RETIREMENT AND DISABILITY PLAN HANDBOOK

FOR

City of Largo Municipal Police Officers’

And Firefighters’ Retirement Plan

Describing the Provisions of the Largo Municipal Police Officers' and Firefighters' Retirement Plan (A Defined Benefit Plan) As in Effect September 11, 2019
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To All Municipal Police Officers & Firefighters of the City of Largo:

As an employee of the City of Largo, it is important that all police officers and firefighters become familiar with the provisions of the Largo Municipal Police Officers' and Firefighters' Retirement Plan. The Plan provides assurance that your years of service will merit substantial benefits and will add to the financial and emotional security of your family. This booklet provides a description of the significant provisions of the Plan as it applies to all members. However, benefits have changed over time and the current benefits outlined in this booklet apply to all members hired after September 30, 2013. If you have any questions, contact the Plan administrator.

If you would like to review a copy of the complete Plan document, it is available on-line or from the City Clerk or in Human Resources. The provisions of the Plan and not this summary document will govern and determine the rights of all participants. Any example calculations or explanations are not meant to refer to any specific employee. All examples are intended as an explanation.

Sincerely,

Board of Trustees
Municipal Police Officers' and Firefighters' Retirement Plan

SUMMARY OF THE PLAN PROVISIONS

I. GENERAL INFORMATION

Purpose of Plan
The main purpose of the City of Largo Municipal Police Officers’ and Firefighters' Retirement Plan (referred to in this summary as the "Plan") is to provide for retirement income following active service. Upon an individual's retirement under the Plan, monthly retirement income payments will be made for the remainder of that person's lifetime.

Administration of Plan
The City is financially responsible for benefits in the Plan. The administration of the Plan is the responsibility of the Plan's Board of Trustees. This Board is comprised of five (5) individuals: two are employees from the Police and/or Fire Departments elected by the current employee participants of the Plan, two are citizens of Largo appointed by the City Commission, and one who is selected by the four other Board members. Elections and appointments are held every two years. The Board of Trustees meets at least quarterly and meetings are open to the public. The current Board members are:

Anthony Citrano, Elected Member, Police  Robert Healy Jr., Board Selected Member (Chairman)
Daniel Waters, Elected Member, Fire  Jose Valdes, City Appointed Member (Secretary)
Paul Wallace, City Appointed Member

The Board of Trustees has hired an Administrative Director for the Plan who is responsible for those aspects of the Plan's Administration which are not duties of the City's HR or Finance Departments. The Plan Administrative Director can be reached at the following address:

HYN Consulting
Caleb Hynson
801 West Bay Drive Suite #502
Largo, FL 33770
Participant Status

All Police Officers and Firefighters employed as permanent, full-time employees of the City on or after January 1, 1980 are automatically members of this Plan (Department Chiefs have the option of participation). The term "employee" as used in this Plan summary means any person employed in the regular full-time service of the City as a firefighter as defined in State Statute 175, and any person employed in the regular full-time service of the City as a police officer as defined in State Statute 185. The term "Member" means an actively employed Police Officer or Firefighter who fulfills the membership requirements prescribed in the Plan ordinance.

Plan Funding

The Plan is funded through yearly contributions made by the City and all participating police and fire personnel as well as funding by the State of Florida under Chapters 175 and 185. The employee's pretax contribution is currently 8% of base compensation. The City's contribution is determined each year by an independent Plan actuary who reviews the financial soundness of the Plan and issues an annual report to the Plan Board of Trustees identifying all Plan assumptions and specifying the percent of payroll which the City must contribute for the next fiscal year (but it shall not be less than 8% of credited service salary).
II. RETIREMENT INFORMATION

Eligibility for Retirement

There are two basic types of retirement under the Plan: service retirement (which includes early or normal retirement) which is based on individual age and/or years of credited service, and disability retirement which is based on the health status of the individual.

Normal Retirement: To qualify for normal retirement, an employee must meet one of the following criteria:

- attain the age of 62 years old
- attain the age of 55 years old with ten (10) years of credited service with the Plan
- Firefighters’ - attain twenty-three (23) years of credited service with the Plan
- Police Officers’ - attain twenty-five (25) years of credited service with the Plan (23 years of credited service if hired before 10/1/13)

By meeting any one of these conditions, an individual is eligible to begin receiving monthly payments on the first of the month following the date of retirement or attainment of the specified age.

