

# **POLICE OFFICERS' RETIREMENT SYSTEM**

## **July 2020**



## **SUMMARY PLAN DESCRIPTION**

### **City of Hollywood, Florida**

**Including the Reformed Planned Retirement Benefit Option, Deferred Retirement Option Plan and Share Plan Information**

## **INTRODUCING YOUR RETIREMENT SYSTEM**

The Police Officers' Retirement System of the City of Hollywood, Florida (the "System") plays an important role in your future by working with Social Security and your personal savings to help provide you with a lifetime of income once you retire. You and the City of Hollywood, Florida (the "City") share in the cost of the Retirement System. The System uses a formula to determine the benefit to be paid to you at retirement. The Board of Trustees, which consists of seven members, supervises, administers and manages the System.

On the following pages you will find valuable information describing the main features of the System, including:

- When you qualify for retirement,
- How your pension is calculated and how it can be paid,
- How your spouse or other beneficiary is protected in the event of your death, and
- Additional information that will help you plan ahead.

This summary plan description explains how the Retirement System works and what it can mean to you in your overall financial planning. Please read these materials carefully and share them with your family.

This is a summary plan description of the Police Officers' Retirement System of the City of Hollywood, Florida. It highlights the main provisions of the System but is subject to the terms of the official documents or contracts, which may be modified from time to time. As much as possible, this brochure has been written in non-technical terms, avoiding the formal language of the retirement laws and rules. If questions of interpretation arise as a result of the attempt to make the retirement provisions easy to understand, Title III "Administration," Chapter 33, "City Employees," Section 33.125 through Section 33.138, "Police Officer's Retirement System," of the City of Hollywood Code of Ordinances is the final authority and shall prevail in the event of a conflict. This description of your Retirement System is not an employment contract or any type of employment guarantee and is not a guarantee of benefits.

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## **ELIGIBILITY AND MEMBERSHIP**

### ***Who Is Eligible***

You are eligible for membership in the Retirement System (the “System”) if you are an active employee, at least 18 years of age, who has passed all required medical examinations and other requirements of the City. You are eligible for the System after you have completed the academy.

### ***When Membership Begins***

Your membership becomes effective upon completion of the academy.

### ***Who Pays the Cost***

You and the City share in the cost of your Retirement System. You must contribute a percentage of your pensionable earnings in order to receive benefits under the System as follows:

- Prior to 10/1/06 – 8.0% of earnings
- Effective 10/1/06 – 8.5% of earnings
- Effective 10/1/09 – 9.0% of earnings
- Effective 10/1/10 – 9.25% of earnings
- Effective 5/1/13 – 8.0% of earnings
- Effective 2/1/19 – 9.5% of earnings

If you elect Option 2 of the Reformed Planned Retirement Benefit (see section titled “The Reformed Planned Retirement Benefit (RPRB)”) you will contribute 0.5% of earnings while participating in the RPRB.

### ***What is continuous service?***

Any period during which you are employed by the City as a Police Officer, measured from your date of hire to your date of termination of employment (to the nearest full month). Continuous service is not interrupted by authorized leaves of absence, vacation, suspension or specific military service or disability leave as described in the official plan documents.

### ***How to Participate***

Although participation in the System is mandatory, there are specific actions required of you to begin your full membership, such as having a physical examination conducted by the Pension Board's approved physician. In addition, you must complete a beneficiary designation form.

### ***How You Become Vested***

If you leave employment with the City, either voluntarily or by discharge, before qualifying for retirement, you may still be entitled to a benefit under the System. You will be eligible for a vested pension benefit if you have completed 10 or more years of continuous service.

- If you have less than 10 years of continuous service, you will receive a refund of your contributions without interest.
- If you have 10 or more years of continuous service, you will receive 1) or 2):
  - 1) Your pension benefit accrued to the date of your termination, payable for life beginning at your normal retirement age.
  - 2) A refund of your contributions, plus 3% interest compounded annually.

<p><b><i>What is vesting?</i></b></p>
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<p>The process of acquiring a non-forfeitable right to the value of your pension benefit. You become fully vested in your System benefit after 10 years of continuous service with the City.</p>
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## HOW THE SYSTEM WORKS

When you qualify for a System benefit, your pension will be calculated by the pension benefit formula explained below. Normally, the benefit payment will be in the form of a 10-year certain and life annuity. This payment form guarantees at least 120 payments (10 years of full payments) to you and/or your beneficiary with a 50% annuity guaranteed to your spouse, if any, after your death or the 10-year certain period, whichever is later. Special rules apply if you are on a disability pension. See section titled “If You Become Disabled” for more details. You also may be able to elect an alternative payment option. For more details on alternative payments, see section titled “Optional Forms of Payment.”

### ***Normal Retirement***

You are eligible for basic pension benefits beginning the month coincident with or next following the month after you reach your normal retirement date.

Any member hired on or before September 30, 2011 is eligible to commence pension benefits when they:

- Reach age 50, or
- Complete 22 years of continuous service.

A member hired after September 30, 2011 may retire upon:

- Reaching age 55 with 10 years of continuous service, or
- Completing 22 years of continuous service

### **Benefit if Hired on or Before September 30, 2011**

If you were hired on or before September 30, 2011, you will receive a monthly benefit based on the following formula.

$$\begin{aligned} & \mathbf{3\% \textit{ of average monthly earnings } X \textit{ years of continuous service up to 20 years}} \\ & \qquad \qquad \qquad \mathbf{PLUS} \\ & \mathbf{4\% \textit{ of average monthly earnings } X \textit{ years of additional continuous service}} \end{aligned}$$

Upon the completion of 22 years of continuous service, you will receive a monthly benefit of 80% of your average monthly earnings. The maximum Normal Retirement benefit payable is 80% of your average monthly earnings.

## **Benefit if Hired After September 30, 2011**

If you were hired after September 30, 2011, you will receive a monthly benefit based on the following formula.

*3% of average monthly earnings X years of continuous service up to 21 years*  
*PLUS*  
*12% of average monthly earnings upon completion of 22 years of service*

The maximum Normal Retirement benefit payable is 75% of your average monthly earnings.

### ***What are earnings and average monthly earnings?***

For members hired on or before September 30, 2011, earnings include salary, overtime pay not to exceed 300 hours per year, longevity pay, assignment pay, payments for accrued holiday time, payments for accrued blood time, and payments for accrued compensatory time, but shall not include payments for unused sick time or for unused vacation time. Average monthly earnings are the average of the highest three years of compensation prior to retirement or termination divided by 36.

For members hired after September 30, 2011, earnings include salary, longevity pay and assignment pay. Earnings shall not include overtime pay, payments for accrued holiday time, accrued blood time, annual "cash-out" payments for accrued vacation time, payments for accrued compensatory time and payments for unused sick time or for unused vacation time which is paid upon retirement or termination. Average monthly earnings are the average of the highest 60 consecutive months of the last 120 months of credited service prior to retirement or termination.

## Here Are a Couple of Examples

Let's say John, who was hired on or before September 30, 2011 will retire on his 50<sup>th</sup> birthday with 21 years of continuous service, and \$5,000 in average monthly earnings. Here is how John's benefit is calculated using the formula shown on the previous page.

