

**CITY OF SANIBEL
POLICE PENSION PLAN**

SUMMARY PLAN DESCRIPTION

APRIL, 2009

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INTRODUCTION

The attached booklet is presented to you as a member of the City of Sanibel Police Pension Plan by the Board of Trustees. This booklet is a brief explanation of certain provisions of your pension plan. You are encouraged to study the booklet, in order to become familiar with the benefits provided by the Plan. If you have any questions regarding any provision of the Plan, the Board of Trustees will be happy to answer your questions or get an answer for you.

This booklet is only a brief explanation of the Plan. If there are any conflicts between this booklet and the ordinances of the City of Sanibel, the ordinances will govern. A copy of the ordinance establishing the Plan can be obtained from the City Clerk.

Chairman, Board of Trustees,
City of Sanibel Police Pension Plan

Date

1. **BOARD OF TRUSTEES AND PLAN ADMINISTRATION**

A. Administration. The City of Sanibel Police Pension Plan is a defined benefit pension plan administered by a Board of Trustees. The Board consists of 5 Trustees, 2 who are appointed by the City Council, 2 of whom are full-time Police Officers, elected by a majority of the members of the Plan, and a fifth Trustee who is elected by the first 4 Trustees. Each Trustee serves a two-year term.

B. The names and addresses of the current Trustees are attached to this Summary Plan Description as Exhibit "A". The Chairman of the Board of Trustees is designated as agent for the service of legal process.

2. **ELIGIBILITY FOR PLAN MEMBERSHIP**

Each full-time Police Officer employee of the City becomes a Participant on the first day of full-time service.

3. **PLAN BENEFITS**

In order to receive a pension benefit from the Plan, a Participant must have a vested right to a pension benefit, have reached the applicable retirement age, retired, and filed a claim for pension benefits with the Board of Trustees.

A. Normal Retirement Eligibility. A Police Officer is eligible for retirement at the earlier of: 1) age 55 and completion of 10 years of service, 2) age 60 and completion of 5 years of service or 3) completion of 25 years of service regardless of age.

B. Amount of Normal Retirement Benefits. The amount of the normal retirement benefit is based on a Police Officer's service and average final compensation as follows:

"Service" means the total number of years and completed months of continuous employment as a Police Officer of the City. A Police Officer may leave his contributions in the Fund for a period of 5 years after leaving employment with the City, return as a Police Officer, and begin receiving credits for service for benefits from the date of re-hire.

"Average Final Compensation" is 1/12 of the average annual compensation of the highest 5 years of service.

"Annual Compensation" is the total compensation received by a Police Officer from the City of Sanibel.

The normal retirement benefit is calculated by multiplying 3% times years of Service times the Average Final Compensation. The maximum benefit is 90% of Average Final Compensation. The benefit is paid for life, but with a minimum of 120 monthly benefit payments.

C. Early Retirement Eligibility. A Police Officer is eligible for early retirement upon the attainment of age 50 and completion of 5 years of service.

D. Amount of Early Retirement Benefits. The amount of the early retirement benefit is calculated in the same manner as normal retirement but is reduced by 2.5% for each year prior to normal retirement age.

E. Supplemental Benefit. The supplemental benefit is calculated by multiplying \$36.00 times years of Service and is payable from retirement until age 67, with a minimum payment period of 5 years.

F. Cost-of-Living Adjustment. Normal and Early Retirees after October 17, 2006, receive 3% annual increases in monthly benefits. These increases occur on

October 1, and commence the October 1 following receipt of at least 12 monthly payments.

G. Optional Forms of Retirement Benefits. A member may elect to receive a retirement benefit in a different form so long as the form elected by the Police Officer is of equal value as the normal benefit. The optional forms of benefit which are available are:

- (1) A retirement income payable to the Police Officer for his life only.
- (2) A reduced retirement income payable for the lifetime of the Police Officer and continuing thereafter for the life of the beneficiary designated by the Police Officer. Following the death of the Police Officer, the monthly benefit payable to the beneficiary is 100%, 66-2/3%, 75%, or 50% of the monthly amount payable during the joint lives of the Police Officer and the beneficiary.
- (3) Such other amount and form of retirement payments of benefits approved by the Board.