Early Retirement: To qualify for early retirement, an employee must attain the age of 50 years old and have at least ten (10) years of credited service with the Plan.

Disability Retirement: To qualify for disability retirement, an individual must be totally and permanently unable to perform useful and efficient service as a firefighter or police officer with the City and meet one of the following criteria:

- any employee who has ten (10) years of credited service with the Plan who develops a non-service connected injury, disease or physical impairment resulting in disability, or
- any employee, regardless of length of service, who develops a line-of-duty or service-connected injury, disease or physical impairment resulting in total and permanent disability.

Provided, however, that in both instances specified above the burden of proof of disability shall fall upon the applicant and the Board of Trustees shall maintain the right to appoint a physician to review any applicant to determine the nature and degree of disability and to require proof of the continued disability. All decisions regarding eligibility for benefits shall be made solely by the Board of Trustees.
There are five qualifying causes of disability which result in no disability retirement income benefit:

1) Excessive or habitual use of drugs, intoxicants or narcotics.

2) Injury or disease sustained while willfully and illegally participating in fights, riots or civil insurrections or while committing a crime.

3) Injury or disease sustained while serving in the Armed Forces.

4) Injury or disease sustained after employment as a Police Officer or Firefighter with the City has terminated.

5) For Police Officers, injury or disease sustained while working for anyone other than the City and arising out of such employment.

**Benefit Determination**

The three determinants of an individual's nominal monthly retirement income are as follows:

1) Average Final Compensation

2) Length of Credited Service with the Plan

3) Benefit Factor of 3.25% or 2.75% for Police Officers’ hired after 10/1/13

**Average Final Compensation (AFC)** is the average monthly salary for the (3) highest years of pay (highest (5) years for Police Officers’ hired after 10/1/13) over the most recent (10) years of credited service prior to retirement, or the career average as a full-time Firefighter or Police Officer, whichever is greater. Length of credited service means the total number of years and completed months as a Member with contributions to the Plan (see NOTE below).

**NOTE:** For more details on the specifics of average final compensation or credited service, please refer to the Plan ordinance or contact the Plan Administrative Director.

To calculate an estimate of a monthly retirement income, one simply multiplies the three determinants by each other as in the example on page eleven.
**Early Retirement**: For those individuals with ten years or more years of credited service with the Plan who have attained the age of 50 years old, retirement is permitted but at a lower monthly income than under normal retirement. The benefit is reduced by three percent (3%) for each year by which the benefit start date precedes the member's normal retirement date had the member continued employment as a police officer or firefighter. No early retirement is available prior to the age of 50 years old.

In addition, a terminated vested member (10 or more years of credited service) may elect to receive an unreduced benefit by postponing the receipt of monthly retirement income payments until the normal retirement date (age 55 with 10 years of Plan service) or (23 years of Plan service regardless of age) or (25 years for Police Officers’ hired after 10/1/13) whichever comes first.

**Disability Retirement**: The amount of monthly disability retirement is the higher of two options: either the individual's accrued benefit or 50% (for non-service) or 60% (for service-related disabilities) of the individual’s Average Final Compensation. Disability benefit payments shall begin on the first of the month following the date upon which the Board awards the benefit.

**Subject to Collective Bargaining**

The benefits of the Plan are subject to the collective bargaining agreements between the City and the unions representing the Police and Fire Plan members. To determine the status of any pension benefit change, please contact the appropriate union representative.
Share Plan – Police Officers’

In 2012 a Share Plan Program for the Police department members was created to distribute State Statute 185 “additional premium tax revenues”. Effective October 1, 2013, “additional premium tax revenues” will first be used to fund Chapter 185 minimum Plan benefits to reduce the City’s required contribution. Police Officers’ will receive the Share Plan benefit if the Plan reaches the following minimum funding levels:

• 100% or greater - All “premium tax revenue” will be distributed to Share Plan.
• 90% or greater - ½ of the “premium tax revenue” will be distributed to Share Plan.
• 80% or greater - ¼ of the “premium tax revenue” will be distributed to Share Plan.