### STEP 1

$$3\% \text{ of } \$5,000 \text{ [average monthly earnings for up to 20 years]} = \$150$$

### STEP 2

$$4\% \text{ of } \$5,000 \text{ [average monthly earnings for one year]} = \$200$$

### STEP 3

$$\$150 \times 20 \text{ years} = \$3,000$$

PLUS

$$\$200 \times 1 \text{ year} = \$200$$

$$\$3,000 + \$200 = \$3,200 \text{ total monthly pension benefit}$$

If John retires with 22 years of continuous service and \$5,000 in average monthly earnings, his benefit will be:

$$\$5,000 \text{ [average monthly earnings]} \times 80\% = \$4,000 \text{ total monthly pension benefit}$$

Upon the completion of three years after retirement, John will begin receiving a 2% cost-of-living increase compounded annually



Now let's look at an example that involves a person who was hired after September 30, 2011

Beth is age 42 with 22 years of service. Beth's average monthly earnings was \$5,000. Below is how Beth's benefit is calculated.

STEP 1

$$3\% \text{ of } \$5,000 \text{ [average monthly earnings for up to 21 years]} = \$150$$

STEP 2

$$12\% \text{ of } \$5,000 \text{ [average monthly earnings for one year]} = \$600$$

STEP 3

$$\$150 \times 21 \text{ years} = \$3,150$$

PLUS

$$\$600 \times 1 \text{ year} = \$600$$

$$\$3,150 + \$600 = \$3,750 \text{ total monthly pension benefit}$$

Since Beth was hired after September 30, 2011, she is not eligible to receive an annual cost-of-living adjustment.

## ***If You Become Disabled***

### **Service Incurred**

If you receive a medically substantiated service-connected injury, disease or disability while you are working that permanently incapacitates you, physically or mentally, from your regular duties as a Police Officer, you will receive a monthly benefit equal to the greater of:

- Your accrued benefit on the date of your disability, based on the benefit formula described on pages 3-4, or
- 50% of your earnings in effect on the date of disability.

This benefit, which is determined by the Board of Trustees, begins on the 91st day of your disability and ends when you recover or die, whichever occurs first. If you recover and are reinstated from your disability before reaching your normal retirement date, credit for service during the period of disability will be counted as continuous service. If you should die, your beneficiary or beneficiaries will receive benefits based on your marital status and beneficiary designation (see section titled “Survivor Benefits at Normal or Disability Retirement”).

### **Special Conditions for a Service Incurred Disability**

If you become totally and permanently incapacitated as the result of a condition caused by tuberculosis, hypertension, heart disease or hardening of the arteries that results in total or partial disability or death, you may be eligible for retirement with a service incurred disability benefit. Upon examination by the Medical Board and agreement by the Pension Board, if you are determined to be totally and permanently disabled with any of the above ailments, you can then retire. This is because such ailments are presumed to be accidental and suffered in the line of duty if certain preconditions have been met.

#### ***What is the Medical Board?***

The Medical Board consists of three physicians appointed by the Board of Trustees who coordinate all required medical examinations and investigate all applications for disability. The Medical Board plays an advisory role for the Pension Board.

## **Non-Service Incurred**

If you have at least five years of continuous service as of the date of a non-service incurred injury, illness, disease or disability that permanently incapacitates you, physically or mentally, from your regular duties as a Police Officer, you will receive a monthly benefit equal to:

- 2.5% of your average monthly earnings for each year of continuous service; but not less than 25% of your monthly earnings in effect on the date of disability. The benefit will be offset by any worker's compensation, Social Security, pension, or similar benefit payable to the member or to his or her dependents. Upon attainment of age 65, the Social Security offset will cease and, upon attainment of normal retirement age, the benefit will be recomputed as a normal retirement benefit with consideration of service granted for the period of time that the member was receiving a disability retirement benefit.

This benefit, which is determined by the Board of Trustees, begins on the 91st day of your disability and ends when you recover or die, whichever occurs first. If you recover and are reinstated from your disability before reaching your normal retirement age, credit for service during the period of disability will be counted as continuous service. If you should die, your beneficiary or beneficiaries will receive benefits based on your marital status and beneficiary designation (see section titled "Survivor Benefits at Normal or Disability Retirement").

### ***What is a Police Officer?***

Any person who is appointed or employed full time by the City who is certified or required to be certified as a law enforcement officer, who is vested with authority to bear arms and make arrests, and whose primary responsibility is the prevention and detection of crime or the enforcement of the penal, criminal, traffic or highway laws of the State. This definition includes all certified supervisory and command personnel whose duties include, in whole or in part, the supervision, training, guidance and management responsibilities of full-time law enforcement officers, part-time law enforcement officers or auxiliary law enforcement officers, but this definition does not include part-time law enforcement officers or auxiliary law enforcement officers.

For both service incurred and non-service incurred disability benefits, you must have applied for Social Security disability benefits as well as worker's compensation benefits, if applicable.

### **Return to Active Duty**

If you have retired under a disability pension benefit and are later determined to be able to return to active duty, your pension will be discontinued and you will resume active duty at the same rate of compensation currently in effect for your pay grade. Upon request of the Chief of Police, the Board of Trustees will review the medical condition of any member receiving a disability pension. If it is found that you are able to resume active duty, you will be ordered to do so. If you return to work, your pension benefit will cease, and your service will be reinstated. When you retire again, benefits will be recalculated, taking into account your additional continuous service.

### **“Light Duty” Positions for Service Incurred Disability**

If you are injured in the line of duty and become incapable of performing the regular duties of a sworn Police Officer, the City may assign you to a “light duty” position, depending on available vacancies. If the City offers you a light duty position and you decline that position, you may be ineligible for disability benefits.

***What is “light duty”?***

A light duty position is defined as any Police Officer position within the Police Department that does not require you to perform all the duties of a Police Officer, with no loss in pay or benefits.

### **Exclusions**

A disability pension benefit will not be granted for injuries resulting from:

- The use of narcotics, drugs or alcohol.
- Your involvement in riots, insurrection or unlawful assembly.
- Your participation or involvement in the commission of a crime or unlawful act.
- Injury or disease sustained while serving in any armed forces, except as may otherwise be required by law.
- Injury or disease sustained after your employment with the City has terminated.
- Injury or disease sustained while working for anyone other than the City and arising out of such employment.

## **Survivor Benefits at Normal or Disability Retirement**

If you die after retirement or during disability but before receiving retirement benefits for a period of 10 years (120 payments), benefits will be paid to your beneficiary or beneficiaries as follows:

- If you are unmarried, the balance of the 120 payments will be made to your beneficiary or, if all beneficiaries are deceased or none are designated, to your estate.
- If you are married at the time of normal or disability retirement and your spouse is sole beneficiary, the balance of the 120 payments will be made to your spouse, if alive, or to your estate. If your spouse is alive and unmarried after receipt of the 120<sup>th</sup> payment, then the monthly payment to your spouse will be reduced by 50% and will continue until he or she dies or remarries. (If you die after receiving 120 payments, your spouse will be entitled to the same 50% benefit until he or she dies or remarries.)
- If you are married and your spouse is not a designated beneficiary, the balance of the 120 payments will be paid to your beneficiary or beneficiaries or, if all beneficiaries are deceased or none are designated, to your estate.
- If you are married and have designated multiple beneficiaries including your spouse, the balance of the 120 payments will be paid to your beneficiaries pro-rata or, if all beneficiaries are deceased, to your estate.

Your surviving spouse will be eligible for the 50% benefit mentioned above only if you were married at the time of your normal or disability retirement. If you marry after your retirement date, your spouse will be eligible for the 50% survivor benefit only if, at the time of your retirement, you had designated your prior spouse as your sole beneficiary.

