

# City of Gainesville

## **CONSOLIDATED POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT PLAN**



Police Officer's Summary Plan Description

July 1, 2020

## **Name of the Plan**

City of Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan

## **Introduction**

This document is referred to as the "Summary Plan Description" (SPD). The SPD introduces the Plan to you and answers the most frequently asked questions about it. It is revised and distributed to members of the Gainesville Police and Fire Pension Plan every two plan years. The plan year runs from October 1<sup>st</sup> through September 30<sup>th</sup>. The SPD outlines the plan in summary format. The most recent version will be posted on the Risk Management Intranet site and on the City of Gainesville's website.

This booklet is only a summary. It does not describe all of the detailed provisions of the Plan nor does it address all of the possible situations and complexities that may occur. In addition, since the SPD is only published once every two years, various plan provisions may be changed between printings which could cause discrepancies between the current plan provisions and this booklet. In the event of any conflict in language between the SPD and the authoritative provisions of the Plan as reflected in Governing Laws or regulations enacted thereto, or in the case of an omission or a lack of clarification in the SPD of any Plan provisions, the authoritative provisions of the Plan will supersede the wording in the SPD.

The City of Gainesville (the "City") has established and maintains the City of Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan (the "Plan"). The Plan is a tax-qualified defined benefit plan. Because the Plan is tax-qualified, you will not pay any income tax currently on the contributions you make to the Plan. Instead, you will be taxed when you receive benefits under the Plan, at which time you may be in a lower tax bracket than during your peak earning years. Because the Plan is a defined benefit plan,

your ultimate benefit depends upon factors such as your compensation level and service, and the form in which your benefits are paid.

The Plan provides security for retirement in addition to that provided by Social Security and your own personal savings. You are encouraged to establish and maintain your own retirement savings program and not to rely solely on Social Security and employer provided retirement benefits.

You, your beneficiaries and your personal representatives may examine the Plan by visiting the City of Gainesville's website at [www.cityofgainesville.org](http://www.cityofgainesville.org). The ordinance is located under Clerk of the Commission, Municipal Codes, City of Gainesville Code of Ordinances, Chapter 2 – Administration.

## **Governing Laws**

The City of Gainesville Consolidated Police Officers' and Firefighters' Retirement Plan is a defined benefit pension plan providing retirement, termination, disability and death benefits. The Plan is established under City of Gainesville Code of Ordinances, Article 7, Chapter 2, Division 8. It complies with the provisions of Chapter 112, Part VII, Florida Statutes; Chapter 22D-1 of the Florida Administrative Code; Chapters 175 and 185, Florida Statutes; and Article X, Section 14 of the Florida Constitution, governing the establishment, operation and administration of plans.

## **Administration**

The five-member Consolidated Board of Trustees is responsible for the overall administration of the Plan and the investment of Plan assets. The Consolidated Board of Trustees is comprised of two City appointees, one police officer who is a member of the Plan, one firefighter who is a member of the Plan, and a fifth member appointed by the other four Trustees. The Police Trustee is a police officer elected by active Police members and the Fire Trustee is a firefighter elected by active Fire members.

Employees in the DROP or reverse DROP are *not* eligible to vote for the Trustee from their area, but *are* eligible to be elected as a Trustee of the Plan. The fifth member is

selected by the other four Trustees and is then, through a ministerial function, confirmed by the City Commission. The Chair of the Board is the designated agent for the service of legal process.

## **Contributions and Funding**

The Plan is funded through contributions made by the City, by the State of Florida and by Plan members. Additional funding is received in the form of investment earnings on Plan assets. The City's contribution rate is determined at the end of each fiscal year when an actuary reviews the funding status of the Plan.

As a Police Officer you are currently required to contribute 7.50% of your earnings during your years of participation in the Plan. These contributions are deducted and paid to the Plan each bi-weekly payday. Contributions cease when you enter the Deferred Retirement Option Program (DROP).

Prior to January 1, 1998, your contributions were made with "after-tax" dollars. After that date, your contributions are made with "pre-tax" dollars. Since pre-1998 contributions have already been taxed, a portion of your benefit received upon termination or retirement is tax-free if contributions were made to the plan prior to January 1, 1998. Contributions may not be borrowed against or used for collateral; nor may you withdraw them while still an active employee.

