

**CITY OF FORT LAUDERDALE, FL  
GENERAL EMPLOYEES' RETIREMENT SYSTEM**

**SUMMARY PLAN DESCRIPTION  
FOR GROUP 2 EMPLOYEES**

**INTRODUCTION**

This Summary Plan Description (SPD) is a brief description of your Pension Plan and your rights, obligations, and benefits under that Plan. This SPD is not meant to interpret, extend, or change the provision of the Pension Plan in any way. The provisions of the Plan may only be determined accurately by reading the actual Plan document, contained in City Code of Ordinances, Chapter 20. A copy of the Plan document is available at the General Employees' Retirement System office and may be read by you, your beneficiaries, or your legal representatives at any reasonable time. You can also find the Plan document on the GERS web site, [www.Citypension.com](http://www.Citypension.com). If you have any questions regarding either the Pension Plan or this SPD, you should contact the Plan's Administrator. In the event of any discrepancy between this SPD and the actual provisions of the Plan, the Plan shall govern.

Florida State Statutes, Part VII, Chapter 112, and the provisions of the Internal Revenue Code additionally govern the Plan.

The City of Fort Lauderdale adopted this Pension Plan, as subsequently amended and improved, for the exclusive benefit of eligible employees in the following categories:

- (a) those hired on or after October 1, 1983, but prior to October 24, 1991 and
- (b) those hired prior to October 1, 1983 but who elected under Section 20-108(a)(3) to be treated as Members hired on or after October 1, 1983.

Employees of (a) or (b) above elected to continue to be treated as a Group 2 Member under the optional benefit treatment for eligible Members in accordance with Section 20-107.1 of the Ordinance Code.

The purpose of the Plan is to provide an adequate pension benefit during your retired years for you and your eligible beneficiaries. This Pension Plan is a contributory defined benefit plan. Members contribute by payroll deduction on a pre-tax basis to a Trust Fund in a percentage amount set by Ordinance and the City also contributes additional money necessary to fund your pension that will be calculated by a predetermined formula.

This Summary Plan Description is updated for publication as of April 1, 2008.

## THE ADMINISTRATION OF YOUR PLAN

General administration and fiduciary responsibility for the operation of this Pension Plan resides with the Board of Trustees (Board). The Board keeps membership records, directs the investments of the Plan Trust Fund, and employs consultants and other professionals as necessary. The Board may expend Pension funds only to pay benefits along with the reasonable and regular costs of Plan administration.

The Board has the authority to make rules and take legal action concerning the Plan. The Board cannot change benefits, formulas, or structural provisions of the Plan. Only the City Commission may amend the benefits of the Plan. As for employees that are represented by a collective bargaining unit, amendments of the benefit structure require agreement between the City and the collective bargaining unit. No such agreement is required to make changes in the benefit structure for those employees not represented by a collective bargaining unit.

## BOARD OF TRUSTEES

The Board consists of eight persons, each serving for a period of three years. Four members are City employees who are elected by the members of the Plan and three are appointed by the Mayor with the approval of a majority of the City Commission. The City Finance Director sits as a non-voting, ex-officio member of the Board.

### Appointed

Ron Cameron, Sr.  
4700 Powerline Road  
Fort Lauderdale, FL 33309

Dr. Robert Helmholdt  
1248 Seminole Drive  
Fort Lauderdale, FL 33304

Sean F. Jones  
4025 NE 40<sup>th</sup> Avenue  
Fort Lauderdale, FL 33308

Raymond Mannion, Ex-officio  
Director of Finance  
City of Fort Lauderdale

### Elected

John "Le" Bucci  
Admin Asst II – Public Works  
City of Fort Lauderdale

Mark Darmanin  
Util Dist & Col Sys Mgr – Public Works  
City of Fort Lauderdale

Julius Delisio  
Admin Asst II – Business Enterprises  
City of Fort Lauderdale

Darlene Pfeiffer  
Financial Admin – Parking Services  
City of Fort Lauderdale

## **PENSION OFFICE AND STAFF**

The Pension Office is located at 316 NE Fourth Street, Suite 2, Fort Lauderdale, FL 33301, with regular business hours between 8:00 AM and 5:00 PM. To discuss any Pension related matter or to set an appointment, call (954) 828-5171 or toll-free (888) 269-4447. Information may be faxed as well to (954) 828-5270.

