

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 D." This is the pension plan that became effective for general employees hired on or after April 1, 2013. Employees hired prior to April 1, 2013 will remain in Part C of this pension plan. In addition, certain general employees transferred to Part C from another City Plan ("Part B"). If you transferred from Part B, certain provisions of those plans are still available to you. Throughout this booklet, you will see *shadowed boxes* in the sections where Part B or Part C provisions apply. You will see the provisions explained in these boxes.

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

- You are eligible to participate immediately upon your employment with the City in a full-time or part-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 after 33 years of service, regardless of age; or age 65 with a minimum of five years of pension service. Early retirement with a reduced benefit is available after 28 years of service, regardless of age; or after age 58 if you have 5 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 final average Base Salary.
- 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. **In addition, the City makes a contribution to your personal account each pay period.** Upon retirement, the City may provide an additional matching contribution depending upon the payment option you elect.

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, which 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 an elected official, or as a full-time or part-time employee 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. Part-time employees will receive credit for all service to the City after January 1, 1992. 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 3.75% of your *Base Salary*. *Base Salary means your regular rate of pay (2,080 hours per year), including vacation pay and longevity and merit bonuses, but does not include overtime, pay differentials, or other special pay.* 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.

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, are refunded to you (see "Termination of Employment" on page 21).

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, and
- 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 or part-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 33 years of service with the City, regardless of your age; or
- you are age 65 and completed 5 years of pension service with the City.

If you were previously a participant in Part B, you are also eligible for Normal Retirement when you are age 60.

If you are a participant in Part C, you are eligible for Normal Retirement when you have completed 30 years of service with the City, or are age 62 and completed 5 years of service with the City.

Early Retirement

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

- you have completed 28 years of service with the City, regardless of your age; or
- you reach at least age 58 and have 5 years of pension service with the City.

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

If you were previously a participant in Part B, you are also eligible for Early Retirement when you reach at least age 57.

If you are a participant in Part C, you are eligible for Early Retirement when you have completed 25 years of service with the City, or are age 55 and completed 5 years of service with the City.

Disability Retirement

If you become totally and permanently disabled, you may be eligible for disability retirement if:

- the disability occurs as a result of your employment with the City, or
- you completed **5** years of service before the disability occurred, and
- the disability is not associated with a pre-existing condition (see below).

Totally and Permanently Disabled means that you are no longer able to perform your present job duties, or any other job that you may be suited to by reason of your experience, training or education. 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 Retirement Administrator and furnish a doctor's report supporting your claim.

Pre-Existing Conditions: Disability Retirement will not be granted, whether in line of duty or not in line of duty, if injury, impairment or other medical condition is based on or is an aggravation of a pre-existing condition that was present at the time of participation in the pension plan.

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 retirement age. This is known as being “vested” in your benefit. You will not be retired until you begin receiving a 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 65. 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, 2013, the City of Tallahassee implemented a 5-year DROP program for General Employees 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 5 years. Once you join DROP, you must terminate employment at the end of the 5-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; 33 years of service or age 65 with 5 years of pension service. **There is no Early Retirement DROP eligibility.**

Part B participants may join DROP at 30 years of service or age 60 with 5 years of pension service.
Part C participants may join DROP at 30 years of service or age 62 with 5 years of pension service.

- When you first become eligible to join DROP, you have up to 6 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 and must remain in this investment throughout your DROP participation. 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 also continue to participate in the MAP 401(k) plan. The City continues to contribute 5% to your MAP account and you may continue to contribute also. All of your matching funds will continue to be eligible for the 50% match while in DROP.
- You will not have access (withdrawals) to the DROP, MAP 401(k) 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 leave (240 hours 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.

The following table illustrates the estimated value of a DROP account. To roughly approximate what your DROP account could be worth, find your estimated monthly retirement benefit on the left side of the table and the number of years you plan to participate in DROP at the top. The amount at the intersection is a rough estimate of the value of your DROP account, based on a Guaranteed Interest Rate of 3.00%.