Share Plan – Firefighters’

In 2010, a Share Plan Program for Fire department members was created to distribute State Statute 175 “additional premium tax revenues”. Effective October 1, 2019, “additional premium tax revenues” will first be used to fund Chapter 175 minimum Plan benefits to reduce the City’s required contribution. Firefighters’ will receive the Share Plan benefit if the Plan reaches the following minimum funding levels:

• 100% or greater - All “premium tax revenue” will be distributed to Share Plan.

Application for Retirement

To apply for benefits an individual must contact the Administrative Director and request the appropriate forms which must be completed and submitted to the Board of Trustees. Proof of age in the form of a birth certificate or two other forms of acceptable documentation will be required for any member’s application for benefits.

Claim Review

Any member, former member, or beneficiary who has been denied a benefit by a decision of the Board shall be entitled to request in writing that the Board give further consideration to the claim. This request, together with a written statement of the reasons why the claimant believes his/her claim should be allowed, shall be filed with the Board no later than 20 days after receipt of the written notification of the denial.
Retirement Income Options

The Board of Trustees is authorized to use either the City Finance Department or a "custodian" (some other qualified banking agent) to platform required banking and accounting functions for the Plan. The Plan's current custodian, BMO Retirement Services, makes the monthly retirement payments to all retirees and beneficiaries. Under the normal form of retirement (ten year certain and life annuity), the monthly retirement income payments are guaranteed for 120 months and then continue until the death of the member.

There are several different options available for the payment of the retirement pension:

It is also possible to elect to receive the monthly income payment for life with the guarantee that some payments will continue to a designated beneficiary after the retiree's death. Under the Plan, the following options are available:

**OPTION 1:** A retirement income of the greatest amount, payable for the retiree's lifetime, with the provision that in the event of the retiree's death (once all member contributions have been depleted), no additional benefits are paid.

**OPTION 2:** A retirement income of lesser monthly amount, payable for the retiree's lifetime, with the provision that in the event the retiree dies before ten years of payments have been made (120 months), the same monthly benefit will be paid to a designated beneficiary until 120 total payments have been made jointly to the retiree and beneficiary.

**OPTION 3:** A retirement income of lesser monthly amount, payable for the retiree's lifetime, with the provision that upon the retiree's death, some proportion (50%, 66⅔%, 75%, or 100%) of this monthly amount will be paid to a designated joint pensioner for the remainder of their lifetime.

**OPTION 4:** A retiree may choose to receive a higher initial benefit from the Plan which is then reduced when social security benefits begin.

**RETURN OF PLAN CONTRIBUTIONS:** If for any reason an employee's service with the City terminates before ten years of Credited service with the Plan has occurred, the employee's contributions to the Plan shall be completely refunded. If an individual is vested in the Plan (has 10 or more years of credited service), then they would have the option to leave their contributions in the Plan and begin receiving a pension when they are eligible.
Plan Assets

The City's contribution and the employee's contributions to the Retirement Plan are sent biweekly to the Plan custodian where they are deposited in a Trust Fund and invested for the benefit of the Plan participants and retirees or their beneficiaries.

Plan Governance

The Retirement Plan was created by the City Commission, amended through adoption of Ordinances # 2000-81, 2001-19, 2003-27,2005-22,2007-83,2009-14,2010-38,2010-81, 2012-20, 2013-66, 2014-32, 2014-87, 2016-42, 2017-34 and is subject to various provisions of Florida State Statute, Chapters 112, 175 and 185, as well as Federal Law, such as the Internal Revenue Code, as well as administrative rules and regulations adopted by the Board of Trustees. For the purposes of service of legal process, the Plan's designated agent is the Plan Attorney, who can be contacted on behalf of the Plan at the following address:

Bonni Jensen
Klausner, Kaufman, Jensen & Levinson
7080 NW 4th Street
Plantation, FL 33317

Plan Financial Status

The Plan year coincides with the City's fiscal year and therefore all records are kept on an October 1st through September 30th basis. Each year an independent actuary produces an Actuarial Valuation report on the financial soundness of the Plan which is distributed to all Board members and the State of Florida. Based on the last completed Valuation, the Plan is adequately funded.