## **Is Your Beneficiary Form Correct?**

In the event you die, your benefits or contributions will be distributed to the person or persons designated by name on the beneficiary form on file with the System. No provision in your last will and testament will change this designation. Please be sure that your beneficiary form designates the person or persons you intend to receive your benefits and that you review this choice in the event of a major life change such as a divorce or the death of your beneficiary.

You may change your beneficiary as often as necessary prior to the date you retire or begin participating in DROP (see section titled “The Deferred Retirement Option Plan”). Once you retire or begin participating in the DROP, you may change your joint annuitant or beneficiary up to two times without the approval of the Board. Any additional changes must be approved by the Board. Upon receipt of a completed change of joint annuitant form, the Board will adjust your monthly benefit by the application of actuarial tables and calculations developed to ensure that the benefit paid is the actuarial equivalent of the present value of your current benefit.

If you change your beneficiary after you enter DROP or retire:

- You must pay the actuarial cost of the change, which will be based on the remaining value of your benefits under the plan.
- In no event will the change in beneficiary result in an increase in your retirement benefits.

***What is a beneficiary?***

The person entitled to receive benefits if you die. You must designate a beneficiary in writing to the Board.

***If You Die***

**Death With At Least 10 Years of Service**

If you die prior to retirement and after completing at least 10 years of service, your beneficiary is entitled to a monthly benefit for his or her lifetime equal to the greater of the benefit you had earned at the time of your death, calculated according to the formula on page 3, or the benefit otherwise payable according to the following sections (“Service Incurred Death With Less Than 10 Years of Service” or “Non-Service Incurred Death With Less Than 10 Years of Service”).

If your beneficiary dies before receiving 120 monthly payments, payments will continue to your estate until all 120 payments have been received.

If you die without having designated a beneficiary, the death benefit will be paid to your estate and will continue until 120 payments have been made.

**Service Incurred Death With Less Than 10 Years of Service**

If you die within five years of an illness, injury or disability received in the line of duty, your pension benefit will be paid as follows:

- If you are unmarried, your designated beneficiary will receive a monthly benefit for 10 years (120 payments) equal to 50% of your earnings at the time of your death. If your beneficiary dies before receiving 120 monthly payments, your estate will receive the same monthly benefit until the remainder of the 120 payments have been made.
- If you are unmarried, have surviving children, and have not designated a beneficiary, a monthly benefit equal to 50% of your earnings at the time of your death will be paid to your surviving children for a period of 10 years or until the youngest child reaches age 18, whichever is later. If the payments cease before 120 payments have been made, your estate will receive the same monthly benefit until the remainder of the 120 payments have been made.
- If you are unmarried, have no surviving children, and have not designated a beneficiary, your estate will receive a monthly benefit equal to 50% of your earnings at the time of death, for a period of 10 years (120 payments).
- If you are married, your spouse is entitled to a monthly benefit equal to 50% of your earnings at the time of your death. Payments will continue until your spouse dies or

remarries, at which time benefits will continue to be paid to your surviving children until the youngest child reaches age 18. If the payments cease before 120 payments have been made, your estate will receive the same monthly benefit until the remainder of the 120 payments have been made.

### **Non-Service Incurred Death With Less Than 10 Years of Service**

If you die within five years of an illness, injury or disability not received in the line of duty, your pension benefit will be paid as follows:

- If you are unmarried, your designated beneficiary will receive a monthly benefit for 10 years (120 payments) equal to 25% of your earnings at the time of your death. If your beneficiary dies before receiving 120 monthly payments, your estate will receive the same monthly benefit until the remainder of the 120 payments have been made.
- If you are unmarried, have surviving children, and have not designated a beneficiary, a monthly benefit equal to 25% of your earnings at the time of your death will be paid to your surviving children for a period of 10 years or until the youngest child reaches age 18, whichever is later. If the payments cease before 120 payments have been made, your estate will receive the same monthly benefit until the remainder of the 120 payments have been made.
- If you are unmarried, have no surviving children, and have not designated a beneficiary, your estate will receive a monthly benefit equal to 25% of your earnings at the time of death, for a period of 10 years (120 payments).
- If you are married, your spouse is entitled to a monthly benefit equal to 25% of your earnings at the time of your death. Payments will continue until your spouse dies or remarries, at which time benefits will continue to be paid to your surviving children until the youngest child reaches age 18. If the payments cease before 120 payments have been made, your estate will receive the same monthly benefit until the remainder of the 120 payments have been made.

## **HOW YOUR BENEFIT IS PAID**

Unless you choose one of the optional forms of payment described below, your pension benefit will be paid by the standard method. The options are designed so that the total actuarial value of the benefit is the same, regardless of the method of payment you choose. If you elect an optional form of payment, you must make your election by writing the Board of Trustees.

### ***Standard Form of Payment***

The standard form of your payment will be a monthly benefit payable during your lifetime with 120 guaranteed payments. If you die before the 120<sup>th</sup> payment is made, payments will then continue to your designated beneficiary – or, if all beneficiaries are deceased or none are designated, to your estate – until all 120 payments have been received.

See section titled “Survivor Benefits at Normal or Disability Retirement” for details about survivor benefits.

### ***Optional Forms of Payment***

You may choose an optional form of payment before your retirement starts.

#### **Joint and Last Survivor Option**

You may elect to receive a decreased retirement benefit during your lifetime and have this benefit continue after your death to a person other than your spouse. Only a person in your immediate family may be designated as a beneficiary under this option.

#### **Life Annuity**

You may elect a single life annuity option as a form of benefit payment. In this form your pension is payable for as long as you live. All benefits stop when you die.

#### **Other**

Retirement benefits may be paid in any other form approved by the Board, as long as payments are actuarially equal. No portion of your benefit may be paid in a lump sum.



## ***Claims and Procedures***

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

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

If your claim has been denied and you wish to submit your claim for review, you may file a request with the Board for a public rehearing and review by the Board. You must file your request within 30 days of the mailing of the Board's initial denial.

As soon as practicable after the Board receives your request for a rehearing, it will meet after giving you a minimum of 30 days' notice. You have the right to be present at this meeting with legal counsel, if you desire. You will be allowed to submit any evidence in support of your claim.

If the Board again denies your claim, you may seek appellate review of the decision within 30 days in the Circuit Court in and for Broward County, Florida.

## THE REFORMED PLANNED RETIREMENT BENEFIT (RPRB)

The Reformed Planned Retirement Benefit Option (RPRB) is an optional form of benefit payment you may elect when you reach your normal retirement date. Only members hired after September 30, 2011 may elect the RPRB. If you elect the RPRB, when you end your employment with the City you must receive your pension benefit under the RPRB. You can elect one of two RPRB options. Option (1) is the planned retirement benefit option in effect prior to Ordinance No 2015-22. If you elect this option, you may receive your benefit under another form of benefit payment when you actually terminate from service. Option (2) is a RPRB choice with reduced employee contributions and a lump sum payment at service termination.

The table below compares the key provisions of the Reformed Planned Retirement Benefit under the two options.