H. Disability Retirement. A Police Officer is considered disabled when he or she becomes totally and permanently unable to perform useful and efficient service as a Police Officer. A written application is made to the Board of Trustees for a disability pension and the Board of Trustees receives evidence of the disability and decides whether or not the pension is to be granted. Members are covered for service-incurred disability benefits from date of hire. Members are covered for non-service incurred benefits following the completion of 10 years of Creditable Service. If the pension is granted and it is determined that the disability is service-incurred, the benefit amount shall be the accrued benefit as of the date of determination, but not less

that 42% of the Police Officer's Average Final Compensation. If the pension is granted and it is determined that the disability is not service-incurred, the benefit amount shall be the accrued benefit as of the date of determination, but not less than 25% of the Police Officer's Average Final Compensation.

Any condition or impairment of health of a Police Officer caused by tuberculosis, hypertension, heart disease, or hardening of the arteries resulting in death or total disability is presumed to have been suffered in the line of duty unless the contrary is shown by competent evidence.

A retired disabled Police Officer is subject to periodic medical examinations as directed by the Board to determine whether a disability continues.

I. Death Before Retirement. If a Police Officer dies prior to retirement, his beneficiary will receive the following benefit:

- (1) The beneficiary of a deceased Police Officer who was not yet vested or eligible for retirement will receive a refund of 100% of Police Officer's Accumulated Contributions.
- (2) For any actively employed Police Officer who was vested or eligible for normal or early retirement as of his date of death, the benefit payable to the beneficiary will be the monthly amount which would have been payable had the deceased Police Officer retired under normal or early retirement.

J. Termination of Employment and Vesting. If a Police Officer's employment is terminated, the following benefits are payable:

- (1) If the Police Officer has less than five years of Vesting Credits upon termination, the Police Officer is entitled to a refund of the money

he has contributed or the Police Officer may leave it deposited with the Fund.

- (2) If the Police Officer has five or more years of Vesting Credits upon termination, the Police Officer is entitled to a monthly retirement benefit that is the accrued benefit payable at his normal or early retirement date, provided he does not elect to withdraw his contributions and provided the Police Officer survives to his normal or early retirement date.

K. Deferred Retirement Option Program. Members eligible for Normal Retirement, and still employed, may cease participation in the plan, and enter the DROP for up to 60 months. Participation in the DROP will end upon resignation, death or termination for cause.

Members may participate in the DROP only once, and are not eligible to be a contributing member of the Plan during participation. Contributions to the Plan for participating members will cease.

Average monthly earnings and credited service will be determined on the effective date of participation in the DROP, and monthly benefits that would have been payable will be credited to a DROP account that earns interest at 4% per annum. Benefits are fixed as of the DROP entry date.

At termination of employment, the DROP account balance will be paid in a lump sum or other approved method of payment, and the monthly payments will begin being paid to the retiree. If death occurs during DROP participation, the account balance will be paid to the member's beneficiary.

L. Re-Entry into the Plan. A member who has been paid a refund of Accumulated Contributions and subsequently earns Vesting Credits again under the Plan may repay the Accumulated Contributions, plus interest at the actuarially assumed interest rate compounded annually or such other amount as prescribed in Section 411(c)(2)(d) of the Internal Revenue Code. Upon repayment, the member will be credited with all Vesting Credits previously lost and there will not be a reduction in value of any subsequent benefit by the value of the refunded Accumulated Contributions.

M. Contributions and Funding. The City is paying the portion of the cost of the pension over and above the Police Officer's contributions and the contributions received from the State of Florida. A Police Officer contributes 5% of his total pay to the Plan plus an additional 3% to receive a Supplemental Benefit. A Police Officer's contributions are guaranteed refundable.