All contributions and investment earnings are used for the purpose of providing a benefit to employees upon retirement. If you terminate your employment with the City prior to completing 10 years of service you will receive a refund of your employee contributions less income tax withholding on pre-tax contributions unless you authorize a direct transfer ("rollover") of your contribution amount to an Individual Retirement Account (IRA) or other tax-qualified plan, in which case your refund will not be subject to income tax withholding. Refunds of pre-tax contributions are taxable income in the year paid, taxed at your normal tax rate.

## **Eligibility for Retirement Benefits**

Participation in the Plan is mandatory for all police officers and firefighters of the City of Gainesville. The Plan has a 10 year vesting period which means if you terminate employment with the City prior to the completion of 10 years of service you will not be eligible to receive a retirement benefit in any form and you will receive only a refund of your contributions to the plan without interest.

There are several ways you become eligible to receive a retirement benefit from the Plan:

### **Normal Retirement**

Your normal retirement date is the time you are first eligible to receive an unreduced retirement benefit based on your age or years of service.

If you were employed prior to July 1, 2013 you will qualify for normal retirement after:

- Accruing 20 years of service credit, regardless of age; or
- Accruing 10 years of service credit and reaching age 55; or
- Attaining a combination of credited service and age that equals 70 referred to as the "Rule of 70".

If your most recent employment date is on or after July 1, 2013 you will qualify for normal retirement after:

- Accruing 25 years of service credit, regardless of age; or
- Accruing at least 10 years of service credit and reaching age 55; or
- Attaining a combination of credited service and age that equals 70 referred to as the "Rule of 70".

### **Early Retirement**

If you are vested but have not reached age 55, you may elect to take an early retirement. You are eligible for early retirement upon attainment of age 50 and completing 10 years of credited service. If you select early retirement the amount of your benefit will be reduced by 3% for each year between your age at retirement and age 55. For example:

You are 52 years old with 15 years of service when you elect to retire. Your retirement benefit would be reduced by 9% (3 years under age 55 x 3% = 9%).

### **Termination Benefit**

If you terminate employment before attaining 10 years of credited service, you may voluntarily leave your contributions in the fund for a period of five years after leaving the employ of the City, pending the possibility of being rehired, without losing credit for the time already worked with the City. If after five years you are not reemployed by the City, your contributions will be refunded without interest.

Termination of employment after attaining 10 years of credited service, allows you to receive a refund of your contributions to the plan **or** elect to remain a vested member of the plan and eligible for a future vested benefit. You may elect to receive these benefits at age 55 without a reduction or beginning at age 50, with a 3% reduction for every year you are under age 55. However, you must apply for these benefits. They will not occur automatically. It is your responsibility to keep your address information up to date with the City for these future benefits to be processed timely.

If you terminate employment and receive a return of your contributions to the plan and you are subsequently rehired by the City, you may buy back your period of prior service by repaying withdrawn contributions plus interest at the plan's most recent actuarial assumed rate of return within 90 days of reemployment.

### **Normal Retirement Benefit Calculation**

There are three components in the calculation of normal retirement benefits. They are your total pension service credit (which is the period in which you are a regular City employee and a member of the Consolidated Pension Plan), final average monthly earnings (**FAME**) (the average of your pensionable earnings during the 36 or 48 month period that produces your highest earnings), and the benefit multiplier.

### **Sick Leave for Credited Service**

For service earned on or after July 1, 2013, no additional months of service will be credited for unused sick leave credits. In calculating credited service on or after July 1, 2013, the

**lesser** number of unused sick leave credits earned on or before June 30, 2013, **OR** the unused sick leave credits available at the time of retirement will be used.

**Vacation Leave**

Vacation leave earned and accrued on or after July 1, 2013, will not be used to determine final average monthly earnings for retirement benefit calculations. The **lesser** number of hours earned prior to June 30, 2013, **OR** the amount of credited hours at retirement may be used for FAME.

**Overtime Hours**

Effective July 1, 2013, no more than 300 hours of overtime a year will be used to calculate earnings for retirement benefits.