	Reformed Planned Retirement Benefit [RPRB Option (1)]	Reformed Planned Retirement Benefit [RPRB Option (2)]
<i>Employee contribution while participating</i>	9.5% of earnings	0.5% of earnings
<i>Benefit at retirement (service termination) -</i> <u>Monthly benefit</u>	<u>Option (i)</u> - Calculated as if you retired when you make election to participate	Calculated as if you retired when you make election to participate
<u>Lump sum benefit</u>	<u>Option (ii)</u> - Calculated using your service and pay when your service terminates <u>Option (i)</u> - Based on number of years you worked after electing to participate <u>Option (ii)</u> - No lump sum After service termination you cannot leave your lump sum in the plan	Based on number of years you worked after electing to participate  After service termination you can leave your lump sum in the plan
<i>Investment earnings on lump sum benefit</i>	The Retirement System's actual investment rate of return and the following schedule. (a) 0% if plan investment earnings are less than 0% (b) 100% of plan return up to 4% per year (c) 0% of plan return from 4% to 6% per year (d) 50% of plan earnings in excess of 6% per year (100% of plan earnings in excess of 6% per year if the System is at least 90% funded)	The Retirement System's actual investment rate of return. Earnings could be less than 0%. You receive no downside protection on the investment return.

### ***Electing the Reformed Planned Retirement Benefit Option***

To participate in the RPRB you must make a written election no later than 60 days after reaching your normal retirement date (based on years of service or age). You are eligible for normal retirement beginning the first of the month after reaching 22 years of credited service or reaching age 55 with 10 years of credited service.

If you choose to participate in the RPRB you must make an irrevocable election of one of the following two options:

- (1) Continue making 9.5% of pay contributions while participating in the RPRB. At termination you will have the option of:
  - (i) Receiving a lump sum equal to the total of monthly pension benefits you would have received from your RPRB date up to your actual retirement date, plus investment earnings. The investment earnings will be credited according to the current RPRB interest credit schedule. In addition, you will receive a lifetime monthly pension benefit calculated based on your accrued benefit at your RPRB date.
  - (ii) A lifetime monthly pension calculated using your service, average final compensation and pension benefit formula as of the date you actually retire, not as of an earlier RPRB participation date.
- (2) Contribute 0.5% of pay while participating in the RPRB. At termination you will receive a lump sum equal to the total of monthly pension benefits you would have received from your RPRB date up to your actual retirement date, plus investment earnings. The investment earnings will be equal to the net investment rate earned by the Retirement System's assets (see more below).

Your written election to participate in the RPRB will indicate the maximum number of years you may participate in the RPRB and your latest employment termination date.

The maximum RPRB period is eight years. If you elect to participate in the RPRB your service with the City will be limited to 30 years. However, if you elect to participate in the RPRB you may terminate employment any time prior to reaching the earlier of 30 years of service or the maximum period of RPRB participation.

### ***How Is Your Reformed Planned Retirement Benefit Calculated?***

If you elect the Reformed Planned Retirement Benefit your pension benefit generally will be calculated as if you had stopped working and retired on your election date, but not before your normal retirement date. The date as of which your pension benefit is calculated is called the RPRB date.

The monthly RPRB is calculated based on your accrued benefit on your RPRB date. The monthly benefit will begin on your actual retirement date (when you stop working with the City). The monthly RPRB is payable on any of the Retirement System's optional forms of benefit. (See Section titled "How Your Benefit Is Paid")

In addition, you will receive a lump sum equal to the total of monthly pension benefits you would have received from your RPRB date up to your actual retirement date, plus investment earnings. The investment earnings will be based on the net investment rate earned by the Retirement System's assets for each month you worked after the RPRB date.

If you elect RPRB Option (1) the investment earnings will be based on the net investment rate earned by the Retirement System's assets for each month you worked after the RPRB date and the following schedule.

- 0% for any month in which plan investment earnings are less than 0%
- 100% of monthly plan investment earnings up to .327% (4% per year)
- 0% of annualized plan investment earnings from 4% to 6%
- 50% of plan investment earnings in excess of 6% annualized

If you elect RPRB Option (2) – lump sum only at retirement date - the investment earnings will be based on the net investment rate earned by the Retirement System's assets for each month you worked after the RPRB date, including returns of less than 0%.

If you elect RPRB Option (1) you cannot leave the RPRB lump sum in the System after you retire/separate from employment.

If you elect RPRB Option (2) you can leave the RPRB lump sum in the System after you retire/separate from employment. The plan's actual investment rate of return will be applied to the RPRB lump sum as long as it remains in the System. You will pay a fee for the administrative cost of managing your lump sum while it is in the System.

With RPRB Option (2) you choose the form of payment - how your benefit will be paid - at your RPRB date. Under Option (1) at the time you terminate and make your final RPRB election you need to choose the form of payment.

Remember if you elect RPRB Option (1) you do not have to elect the RPRB option when you terminate from service even if you had elected to participate in the RPRB at your normal retirement date. If you do not elect the RPRB option when you terminate from service (i.e., retire), your monthly pension benefits will be calculated using your service, average final compensation and pension benefit formula as of the date you actually retire, not as of an earlier RPRB participation date. By not electing the RPRB at retirement you will receive credit for additional service and pay increases up to your actual retirement date.

***What is the Reformed Planned Retirement Benefit date?***

The RPRB date is the date used to calculate your pension benefit if you elect the RPRB option. To participate in the RPRB you must make a written election at any time after reaching your normal retirement date. However, you choose the RPRB date at the time you elect the RPRB option and are ending your employment with the City. The RPRB date is generally any date between the date you elected to participate in the RPRB and the date you stop working, but not before your normal retirement date.

The maximum RPRB period is eight years.

A RPRB date example:

On July 1, 2019, Mary reaches her normal retirement date at age 48 with 22 years of service. Mary continues working with the City past her normal retirement date and elects to participate in the RPRB on July 1, 2020 with a maximum RPRB period of seven years.

Mary stops working for the City on July 1, 2027. Mary's pension benefit payable beginning on July 1, 2027 will be based on her benefit earned for service to July 1, 2020 (her RPRB date) and her final average earnings on July 1, 2020, not her service and pay on her retirement date of July 1, 2027.

***Here Are a Couple of Examples of How Your RPRB Benefit Is Calculated***

Below is an example of the calculation of your pension benefit under Option (2) of the Reformed Planned Retirement Benefit.

In general, your pension benefit is calculated using the following formula.

3% of average monthly earnings multiplied by service to 21 years plus an additional 12% upon completion of 22 years of service. The maximum 75% is earned at 22 years of service.

Let's say Robert who was hired after September 30, 2011 who retires on October 1, 2028 at age 55 with 30 years of creditable service. Robert's normal retirement date was October 1, 2020 when he was age 47 with 22 years of service. Robert elects to participate in the RPRB on October 1, 2020. Robert participated in the RPRB for 8 years from October 1, 2020 (his RPRB date) to October 1, 2028 when he stops working with the City. Here is how Robert's RPRB benefit is calculated using the formula shown above and the 75% maximum limit. Robert's average monthly earnings on his RPRB date of October 1, 2020 is \$6,700.

STEP 1

3% x 21 years of service = 63% - benefit percentage accumulated under the 3% accrual rate

STEP 2:

12% x 1 years of service = 12% - benefit percentage accumulated under the 12% accrual rate

STEP 3

Totally monthly benefit for RPRB date of October 1, 2020:

63% + 12% = 75% of \$6,700 = \$5,025 payable beginning October 1, 2028

RPRB lump sum payable October 1, 2028 for the accumulated payments of \$5,025 Robert would have received for the 96 months from his RPRB date of October 1, 2020 up to his actual retirement date of October 1, 2028, plus investment earnings based on the System’s earnings. For illustration purposes we have calculated Robert would receive a lump sum of \$586,828 based on the following hypothetical System investment earnings. You will notice that for periods with investment returns below 0% the RPRB return is negative.

