

**CITY OF OCALA FIREFIGHTERS'  
RETIREMENT PLAN**

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**SUMMARY PLAN DESCRIPTION**

**DATED: March, 2010**

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**CITY OF OCALA FIREFIGHTERS RETIREMENT PLAN**

**INTRODUCTION**

This document is intended to be a plain language summary of the administration and benefits of the City of Ocala Firefighters Retirement Plan (hereinafter the "Pension Plan").

This summary is not the official plan document and your actual benefits are governed by the appropriate provisions of the statutes, Ocala City Code and ordinances which create the Pension Plan, including, but not limited to, Chapters 112, Part VII and Chapter 175, Florida Statutes. If there is any conflict between this summary and the legislative provisions governing the Pension Plan, the legislation is controlling. Nothing in this document is intended to nor does it create a contract for benefits greater than that provided by law.

Any questions you have regarding your rights or benefits under this Plan should be directed to Randy Griffin or the Plan Administrator:

Alicia Gaither  
151 S.E. Osceola Ave  
Ocala, FL 34470  
(352) 629-8372

**WHAT IS THE OFFICIAL NAME OF THE PLAN?**

The official name of the Pension Plan is the City of Ocala Firefighters Retirement Plan. The Pension Plan was created following the consolidation of the City of Ocala Firefighters Supplemental Pension Fund and the City of Ocala Employees Retirement Plan. Following the consolidation of these two plans into the City of Ocala Firefighters Retirement Plan, the City has a single consolidated pension plan for firefighters. This plan was updated and changes were made in February 2003.

All retired firefighters and their surviving beneficiaries who were receiving benefits from the predecessor plans on the date of consolidation into this Pension Plan shall have those benefits paid under the terms of the predecessor plans. The COLA provisions of this Pension Plan, however, shall be applicable to both current and future retirees. Prior benefits will not be diminished or altered as a result of the consolidation.

**WHAT TYPE OF PLAN IS THIS?**

This is a defined benefit plan. This means that the amount of benefits that you receive is a percentage of your salary multiplied by your years of service in the fire department. The percentage is derived by multiplying the current multiplier (3%) by your years of

service. Example: a firefighter with 25 years of service (3 x 25 = 75% ). Money is contributed to the Pension Plan by you, by the City and by the State of Florida pursuant to an insurance premium rebate program established by the State of Florida under Chapter 175, Florida Statutes. Under Florida law, the City is ultimately responsible for making certain that the Pension Plan is actuarially sound.

#### **HOW IS THE PLAN ADMINISTERED?**

The Pension Plan is administered by a five member Board of Trustees. Two of the Trustees are active firefighters who are elected by active members of the Pension Plan; two of the Trustees are appointed by the City Council and must be legal residents of the City; the fifth member is selected by the other four members and is then appointed by the City Council as a ministerial act. The Board of Trustees is responsible for directing the investment of the assets of the Pension Plan to ensure that there will be adequate monies for future benefits. The Pension Plan's money is invested by professional money managers whose performance is monitored by independent investment consultants on a quarterly basis to ensure that you are receiving a proper return on the investment of your pension monies.

The Pension Plan employs a professional actuary who helps determine the cost of future benefits, accountants who determine the proper allocation of monies, and an attorney with expertise in the area of public pension law to advise the Board of Trustees. With the assistance of these professionals, the Board of Trustees is responsible for interpreting and applying the pension ordinance and for determining eligibility on all benefit claims.

The Trustees serve a two year term and are eligible for re-election or re-appointment. The Trustees receive no compensation for their service, and they only receive reimbursement for travel and educational activities on behalf of the Pension Plan. In order to keep up on the latest trends in pension management, Trustees regularly attend schools and seminars pertaining to the management of pension funds for public employees.

In accordance with Florida law, the Chairman is the registered agent for service of process and his business address is:

Randy Griffin, Chairman  
410 N.E. 3 Street  
Ocala, FL 34470-5857  
(352) 804-1848

In the absence of the designated Chairman, any member of the Board of Trustees is subject to service of process.