Once these components have been calculated, they are multiplied times each other as follows:

<b>Service Credit</b>	<b>X</b>	<b>Benefit Multiplier</b>	<b>X</b>	<b>FAME</b>	<b>=</b>	<b>Monthly Retirement Benefit</b>
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Assuming a hire date of July 1, 1995, FAME of \$5,400.00 and retirement date of July 1, 2015, the calculation would be as follows:

<b>10.25 yrs. @ 2.5% credited service before 10/1/05</b>	<b>= 25.625%</b>
<b>7.75 yrs. @ 2.625% credited service 10/1/05 to 7/1/2013</b>	<b>= 20.344%</b>
<b>2.00 yrs. @ 2.5% credited service after 7/1/13</b>	<b>= 5.000%</b>
<b>Benefit Multiplier</b>	<b>= 50.969%</b>

<b>Benefit Multiplier</b>	<b>(FAME)</b>	<b>Monthly Benefit</b>
50.969% X	\$5,400.00 =	\$2,752.33

**Cost of Living Adjustments (COLA)**

Retirement benefits are adjusted each October 1<sup>st</sup> for those reaching eligibility for the Cost of Living Adjustment (COLA) prior to that date. Disability retirees receive a 2% COLA

once they reach age 62. You are eligible for COLA adjustments while you are participating in DROP. Effective July 1, 2013 members retiring under the “Rule of 70” are ineligible for cost of living adjustments (COLA’s).

COLA’s are designated as follows:

Members Eligible to Retire with 20 years of Service as of July 1, 2013

25 or more TYS 2% COLA at age 55

20 - 25 TYS 2% COLA at age 62

Members Ineligible to Retirement **or** hired on or after July 1, 2013

25 or more TYS 1% COLA @ age 55

25 or more TYS 2% COLA @ age 62

## **Payment Options**

Your Pension Plan allows you a choice of payment options for retirement after 2007:

10 Year Life & Certain: This is the assumed option under the plan. The benefit pays you a guaranteed benefit for a minimum of 10 years. Your beneficiary will be guaranteed your benefit for the balance of the 10 year time certain of which you have not received benefits. This benefit will be paid to your named beneficiary of record or if no named beneficiary to your estate.

Life Annuity Option: Maximizes your own personal lifetime income but does *not* provide for a continuing pension to a beneficiary after you die.

Joint and Survivor Option: Pays an actuarial *reduced* pension benefit to you for your lifetime and continues to pay your beneficiary 2/3 of the reduced benefit for the rest of their life after your death. If your beneficiary dies first, you will continue to receive your full actuarial reduced monthly benefit without an additional reduction.

Joint and Last Survivor Option: Pays an actuarial *reduced* pension benefit to you and reduces to a selected percentage upon the death of **either** you or your beneficiary. It doesn’t matter who dies first the benefit will reduce according to the option selected. You may choose from the following reduction options:



- **100%** - the last survivor will receive the same monthly total benefit you were both receiving. No reduction of monthly benefit will occur.
- **75%** - the last survivor's monthly benefit will be 75% of the total monthly benefit you were both receiving.
- **66 2/3%** - the last survivor's monthly benefit will be 66 2/3% of the total benefit you were both receiving.
- **50%** - the last survivor's monthly benefit will be 50% of the total benefit you were both receiving.

The assumed or default payment option for all members of the plan after 2007 is the 10 Year Life and Certain. Members who select the assumed option or have already declared their Option election at least 90 days prior to retirement or DROP entry need to contact Risk Management at least 30 days prior to their retirement date. *If you wish to choose an option other than the assumed payment and have not already completed an option election form you must contact Risk Management at least three months (90 days) before your planned retirement date in order to meet certain time requirements specified in the Plan.* You may not make any change in your retirement option within three (3) months of benefit commencement. Your retirement must commence the 1st day of the following month following 90 days. For those who retired prior to 2007, you only have Life Annuity, Joint & Survivor, or Joint & Last Survivor options.

It is also important that you select a tentative payment option once you reach normal retirement eligibility even if you postpone retirement and continue in active service. In the event of your death, this will ensure that your beneficiary receives a retirement benefit according to the option you select. You can change this tentative selection 90 days before retirement.

You may not begin receiving retirement benefits until you have selected a benefit payment option and finalized the application process. After you retire from the plan (retire from employment or enter DROP), you may change your beneficiary designation only twice and each election is subject to approval by the Board of Trustees. You may **NOT** change your annuity option. If you have chosen an option with a joint annuitant, you may change your named joint pensioner but only as allowed by law and only if the previously named

annuitant is still alive. Such changes will require your monthly benefit to be recalculated and actuarially adjusted. If you retired prior to 2007, you do not have this option at all to change your beneficiaries twice. You can only change from Life Annuity to Joint & Survivor if become married or from Joint & Survivor to Life Annuity upon divorce of survivor named. All changes would have to be actuarially recalculated and would become effective the 1<sup>st</sup> of the month following 90 days.