Hypothetical Investment Earnings for Robert’s Illustration

Period	Fund Earnings - Annual	RPRB Lump Sum Earnings Credit – Monthly*
10/1/2020 – 9/30/2021	8%	0.643%
10/1/2021 – 9/30/2022	3%	0.247%
10/1/2022 – 9/30/2023	-2%	-0.168%
10/1/2023 – 9/30/2024	10%	0.797%
10/1/2024 – 9/30/2025	5%	0.407%
10/1/2025 – 9/30/2026	13%	1.024%
10/1/2026 – 9/30/2027	9%	0.721%
10/1/2027 – 9/30/2028	-4%	-0.340%

\* Before reduction for Administrative and Custodial Fees

Below is an example of the calculation of your pension benefit under Option (1) of the Reformed Planned Retirement Benefit.

RPRB lump sum payable October 1, 2028 for the accumulated payments of \$5,025 Robert would have received for the 96 months from his RPRB date of October 1, 2020 up to his actual retirement date of October 1, 2028, plus investment earnings based on the System’s earnings. For illustration purposes we have calculated Robert would receive a lump sum of \$561,728 based on the hypothetical System investment earnings shown below. You will notice that for periods with investment returns have a floor of 0%. In addition, Robert will continue to contribute 9.5% of compensation while he participated in the RPRB.

Hypothetical Investment Earnings for Robert’s Illustration

Period	Fund Earnings - Annual	RPRB Lump Sum Earnings Credit – Monthly*
10/1/2020 – 9/30/2021	8%	0.407%
10/1/2021 – 9/30/2022	3%	0.247%
10/1/2022 – 9/30/2023	-2%	0.000%
10/1/2023 – 9/30/2024	10%	0.487%
10/1/2024 – 9/30/2025	5%	0.327%
10/1/2025 – 9/30/2026	13%	0.604%
10/1/2026 – 9/30/2027	9%	0.447%
10/1/2027 – 9/30/2028	-4%	0.000%

\* Before reduction for Administrative and Custodial Fees

Under RPRB Option (1) Robert does not have to elect the RPRB when he terminates from service even if he had elected to participate in the RPRB at his normal retirement date. If he does not elect the RPRB option when he terminates from service (i.e., retire), his monthly pension benefits will be calculated using his service, average final compensation and pension benefit formula as of the date he actually retires, not as of the earlier RPRB option (1) participation date. By not electing the RPRB at retirement Robert will receive credit for additional service and pay increases up to your actual retirement date. For example if Robert’s average monthly earning on the date he terminates from the City is \$9,200. His monthly retirement benefit based on 30 years of service is \$6,900 (75% x \$9,200) compared to \$5,025 under options (1) and (2). Robert will receive a higher pension but will not receive the lump sum of \$561,728 at retirement.

***How does the RPRB benefit compare to my benefit if I don’t elect the RPRB?***

It is your decision whether or not to elect the RPRB. Deciding whether to elect the RPRB depends on your personal circumstances and preferences. There are no set rules for making the decision. Keep in mind that once you elect to participate in the RPRB your decision is irrevocable and cannot be changed.

Generally, your RPRB monthly benefit will be lower than your monthly benefit if you do not elect the RPRB. That’s because your monthly RPRB benefit is calculated using your pay and service on your RPRB date which is earlier than your actual retirement date. Therefore, your service and pay increases since your RPRB date will not be included in your monthly RPRB benefit. If you do not elect the RPRB, your monthly benefit will reflect your pay and service at your actual retirement date.

On the other hand, the RPRB allows you to receive a lump sum payment in addition to your monthly benefit. You cannot receive any portion of your pension benefit in a lump sum if you do not elect the RPRB.



Also, your contributions to the System while you participate in the RPRB Option (2) will only be 0.5% of your pay instead of 9.5% of pay.

What will be best for you -

- (1) To elect the RPRB and receive a lower monthly lifetime pension benefit plus a lump sum payment at retirement, or
- (2) To not elect the RPRB and receive a higher lifetime monthly pension benefit but no lump sum payment at retirement?

Actual pay increases and the 75% maximum impact will be different for each person, and the investment earnings on the RPRB lump sum will vary depending on the actual System earnings during the RPRB period. If Mary elected Option (1) of the RPRB she does not have to decide until her actual retirement date of July 1, 2027 whether to elect the benefit based on service and pay as of July 1, 2020 or July 1, 2027. However, keep in mind that under Option (1) Mary would continue contributing 9.5% of pay during the RPRB period instead of 0.5% of pay under Option (2).

The RPRB will impact each individual differently based on everyone's unique circumstance. Please consult a financial or tax advisor to help determine the right benefit election for you.

### ***What are the forms of benefit payment for my RPRB annuity?***

The forms of benefit payment have not changed. The standard form of payment is a guaranteed payment that you, your beneficiary or your estate will receive at least 120 monthly payments. If you are not married at the time of retirement and you die after receiving 120 payments, all benefits stop. If you are married at the time of retirement and you die after receiving 120 payments, and your spouse is alive and unmarried, your spouse will receive 50% of your benefit until the earlier of his or her death or remarriage. With RPRB Option (2) you select the form of benefit payment for your RPRB annuity when you elect to participate in the RPRB. For example, assume you elect a five year RPRB on October 1, 2019. If you are married on your RPRB date of October 1, 2019 your RPRB lump sum will be based on the accumulation with investment earnings of your benefit calculated as of October 1, 2019 under the 120 guaranteed payments form of benefit with your spouse on October 1, 2019 as the beneficiary. The 120 guaranteed payments period will begin on October 1, 2019 and end on October 1, 2029. If you die after receiving 120 payments, and your spouse is alive and unmarried, your spouse will receive 50% of your benefit until the earlier of his or her death or remarriage. On the other hand, if you elect RPRB Option (1) you select the form of benefit payment for your RPRB annuity when you retire/separate from service but as if you had retired on your RPRB date.

### ***What are the payment options for my RPRB lump sum?***

Under Option (2) you can receive the RPRB lump sum in a single cash lump sum payment when your service terminates or you can choose to leave your lump sum in the Retirement System. For as long as your lump sum remains in the System it will receive the actual investment return rate earned by the System. You will also pay a fee for the administrative cost to manage your lump sum. If you elect RPRB Option (1) you cannot leave your lump sum in the System. All or a portion of the RPRB lump sum can be paid out in a cash lump sum to you, converted to an annuity under the System optional forms of payment (such as, an annuity payable for as long as you live or a joint and survivor annuity with a portion going to your surviving beneficiary after you die) or rolled over to another tax-qualified plan, such as an IRA, in accordance with federal law.

***Is my RPRB lump sum payment subject to income taxes?***

Yes. The distribution of your RPRB lump sum is subject to the Federal income and excise taxes in effect at the time you receive it, which may include a 10% tax penalty. You may defer income taxes by rolling over your distribution into a tax-qualified plan or to an IRA. Please consult a legal, financial or CPA tax advisor before making any RPRB lump sum decision if the distribution is taken before the year you turn age 50.

***What happens to my benefits if I become disabled or die while still working and after I elected to participate in the RPRB?***

The formulas used to calculate the disability benefits and pre-retirement death benefits (service and non-service incurred) have not changed. However, if you become disabled after electing to participate in the RPRB Option (2) you will receive your RPRB lump sum benefit and the monthly benefit under the form of payment you elected when you joined the RPRB. If you elected RPRB Option (1) and become disabled you can receive the disability benefits provided by the System instead of your benefit under the RPRB.