| Monthly Pension Payment | | Years of Participation in DROP | | | | |
|-------------------------|---|--------------------------------|-----------|-----------|-----------|-----------|
| | | 1 | 2 | 3 | 4 | 5 |
| \$100.00 | = | \$1,217 | \$2,470 | \$3,762 | \$5,093 | \$6,465 |
| \$500.00 | = | \$6,083 | \$12,351 | \$18,810 | \$25,466 | \$32,323 |
| \$1,000.00 | = | \$12,166 | \$24,703 | \$37,621 | \$50,931 | \$64,647 |
| \$1,500.00 | = | \$18,250 | \$37,054 | \$56,431 | \$76,397 | \$96,970 |
| \$1,600.00 | = | \$19,466 | \$39,525 | \$60,193 | \$81,490 | \$103,435 |
| \$1,700.00 | = | \$20,683 | \$41,995 | \$63,955 | \$86,583 | \$109,899 |
| \$1,800.00 | = | \$21,899 | \$44,465 | \$67,717 | \$91,676 | \$116,364 |
| \$1,900.00 | = | \$23,116 | \$46,935 | \$71,479 | \$96,769 | \$122,829 |
| \$2,000.00 | = | \$24,333 | \$49,406 | \$75,241 | \$101,862 | \$129,293 |
| \$2,100.00 | = | \$25,549 | \$51,876 | \$79,003 | \$106,956 | \$135,758 |
| \$2,200.00 | = | \$26,766 | \$54,346 | \$82,765 | \$112,049 | \$142,223 |
| \$2,300.00 | = | \$27,983 | \$56,816 | \$86,527 | \$117,142 | \$148,687 |
| \$2,400.00 | = | \$29,199 | \$59,287 | \$90,289 | \$122,235 | \$155,152 |
| \$2,500.00 | = | \$30,416 | \$61,757 | \$94,051 | \$127,328 | \$161,617 |
| \$2,600.00 | = | \$31,633 | \$64,227 | \$97,813 | \$132,421 | \$168,081 |
| \$2,700.00 | = | \$32,849 | \$66,698 | \$101,576 | \$137,514 | \$174,546 |
| \$2,800.00 | = | \$34,066 | \$69,168 | \$105,338 | \$142,607 | \$181,011 |
| \$2,900.00 | = | \$35,283 | \$71,638 | \$109,100 | \$147,701 | \$187,475 |
| \$3,000.00 | = | \$36,499 | \$74,108 | \$112,862 | \$152,794 | \$193,940 |
| \$3,100.00 | = | \$37,716 | \$76,579 | \$116,624 | \$157,887 | \$200,405 |
| \$3,200.00 | = | \$38,932 | \$79,049 | \$120,386 | \$162,980 | \$206,869 |
| \$3,300.00 | = | \$40,149 | \$81,519 | \$124,148 | \$168,073 | \$213,334 |
| \$3,400.00 | = | \$41,366 | \$83,990 | \$127,910 | \$173,166 | \$219,799 |
| \$3,500.00 | = | \$42,582 | \$86,460 | \$131,672 | \$178,259 | \$226,263 |
| \$3,600.00 | = | \$43,799 | \$88,930 | \$135,434 | \$183,352 | \$232,728 |
| \$3,700.00 | = | \$45,016 | \$91,400 | \$139,196 | \$188,445 | \$239,193 |
| \$3,800.00 | = | \$46,232 | \$93,871 | \$142,958 | \$193,539 | \$245,658 |
| \$3,900.00 | = | \$47,449 | \$96,341 | \$146,720 | \$198,632 | \$252,122 |
| \$4,000.00 | = | \$48,666 | \$98,811 | \$150,482 | \$203,725 | \$258,587 |
| \$4,100.00 | = | \$49,882 | \$101,282 | \$154,244 | \$208,818 | \$265,052 |
| \$4,200.00 | = | \$51,099 | \$103,752 | \$158,006 | \$213,911 | \$271,516 |
| \$4,300.00 | = | \$52,315 | \$106,222 | \$161,768 | \$219,004 | \$277,981 |
| \$4,400.00 | = | \$53,532 | \$108,692 | \$165,530 | \$224,097 | \$284,446 |
| \$4,500.00 | = | \$54,749 | \$111,163 | \$169,293 | \$229,190 | \$290,910 |

YOUR BENEFIT AMOUNT

The amount of your benefit is based on:

- your years of pension participation,
- your age at retirement, and
- your average monthly base salary.

Normal Retirement Benefit

The formula for calculating your monthly Normal Retirement benefit is:

$$\text{Total Accrual Percentage} \times \text{Average Monthly Base Salary}$$

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

- 2.25% times your years of pension participation
- the maximum pension accrual for a general employee is 81%.

Your Average Monthly Base Salary is the total of your highest consecutive 60 months of Base Salary, divided by 60.