The Plan Administrator, David Desmond, is responsible for day-to-day activities. All formal communication should be addressed to David Desmond who is also the designated agent for the service of legal process. Jane Dyar is the Pension and Recording Secretary and Jackie Thomas is the Pension Receptionist.

The Plan's records are maintained in the Pension Office on a fiscal period known as the Plan Year. The Plan Year begins on October 1 and ends on September 30.

## **ACTUARIAL INFORMATION**

An actuarial valuation is performed each fiscal year to measure pension benefit liabilities and specify a schedule of contributions that will fund the Plan in an orderly fashion and assure actuarial soundness.

All Group 2 employees are required to contribute 4% of their salary to the Pension Plan. In the Plan Year 2007-08, the City is contributing at 23.43% of payroll. The amount of City contribution varies from year to year depending on Plan improvements, participant turnover, benefit payments, and investment gains (losses) in the Trust Fund. The law requires that an independent professional, called an "enrolled actuary", certify that the City is meeting its minimum funding requirements. The actuary has certified in the latest valuation that the Pension Plan is being funded as required and is on a sound basis.

## **CLAIMS BY MEMBERS AND BENEFICIARIES**

If you leave employment with the City, have contributed to the Pension Plan for less than ten years, and are not age 65 or over, you are not eligible for normal retirement benefits. You will receive a refund of your contributions plus interest accrued at 3% per year, compounded annually on December 31st. Contact the Pension Office at least 2 weeks prior to the last day you will be on the payroll to get information on your current pension amount along with the refund forms.

If you leave employment with the City and meet the criteria for a normal, early, or vested pension, contact the Pension Office to apply for benefits at least 45 days prior to the last day you will be on the payroll.

If you die while employed by the City, claims for death benefits will be paid in accordance with the terms of the Plan and the "Designation of Beneficiary Form" you have on file in the Pension Office. To change your beneficiary, contact the Pension Office. Be sure to keep the form up to date when circumstances change in your personal life.

If you become sick or injured while employed by the City, you may file a claim for disability benefits if you expect an illness or injury to prevent you from working longer than 90 days. Disability benefits may be awarded retroactively for a period not exceeding 6 months from submission of a completed application. Contact the Pension Office to file a claim for benefits. Claims for disability benefits will be given full and fair consideration by the Board based on the facts in the situation and evidence provided by at least two medical doctors. You will receive written notice of the Board's decision. Effective with the 2008 bargaining unit contracts, approval of a pension disability for a union member will mean an immediate termination of employment with the Employer.

Should your claim be denied, you would receive a written notice outlining the specific reasons for the denial. You may ask for a formal hearing before the Board to present evidence or make statements relevant to the Board's review of its decision. You have the right to review all pertinent documents. Within 30 days following the hearing, you will receive written notice of the Board's decision.

## THE PENSION PLAN

The makeup of Plan Participants as of September 30, 2007 is as follows:

|                           |       |
|---------------------------|-------|
| Active Members            | 1,437 |
| Benefit Recipients        | 1,200 |
| DROP Participants         | 15    |
| Terminated Vested Members | 119   |
| Total Membership          | 2,771 |

### MEMBERSHIP

Membership in a City Sponsored Retirement Program is mandatory for all eligible employees except it is optional for employees in the non-classified service.

- The General Employees' Retirement System is **closed to new membership** effective as of October 1, 2007 for employees represented by the Teamsters Union, as of November 7, 2007 for employees represented by the Federation of Public Employees, and as of March 5, 2008 for any employee not covered by a bargaining unit and including new Police Cadets.

New employees hired on or after the dates above must enroll in a new Defined Contribution 401(a) Plan administered through the City's Finance Department.

You are an employee member in Group 2 who participates in Tier II and elected to be treated as a Group 2 member under the optional benefit treatment available on or before August 31, 1992.

## **EMPLOYEE CONTRIBUTIONS**

You are required to contribute 4% of earnings to the Pension Plan through bi-weekly payroll deduction. Earnings include base salary, assignment pay, academic incentive pay (AIP), shift pay, and longevity pay. Since January 1, 1989, your Pension Plan contributions are not considered to be part of current taxable income as outlined in Section 414(h) of the IRS Code.