In case you die while still working and after electing to participate in the RPRB and you elected Option (2), your designated beneficiary will receive your accumulated RPRB lump sum and the applicable monthly benefit under the option you elected when you participated in the RPRB. Under Option (1) of the RPRB in case you die while still working then your designated beneficiary or your estate will elect the RPRB option with respect to the RPRB benefits you have earned at the time of your death.

***How is the cost of living adjustment (COLA) affected by the RPRB?***

Members hired after September 30, 2011 will not receive a COLA.

***Will I be eligible for a Supplemental Pension Distribution (13<sup>th</sup> Check) if I elect the RPRB option?***

No member is eligible for a 13<sup>th</sup> check unless they were hired on or before September 30, 2011, were employed on February 20, 2019 and were participating in the RPRB plan or DROP plan on that date.

***Can the provisions of the RPRB be changed in the future?***

Yes. However, if the RPRB is eliminated, all members who are eligible to participate at the time will maintain the right to participate in the RPRB by submitting the written election form.

***Do members contribute after making an election to participate in the RPRB?***

Yes, but the contribution you make will depend on which RPRB Option you choose. Your employee contribution to the System will be 0.5% of your earnings if you elect RPRB Option (2) and 9.5% of your earnings under Option (1).

## **THE DEFERRED RETIREMENT OPTION PLAN (DROP)**

The Deferred Retirement Option Plan (DROP) is a separate provision of your Retirement System that provides benefits for you if you elect to retire from the System and continue to work for the City as a Police Officer. You are not eligible to enter the DROP unless you were hired on or before September 30, 2011. A member hired on or before September 30, 2011 becomes eligible for DROP upon attainment of age 50 or 22 years of service. If you would like to participate in the DROP, then you must make your intent known by writing to the Board of Trustees.

### ***When DROP Begins***

Your participation in DROP begins on the day after you retire.

### ***When DROP Ends***

Your membership in DROP ends on the earliest of the following dates:

- You elect, in writing, to cease membership,
- Your membership reaches 96 months (eight years), or
- Your participation in DROP results in a total of 30 years of employment with the City, or
- Your employment ends.

If you elect to end your membership in DROP before one of the above events occurs, you cannot re-enroll later. Any amount remaining in your DROP account will be paid to you upon your termination or death.

### ***Purchase of Additional Benefits***

If you enter DROP after completing 10 or more years of service and reaching age 50, you may purchase additional pension benefits equal to the lesser of:

- 8% of average monthly earnings, or
- The percentage of average monthly earnings that would result in a total benefit of 80% of average monthly earnings.

You would be required to pay for the full actuarial cost of these additional benefits.

### ***How DROP Works***

On the first day of the month that your membership in DROP begins, the monthly retirement benefit you would have received under the Retirement System will be transferred to your DROP account.

***After-Tax Contributions***

You can also make after-tax contributions to your DROP account during the first 12 months of your membership in the DROP. These after-tax contributions are limited to 25% of your compensation as reported on form W-2 for that 12-month period and/or specific limitations outlined by the Internal Revenue Code.

***Investment Elections and Earnings***

Contributions to your DROP account (except rollover amounts from an eligible 457(b) plan) will receive investment earnings based on your election of either the fixed rate of return investment (FRR) or the variable rate of return investment (VRR). When participating in DROP, you must elect to have 100% of your eligible contributions invested in either the fixed rate of return investment or the variable rate of return investment.

The FRR is 6% per year. In the event that the System's market value of assets earn an investment rate of return in excess of 12% in a plan year, the excess return rate will be equally divided between DROP participants electing the FRR and the City. The VRR is based on the actual earnings of the System, and can go up or down, based on investment market conditions. DROP accounts are subject to administrative fees as determined by the Board of Trustees.

You may change your DROP investment option (example: FRR to VRR or VRR to FRR) monthly by completing an election form and returning it to the Office of Retirement. This form must be received by the Office of Retirement by the 15<sup>th</sup> of the month for the change to take place the next month. If the form is received after the 15<sup>th</sup> of the month, it will be held until the next cycle. For example: If a completed DROP Investment form is received on August 14, the change requested will take effect on September 1. If a completed DROP Investment form is received on August 16, the change requested will take effect on October 1.

### ***Distributions***

Distributions from your DROP account will be made upon your termination from the City. Benefits will be paid in a cash lump sum, unless you elect otherwise. You may elect an optional payment method as described below.

- **Annual Installments.** Payments can be made in equal annual or quarterly installments, paid until your death or the death of your last named beneficiary, whichever is later.
- **Fixed Annuities.** Payments can be made in the form of a Joint and Survivor annuity with your spouse or other beneficiary receiving a reduced benefit after your death.
- **Other Optional Forms of Payment.** You may select another optional form of payment. Section 828 of the *Pension Protection Act of 2006* amended the Internal Revenue Code to eliminate the 10% penalty tax on early distributions to a qualified public safety employee from a governmental defined benefit plan if the employee separates from service after attainment of age 50.

If you die before your DROP account begins distribution, your DROP account will be paid to your beneficiary in the form of a lump sum distribution or rollover.

### ***Direct Rollover of Certain Distributions***

You can have any portion of an eligible distribution paid directly to another eligible retirement plan.

### ***Loans***

You are eligible to take a loan from DROP if you have participated in the System for at least 12 months. The amount available, when added to any other outstanding loan balances from DROP, cannot exceed the lesser of:

- 50% of your DROP account, or
- \$50,000.

The minimum amount available is \$1,000. You can pay back the loan, plus interest, through automatic payroll deductions, on a quarterly or more frequent basis. All loans must be repaid within five years. To request a loan, submit your request, in writing, to the Board of Trustees.

## **THE SHARE PLAN**

Like the DROP, the Share Plan is a separate provision of the Police Officers' Retirement System. Effective June 30, 2002, the Hollywood Police Officers' Share Plan implemented the provisions of Chapter 185, Florida Statutes. The Share Plan provides additional retirement benefits to qualified recipients. Funding for the Share Plan was discontinued as of Fiscal Year 2007.

### ***How the Share Plan Works***

Under Florida Statutes, the City will receive funds from the State to be allocated to the System to pay for certain retirement benefits. Any remaining funds will then be allocated to individual accounts established in each participant's name. Your account will accumulate funds while you are employed as a Police Officer, as described earlier. Share amounts earn interest based on the variable rate of return as described earlier. Benefits will be paid in a single lump sum payment upon your termination of employment, disability, retirement or death. If you die before payment of your benefits, the entire amount of your account will be paid to your beneficiary.



## **OTHER IMPORTANT INFORMATION**

### ***Military Service***

You will receive continuous service credit if you leave active employment with the City to enter the U.S. Armed Forces, and you return to active employment within the time frame after your discharge when your reemployment rights are protected by law. You must return to your employment as a Police Officer within one year after you are released from active duty in the military. If you die or become disabled while serving in the Armed Forces, you will not be entitled to service incurred disability or service incurred death benefits, except as may otherwise be required by federal law.

### ***Annual Increase in Benefits***

If you were hired on or before September 30, 2011, you or your beneficiary will receive a 2% annual increase in benefits once you or your beneficiary have received retirement benefits for three years. If you participate in the DROP program, the increase in benefits will commence at the later of:

- Your termination of employment, or
- Three years after you enter the DROP program.

If you were hired after September 30, 2011, you will not receive an annual increase in benefits.