N. Minimum Benefits. In no event will the benefits paid from this Plan be any less than a member's Accumulated Contributions.

O. Maximum Benefits. In no event will the benefits paid from this Plan exceed the lesser of:

- (1) The actuarial equivalent of \$90,000.00 payable at age 62 as adjusted for cost-of-living and certain floor amounts set forth in Section 415 of the Internal Revenue Code, or
- (2) 90% of the member's Average Final Compensation.

P. Forfeiture of Pension. Any Police Officer Employee who is convicted of certain crimes listed in the Plan will forfeit all benefits from the Plan, except for the return of his or her contributions as of the date of his or her termination.

Q. Claims Review Procedure. A member may request, in writing, that the Board review any denial of any claim for benefits under the Plan. The Board will review the appeal and make a decision within 60 days of the date of the appeal. The Board may extend the time for making a decision by an additional 60 days. If the appeal is denied, the decision will outline the specific reasons for denial.

4. VESTING OF BENEFITS

A Police Officers' retirement benefits are fully vested after 5 years of Vesting Credits. One Vesting Credit is earned for each year of service.

5. APPLICABLE LAW

The Plan is governed by the following federal, state and local laws:

A. Internal Revenue Code and amendments thereto.

B. Chapter 185, Florida Statutes, "Municipal Police Officers'

Retirement Trust Funds".

C. Part VIII, Chapter 112, Florida Statutes, "Actuarial Soundness of Retirement Systems".

D. Ordinances of the City of Sanibel.

E. Administrative rules and regulations adopted by the Board of Trustees.

6. PLAN YEAR AND PLAN RECORDS

The Plan year begins on October 1 of each year and ends on September 30 of the following year. All records of the Plan are maintained on the basis of the Plan year.

7. FINANCIAL AND ACTUARIAL INFORMATION

A report of certain financial and actuarial information on the solvency and actuarial soundness of the Plan is attached as Exhibit "B".

EXHIBIT "A"

BOARD OF TRUSTEES

Chairman William E. Tomlinson, Chairman
800 Dunlop Road
Sanibel, FL 33957

Secretary Craig J. Holston
800 Dunlop Road
Sanibel, FL 33957

Members Craig L. Albert
800 Dunlop Road
Sanibel, FL 339357

William Dalton
800 Dunlop Road
Sanibel, FL 33957

Janet G. McBee
800 Dunlop Road
Sanibel, FL 33957

Recording Secretary Cheryl Waite
800 Dunlop Road
Sanibel, FL 339357

CITY OF SANIBEL
MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND

EXHIBIT "B"

A. Participant Data	new methods <u>10/1/2008</u>	old methods <u>10/1/2008</u>	old methods <u>10/1/2007</u>
Number Included			
Actives	26	26	27
Service Retirees	12	12	12
DROP Retirees	1	1	0
Beneficiaries	1	1	1
Terminated Vested	6	6	5
Disability Retirees	2	2	2
Total	<u>48</u>	<u>48</u>	<u>47</u>
Total Annual Payroll	\$2,089,004	\$2,089,004	\$2,047,406
Payroll Under Assumed Ret. Age	2,089,004	2,089,004	2,047,406
Annual Rate of Payments to:			
Service Retirees	348,001	348,001	347,695
DROP Retirees	78,744	78,744	0
Beneficiaries	4,602	4,602	4,602
Terminated Vested	82,812	82,812	82,812
Disability Retirees	24,876	24,876	24,876
 B. Assets			
Actuarial Value	8,049,862	8,392,259	7,812,757
Market Value	7,114,158	7,114,158	7,927,016
 C. Liabilities			
Present Value of Benefits			
Active Members			
Retirement Benefits	10,209,856	10,209,856	10,382,093
Disability Benefits	372,567	372,567	345,778
Death Benefits	203,750	203,750	200,497
Vested Benefits	1,047,549	1,047,549	1,108,546
Refund of Contributions	77,858	77,858	72,535
Service Retirees	3,221,776	3,221,776	3,293,421
DROP Retirees *	1,370,168	1,370,168	0
Beneficiaries	30,884	30,884	31,989
Terminated Vested	296,454	296,454	274,299
Disability Retirees	231,435	231,435	236,277
Excess State Monies Reserve	27,317	27,317	27,317
Total	<u>17,089,612</u>	<u>17,089,612</u>	<u>15,972,752</u>