### **WHO ADMINISTERS THE PLAN?**

The Pension Plan is administered by the Board of Trustees. Alicia Gaither has been retained by the Board to perform the day-to-day administrative functions of the Plan. Ms. Gaither's address is:

151 S.E. Osceola Ave, Ocala, FL 34470.

Telephone number: (352) 629-8372

The day-to-day record-keeping functions of the Pension Plan are the responsibility of the Administrator. All records and books of the Pension Plan, except medical records and addresses of active and retired members, are available for public inspection.

### **WHAT ARE THE LEGAL DOCUMENTS CREATING THE PLAN?**

The Pension Plan is set forth in Chapter 43, Article II of the Ocala City Code, and is regulated by Chapter 112, Florida Statutes, and Chapter 175, Florida Statutes, which provide a system for the taxation of insurance policies covering property located within the City for purposes of helping to fund the Pension Plan.

### **WHO ARE THE PARTICIPANTS OF THE PLAN?**

The Pension Plan is open solely to (i) active firefighters of the City of Ocala and (ii) retirees and their surviving beneficiaries under the predecessor City of Ocala Employees

Retirement Plan and the City of Ocala Firefighters Supplemental Pension Fund. There is no period of minimum employment prior to eligibility for membership, provided that a firefighter must have completed an enrollment form and submitted any other information required by the Board.

A firefighter is any person employed full time in the Ocala Fire Department, who is certified as a condition of employment in accordance with the provisions of Section 633.35, Florida Statutes, and whose duty is to extinguish fires, and to protect life and property. This definition includes all supervisory and command personnel whose duties include, in whole or in part, the supervision, training, guidance, and management responsibilities of full time firefighters. All full time firefighters of the City of Ocala must participate in this Pension Plan.

#### **WHAT MUST I CONTRIBUTE TO THE PLAN?**

Each active member of the Pension Plan contributes 8.42% of their salary to fund the Pension Plan. This contribution is accomplished through what is known as a "pick up" plan. A pick up plan provides for the withdrawal from an employee's pay of the 8.42% employee contribution prior to the time that the pay is subjected to federal income taxation. The money is then placed

directly in the Pension Plan on behalf of the employee by the City.

The purpose of the pick up plan is to allow an employee to defer taxation on the contribution until such time as an employee actually receives a pension. The pick up mechanism is authorized pursuant to the City Code and the provisions of Section 414(h)(2) of the Internal Revenue Code.

#### **WHEN AM I ELIGIBLE TO RETIRE?**

Members are eligible to retire and receive a normal service retirement benefit after the member reaches age fifty-five (55) and has completed ten years of credited service, or when the sum of age and years of service equal seventy (70), whichever occurs first. There is no mandatory retirement age under the Pension Plan.

A service retirement benefit shall be payable on the first day of each month. The payments begin on the first day of the month coincident with or next following the member's actual retirement date.

#### **WHEN AM I ELIGIBLE FOR EARLY RETIREMENT?**

Early retirement is available on upon the attainment of age fifty (50) and the completion of ten (10) years of continuous credited service. Early retirement benefits are payable on the first day of each month. The payments begin on the first day of the month coincident with or next following the member's actual retirement.

**WHAT BENEFITS DO I RECEIVE FROM THE Pension Plan?**

The following benefits are available from the Pension Plan:

**Normal retirement benefit**

Upon reaching normal retirement age, members are entitled to a monthly retirement benefit equal to three percent (3.00%) of final average monthly compensation multiplied by the number of years of credited service, with a maximum of 31 years of credited service. In the event a member has combined service as a general employee and firefighter, the benefit shall be determined using the appropriate multiplier for each completed year and month in the applicable class of employment and the respective pension plans shall co-ordinate benefits, provided a member has attained a vested interest in this Pension Plan.