### ***Supplemental Pension Distribution (13th Check)***

If the actual rate of investment return on System assets exceeds the assumed rate of investment return, a supplemental pension distribution will be paid. The total amount will be equal to the present value of future benefits for retirees and beneficiaries, multiplied by the excess (not to exceed 2%) of the actual rate of investment return over the assumed rate of investment return for the fiscal year, but not more than the actual dollar amount of the excess return. The actual dollar amount of investment return is calculated as the increase in the market value of assets for the fiscal year.

No member is eligible for a 13<sup>th</sup> check unless they were hired on or before September 30, 2011, were employed on February 20, 2019 and were participating in the RPRB plan or DROP plan on that date.

### ***Tax Regulations***

When you receive a distribution from the Retirement System, it generally will be subject to federal income tax, and in some cases, state and local taxes also. In addition, the distribution may be subject to tax withholding. Keep in mind, tax laws are complex and subject to change at any time. Therefore, you should consult a professional tax adviser who can help you make the most appropriate decisions based on your personal situation. Professional advice may help you avoid unexpected or unnecessary tax liability.

### ***Coordination of Benefits (COB)***

If, prior to October 1, 2009, you transferred positions within the City and later became eligible for membership in the System, your date of transfer will be the date your job status officially changes. If you were covered under another City plan, those benefits will be calculated using that plan's formula. No new benefits will be accumulated in the previous plan. You will also receive benefits under the System upon retirement. Your salary, as defined in the System, will be used to calculate your pension benefit, if it is higher than your salary at the time of transfer. Your credited service will only include service after your date of transfer; old service does not count. However, if you receive death or disability benefits from the City, both old and new service will apply toward your benefit calculation. In either case, the maximum amount of service that will be included is 22 years. As of October 1, 2009, coordination of benefits with the City's General Employees Retirement Plan is no longer permitted.

### ***Disqualification, Ineligibility, Denial, Loss, Forfeiture***

There are certain circumstances that may result in the disqualification, ineligibility, denial, loss, forfeiture, suspension or deferral of your benefits in this System. The following is a list of some but not all of such circumstances:

- Payment of your benefits may be subject to an income deduction order made pursuant to a state domestic relations law.
- Federal or state laws may limit the benefits otherwise payable by the System. For example, Section 415 of the Internal Revenue Code provides that annual pensions may not exceed specific dollar amounts.
- Your retirement benefits may be forfeited if you are convicted of false, misleading, or fraudulent statements made to obtain public retirement benefits as provided by State law (Section 185.185, Florida Statutes).
- Your retirement benefits may be forfeited if you are convicted of certain specified offenses as set forth in Section 112.3173, Florida Statutes. Specified offenses are:
  - (1) The committing, aiding or abetting of an embezzlement of public funds;
  - (2) The committing, aiding, or abetting of any theft by a public officer or employee from his or her employer;
  - (3) Bribery in connection with the employment of a public officer or employee;
  - (4) Any felony specified in chapter 838, Florida Statutes, except Section 838.15 and Section 838.16, Florida Statutes;
  - (5) The committing of an impeachable offense;
  - (6) The committing of any felony by a public officer or employee who, willfully and with intent to defraud the public or the public agency for which the public officer or employee acts or in which he or she is employed of the right to receive the faithful performance of his or her duty as a public officer or employee, realizes or obtains, or attempts to realize or obtain, a profit, gain, or advantage for himself or herself or for some other person through the use or attempted use of the power, rights, privileges, duties, or position of his or her public office or employment position; or
  - (7) The committing on or after October 1, 2008, of any felony defined in Section 800.04, Florida Statutes, against a victim younger than 16 years of age, or any felony defined

in Chapter 794, Florida Statutes, against a victim younger than 18 years of age, by a public officer or employee through the use or attempted use of power, rights, privileges, duties, or position of his or her public office or employment position.

Conviction shall be defined as an adjudication of guilt by a court of competent jurisdiction; a plea of guilty or a nolo contendere; a jury verdict of guilty when adjudication of guilt is withheld and the accused is placed on probation; or a conviction by the Senate of an impeachable offense.

Court shall be defined as any state or federal court of competent jurisdiction which is exercising its jurisdiction to consider a proceeding involving the alleged commission of a specified offense. Prior to forfeiture, the Board shall hold a hearing on which notice shall be given to the Member whose benefits are being considered for forfeiture. Said Member shall be afforded the right to have an attorney present. No formal rules of evidence shall apply, but the Member shall be afforded a full opportunity to present his case against forfeiture.

Any Member who has received benefits from the System in excess of his Accumulated Contributions after his rights were forfeited will be required to pay back to the System the amount of the benefits received in excess of his Accumulated Contributions. The Board may institute all legal action necessary to recover such funds.

### ***Legal Limitations***

All benefits will be restricted in accordance with Section 415 of the Internal Revenue Code. In addition, all benefits will be restricted because of limits placed on compensation that may be used for benefit purposes. This maximum may change in future years to reflect changes in the cost of living. In addition, government rules may limit the total benefits payable under the City's retirement and savings plans. In the unlikely event that these rules apply to your situation, you will be notified if your benefits become affected.

### ***If The System Is Amended or Terminated***

The City reserves the right to change or terminate the System and/or contributions and change available benefits in accordance with applicable law. If the System is terminated, the Board of Trustees will take the following action:

- (1) The Board will determine the date of the distribution and the asset value required to fund all nonforfeitable benefits, after taking into account the expenses of the distribution. The Board will inform the City if additional assets are required, in which event the City will continue to financially support the System until all nonforfeitable benefits have been funded.
- (2) The Board will determine the method of distribution of the asset value, whether distribution will be by payment in cash, by the maintenance of another or substituted trust fund, by the purchase of insured annuities, or otherwise, for each Police Officer entitled to benefits under the System, as specified in paragraph (3).
- (3) The Board will distribute the asset value as of the date of termination in the manner set forth herein, on the basis that the amount required to provide any given retirement income is the actuarially computed single-sum value of such retirement income, except that if the method of distribution determined under paragraph (2) involves the purchase of an insured annuity, the amount required to provide the given retirement income is

the single premium payable for such annuity. The actuarial single-sum value may not be less than the member's accumulated contributions to the System, with interest if provided by the System, less the value of any System benefits previously paid to the member.

- (4) If there is asset value remaining after the full distribution specified in paragraph (3), and after payment of any expenses incurred with such distribution, such excess will be returned to the City, less return to the State of the State's contributions, provided that, if the excess is less than the total contributions made by the City and the State to date of termination of the System, such excess will be divided proportionately to the total contributions made by the City and the State.
- (5) The Board will distribute, in accordance with the manner of distribution determined under paragraph (2), the amounts determined under paragraph (3).

If 24 months has elapsed since the date on which the System terminated or the date on which the Board received written notice that the contributions thereunder were being permanently discontinued, and the City or the Board has not complied with all the provisions relevant to System termination, then the Florida Department of Management Services will effectuate the termination of the System in accordance with the relevant terms of the System and Section 185.37, Florida Statutes.

If there is a complete discontinuance of the contributions required of the City, or a partial or complete termination of the System, then the rights of each member to the benefits accrued to the date of such discontinuance or termination, to the extent then funded for them, shall be nonforfeitable, and each member or the beneficiary of a deceased member will be vested in the values being held to fund their benefits, including a share of any unallocated trust assets, which share will be determined in accordance with terms of the System and Section 185.37, Florida Statutes.