During periods of sick leave, vacation, suspension, authorized leave of absence, and military service, you are required to continue contributions. Member contributions are not required during periods of approved disability.

## **CITY CONTRIBUTIONS**

The amount the City contributes may vary from year to year. The City is required to contribute the amount actuarially necessary to pay benefits and maintain the Plan on a sound basis as determined annually by an independent enrolled actuary.

All employee and City contributions are placed in the Pension Trust Fund. The money and investment earnings in the Trust Fund can only be used for the exclusive benefit of Plan members and their beneficiaries.

## **LOANS FROM THE PENSION PLAN**

The Pension Plan is not authorized to make loans to members.

## **CONTRIBUTION REFUNDS**

If you leave employment with the City before completing at least 10 years of service, and you have not yet reached your 65th birthday, you are not eligible for pension benefits. The money you contributed to the Plan, plus 3% interest compounded annually on December 31, will be refunded to you.

If you leave employment with the City after completing 10 or more years of service, you are eligible for a deferred, vested benefit. You may choose instead to withdraw your contributions and accrued interest, but by doing so, you will forfeit any vested retirement benefits you may be entitled to.

Since January 1, 1989, the money you contribute to the Pension Plan each payday has not been included in earnings subject to Federal income tax. This means that your taxable income does not include the amount you contribute to the Pension Plan each year. If you leave employment and receive a refund of your contributions plus accrued interest, the amount you contributed after January 1989 becomes taxable income that is subject to mandatory Federal income tax withholding of 20 and a possible 10% Early Withdrawal Penalty. You may defer Federal income tax, and avoid the mandatory 20% withholding for income tax and a possible 10% Early Withdrawal Penalty, by directing the Plan to transfer the tax deferred portion of your contributions to a traditional individual retirement arrangement (IRA) or another qualified pension plan. Contact the Pension Office for specific information if you plan to leave employment with the City.

## **PRE-RETIREMENT BENEFITS**

### **DISABILITY BENEFITS**

If you suffer a service connected injury or illness while working for the City which prevents you from performing the regular and continuous duties of your job with the City or a non-service connected injury, disease, or disability which totally incapacitates you from the regular and continuous duties of your job or any other gainful employment, you may be eligible for disability benefits. Contact the Pension Office for information on how to file a claim for disability benefits.

The Board approves or denies claims for disability benefits based on the medical facts in the situation and requires at least 2 concurring medical doctor's opinions substantiating the disability. The Board may also request an additional medical opinion through an Independent Medical Review. Effective with the 2008 bargaining unit contracts, approval of a pension disability for a union member will mean an immediate termination of employment with the Employer.

Members receiving disability benefits continue to accrue service credit, however contributions are not required during periods of approved disability. Disability benefit income is not subject to income taxes.

**Duration of Benefits:** Disability benefits will be paid until you return to work for the City (unless employed under a bargaining unit contract), until you die, or until you become eligible for a normal retirement pension. If you return to employment on a graduated part-time basis and are working toward returning to a full-time basis, the Board has the authority to reduce the disability benefit for up to 6 months. The combination of your disability benefit and part-time earnings may not exceed 100% of your earnings as of the date of your disability.

**Early Retirement Pension:** You may convert from a disability benefit to an early retirement pension any time you are eligible, i.e. attainment of age 55 with 15 or more years of service.

**Normal Retirement Pension:** You must convert to a normal retirement pension as soon as you meet the eligibility requirements for normal retirement. Should the disability benefit exceed the normal retirement benefit, the normal retirement benefit will become an amount equal to the disability benefit.

The retirement pension is computed on your earnings at the date you became disabled and your years of credited service accrual, including the period of disability, to a maximum of 30 years of service. Any cost-of-living adjustments applied to disability benefits will be carried forward to your retirement pension.

### **Service Incurred Disability Benefit**

Service incurred disability benefits are equal to 65% of your monthly earnings, beginning on the 91st day you are off the job. If you receive Workers' Compensation benefits, your disability benefit is reduced to the extent allowed by law.