## **Deferred Retirement Option Program (DROP)** **Regular DROP**

When you have completed 25 years of credited service or meet the rule of 70 as a regular employee, you may elect to “retire” from the Plan but continue to work for the City by entering the Deferred Retirement Option Program (DROP) for up to 60 months. Your retirement benefit will be calculated as if your employment terminated, however it will not be paid to you at that time. Instead, the benefit payments will be paid into a DROP account for you until you actually leave the employment of the City. DROP payments are retained within the Plan and earn interest at a rate of 4.5% annually compounded monthly (the City assumes all risk for investment). Upon completion of the DROP you must withdraw your money from the Plan.

When you enter DROP you must select one of the following options:

1. An election to continue to receive longevity pay and any provided and applicable merit increases but forgo all future general salary increases, as long as those increases do not exceed the top of the salary range of the classification upon DROP entry.
2. An election to continue to receive general salary increases and any provided and applicable merit increases but become ineligible for future longevity pay.
3. Participants ineligible for longevity pay must forgo receipt of general salary increase but are eligible to receive any provided and applicable merit increases as long as those increases do not exceed the top of the salary range of the classification upon DROP entry.

If you are a member of a plan that does not provide separately for general and merit increases you must elect to forgo future longevity pay or all future salary increases.

Unless you are promoted while participating in the DROP you may not exceed the top of the pay range in effect when you entered DROP. However, if you receive a promotion while participating in DROP, you are only eligible to receive the additional promotional increase received upon promotion. You will not be entitled to go to the top of the range into which you have been promoted. You will not be entitled to any future merit increases after your promotion while in DROP.

Upon DROP entry, you may elect to apply any portion of the lesser of the sick leave hours accrued at DROP entry or the balance as of July 1, 2013, towards service credit. Sick leave hours not used for service credit or not used during DROP will be forfeited upon leaving DROP. You may also elect to receive a cash payment for any portion of your accrued, unused vacation hours at DROP entry or the balance as of July 1, 2013, whichever amount is lower. These hours will be calculated into your FAME if they fall within the highest consecutive months of earning prior to entry. Any hours not paid for will be available for use in the DROP. Upon leaving the DROP you will be paid for any unused vacation hours at your current rate of pay as provided by union contract.

Effective July 1, 2013 no more than 300 hours of overtime a year will be used to calculate earnings for retirement benefits.

Monthly benefits accumulating in your DROP account are subject to the retiree cost-of-living adjustments allowed by the plan which will occur every October 1<sup>st</sup> after you meet eligibility. No additional credited service will be earned after entering DROP except as a re-hired retiree if applicable. Upon entry to DROP, you will not be eligible for a disability retirement under any City disability plan.

### **Members with Limited Participant Vested Service**

Effective March 1, 2015, members whose limited participant service includes vested service in the City's General Employees' Pension Plan are eligible to participate in regular DROP on the first of the month coincident with or next following the completion of 25 years of limited participant vested service and continuing up to 35 years of service as a regular employee. Members with limited participant vested service:

- Must enter DROP prior to completing 25 years in the Consolidated Plan,

- May not participate in Reverse DROP.
- Are limited to 60 months maximum participation from date of DROP entry or must cease DROP participation at the conclusion of a total of 35 years of limited participant vested service, whichever occurs first.

Except for the aforementioned limitations, members electing to enter the DROP using limited participant vested service are governed by the requirements of regular DROP.

### **Reverse DROP**

To enter the Reverse DROP you must have 25 years of service or meet the rule of 70 at the beginning of your DROP period. The maximum allowed time in the reverse DROP is 60 months of credited service including the lesser of sick leave balances 90 days after your declaration to enter the DROP or the hours at the beginning of the DROP. Vacation payout will be the lesser of the hours at the beginning or end of your DROP participation and are payable at your rate of pay at that time. Sick leave utilized for service credit and vacation payouts for FAME calculations may not be more than your balance as of July 1, 2013. You will receive a refund of your pension contributions without interest calculated from the beginning until the end of your DROP participation. During

this same time period you will retain all longevity and pay increases. The end of your DROP and termination of employment must occur no later than 30 years of regular employment. Employment terminates 90 days from the date you have declared to enter the Reverse DROP. Your monthly benefit will earn interest in the plan at the rate of 4.5% annually compounded monthly.

