

POLICE OFFICERS'
RETIREMENT SYSTEM

—
2014



S U M M A R Y P L A N
D E S C R I P T I O N

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CITY OF HOLLYWOOD, FLORIDA

SUMMARY PLAN NOTES:

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. The City reserves the right to change or terminate the System and/or contributions and change available benefits in accordance with applicable law.

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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 a one-year probationary period of employment with the City.

When Membership Begins

Your membership becomes effective upon completion of the one-year probationary period of employment.

Did you know?

If, as a City of Hollywood Police Officer, you attend a basic recruit training program (approved by the Criminal Justice Standards and Training Commission of the Florida Department of Law Enforcement) during your one-year probationary period of employment, you can elect to make contributions to the System for that period after your probationary period ends. To purchase credit, you will simply contribute a percentage of your earnings for that year, plus interest as determined by the Board of Trustees (the “Board”). You have until the date you retire to make this election and the required contribution.

Who Pays the Cost

You and the City share in the cost of your Retirement System. You must contribute a percentage of your annual 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 10/1/11 – 9.5% of earnings
Effective 5/1/13 – 8.0% of earnings

After completion of 27 years of continuous service, you will contribute only 0.5% of your earnings. Payments for overtime in excess of 400 hours in a calendar year will be excluded from earnings for this purpose.

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, plus 3% interest compounded annually.
- 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. If as of September 30, 2011 you had 10 or more years of service you can begin receiving your benefit as early as age 50. If you have less than 10 years of service as of September 30, 2011, you can elect to receive the frozen portion of your accrued benefit calculated as of September 30, 2011 when you reach age 50. The remaining portion of your accrued benefit for service earned after September 30, 2011 will not be paid until you reach the new normal retirement age of 55.
 - 2) A refund of your contributions, plus 3% interest compounded annually.

What is vesting?

The process of acquiring a nonforfeitable 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.

HOW THE SYSTEM WORKS

When you qualify for a System benefit, your pension will be figured from 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 with 10 or more years of service as of September 30, 2011 is eligible to commence pension benefits when they:

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

A member with less than 10 years of service as of September 30, 2011 may retire upon:

- Reaching age 52 and 25 years of continuous service, or
- Reaching age 55 with 10 years of continuous service.

Benefit if Eligible to Retire on September 30, 2011

If you were eligible to enter the DROP or retire (that is, age 50, or any age with 22 or more years of service) as of 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 20 years
PLUS
4% of average monthly earnings X years of additional continuous service

This benefit cannot exceed 80% of your average monthly earnings or your accrued benefit as of June 7, 2006, whichever is greater.

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 Not Eligible to Retire on September 30, 2011

If you were not eligible to retire on September 30, 2011, you will receive a monthly benefit based on the sum of your frozen accrued benefit as of that date plus a benefit for your service on and after October 1, 2011.

Frozen Accrued Benefit as of September 30, 2011

Your frozen accrued benefit as of September 30, 2011 is a percentage of your best three year average monthly earnings on that date. The percentage of your average monthly earnings will depend on whether you were vested or not on September 30, 2011, as follows.

Vested members as of September 30, 2011

If you had 10 or more years of credited service as of September 30, 2011 your accrual rate will be 3.3% for all years and completed months of service up to September 30, 2011, including service in excess of 20 years. Your frozen accrued benefit as of September 30, 2011 will equal your best three year average monthly earnings as of that date times 3.3% times your years of service up to September 30, 2011.

Non-vested members as of September 30, 2011

If you had less than 10 years of credited your frozen accrued benefit as of September 30, 2011 is equal to your best three year average monthly earnings as of that date times 3% times your years of service as of September 30, 2011.

Benefit for Service on and after October 1, 2011

For service on and after October 1, 2011 your benefit is 3% of your best five year average monthly earnings times your years of service on and after October 1, 2011.

3% times a member's service on and after October 1, 2011 cannot be greater than 80% minus the total benefit percentage the member earned for service up to September 30, 2011.

What are earnings and average monthly earnings?