* Amounts shown are present value of future benefits only. Assets in item B., above, are exclusive of accumulated DROP balances.

	new methods <u>10/1/2008</u>	old methods <u>10/1/2008</u>	old methods <u>10/1/2007</u>
C. Liabilities - (Continued)			
Present Value of Future Salaries	16,884,632	16,884,632	17,053,917
Present Value of Future Member Cont.	1,344,969	1,344,969	1,364,313
Normal Cost (Entry Age Normal)			
Retirement Benefits	366,149	366,149	347,156
Disability Benefits	13,251	13,251	10,886
Death Benefits	4,004	4,004	4,062
Vested Benefits	24,235	24,235	27,110
Refund of Contributions	5,072	5,072	5,585
Total Normal Cost	<u>412,711</u>	<u>412,711</u>	<u>394,799</u>
Present Value of Future Normal Costs	3,354,334	3,354,334	3,376,717
Actuarial Accrued Liability (Entry Age Normal)			
Retirement Benefits	7,312,407	7,312,407	7,520,600
Disability Benefits	244,174	244,174	234,703
Death Benefits	162,766	162,766	156,613
Vested Benefits	784,938	784,938	806,054
Refund of Contributions	25,643	25,643	14,762
Inactives plus state reserve	5,178,034	5,178,034	3,863,303
Total Accrued Liability	<u>13,735,278</u>	<u>13,735,278</u>	<u>12,596,035</u>
Unfunded Actuarial Accrued Liability	5,685,416	5,343,019	4,783,278
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives	5,150,717	5,150,717	3,835,986
Actives	3,680,896	3,680,896	3,865,435
Member Contributions	902,114	902,114	845,367
Total	<u>9,733,726</u>	<u>9,733,726</u>	<u>8,546,789</u>
Non-vested Accrued Benefits	<u>81,687</u>	<u>81,687</u>	<u>50,389</u>
Total Present Value Accrued Benefits	9,815,414	9,815,414	8,597,177
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	0	0	
New Accrued Benefits	0	946,936	
Benefits Paid	0	(400,455)	
Interest	0	671,756	
Other	0	0	
Total:	<u>0</u>	<u>1,218,237</u>	

Valuation Date Applicable to Fiscal Year Ending	new methods 10/1/2008 <u>9/30/2010</u>	old methods 10/1/2008 <u>9/30/2010</u>	old methods 10/1/2007 <u>9/30/2009</u>
E. Pension Cost			
Normal Cost (with interest) % of Total Annual Payroll*	20.5	\$450,680 20.1	\$431,121 19.6
Administrative Expense (with interest) % of Total Annual Payroll*	1.5	32,672 1.5	20,222 0.9
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 30 years (as of 10/1/08) % of Total Annual Payroll*	18.2	311,755 13.9	276,059 12.5
Total Required Contribution % of Total Annual Payroll*	40.2	795,106 35.4	727,402 33.0
Expected Member Contributions % of Total Annual Payroll*	7.9	176,643 7.9	173,244 7.9
Expected City & State Contrib. % of Total Annual Payroll*	32.3	618,463 27.5	554,158 25.2

F. Past Contributions

Plan Years Ending:	<u>9/30/2008</u>
Total Required Contribution	580,830
City and State Requirement	438,927
Actual Contributions Made:	
Members	206,034
City	388,259
State	53,654
Total	<u>647,947</u>

G. Net Actuarial Gain (Loss) (363,138)

* Contributions developed as of 10/1/08 are expressed as a percentage of projected annual payroll at 10/1/08 of \$2,089,004.