## **ADMINISTRATIVE INFORMATION (TO BE UPDATED)**

### **Board of Trustees**

David Strauss, Chairman  
Cathleen Marano, Secretary  
Paul Laskowski, Trustee  
Van Szeto, Trustee  
Jeffrey Marano, Trustee  
Christopher Boyd, Trustee  
Justin Schweighardt, Trustee

### **Trustees Mailing Address**

4205 Hollywood Blvd. Suite 4, Hollywood, Florida 33021

### **Collective Bargaining Agreement**

Article 37 of the Collective Bargaining Agreement between the Broward County PBA and the City of Hollywood addresses the Pension System.

### **Plan Administrator**

Dave Williams  
4205 Hollywood Blvd., Suite 4, Hollywood, FL 33021  
(954) 967-4395 Fax: (954) 967-4387

### **Plan Sponsor Address**

City of Hollywood  
2600 Hollywood Blvd., Hollywood, FL 33020

### **Plan Year (maintained on fiscal year basis)**

October 1 – September 30

### **Agent for Service of Legal Process**

David Strauss, Chairman  
4205 Hollywood Blvd. Suite 4, Hollywood, Florida 33021

### **Employer Identification Number**

59-6904194

## **ACTUARIAL INFORMATION**

The funding objective of the Retirement System is to establish and receive contributions which will maintain the plan in sound financial condition.

Contributions which satisfy the funding objective are determined by the annual actuarial valuation in accordance with City Ordinance and Chapter 112 of Florida Statutes. The actuarially determined annual contribution consists of normal cost plus amortization of the unfunded actuarial accrued liability (UAAL). The objective is to establish, over time, a normal cost which will remain level as a percent of payroll. The unfunded actuarial accrued liability is amortized as a level percent of pay over periods ranging from 13 to 26 years. Experience and assumption change amortization bases established on or after October 1, 2017 are amortized on a level dollar basis. The actuarial cost method is designed to achieve this objective. The Retirement System receives contributions from the City, the State of Florida and from active members.

A summary of the actuarial information is presented below.

### **SUMMARY OF VALUATION RESULTS**

	<b>As of October 1, 2019</b>	<b>As of October 1, 2018</b>
<b>1. Number of Members</b>		
a. Active Members	258	251
b. Receiving or Due to Receive Benefits	411	404
<b>2. Total Annual Compensation</b>	<b>\$22,824,881</b>	<b>\$21,786,392</b>
<b>3. Total Retired Member Benefits</b>	<b>\$26,560,694</b>	<b>\$25,305,550</b>
<b>4. Unfunded Actuarial Accrued Liability</b>		
a. Actuarial Accrued Liability (AAL)	\$452,065,109	\$457,443,930
b. Actuarial Value of Assets	\$215,609,662	\$212,836,327
c. Unfunded Actuarial Liability (a. - b.)	<b>\$236,455,447</b>	<b>\$244,607,603</b>
<b>5. Expected Contributions Fiscal Year</b>	<b>2020/2021</b>	<b>2019/2020</b>
a. Expected Member Contributions	\$2,244,256	\$2,142,147
b. Expected Chapter 185 Monies	\$1,735,838	\$1,541,166
c. Expected City Contribution	\$25,150,747	\$25,441,505
d. Total (a. + b. + c.)	<b>\$29,130,841</b>	<b>\$29,124,818</b>

## **FINANCIAL INFORMATION**

The financial information below is summarized for the City of Hollywood Police Officers' Retirement System and does not include notes or detail. Audited financial statements for the year ended September 30, 2019 are available. You can request a copy of the financial statements by calling the pension office at (954) 967-4395.

### **City of Hollywood Police Officers' Retirement System Statement of Plan Net Assets September 30, 2019 and 2018**

	<u>As of September 30, 2019</u>	<u>As of September 30, 2018</u>
<b>Assets</b>		
Cash and short term investments	\$14,132,837	\$3,759,898
Receivables:		
State contribution receivable	\$7,379,064	\$0
City contribution receivable	\$0	\$4,736,140
Employee contributions receivable	\$117,746	\$133,972
Accrued income receivable	\$552,560	\$570,775
Receivable for securities sold	\$0	\$4,962
DROP loans receivable	\$1,100,647	\$1,293,790
Total receivables	<u>\$9,120,017</u>	<u>\$6,739,639</u>
Prepaid expenses	\$2,433,707	\$2,308,677
Investments, at fair value:		
Equity securities	\$179,756,213	\$188,611,765
Domestic corporate bonds	\$50,602,588	\$46,454,415
Foreign corporate bonds	\$1,014,413	\$1,530,320
Real estate funds	\$33,443,460	\$31,387,374
Government securities	\$21,965,599	\$18,549,590
Hedge fund	\$9,168,687	\$6,753,182
Total investments	<u>\$295,950,960</u>	<u>\$293,286,646</u>
<b>Total Assets</b>	<b><u>\$321,637,521</u></b>	<b><u>\$306,094,860</u></b>
<b>Liabilities</b>		
Accounts payable	\$69,985	\$65,868
Benefits payable	\$0	\$0
Payable for securities purchased	\$84,049	\$0
Reformed Plan retirement benefits	\$0	\$9,836,516
DROP accounts	\$102,286,417	\$80,798,757
Share plan accounts	\$3,283,595	\$3,770,396
<b>Total Liabilities</b>	<b><u>\$105,724,046</u></b>	<b><u>\$94,471,537</u></b>
<b>Net assets held in trust for pension benefits</b>	<b>\$215,913,475</b>	<b>\$211,623,323</b>

**City of Hollywood Police Officers' Retirement System**  
**Statement of Changes in Plan Net Assets**  
**For the Years Ended September 30, 2019 and 2018**

	As of September 30, 2019	As of September 30, 2018
<b>Additions</b>		
Contributions:		
City	\$24,446,359	\$19,492,251
State	\$7,379,064	\$0
Employee	\$2,010,083	\$1,714,922
Buybacks	\$160,486	\$47,846
Jumpstart	\$400,000	\$0
Rollover	\$758,862	\$0
Total contributions	\$35,154,854	\$21,255,019
Investment income:		
Net appreciation of in fair value of investments	\$6,187,885	\$27,489,860
Interest and dividends	\$6,494,048	\$6,971,566
Total investment income	\$12,681,933	\$34,461,426
Less:		
Investment Expenses	(\$1,517,733)	(\$1,379,306)
<b>Net investment income</b>	<b>\$11,164,200</b>	<b>\$33,082,120</b>
Other income	\$61,794	\$43,850
<b>Total Additions</b>	<b>\$46,380,848</b>	<b>\$54,380,989</b>
<b>Deductions</b>		
Benefits paid	\$25,408,602	\$23,952,027
DROP distributions	\$4,087,970	\$3,332,868
RPRB distributions	\$0	\$683,555
Share distributions	\$602,773	\$221,570
Participants' contributions refunded	\$112,089	\$53,956
Administrative expenses	\$714,919	\$592,690
<b>Total Deductions</b>	<b>\$30,926,353</b>	<b>\$28,836,666</b>
<b>Change in Net Assets</b>	<b>\$15,454,495</b>	<b>\$25,544,323</b>
<b>Net Assets held in Trust for Pension Benefits (including Share account)</b>		
Beginning of year <sup>1</sup>	\$306,028,992	\$280,484,669
End of year <sup>1</sup>	<b>\$321,483,487</b>	<b>\$306,028,992</b>

<sup>1</sup> Includes Share Plan investments of \$3,283,595 and \$3,770,396 as of September 30, 2019 and 2018, respectively.