Nonforfeitable Benefits

In the event that the Plan is repealed, or if contributions to the System are discontinued, there shall be full vesting (100%) of benefits accrued to date of repeal and the assets shall be allocated in an equitable manner to provide benefits on a proportionate basis to the persons so entitled in accordance with the Plan provisions. In any event, a member's contributions to the Plan are non-forfeitable.
**Dissolution of Marriage**

Governmental pension plans are exempt from Qualified Domestic Relations Order (QDRO) provisions of the IRS code. There should be no attempt made to have a Court order the Plan to make payments directly to anyone but the Plan member. Please contact the Administrative Director prior to entering into any divorce decree specifying a pension.

**Forfeiture of Pension**

Any member who is convicted of the following offenses committed prior to retirement shall forfeit all rights and benefits under this Plan except return of contributions made:

1. Committing, aiding or abetting embezzlement of public funds.

2. Committing, aiding or abetting any theft by a public officer or employee from employer.

3. Bribery in connection with the employment of a public officer or employee.


5. Commission of an impeachable offense.

6. Commission of any felony by a public officer or employee who willfully intends to defraud the public or the public agency.

7. Commission of any felony defined in FL State Statute 800.04 against a victim younger than 16 years of age, or any felony defined in FL State Statute Chapter 794 against a victim younger than 18 years of age, by a public officer or employee through the use of his or her public office or employment position, on or after October 1, 2008.
Deferred Retirement Option Plan

A Deferred Retirement Option Plan (DROP) is available to any member who reaches normal retirement with the Plan: twenty-five (23) years of credited service (25 years for Police Officers’ hired after 10/1/13) or age fifty-five (55) with ten (10) years of service, or age sixty-two (62) regardless of years of service. A retiree may remain in the DROP program for up to (7) years while continuing to work for the City. For more information, contact the Plan Administrative Director.

Purchase of Credited Service

A new Plan member may purchase credited service (completed months or years) with the Plan within the first three years of employment provided that the prior service was either active military (DD 214 required) or equivalent police and fire service in the United States in a full-time certified position. Up to five years of service may be purchased which does not count toward vesting.
**Estimated Benefit Calculation**

The following worksheet is designed to give an estimate of a participant’s future monthly retirement income. This is an estimate only and not designed to give a realized monthly benefit. If you have any questions regarding this calculation or any other benefit related to this Retirement Plan, please contact the Plan Administrative Director.

A) Add highest 3 years of Average Final Compensation (AFC): Add highest 5 years (Police Officer’ hired after 10/01/13).

<table>
<thead>
<tr>
<th>Year (1)</th>
<th>Year (2)</th>
<th>Year (3)</th>
<th>Year (4) +</th>
<th>Year (5)</th>
</tr>
</thead>
</table>

Total Salary/AFC =

B) Divide Total Salary by 36 months (3 years) or 60 months (5 years) if Police Officer hired after 10/01/13.

- This will equal your monthly Average Final Compensation (AFC).

C) BENEFIT CALCULATION

- Average Final Compensation (AFC from B)
- Total Years of Credited Service (# years)
- Benefit Factor (multiplier)

\[(\text{AFC}) \times (\# \text{ years}) \times (\text{Benefit Factor}) = \text{Projected Monthly Benefit}\]

**EXAMPLE:** Retire October 1, 2019.

1. 2017 Year (1) 55k
2. $165,000 divided by 36 months = $4,583 a month/AFC
3. 2018 Year (2) 55k
4. Total Salary/AFC = $165,000
5. Average Final Compensation (AFC) $4,583
6. Total Years Credited Service (# years) 23
7. Benefit Factor (multiplier) 3.25%
8. Projected Monthly Benefit $3,426
## Actuarial Information

### As of October 1, 2018

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<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
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<tr>
<td>Number</td>
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<td>253</td>
<td>241</td>
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<tr>
<td>Covered Annual Payroll</td>
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<td><strong>Retirees, Beneficiaries, DROP</strong></td>
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<tr>
<td>Number</td>
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<tr>
<td>Annual Benefits</td>
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<td><strong>Plan Assets</strong></td>
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<tr>
<td>Market Value</td>
<td>$138,376,720</td>
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<tr>
<td>Funded Ratio</td>
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<td>75.4%</td>
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<tr>
<td>Rate of Return</td>
<td>9.5%</td>
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<td><strong>Plan Funding</strong></td>
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<td>Employer Contribution</td>
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<td>Employer Contribution Rate</td>
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