An employee who completes ten (10) years of credited service becomes fully vested in the Pension Plan. This means that no further service is required in order to receive a pension upon reaching early or normal retirement age. Instead of waiting until the member reaches retirement age, the member may elect to receive a lump sum refund of accumulated employee contributions. A member electing a refund of accumulated employee contributions shall forfeit the right to receive any other benefits from the Plan.

Each member or designated beneficiary shall be guaranteed the payment of benefits at least equal in total amount to one hundred twenty (120) payments if Normal Service Retirement is chosen.

#### **Early retirement benefit**

Early retirement benefits are available for a member who has completed ten (10) years of credited service and is age fifty (50).

Early retirement benefits may be taken in either of two ways, as an immediate payment or a deferred payment.

A member may elect to begin receiving early retirement benefits following the member's early retirement date, subject to a two percent (2%) reduction for the number of years and months prior to the normal retirement date. In other words, the early retirement reduction is two percent (2%) for each year that the early retirement date precedes the normal retirement date.

A member electing to defer payment of an early retirement benefit until normal retirement age will receive the full normal retirement benefit, without any early retirement reduction. Normal retirement age is the date upon which the member is age fifty-five (55) with ten (10) years of credited service, or the date when the sum of age and years of service equal seventy (70).

The payment of the early retirement income shall be subject to the same conditions as normal retirement income. In the event a member elects early retirement, the benefit formula in effect on

the early retirement date shall be applicable to the member.

#### **DROP**

##### Deferred Retirement Option Plan

May participate on the 1<sup>st</sup> day of any month following eligibility for Normal Retirement Maximum participation is 60 months. Participant must separate from service at conclusion. There is no minimum participation time. Upon entry in drop, the final calculation is calculated. There will be no more contributions to plan by member or accrual of credited service. The member's benefit shall be based on the plan in effect at time of entry into the DROP. If a member becomes disabled or dies while in DROP, the member shall retire on a service retirement effective the day prior to death or disability. The money in the DROP account will be invested according to a Self-Directed plan. The member may also elect to participate in the Back-Drop which is an actuarially reduced amount together with a lump sum payment.

#### **BUY-BACK FOR MILITARY AND PRIOR SERVICE**

Any member who is employed by the city prior to entry into the plan and who takes a leave of absence to serve in the armed services shall be able to purchase up to five years of service credit. The payment shall be made in a single payment within one year of application.

At any time prior to retirement, members shall be permitted to purchase up to five years of prior creditable service as a full-time firefighter. Prior service purchased under this section shall count as accrual but not as vesting. No service may be purchased if this time will also be used for current or future benefits in other plan. Member shall pay with a qualified rollover or a lump-sum payment within one year from application.

#### **LINE OF DUTY DISABILITY**

A member shall be deemed disabled if the member has suffered an illness, injury or disease which renders the member permanently and totally incapacitated, physically or mentally, from regular and continuous duty as a firefighter. A member shall be eligible for a service-incurred disability if the disability arose as a result of an act occurring in the performance of service with the City.

The service-incurred disability benefit is paid in equal monthly installments in an amount equal to forty-two (42%) percent of the member's final monthly compensation as of the date of disability retirement, together with any additional accrued benefits in excess of forty-two (42%) percent which have been earned by the member as the result of additional service.

Payment of disability benefits does not begin until the Board of Trustees has actually considered and voted upon entitlement to disability. Disability retirement income shall continue until the

death of the member or recovery from disability. In the event of the death of a member who is retired on a disability benefit, and who has not received one hundred twenty (120) payments, the remaining unpaid benefits shall be paid to a designated beneficiary selected by the member and communicated to the Board on the form prescribed by the Board provided that Normal Service Retirement was chosen.

The Board of Trustees shall have the continuing right to require any disabled member to submit to a medical examination to determine that the member remains disabled. In order for a member to be deemed recovered, the medical committee appointed by the Board of Trustees must recommend to the Board that the member has sufficiently recovered to again engage in the duties of a firefighter, and that the City has certified that it has a position within the City available for the member consistent with the member's medical condition. A member is not eligible to receive disability benefits from the Pension Plan during any period of time that the member is receiving a salary from the City.