For service before October 1, 2011, earnings are defined as the sum of your salary, overtime pay, longevity pay, assignment pay, payments for accrued holiday time, payments for accrued blood time, annual “cashout” payments for accrued vacation and payments for accrued compensatory time. Earnings do not include payments for unused sick time or unused vacation time. Beginning on October 1, 2011, your pensionable earnings will only include salary, longevity pay and assignment pay. Your earnings will no longer include overtime, payments for accrued holiday time, payments for accrued blood time, annual cash out payments for accrued vacation time and payments for accrued comp time.

If you were eligible to retire on September 30, 2011 and to determine the frozen accrued benefit as of September 30, 2011 if you were not eligible to retire on that date, your average monthly earnings are defined as 1/12th of the arithmetical average of your highest paid three 12-month measurement periods preceding your retirement date, excluding pay for overtime in excess of 400 hours for each 12-month measurement period. Beginning on October 1, 2011, instead of using the best three year average, the definition has changed to the best five year average. Under the Ordinance after October 1, 2011, your average monthly earnings are your highest consecutive 60 months of the last 120 months of service. In other words, it is your best 5 of the last 10 years of service.

Here Are a Couple of Examples

First, let’s look at an example of the calculation of the maximum benefit for a member.

Let’s say John is age 49 with 21 years of service on September 30, 2011. After that date, John works as a police officer for 9 years and retires at age 58 with 30 years of service.

STEP 1:

$3\% \times 9 \text{ years of service after } 9/30/11 = 27\%$ - benefit percentage accumulated under the 3% accrual rate

STEP 2:

$3.3\% \times 21 \text{ years of service} = 69.3\%$ - benefit percentage accumulated as of 9/30/11

STEP 3:

$80\% - 69.3\% = 10.7\%$ - maximum benefit percentage for service after 9/30/11

STEP 4:

Lesser of result under STEP 1 and STEP 3 = 10.7% - benefit percentage for service after September 30, 2011

Now let's look at an example that does not involve a maximum benefit.

Beth is age 48 with 20 years of service on September 30, 2011. After that date, Beth works as a police officer for 4 years and retires at age 52 with 24 years of service. Beth's best three year average monthly earnings as of September 30, 2011 was \$5,000. At the time of her retirement at age 52, her best five year average monthly earnings is \$4,500. Below is how Beth's benefit is calculated.

STEP 1

3.3% of \$5,000 [best three year average monthly earnings as of 9/30/11] x 20 years
[service on 9/30/11] = \$3,300 per month

STEP 2

3% of \$4,500 [best five year average monthly earnings at time of retirement] x 4 years
[service after 9/30/11] = \$540 per month

STEP 3

\$3,300 + \$540 = \$3,840 monthly pension benefit paid to Beth beginning at age 52

Upon the completion of three years after retirement, Beth will begin receiving a 2% cost-of-living increase compounded annually on her frozen monthly accrued benefit as of September 30, 2011 of \$3,300 (calculated in STEP 1). See section titled "Annual Increase in Benefits" for a discussion of the increase in benefits after retirement.

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 page 3, 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.

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, and 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 does not include part-time law enforcement officers or auxiliary law enforcement officers.

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 will be ineligible for both continued employment and pension 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.

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, or
- 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 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 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 120th 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 120th 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 PLANNED RETIREMENT BENEFIT (PRB) OPTION

The Planned Retirement Benefit (PRB) is an optional form of benefit payment you may elect when you reach your normal retirement date. When you end your employment with the City you may receive your pension benefit under the PRB option or under another form of benefit payment. In general, the PRB option replaces the DROP program in place before October 1, 2011. However, as explained in “The Deferred Retirement Option Plan (DROP)” section, the DROP program will still be available to members who meet certain requirements. The PRB is retroactive to October 1, 2011, but any member who has retired or entered the DROP prior to July 17, 2013 will not be eligible for this benefit.

Electing the Planned Retirement Benefit Option

To participate in the PRB 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:

If you had 10 or more years of service on September 30, 2011 (vested), the earlier of

- Reaching 22 years of credited service, or
- Reaching age 50.

If you had less than 10 years of service on September 30, 2011 (non-vested), the earlier of

- Reaching age 52 with 25 years of credited service, or
- Reaching age 55 with 10 years of credited service.