Example

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

Suppose you joined the Plan on May 1, 2013 and retire at age 65 with 25 years of service. Your Base Salary for the last five years is the highest salary that you earned while working for the City. In those three years, you earned a total of \$126,000.

Your Total Accrual Percentage is:

$$25 \text{ years} \times 2.25\% \text{ (from 5/1/13 to 4/30/38)} = \mathbf{56.25\%} \quad \text{Total Accrual Percentage}$$

Your Average Monthly Base Salary is:

$$\$126,000 \div 60 \text{ months} = \$2,100$$

In this example, your monthly retirement benefit would be:

$$56.25\% \times \$2,100 = \$1,181.25 \text{ per month}$$

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

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 be reduced to adjust for the extra payments that will be made over your lifetime.

Under the age 58 with 5 years of pension service provision, the reduction that would be applied to your benefit is 4.8% a year, by which payments start before your Normal Retirement date.

Under the 28-year provision, the reduction that would be applied to your benefit is 5% for each year under 33 years of service.

Example

Age 58 with 5 years of pension service: Suppose you joined the plan on May 1, 2013 and retire at age 60 with 22 years of service. Your final Average Monthly Base Salary is \$2,100 per month. Your Early Retirement benefit would be calculated as follows:

$$22 \text{ years} \times 2.25\% \text{ (from 5/1/13 to 4/30/35)} = \mathbf{49.50\% \text{ Total Accrual Percentage}}$$

So the monthly payment amount before the early reduction is:

$$49.50\% \times \$2,100 = \$1,039.50 \text{ per month}$$

Since you would be eligible for Normal Retirement at age 65, 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 24% ($4.8\% \times 5 \text{ years}$), or \$249.48 per month.

Therefore, your monthly benefit would be \$790.02 ($\$1,039.50 - \249.48) beginning at age 60.

Example

28 years of service regardless of age: Suppose you joined the plan on May 1, 2013 and retire after 28 years of service at age 48. Your final Average Monthly Base Salary is \$2,100 per month. Your Early Retirement benefit would be calculated as follows:

$$28 \text{ years} \times 2.25\% \text{ (from 5/1/13 to 4/30/41)} = \mathbf{56.25\% \text{ Total Accrual Percentage}}$$

So the monthly payment amount before the early reduction is:

$$56.25\% \times \$2,100 = \$1,181.25 \text{ per month}$$

Since you would be eligible for Normal Retirement after 33 years of service, 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 25% (5% × 5 years), or \$295.31 per month.

Therefore, your monthly benefit would be \$885.94 (\$1,181.25 - \$295.31) beginning at age 48.

If you transferred to Part C, you are eligible for Early Retirement under the rules of your previous plan (Part B—at age 57).

As a transfer to Part C, the reduction that is applied to your Normal Retirement benefit is 2.4% per year, by which payments start before your Normal Retirement date (Part B—at age 60).

If you transferred from Part A or Part B, your benefit will be calculated under the rules that are most favorable to you.

Part C participants are eligible for Normal Retirement at 30 years of service or age 62 with at least 5 years of service. Part C participants are eligible for Early Retirement at 25 years of service or age 55 with at least 5 years of service.

To estimate your Early Retirement Benefit, use the worksheets on page 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.

City Pension Participation:

(# of years of service in the pension plan including city buyback service) _____
Accrual Percentage: X 2.25%
City Pension Accrual _____

Non-City Buyback Service:

(# of years of Military or Out-of-City Public buyback service purchased) _____
Accrual Percentage: X 2.00%
Non-City Pension Accrual _____

Total Accrual Percentage (maximum accrual is 81%): = _____ %
 (City Pension Accrual + Non-City Pension Accrual)

Average Monthly Base Salary: \$ _____

(Your highest consecutive 60 months of Base Salary divided by 60)
Total Accrual Percentage (see above): X _____ %

Monthly Retirement Benefit: = \$ _____
 (Average Monthly Base Salary 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.

Part D - 33 years = 5% per year
 Part D - age 65 = 4.8% per year
 Part C - 30 years = 5% per year
 Part B = 2.4% per year

Percentage %: _____ %

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 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 Base Salary 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 Base Salary

Example

Suppose you joined the plan on May 1, 2013 and are disabled at age 43, after working for the City for 7 years. Also assume that your Average Monthly Base Salary at the time you become disabled is \$2,100 per month.

In order to calculate a benefit under method (1) above, your service would be projected to your Normal Retirement date. Under Part D, you would have been eligible to retire at age 65. At that time, you would have had **29** years of service.