### **Non-Service Incurred Disability Benefit**

Non-service incurred disability benefits are equal to 5% of your monthly earnings for each year of service to a maximum of 13 years, beginning on the 91st day you are off the job. If you receive Social Security disability benefits, your disability benefit is reduced by the primary amount of the Social Security payment.

## **PRE-RETIREMENT DEATH BENEFITS**

### **SERVICE INCURRED**

If you die before retirement from causes related to your job, your spouse would receive a monthly payment equal to 50% of your earnings as of the last date of active employment. An additional 10% will be paid for each child under the age of 18 to a maximum total payment of 80%. Your children will receive benefits until the earlier of attaining age 18, marriage, or death. Your spouse will receive benefits until the earlier of death or remarriage.

If you are not married and you do not have unmarried children under the age of 18, the money you contributed to the Plan, plus 3% interest, compounded annually on December 31, will be paid to the beneficiaries you name. If there is no named beneficiary living, the amount will be paid to your estate.

## **NON-SERVICE INCURRED**

### Before Age 55

The money you contributed to the Plan, plus 3% interest, compounded annually on December 31, will be paid to the beneficiaries you name. If there is no named beneficiary living, the amount will be paid to your estate.

### After Age 55

If you have at least 15 years of service and are past your 55th birthday, your spouse will receive a monthly payment of 50% of your early retirement benefits for the earlier of 96 months or until death.

## **EXCLUSIONS FOR DISABILITY AND DEATH BENEFITS**

Disability benefits or death benefits will not be paid if the Pension Board determines that any of the following conditions exist:

- a) That disability or death resulted from an intentionally self-inflicted injury within the first two years of employment.
- b) That disability or death was the direct result of habitual, intentional use of alcohol, narcotics or drugs without an intervening cause.
- c) That disability or death resulted from unlawful participation or unlawful involvement in riots, insurrection, or assembly; or
- d) That disability or death resulted from participation or involvement in the commission of a felony as defined by the laws of the State of Florida, or the United States of America.

## **RETIREMENT BENEFITS**

### **NORMAL RETIREMENT**

You are eligible for a normal retirement pension on the first day of the month following your 65th birthday. You will receive pension benefits on the first of each month continuing for your lifetime. You may choose an optional form of payment, if you wish, to provide for a surviving spouse.

The Plan is a defined benefit plan that uses a formula based on multiplying your final average salary and the service accrual factor to calculate the amount of your benefit.

The final average salary is found by adding your final 3 years of earnings prior to retirement and dividing the sum by 36 months. Earnings include base wages, assignment pay, shift pay, academic incentive pay, and longevity pay.

The service accrual factor is equal to 1.5% multiplied by your years of service up to a maximum of 30 years.

Years of service are accrued from your pension date of hire until your employment terminates. After attaining membership in the Plan, service continues to accrue during periods in the United States armed forces, vacation, suspension, and authorized leaves of absence, providing member contributions have been paid. Service continues to accrue during periods of approved disability but member contributions are not required.

### **Example of Normal Retirement Benefits**

The following is a calculation of monthly retirement benefits for a 65-year-old member with 25 years of service who earned \$39,400 this year, \$38,500 last year, and \$37,300 in the previous year.

Final average monthly earnings:

|                 |                                |
|-----------------|--------------------------------|
| \$39,400        | current year earnings          |
| \$38,500        | prior year earnings            |
| <u>\$37,300</u> | previous year earnings         |
| \$115,200       | divided by 36 months = \$3,200 |

Service accrual factor: 25 years x 1.50% = 37.5%

The calculation:

|                          |              |
|--------------------------|--------------|
| Average monthly earnings | \$3,200      |
| Multiplied by factor     | <u>37.5%</u> |
| Monthly pension benefit  | \$1,200      |

### **Optional Forms of Retirement Benefits**

Each member who is entitled to a regular normal retirement benefit has the right at any time prior to their actual retirement to elect to have such benefit payable under any one of the options listed below. The member may revoke this election and make a new election at any time prior to actual Retirement. The value of the optional retirement benefit will be the actuarially equivalent of the value of benefits otherwise payable. The member must make the election in writing and is subject to the approval of the Board.