Monthly benefits accumulating in your DROP account are subject to the retiree cost-of-living adjustments allowed by the plan which will occur every October 1<sup>st</sup> after you meet eligibility. Upon entry to DROP, you will not be eligible for a disability retirement under any City disability plan.

An example of annual balances while in the DROP OR REVERSE DROP is presented on the following page. If your monthly DROP benefit is \$3000 (\$36,000 annually) and earns 4.5% interest compounded monthly on the DROP balance, the cumulative balance at the end of 5 years in DROP is \$201,436.65.

YEAR	DROP OR REVERSE DROP PAYMENTS	INTEREST	CUMULATIVE TOTAL
1	\$36,000	\$751.86	\$36,751.86
2	\$36,000	\$2,440.23	\$75,192.09
3	\$36,000	\$4,206.17	\$115,398.26
4	\$36,000	\$6,053.24	\$157,451.50
5	\$36,000	\$7,985.15	\$201,436.65
TOTAL	\$180,000	\$21,436.65	\$201,436.65

## **Availability of DROP Assets**

After you leave the DROP, you must decide where you want your DROP assets to be transferred. You may either take cash distribution (subject to income tax withholding) or roll your DROP assets to a City of Gainesville-sponsored 457 Deferred Compensation account, an Individual Retirement Account (IRA), or another retirement plan. Your DROP assets cannot remain in the Plan.

Once you roll your DROP assets out of the pension plan, your DROP assets are considered “qualified plan” assets, and as such, distributions of your DROP assets when you leave the DROP are subject to IRS regulations. All qualified plan asset distributions after age 59½ are penalty-free and are taxed at your normal tax rate.

Distributions taken before age 59½ are generally subject to a 10% penalty on top of normal income taxes on the distribution amount. There are two exceptions to this pre-59½ age penalty:

### **Exception One**

Public safety employees may make withdrawals from their employer-sponsored retirement plan penalty-free if they separate from service (leave the DROP) in or after the year in which they turn 50 years of age. Withdrawals under this scenario are taxed at your normal tax rate. If you are not age 50 during the year in which you make withdrawal, you must wait until age 59½ to make penalty free withdrawals except as indicated in “Exception Two” below. Note: If you transfer your DROP assets to an Individual Retirement Account (IRA) or other qualified plan with another employer, you will not be able to take advantage of this exception. DROP assets must be transferred into a City of Gainesville-sponsored 457 Deferred Compensation account in order to be qualified for the public safety employee exception.

### **Exception Two**

This exception involves a “substantially equal payment” selection. Under this choice, you may withdraw DROP plan assets penalty-free if you elect to draw down your DROP assets uniformly over your actuarially determined life expectancy. Your retirement plan administrator (ICMA Retirement Corporation, for example) will assist you with this calculation. Once you make this election, you may not change your distribution amount before 5 years have passed or until you reach age 59½, whichever occurs later. If you change your distribution amount after selecting the “substantially equal payment” option and have not met the above mentioned requirements, you will be assessed an IRS penalty of 10% on all assets you have withdrawn from the plan prior to age 59½.

You are advised to contact your 457 Deferred Compensation Plan or Individual Retirement Plan administrator for further information regarding DROP withdrawals.

### **Disability Benefits**

The monthly benefit for a service-incurred disability is the greater of your accrued benefit as of the date of disability or 42% of your final average monthly earnings. The monthly benefit for a non-service-incurred disability is the greater of your accrued benefit as of the date of disability or 25% of your final average monthly earnings. Disability payments will continue until the death of the member or until the 120<sup>th</sup> payment, payable to the designated beneficiary if no option is elected. A member may elect an optional form of benefit (see the Payment Option section). If the member has elected another form of

benefit payment, benefits will continue as designated. Monthly benefits will be calculated as follows: 2.5% on years of service prior to October 1, 2005, 2.625% on years of service from October 1, 2005, through June 30, 2013, and 2.5% for service on or after July 1, 2013. You must apply for disability benefits as an active employee of the City of Gainesville before you separate employment.