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

If you elect to participate in the PRB your service with the City cannot exceed 30 years, except as discussed below. However, if you elect to participate in the PRB you may terminate employment any time prior to reaching the earlier of 30 years of service or the maximum period of PRB participation. Also, it is important to keep in mind that even if you elect to participate in the PRB while working, at termination of service (retirement) you can choose to receive your pension benefit in another form, as discussed below.

The maximum PRB period is eight years if you had 10 or more years of credited service on September 30, 2011.

If you had less than 10 years of credited service on September 30, 2011 the maximum PRB period is five years.

If you elect to participate in the PRB your service with the City will be limited to 30 years. However, there are two exceptions for members who had less than 10 years of service on September 30, 2011:

- (1) If you reach your normal retirement date after completing 25 years of service but less than 30 years of service, you may elect to receive a PRB benefit for a maximum period of five years, even if you work past 30 years of service. For example, if you reach normal retirement at age 52 with 27 years of service, you may elect to participate in the PRB and receive a five year PRB upon termination from service at age 57 with 32 years of service. Or, you may terminate at age 52 and elect to receive a two year PRB calculated at your age 50 and 25 years of service.
- (2) If you were hired at age 22 or earlier and reach normal retirement at age 52 with 30 or more years of service you could terminate from service at age 52 and elect a PRB benefit for up to five years before age 52. For example, if you were hired at age 20 you will be allowed to elect the PRB for five years when you reach your normal retirement and terminate from the City at age 52 with 32 years of service. In this case, you will be allowed to receive a PRB calculated at your age 47.

You will continue making employee contributions to the System after you elect to participate in the PRB until your termination of employment.

How Is Your Planned Retirement Benefit Calculated?

If you elect the Planned Retirement Benefit option 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. However, as noted above, if you reach normal retirement at age 52 with more than 25 years of service, your PRB can be calculated at an age before 52, but not before you had completed 25 years of service. The date as of which your pension benefit is calculated is called the PRB date. You can pick any PRB date after your PRB election date and before you terminate from service.

The monthly PRB is calculated based on your accrued benefit on your PRB date. The monthly benefit will begin on your actual retirement date (when you stop working with the City). The monthly PRB 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 you PRB 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 PRB date. The investment earnings credited to your PRB lump sum will be determined as follows.

- 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 the System's funded status exceeds 90%, then 100% of plan investment earnings in excess of 6% annualized will be credited to the PRB lump sum.

At the time you terminate and make your final PRB election you need to choose the form of payment - how your benefit will be paid.

You cannot leave the PRB lump sum in the System after you retire/separate from employment.

Remember you do not have to elect the PRB option when you terminate from service even if you had elected to participate in the PRB at your normal retirement date. If you do not elect the PRB 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 PRB participation date. By not electing the PRB at retirement you will receive credit for additional service and pay increases up to your actual retirement date.

What is the Planned Retirement Benefit date?

The PRB date is the date used to calculate your pension benefit if you elect the PRB option. To participate in the PRB you must make a written election no later than 60 days after reaching your normal retirement date. However, you choose the actual PRB date at the time you elect the PRB option and are ending your employment with the City. The PRB date is generally any date between the date you elected to participate in the PRB and the date you stop working, but not before your normal retirement date. If you reach age 52 with more than 25 years of service your PRB date can be before your normal retirement date at age 52 but not before the later of age 47 or the age you reached 25 years of service.

The maximum PRB period is eight years if you were vested on September 30, 2011 and five years if you were not vested on that date. Your pension benefit will be calculated based on your accrued benefit on your PRB date.

Some PRB date examples:

On July 1, 2016, Jennifer reaches her normal retirement date at age 48 with 22 years of service and elects to participate in the PRB. Jennifer continues working with the City past her normal retirement date.

Jennifer stops working for the City on October 1, 2023 and she can elect any PRB date between July 1, 2016 and September 1, 2023. If Jennifer elects a 5 year PRB to October 1, 2018 (her PRB date) her pension benefit payable beginning on October 1, 2023 will be based on her frozen accrued benefit as of September 30, 2011 and her benefit earned for service from October 1, 2011 to September 30, 2018 and her final average earnings on September 30, 2018, not her service and pay on her retirement date of October 1, 2023.