1. *Option 1. Joint and last survivor option.* A retiring member may elect to receive a decreased retirement benefit during his lifetime and have such decreased retirement benefit (or a designated fraction thereof) continued after his death for the lifetime of the designated contingent annuitant. The election of Option 1 will be null and void if the designated contingent annuitant dies before the member's retirement.
2. *Option 2. Ten (10) years certain and life thereafter.* A retiring member may elect to receive a decreased retirement benefit with 120 monthly payments guaranteed. If, after retiring, the member should die before the 120 monthly payments are made, payments are then continued to his designated beneficiary until all 120 payments have been made, at which time benefits cease. If after expiration of the 10 year certain period and the retired member is still alive, payment will be continued during his remaining lifetime.
3. *Option 3. Other.* In lieu of the other optional forms above, retirement benefits may be paid in any form approved by the Board so long as the actuarial equivalence with the benefits otherwise payable is maintained.

## **DROP PLAN**

The DROP Plan was terminated for Teamsters bargaining unit members as of January 14, 2004. It is still available to all other Pension Plan members.

The DROP Plan (Deferred Retirement Option Program) allows members who reach the Normal Retirement Date, age 65, the opportunity to retire with the Pension Plan **and** continue their employment for up to 36 months. Retirement pension monies paid during the DROP Period would be placed tax-deferred into a DROP Account and accrue interest at the Plan's Actuarial Rate of Return (currently 7.5%). At the end of the DROP Period, you terminate employment with the City and the monthly pension is then sent directly to you or your bank. The DROP Account money may then be either withdrawn in a lump sum (and fully taxable), rolled over into an Individual Retirement Account (IRA), or some combination of the two choices.

## **DROP DATE TIMEFRAMES**

You need to complete paperwork for joining the DROP Plan within 2 specific dates prior to your Normal Retirement Date. The *Election of DROP Participation* form must be submitted to the Pension Office **at least 3 months** before your Normal Retirement Date. The *OWBPA Acknowledgement, Waiver, and Release* form and the *Irrevocable Letter of Resignation* form must be submitted **at least 45 days** before your Normal Retirement Date.

Any delay in turning in the paperwork will result in a proportional amount of time deducted from the 36 month DROP Period.

## SERVICE RETIREMENT

You are eligible for a service retirement pension on the date you have completed 30 years of service. You will receive pension benefits on the first of each month continuing for your lifetime. You may choose an optional form of payment, if you wish to provide for a surviving spouse. You will receive a monthly pension equal to your normal pension benefit reduced by a percentage for each month that your service is less than thirty-five years as follows:

| <i>Period Between</i>                       | <i>Percentage Reduction<br/>For Each Month</i> |
|---|--|
| 34 years of Service and 35 years of Service | 1/6% (2% per year)                             |
| 33 years of Service and 34 years of Service | 1/4% (3% per year)                             |
| 32 years of Service and 33 years of Service | 1/3% (4% per year)                             |
| 30 years of Service and 32 years of Service | 5/12% (5% per year)                            |

## EARLY RETIREMENT

You are eligible to draw an early retirement pension anytime after attainment of age 55 and completion of 15 years of service.

An early retirement pension will be calculated on your final average monthly earnings and the number of years of service but will be reduced by 1/3 percent for each month (4% annually) the retirement precedes age 65 [up to sixty months or 5 years] and further reduced by 1/2 percent for each additional month (6% annually) prior to age 60.

### Example of Early Retirement Benefits

The following is a calculation of early retirement benefits for a 58-year-old member with 25 years of service who earned \$39,400 this year, \$38,500 last year, and \$37,300 in the previous year and how the reduction would be applied:

|   |                             |
|---|-----------------------------|
| Monthly retirement benefit:                         | \$1,200                     |
| Early retirement reduction:                         |                             |
| 60 months X 1/3% plus 24 months X 1/2% = <u>32%</u> |                             |
| Early retirement reduction amount                   | \$ 384                      |
| Early retirement benefit:                           | \$1,200 minus \$384 = \$816 |

## VESTED RETIREMENT

If you leave employment with the City after completing 10 years of service, but before

normal retirement age, you have a fully vested deferred retirement benefit.

You will receive retirement benefits beginning with the first of the month following your 65th birthday and continuing for your lifetime. At your death, if you have not received benefits equal to the amount of money that you contributed to the Plan, the balance will be paid to the beneficiary you named.