### **Eligibility for Disability Benefits**

If you receive an injury or disease that permanently prevents regular and continuous duty, you may make application for disability benefits. There is no minimum eligibility requirement if the injury or disease is service-incurred. If the injury or disease is not service-incurred, you must have at least 5 years of service to be eligible to receive disability benefits. Employees participating in the DROP are not eligible for Disability Benefits.

If you wish to apply for disability benefits, you must do so on the forms provided by Risk Management while you are still employed by the City. There is no automatic entitlement to disability benefits and you have the burden of proving that you qualify. The Board of Trustees must approve the disability retirement. All decisions made by the Board of Trustees regarding disability retirement applications are binding and final.

### **Denial of Benefits**

If your claim for benefits has been denied you shall have 60 days to appeal a denial of a claim for benefits to the board. You or your duly authorized representative must request an appeal in writing to the board. The Board shall make a decision as promptly as possible but in no event later than 60 days following the writ<sup>10</sup> request for review

### **Prior Military or Public Safety Service**

If you have served as a Police Officer in the State of Florida or served on active duty in the military prior to employment with the City you may be eligible to purchase this time to be used for service credit towards your retirement. If you are already participating in DROP you may not add additional prior service for service credit. If you are already participating in DROP you may not add additional prior service for service credit. You

may purchase up to five (5) years of service, of which no more than four (4) years can be military at an actuarially determined amount. Service must be purchased in whole year increments if all qualifying years are not purchased at one time. This process occurs once every 12 months. During the month of September, you can elect to participate in the buy-back period by providing the number of years you would like to purchase. The actuary will provide costs to staff who have elected to participate. Once the costs have been provided, the purchase must occur during November, December, or January. If you do not purchase during this time, you give up your right to purchase during the current buy-back period and you will have to start the process over again next year. Time purchased cannot be used for service credit until you have earned 10 years of credited service. You may finance the purchase of prior public safety or military service at the plan's assumed rate of interest compounded monthly. Payment of "financed" service must be completed prior to entering a regular DROP and prior to declaration of the intention to enter a reverse DROP. Service being purchased may not be used for retirement under any other federal, state or local retirement.

## **Death Benefits**

If an active member dies after reaching normal retirement eligibility and had previously notified Risk Management of a tentative benefit payment option, benefit payments will be made to the beneficiary in accordance with the option the member selected. If the member did not previously notify the Risk Management Department of their intended payment option, the assumed payment option (10 Year Life & Certain) will apply. Please see the Payment Options section for more information.

For an active member who dies before reaching normal retirement eligibility, the death benefit is a refund to the beneficiary of 100% of the member's pension contributions without interest. If an active member with at least 10 years of service dies prior to retirement eligibility, the beneficiary is entitled to the benefits otherwise payable to the employee at early or normal retirement age, based on the accrued benefit at the time of death.

Continuation of retirement benefits after the death of a retiree is contingent on the payment option selected at the time of retirement. If a retiree who has chosen a life



annuity dies before receiving benefits greater than his or her pension contributions to the plan, the beneficiary will receive a lump sum payment equal to the difference between the member's contributions and the amount of retirement benefits received. If a retiree with a 10 year life and certain payment option dies prior to being retired for 10 years, his/her beneficiary will receive the remaining monthly payments up until the total retirement benefit paid reaches 120 months.

### **Forfeiture of Benefits**

If you willfully and knowingly make false, misleading or fraudulent statements to obtain benefits under this plan, in addition to criminal penalty upon conviction will have your benefits forfeited. Conviction means a determination of guilt that is a result of a plea or trial, regardless of whether adjudication is withheld.

### **Supplemental Retirement Program for Police Officers**

Effective July 1, 2013 regular full-time members hired on or after October 1, 2000 are eligible to participate in the Supplemental Retirement Program for Police Officers. The Supplemental Retirement Program provides an additional retirement benefit when you retire. Participants include eligible active employees, retired members, and members who died in-line-of-duty or military service.

Eligible retired and active employees will receive an initial allocation into individual share accounts for excess Premium Tax Receipts received from 2001 through 2012. Effective 2013, eligible members will receive annual allocations into their share accounts based upon the Premium Tax Receipts received by the Consolidated Board of Trustees.