John reaches his normal retirement date at age 52 with 28 years of service on October 1, 2031 and elects to participate in the PRB and retire at that time. John can elect a PRB date between October 1, 2028 (when he reached 25 years of service) and August 31, 2031.

Here Are a Couple of Examples of How Your PRB Benefit Is Calculated

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

Your frozen accrued benefit as of September 30, 2011 equal to your best three year average monthly earnings as of that date times 3.3% times your service on September 30,

2011 if you were vested on that date, or if you were not vested on September 30, 2011 times 3% times your years of service as of September 30, 2011.

PLUS – for service on and after October 01, 2011 – 3% of your best five year average monthly earnings times your years of service on and after October 1, 2011.

The total benefit percentage calculated using the formula above cannot be greater than the 80% maximum discussed earlier.

Let's say Robert retires on October 1, 2020 at age 58 with 30 years of creditable service. Robert's normal retirement date was October 1, 2012 when he was age 50 with 22 years of service. Robert elects to participate in the PRB on September 1, 2013. (Because Robert reached his normal retirement date before July 17, 2013 he must elect to participate in the PRB by September 15, 2013.) Robert elects the PRB option for 5 years from October 1, 2020 when he stops working with the City to October 1, 2015 (his PRB date). Here is how Robert's PRB benefit is calculated using the formula shown above and the 80% maximum limit. Robert's best three year average monthly earnings as of September 30, 2011 was \$6,500. Robert's average monthly earnings on his PRB date of October 1, 2015 is \$6,700.

STEP 1

Frozen monthly accrued benefit on September 30, 2011:
 $3.3\% \text{ of } \$6,500 \times 21 \text{ years [service on 9/30/11]} = \$4,504.50$

STEP 2

$3\% \times 4 \text{ years of service after 9/30/11} = 12\%$ - benefit percentage accumulated under the 3% accrual rate

STEP 3:

$3.3\% \times 21 \text{ years of service} = 69.3\%$ - benefit percentage accumulated as of 9/30/11

STEP 4:

$80\% - 69.3\% \text{ (STEP 3)} = 10.7\%$ - maximum benefit percentage for service after 9/30/11

STEP 5:

Lesser of result under STEP 2 and STEP 4 = 10.7% - benefit percentage for service after September 30, 2011

STEP 6

Monthly benefit for service from September 30, 2011 to PRB date of October 1, 2015:
 $10.7\% \text{ (benefit percentage for service after 9/30/11 - STEP 5) of } \$6,700 = \$716.90$

STEP 7

$\$4,504.50 + \$716.90 = \mathbf{\$5,221.40}$ total monthly pension benefit payable beginning October 1, 2020

PRB lump sum payable October 1, 2020 for the accumulated payments of \$5,221.40 Robert would have received for the 60 months from his PRB date of October 1, 2015 up to his actual retirement date of October 1, 2020, plus investment earnings based on the System's earnings and the rules outlined above. For illustration purposes we have calculated Robert would receive a lump sum of \$342,581.37 based on the following hypothetical System investment earnings.

Hypothetical Investment Earnings for Robert's Illustration

Period	Fund Earnings - Annual	PRB Lump Sum Earnings Credit - Annual	PRB Lump Sum Earnings Credit - Monthly
10/1/2015 – 9/30/2016	8%	5%	0.407%
10/1/2016 – 9/30/2017	3%	3%	0.247%
10/1/2017 – 9/30/2018	-2%	0%	0.000%
10/1/2018 – 9/30/2019	10%	6%	0.487%
10/1/2019 – 9/30/2020	5%	4%	0.327%

Investment earnings will be calculated monthly for actual PRB lump sum calculations. To simplify for this example we have assumed annual returns.