If you have completed 15 years of service at the time you leave the employ of the City, you may begin collecting benefits in the form of reduced early retirement benefits when you reach age 55.

At any time before retirement, a terminated vested member can choose to withdraw their contributions plus interest. If you choose to withdraw your contributions, you forfeit the rights to any future benefits.

Should you die after you leave employment with the City, but before you begin collecting benefits, your contributions and accrued interest would be paid to your designated beneficiary or to your estate.

#### **COST OF LIVING ADJUSTMENTS AFTER RETIREMENT**

The City Commission may approve a cost-of-living increase to all benefit recipients if the investment earnings of the Fund at fiscal year end are greater than the actuarial interest assumption. The Board recommends to the Commission the amount of an increase not to exceed the change in the Consumer Price Index (CPI) to a maximum of 5%.

#### **POST-RETIREMENT DEATH BENEFITS**

At your death, the excess, if any, of your contributions plus interest, above the pension benefits you received, will be paid to your beneficiary. If the pension benefits you received were greater than your contributions plus interest, payment of benefits ends at your death unless an Optional Form of Payment was selected.

#### **OPTIONAL FORMS OF PAYMENT OF RETIREMENT BENEFITS**

The form of payment described in the NORMAL RETIREMENT section is a benefit that is payable for your lifetime. You may choose an optional form of payment. An example of an optional form of payment would be a Surviving Spouse Annuity. Another example is payment for a Certain Period and Life. The value of optional retirement benefits is actuarially equivalent to the value of benefits otherwise payable, and must be approved by the Board.

#### **MINOR CHILDREN**

In the event of your death, each of your unmarried children under age 18 will receive 20% of your pension benefit until their attainment of age 18, marriage, or death.

## **SERVICE TRANSFERS**

### **FROM POLICE & FIREFIGHTERS RETIREMENT SYSTEM**

If you were previously employed as a police officer or firefighter in Fort Lauderdale, (and did not forfeit service by withdrawing your contributions) your retirement benefit will be computed in accordance with the General Employees' formula for periods of service as a general employee, and in accordance with the Police & Firefighters formula for periods of service with the Police & Firefighters Retirement System.

### **TO POLICE & FIREFIGHTERS RETIREMENT SYSTEM**

If you leave employment as a general employee to become a Police Officer or Firefighter, you may vest your years of service as a general employee if you have accrued five (5) or more years and your retirement benefit will be computed in accordance with the GERS formula or you may elect to withdraw your contributions plus interest from the GERS and forfeit credit for those years of service. If you have accrued less than five (5) years of service prior to becoming a certified Police Officer, you will be required to withdraw your contributions plus interest from the GERS.

# FINANCIAL INFORMATION

## CITY OF FORT LAUDERDALE GENERAL EMPLOYEES' RETIREMENT SYSTEM

Statement of Revenues, Expenses, and Additions to Fund Balance  
For the Fiscal Year ended September 30, 2007

Revenues:

|                        |                  |
|------------------------|------------------|
| City Contributions     | \$15,188,106.00  |
| Employee Contributions | 6,189,702.00     |
| County Contributions   | 33,735.00        |
| Net Investment Income  | 49,732,206.00    |
| Other                  | <u>85,692.00</u> |

Total Revenues 71,229,441.00

Expenses:

|   |                  |
|---|------------------|
| Benefits Paid                             | \$25,517,284.00  |
| Employee Contribution Refunds             | 506,325.00       |
| Administrative Expenses                   | 417,694.00       |
| Increase (decrease) in DROP Accounts      | (312,612.00)     |
| Other – transfer to Police & Fire Pension | <u>31,754.00</u> |

Total Expenses 26,160,445.00

Net Income: 45,068,996.00

FUND BALANCES RESERVED FOR EMPLOYEES'  
PENSION BENEFITS – BEGINNING OCTOBER 1, 2006 \$309,959,331.00

FUND BALANCES RESERVED FOR EMPLOYEES'  
PENSION BENEFITS – ENDING SEPTEMBER 30, 2007 \$355,028,327.00

This information is taken from the City of Fort Lauderdale General Employees'  
Retirement System Actuarial Valuation Report as of September 30, 2007.