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

29 years x 2.25% (from 5/1/13 to 4/30/42) = 65.25% **Total Accrual Percentage**

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

So your monthly benefit is:

50% x \$2,100 = **\$1,050 per month**

The amount that you would be entitled to under method (2) on the previous page would be:

$$7 \text{ years} \times 2.25\% \text{ (from 5/1/13 to 4/30/20)} = 15.75\% \text{ **Total Accrual Percentage**}$$

$$15.75\% \times \$2,100 = \text{\$330.75 per month}$$

Therefore, your benefit would be the amount determined using method (1), or **\$1,050 per month**.

Important Notes About Disability Retirement

- If you earn other income while receiving disability payments from the Plan, your payments could be reduced. You are required to submit your tax return to the Retirement Office each year.
- 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 that that doctor has examined you within the past 12 months.

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 65. 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 65. The benefit you will receive depends on whether you qualify for a **Short Service** or **Long Service** Vested Retirement.

Short Service Benefit

If you have between 5 and 10 years of service, you are a **Short Service** Vested Retiree. You will be eligible to receive a benefit when you reach age 65. The amount you receive is based on your Total Accrual Percentage and your Average Monthly Base Salary at the time you terminated employment.

Example

Suppose you joined the Plan on May 1, 2013 and terminate employment at age 35, after working for the City for 6 years. Also assume that your contributions to the Plan total \$3,700, and that your Average Monthly Base Salary is \$1,500.

The monthly benefit that would be paid to you at **age 65** would be:

$$6 \text{ years} \times 2.25\% \text{ (from 5/1/13 to 4/30/19)} = 13.50\% \text{ **Total Accrual Percentage**}$$

$$13.50\% \times \$1,500 = \text{\$202.50 per month}$$

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 (\$3,700) plus the interest earned. However, if you do you will not be considered a Vested Retiree and would **not** receive any future benefit from the Plan.

Long Service Benefit

If you have 10 years of service with the City and at least 5 years were accrued by June 1, 2010, you are entitled to an extra benefit as a **Long Service** Vested Retiree and you will be eligible for a monthly benefit when you reach age 65. Your accrued monthly benefit is based on your Total Accrual Percentage times your Average Monthly Base Salary at the time you terminated employment. This monthly benefit is then protected from inflation by applying 3% per year until age 65. You are eligible for **Long Service** Vested Retirement benefits when you reach age 58; however, your benefit will be reduced since payments will begin before Age 65.

You may elect to withdraw your contributions, with interest, at any time prior to the time these payments begin; however, if you do so you will forfeit your right to future monthly benefits and you will **not** be considered a Vested Retiree for Plan purposes.

BUYBACK SERVICE

In addition to the retirement credit you earn from your City of Tallahassee employment, you may be able 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: You must be reemployed with the City in a permanent position for at least 2 full years.

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

Accrual: 2.25% 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.

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: 2.25% for each year purchased.

Wartime Military Service

Requirements: You must have 5 years of City pension 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

Operation Enduring Freedom: From 10/7/2001 through present

Operation Iraqi Freedom: From 3/19/2003 through present

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 adjustment will be applied to your monthly retirement benefit each October 1st on the latter of your Retirement Date or attainment of age 65.

If you retire under the eligibility requirements of Part C, your cost-of-living adjustment will be applied to your monthly retirement benefit each October 1st after:

- you reach age 50 with 30 years of service, or
- you reach age 55, or
- your retirement date, if your age exceeds above dates.

If you are a Disability Retiree, the increase will be applied every October 1st after you start receiving payments, regardless of your age.

In the first year, the increase will be prorated.

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 participation with the City, up to a maximum of 30 years.

The Health Care Supplement will begin after the first full month after:

- you reach age 50 with 30 years of service, or
- you reach age 55, or
- your retirement date, if your age exceeds above dates.

If you are a Disability Retiree, the supplement will be paid to you after you begin receiving pension payments, regardless of your age.

If you are receiving a DROP benefit, the supplement will be paid to you after you discontinue DROP participation.

If a pension payment is made to your spouse after your death, this supplement will also 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, a legal spouse may qualify for the three forms of payment listed below. No named beneficiaries other than your spouse can receive benefits under these three payment methods.

