, you may seek review of its decision within thirty days to the Circuit Court in and for the Seventeenth Judicial Circuit of Broward County.

**POMPANO BEACH POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM
AS OF OCTOBER 1, 2018**

Actuarial Information

Present Value of Future Benefits for

| | | |
|------------|--|-------------------|
| 403 | Persons Receiving Benefits and DROP Participants | \$275,801,919 |
| 3 | Vested Terminations with Deferred Benefits | 732,569 |
| <u>179</u> | Actively Employed Members | <u>97,323,885</u> |
| 585 | Total | \$373,858,373 |

Value of assets as used for actuarial purposes \$227,193,975
(Note: will vary somewhat from current market value shown below)

Present Value of Future Member Contributions \$15,102,998

Financial Information

Current Market Value of the Fund

| | |
|---|------------------|
| Equities | 133,349,238 |
| Corporate Bonds | 16,317,467 |
| Mortgage Backed Securities | 17,855,373 |
| U.S. Government Securities | 17,583,991 |
| Municipal Obligations | 410,022 |
| Hedge Funds and Private Equity | 49,106,322 |
| Real Estate (Pompano Beach Investors LLC) | 3,000,000 |
| Cash & Cash Equivalents | 7,176,082 |
| Other Assets | 1,910,095 |
| Receivables (Liabilities) | <u>(356,964)</u> |
| Total | \$246,351,626 |

Contributions Received in Prior Year

| | |
|--------------------|------------------|
| Members | \$1,708,166 |
| Premium Tax Refund | 2,501,946 |
| City | 5,770,377 |
| County | <u>5,004,644</u> |
| Total | \$14,985,133 |

Investment Income Earned by Fund During Prior Year \$19,905,023

Total Benefits Paid During Prior Year \$25,849,524

**Pompano Beach Police and Firefighters'
Retirement System
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Pompano Beach, FL 33062-5249
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