#### **Non-line of duty disability**

A non-service incurred disability is an illness, injury, or disease, which did not occur as a result of an act in the performance of service with the City. A member shall be eligible for a non-service incurred disability retirement upon the

completion of ten (10) years of credited service.

A non-service incurred disability benefit shall be paid on the same basis as normal retirement in an amount equal to the member's accrued benefit on the date of disability, but shall be not less than thirty (30%) percent of final monthly compensation. The payment of a non-service disability benefit shall be subject to the same conditions as a service-connected disability.

#### **Cost of living adjustment (COLA)**

Following the consolidation of the Pension Plan, a cost of living (COLA) benefit was created. The COLA is funded from two sources, consisting of three quarters of one percent (.75%) from member contributions and based on a percentage of investment gains, if any.

The COLA benefit distribution will be determined by the Board, based solely on available COLA assets and the recommendation of the actuary for the Pension Plan, in accordance with Florida laws, using generally accepted actuarial principles and prudent reserves. Considerations for determination of COLA benefit distributions may include length of retirement, type of retirement, age, cumulative inflation, previous COLA distributions, existing Pension Plan options, and the sources of COLA funding. No COLA distribution may be made in the absence of assets in the COLA Fund to provide for its payment.

#### **WHAT ARE OPTIONAL FORMS OF PAYMENT?**

Pensions may be paid in a number of ways. Unless the member elects otherwise, the member will receive the normal form of retirement benefit. The normal form of retirement benefit is a pension benefit for life with one hundred twenty (120) guaranteed payments to the member's spouse or designated beneficiary. If the member dies prior to receiving at least 120 monthly payments, the remainder of such 120 monthly payments will be made to the member's spouse or beneficiary until a total of 120 monthly payments have been made to the member and his or her beneficiary or spouse. Thereafter, payments shall continue at fifty percent (50%) for the lifetime of the spouse. If no beneficiary is living at the time of the member's death, the balance of the 120 guaranteed monthly payments will be paid into the member's estate.

Instead of the normal form of benefit as set forth above, a member may choose another method of payment. The member may choose to receive an actuarially equivalent benefit which continues at the rate of 100%, 75%, 66 2/3%, or 50% after the member's or joint annuitant's death for the remainder of the life of the survivor.

Life Annuity is an option that is paid to the member for life.

Upon the death of the member, all payments cease with no payment to the beneficiary or member's estate.

**CAN I CHANGE MY BENEFIT/BENEFICIARY SELECTION?**

A member entitled to a normal or early service retirement benefit shall have the right at any time prior to the date the first payment is received to elect to have the benefit paid under one of the optional forms of payment provided in the Pension Plan.

If a member has elected an option with a joint pensioner or beneficiary and his or her retirement income benefits have commenced, he or she may thereafter change the designated joint pensioner or beneficiary but only if the Board of Trustees consents to such change and if the joint pensioner last previously designated by the member is alive when he or she files a request for such change with the Board of Trustees. The consent of a member's joint pensioner or beneficiary to any such change shall not be required. The Board of Trustees may request such evidence of the good health of the joint pensioner that is being removed as it may require and the amount of the retirement income payable to the member upon the designation of a new joint pensioner shall be actuarially re-determined taking into account the ages and sex of the former joint pensioner, the new joint pensioner, and the member.

A designated beneficiary may be any natural person. If the designated beneficiary is not the spouse of the member, the spouse must consent to the designation, and such consent must be notarized.

In the event that a designated beneficiary dies before the member, or in the case of dissolution of marriage where the spouse is the designated beneficiary, the member may designate a new beneficiary. No replacement beneficiary may receive a benefit which is greater than the actuarial equivalent of the benefit which would have been paid to the person named as designated beneficiary at the time of the member's death.