Let's say Stephanie retires on October 1, 2036 at age 58 with 30 years of creditable service. Stephanie's normal retirement date was October 1, 2031 when she was age 53 with 25 years of service. Stephanie elects to participate in the PRB on October 1, 2031. Stephanie elects the PRB option for 5 years from October 1, 2036 when she stops working with the City to October 1, 2031 (her PRB date). Here is how Stephanie's PRB benefit is calculated using the formula shown above and the 80% maximum limit. Stephanie's best three year average monthly earnings as of September 30, 2011 was \$3,000. Stephanie's average monthly earnings on her PRB date of October 1, 2031 is \$5,400.

STEP 1

Frozen monthly accrued benefit on September 30, 2011:
 $3\% \text{ of } \$3,000 \times 5 \text{ years [service on 9/30/11]} = \450.00

STEP 2

$3\% \times 20 \text{ years of service after September 30, 2011} = 60\% - \text{benefit percentage accumulated under the } 3\% \text{ accrual rate}$

STEP 3:

$3\% \times 5 \text{ years of service} = 15\% - \text{benefit percentage accumulated as of 9/30/11}$

STEP 4:

$80\% - 15\% \text{ (STEP 3)} = 65\% - \text{maximum benefit percentage for service after 9/30/11}$

STEP 5:

Lesser of result under STEP 2 and STEP 4 = 60% - benefit percentage for service after September 30, 2011

STEP 6

Monthly benefit for service from September 30, 2011 to PRB date of October 1, 2031: 60% (benefit percentage for service after 9/30/11 - STEP 5) of \$5,400 = \$3,240.00

STEP 7

\$450.00 + \$3,240.00 = **\$3,690.00 total monthly pension benefit payable beginning October 1, 2036**

PRB lump sum payable October 1, 2036 for the accumulated payments of \$3,690 Stephanie would have received for the 60 months from her PRB date of October 1, 2031 up to her actual retirement date of October 1, 2036, plus investment earnings based on the System’s earnings and the rules outlined above. For illustration purposes we have calculated Stephanie would receive a lump sum of \$242,104.68 based on the following hypothetical System investment earnings.

Hypothetical Investment Earnings for Stephanie’s Illustration

Period	Fund Earnings - Annual	PRB Lump Sum Earnings Credit - Annual	PRB Lump Sum Earnings Credit - Monthly
10/1/2031 – 9/30/2032	8%	5%	0.407%
10/1/2032 – 9/30/2033	3%	3%	0.247%
10/1/2033 – 9/30/2034	-2%	0%	0.000%
10/1/2034 – 9/30/2035	10%	6%	0.487%
10/1/2035 – 9/30/2036	5%	4%	0.327%

Investment earnings will be calculated monthly for actual PRB lump sum calculations. To simplify for this example we have assumed annual returns.

Distributions of PRB Lump Sum

Distributions of your PRB lump sum 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.

- **Direct Rollover.** You can have any portion of an eligible distribution paid directly to another tax-qualified plan, such as an IRA, in accordance with federal law.

If you become disabled after electing to participate in the PRB you can elect to receive your benefit under the PRB option instead of the disability benefits provided by the System.

In case you die while still working and after electing to participate in the PRB, then your designated beneficiary or your estate will elect the PRB option with respect to the PRB benefits you have earned at the time of your death.

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 for the City as a Police Officer. You are not eligible to enter the DROP unless you were eligible to retire on September 30, 2011, that is, you were at least age 50, or were any age with 22 or more years of service on September 30, 2011. 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.

Rollover Contributions

You can roll over contributions previously made to other eligible governmental retirement plans into the Retirement System. You will need to provide the Board of Trustees any information deemed necessary for the Board to confirm the eligibility of your rollover funds.

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 8% per year for those members hired on or before October 1, 2009. For members hired on or after October 1, 2009, 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 15th of the month for the change to take place the next month. If the form is received after the 15th 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 payment he or she chooses.

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

After receiving retirement benefits for three years, you or your beneficiary will receive a 2% annual increase in benefits. If you participate in DROP, the increase in benefits will commence at the later of:

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

If you were not eligible to retire on September 30, 2011, you will receive the 2% annual increase only on your frozen accrued benefit as of September 30, 2011. You will not receive a benefit increase on the part of your retirement benefit for service earned by you after September 30, 2011. For example, if you had 8 years of service as of September 30, 2011, you will receive an increase in benefits on 24% [8 years of service times 3% multiplier] of your frozen best three average monthly earnings as of September 30, 2011.