Members who leave with less than 10 years of credited service are ineligible for annual and initial allocations. Their allocations will revert to the plan for pro rata allocation to eligible members during the next plan year.

The Consolidated Board of Trustees is responsible for equal distribution of Premium Tax Receipts and allocations to eligible members. The City has no responsibility for operation of the Share Program. All costs, expenses and fees for developing and administering the Share Program shall be paid from Premium Tax Receipts as determined by the Board. Should the Board receive no Premium Tax Receipts or if administrative fees and

expenses exceed the Premium Tax received during a calendar year there will be no allocation to share members that year.

## **When You Are Ready to Retire**

Please visit Risk Management's intranet website <http://ggsp/RMTS/default.aspx> or contact the Risk Management Department to obtain the necessary application forms needed at 334-5045 prior to your retirement (in accordance with the time requirements shown in the Payment Options section above). This includes entry into the DROP or reverse DROP and commencement of the deferred vested retirement benefit at age 55. You will need to fill out an application for the retirement benefit you are requesting (normal, early, DROP or Reverse DROP, deferred vested, or disability) and choose a payment option if applicable. You should also update your beneficiary information at this time. Please contact Risk Management if you have any questions related to the timeline of your retirement application process. An appointment will be scheduled with you once your paperwork has been received to finalize any necessary documents to begin receiving your monthly benefit.

**FOR ADDITIONAL INFORMATION PLEASE CONTACT**

**Benefit Information**

Risk Management Department  
222 East University Ave  
Station 60  
Gainesville, FL 32601  
Phone 334-5045, Fax 334-3102

**Investment Questions Regarding the Plan**

Treasury Division of the Finance Department  
200 E. University Ave  
Gainesville, FL 32601  
Phone 334-5044, Fax 334-2271

**Board of Trustees Members**

Eugene Dugan, Chairperson  
Bruce Giles  
Perry Clawson  
Walter Barry  
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# Definitions

ACCRUED BENEFIT: The amount of pension which you have “accrued”, or built up, at any given time. An accrued benefit is determined by your length of credited service, the plan multiplier, and your final average monthly earnings. The accrued benefit is frozen at the time a member enters the DROP.

BENEFICIARY: The person you name to receive a benefit from the plan if one becomes payable in the event of your death. You may change your beneficiary designation prior to retirement by filing a writ10 form with the board through the Risk Management Department. (Note: Changing your City of Gainesville Pension beneficiary does not automatically change your life insurance, or other plan beneficiary designations.)

COLA: Cost of living adjustment. Designed to mitigate the effects of inflation.

CREDITED SERVICE: The total number of months of service with the City, expressed in terms of full and fractional year(s). Additional months of service may be credited for unused sick leave credits. Absences granted in accordance with appropriate contract provisions or applicable personnel policies (example: sick leave or vacation leave) are not considered an interruption in service. Credited service will be adjusted to account for breaks in service longer than 90 days.

DROP: The Deferred Retirement Option Program. An optional program of the City of Gainesville’s retirement systems for deferring retirement income while remaining in the employ of the city.

EARNINGS: The amount of money paid to you by the city for the performance of your duties during any calendar year. Earnings shall mean base pay including all paid leaves, overtime pay, working out of classification pay, longevity pay, state educational incentive pay, and vacation pay. Earnings shall also include police security overtime, special assignment pay, special duty assignment pay, paramedic certification pay, stand-by pay, call-back pay, acting out of classification pay. For members entering a DROP OR REVERSE DROP, earnings may also include the designated lump sum payment of vacation upon entering the DROP OR REVERSE DROP. Caps apply for overtime and term vacation payouts.

ELIGIBLE EMPLOYEE: A person who is employed full-time by the City on a regular basis as a certified firefighter in the Fire Department, or a Police Department certified officer who has the power of arrest. An employee whose work is primarily secretarial or clerical is not considered an eligible employee.

FINAL AVERAGE MONTHLY EARNINGS: The average of your pensionable earnings during the 36 or 48 month period which will produce the highest pay figure for you. Pensionable earnings during the period (36 or 48 consecutive calendar months) are totaled; the sum is divided by 36 or 48. The result is your final average monthly earnings (FAME) as of the date the calculation is made.

MEMBER: A person who has satisfied the eligibility requirements of the Pension Plan and is actively participating in the Plan.