- Joint and Contingent Two-Thirds (Base Benefit):** This benefit amount, calculated under the formula explained in the preceding section of this Guide, provides a lifetime benefit for you and, after your death, a payment of two-thirds ($2/3$) of your benefit to your spouse, at the time of retirement, for life.
- Joint and Contingent Three-Fourths:** Under this option, the Base Pension Payment is reduced during your lifetime. Then, after your death, three-fourths ($3/4$) of the amount you received will be payable to your spouse, at the time of retirement, for life.
- Joint and Contingent Full Benefit:** This option also reduces the Base Pension Payment during your lifetime. After your death, an equal amount is payable to your spouse, at the time of retirement, for life.

Under the four payment methods explained below, your beneficiary can be someone other than your spouse or legal dependent – whomever you choose.

- Life Only:** If you are not married and have no legal dependents at the time you retire, you will receive a benefit equal to the Base Pension Payment amount for your lifetime. This form of benefit is called the “Life Only” option.
- Ten Year Certain and Life:** This form of payment provides a reduced 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: This option 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: This option 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.

Example

Suppose you retire at age 65 with 25 years of pension participation. Your Average Base Salary is \$2,100 per month. Your spouse is also 65 years old and will receive any benefits payable if you should die. This example illustrates how the Base Pension Payment would be reduced under the various forms of payment available.

| | |
|---------------------------------------------------|------------|
| Joint and Contingent Two-Thirds (Base Benefit) | \$1,181.25 |
| Joint and Contingent Three-Fourths | \$1,163.18 |
| Joint and Contingent Full Benefit | \$1,112.14 |
| Life Only | \$1,181.25 |
| Ten Year Certain and Life | \$1,114.75 |
| Fifteen Year Certain and Life | \$1,051.31 |
| Twenty Year Certain and Life | \$985.87 |

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

BENEFITS PAYABLE UPON YOUR DEATH

Eligibility for Coverage

The Pension Plan not only provides a benefit for you at retirement, but will also provide a benefit for your spouse and legally dependent children should you die while you are *actively employed*.

Your beneficiaries are eligible for a lump sum payment immediately upon your death, regardless of your length of service. Monthly benefits will be payable to your legal spouse and children under age 22 after **five years** of service with the City. However, if your death is a result of a job related occurrence, there is no five-year employment requirement.

Pre-Retirement Survivor's Annuity

The benefits that may be payable to your spouse or dependents include:

- (1) A minimum lump sum payment of \$50,000 will be paid, regardless of his/her length of service, to your spouse or, if you are not married, to your legally dependent children (if you do not have a spouse or any dependent children, the payment will be made to your named primary beneficiary),

plus

- (2) If your death is job-related or you had at least **five years** of service, a monthly payment will be made to your spouse and children under age 22. If you are married, your spouse will receive lifetime payments of 25% of your monthly base salary; a monthly payment of 10% of your base salary is made to your children until they reach age 22. The maximum payment to your children shall not exceed 50% of your monthly base salary.

All monthly payments made to your spouse or children will receive a 3% annual cost-of-living increase as of October 1 each year. The increase will be prorated for the number of months the benefit is paid during the first year.

Pre-Retirement Death Benefit

If you transferred to Part C from Part B, you may elect that your beneficiaries receive a lump sum death benefit, frozen as of September 30, 1990, *instead of the pre-retirement survivor's annuity described on the previous page.*

You should file this election with the Retirement Office, and you may change it at any time. Before making this election, you should think about the needs of your spouse and your children and which form of benefit payment will be the most beneficial to them.

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 and on the previous page.

In Line of Duty Death Benefit

This option pays the spouse only, if sole primary beneficiary, a lifetime monthly pension benefit in the amount of 50% of the employee's monthly base salary, plus COLA each October 1st, instead of the benefits described above and on the previous page.

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. In this case, you will 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 and request for payment.

If you have five or more years of pension service when you terminate, you have a right to a retirement benefit at age 65 (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 service or personal leave. 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 Police Officers or Firefighters

If you were a police officer or firefighter employed by the City and then become a general employee, you will become a member of this General Employees' Part D if you were in Part D of either the Firefighters' Plan or the Police Officers' Plan. If you were a police officer or firefighter for more than 10 years before you became a general employee, you will be eligible for retirement under the rules of the Plan from which you transferred. If you became a general employee before you had 10 years of service as a police officer or firefighter, you will be eligible for retirement at the time specified in the rules of this Part D.

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. At the time of your rehire, these rules will be discussed with you.

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 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 D. 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 City and are entitled to a 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.

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.