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 13th check unless they retire or enter the DROP prior to September 30, 2011.

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 (\$195,000 in 2009, for example).
- 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

Board of Trustees

David Strauss, Chairman
Cathleen Marano, Secretary
Paul Laskowski, Trustee
Van Szeto, Trustee
Richard Brickman, Trustee
Melville Pollak, Trustee
Christopher O'Brien, Trustee

Trustees Mailing Address:

4205 Hollywood Blvd. Suite 4, Hollywood, Florida 33021

Collective Bargaining Agreement

Article 39 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 up to 30 years. 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

	As of October 1, 2011	As of October 1, 2012
1. Number of Members		
a. Active Members	224	214
b. Receiving or Due to Receive Benefits	362	368
2. Total Annual Compensation	\$15,230,825	\$13,707,806
3. Total Retired Member Benefits	\$19,732,947	\$20,376,661
4. Unfunded Actuarial Accrued Liability		
a. Actuarial Accrued Liability (AAL)	\$289,627,228	\$303,650,726
b. Actuarial Value of Assets	\$163,376,325	\$166,024,436
c. Unfunded Accrued Liability (a. - b.)	\$126,250,903	\$137,626,290
5. Expected Contributions Fiscal Year	2012/2013	2013/2014
a. Expected Member Contributions	\$1,458,161	\$1,135,006
b. Expected Chapter 185 Monies	\$0	\$1,111,640
c. Expected City Contribution	\$11,391,857	\$11,720,746
d. Total (a. + b. + c.)	\$12,850,018	\$13,967,392

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, 2013 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, 2013 and 2012

	2013	2012
Assets		
Cash	\$ 3,692,603	\$ 6,534,757
Receivables:		
State contributions	1,250,143	1,111,640
Interest & dividends	990,382	1,158,986
Securities sold	19,927	372,224
Total receivables	<u>2,260,452</u>	<u>2,642,850</u>
Prepaid expenses	25,728	0
Investments, at fair value:		
Equity securities	130,003,265	119,210,394
Fixed income	93,881,331	103,495,991
Real estate	11,791,523	0
Total investments	<u>235,676,119</u>	<u>222,706,385</u>
Total Assets	241,654,902	231,883,992
Liabilities		
Securities purchased	152,987	439,687
Accounts payable	215,507	134,041
Benefits payable	1,777,279	1,350,018
DROP accounts	58,754,098	53,765,888
Share plan accounts	3,548,927	3,866,030
Prepaid City contributions	2,250,144	2,559,000
Total Liabilities	<u>66,698,942</u>	<u>62,114,664</u>
Net assets held in trust for pension benefits	<u>\$ 174,955,960</u>	<u>\$ 169,769,328</u>

City of Hollywood Police Officers' Retirement System
Statement of Changes in Plan Net Assets
For the Years Ended September 30, 2013 and 2012

	2013	2012
Additions		
Contributions:		
City	\$ 9,573,932	\$ 9,068,274
Employee	1,324,022	1,364,978
State	1,250,143	1,111,640
Buybacks	0	11,744
Total contributions	<u>12,148,097</u>	<u>11,556,636</u>
Investment income (loss)::		
Net investment income	22,575,835	34,587,880
DROP earnings	(4,391,584)	(3,701,275)
Total investment income	<u>18,184,251</u>	<u>30,886,605</u>
Total Additions	30,332,348	42,443,241
Deductions		
Benefits	24,560,445	20,510,999
Refunds	241,759	212,915
Administrative expenses	660,615	573,221
Total Deductions	<u>25,462,819</u>	<u>21,297,135</u>
Change in net assets	4,869,529	21,146,106
Net assets held in trust for pension benefits (including DROP and Share accounts)		
Beginning of year ¹	<u>173,635,358</u>	<u>152,489,252</u>
End of year ¹	<u>\$ 178,504,887</u>	<u>\$ 173,635,358</u>

¹ Includes Share Plan investments of \$3,548,927 and \$3,866,030 as of September 30, 2013 and 2012, respectively.