#### **WHAT IF I DIE BEFORE I RETIRE?**

If a member dies prior to retirement, benefits are payable to the member's spouse or surviving beneficiary. If a member dies before completing ten (10) years of service, a death benefit is payable to the spouse or designated beneficiary in an amount equal to the member's accumulated employee contributions, without interest. If a member dies before retirement but after ten (10) years of creditable service, the designated beneficiary is entitled to receive either (i) the member's accrued benefit payable for one hundred twenty (120) months, or (ii) fifty percent (50%) of the

member's average monthly earnings payable to the spouse for life.

In the event of non-service incurred death of a member who is eligible for early or normal retirement, the member shall be deemed to have retired on the date of death, and the benefit shall be either (i) the member's retirement benefit payable for one hundred twenty (120) months to the designated beneficiary, or fifty percent (50%) of the member's retirement benefit, payable to the spouse for life.

**ARE BENEFITS IN THE PENSION PLAN FORFEITABLE?**

As discussed above, if you separate from service before you vest, you will not receive any benefits from the Pension Plan, although you are entitled to a refund of your employee contributions. In addition, benefits are forfeitable pursuant to the provisions of Section 112.3173, Florida Statutes, which provides for the forfeiture of retirement benefits of persons convicted of specific offenses.

The City of Ocala shall have no right, title or interest in the assets of the Pension Plan, and no contribution made by the City shall revert to the City, except such part of the Pension Fund, if any, which remains therein after the satisfaction of all liabilities to persons entitled to benefits under the Pension Plan.

**ARE MY PENSION BENEFITS SUBJECT TO CLAIMS FOR ALIMONY,**

### **CHILD SUPPORT OR ANY OTHER CREDITOR?**

Under state law and local ordinance, the Pension Plan is exempt from claims of creditors. The only exception is a court award of child support or spousal support. Under Florida law, there is a specific exemption permitting these payments to be made from the Pension Fund.

In a divorce proceeding, a court can order a member to pay a portion of his or her benefits to a spouse once that benefit is received. Once pension monies are actually paid to a retiree, the pension money is no longer exempt from attachment or claim by any creditor.

### **ARE MY PENSION BENEFITS TAXABLE?**

Service retirement payments and non-duty disability pensions are taxable as ordinary income. The retiree will receive a tax form from the Pension Fund at the end of each January reporting the income received in the prior year. Service-connected disability retirement pensions, coordinated with Worker's Compensation, are generally considered to be tax exempt up to the minimum benefit (42%). For specific tax advice you should consult a qualified tax expert.

### **HOW DO I APPLY FOR BENEFITS?**

Application for service retirement benefits is made by filing an application form with the Board's Administrator. Application for disability retirement requires the completion of a disability application form and submission to such medical exams as may be required by the Board. All applications may be obtained from the Board's Administrator.

If a member is dissatisfied with the result of any benefit application brought before the Board, the member has the opportunity to appeal that decision within thirty (30) days of the date of any written decision by the Board by filing a petition for common law certiorari in the circuit court of Marion County, Florida.

### **ON WHAT BASIS ARE PLAN RECORDS KEPT?**

The Board keeps accurate and detailed accounts of all investments, receipts, disbursements, and other transactions pertaining to Pension Fund property. The Board's Secretary keeps a record of all its proceedings and they are available for public inspection. The Board's meetings are open to the public, under the Government in the Sunshine Law.

### **ARE THERE COLLECTIVE BARGAINING AGREEMENTS THAT GOVERNS THIS PLAN?**

From time to time, the Union representing the firefighters and the City have negotiated Pension Plan changes. Any contract provision must be made effective by changing the ordinances which govern this Pension Plan.

**WHAT IF I HAVE FURTHER QUESTIONS REGARDING MY BENEFITS?**

All questions should be directed in writing to the Board of Trustees of the Pension Plan.

**SUMMARY**

The foregoing Summary Plan Description has been designed to help answer some of your questions about how your Pension Plan is organized and managed. Your pension benefits are an important part of your employee compensation. If you have any questions concerning your rights under the Plan you are encouraged to write to the Board.

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