

# **POLICE OFFICERS' RETIREMENT SYSTEM 2010**



## **SUMMARY PLAN DESCRIPTION City of Hollywood, Florida**

**Including the Deferred Retirement Option Plan and Share Plan Information**



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## **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 – 8.00% of earnings  
Effective 10/1/06 – 8.50% of earnings  
Effective 10/1/09 – 9.00% of earnings  
Effective 10/1/10 – 9.25% of earnings  
Effective 10/1/11 – 9.50% 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) Your pension benefit accrued to the date of your termination, payable for life, beginning as early as age 50, or
  - 2) A refund of your contributions, plus 3% interest compounded annually.

#### ***What is vesting?***

The process of acquiring a non-forfeitable right to the value of your pension benefit. You become fully vested in your System benefit after 10 years of continuous service with the City.



## 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*

Normal retirement is age 50. You are eligible for basic pension benefits beginning the month coincident with or next following the month you:

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

If you elect to retire at age 50 but before you complete 22 years of continuous service, you will receive a monthly benefit based on the following formula.

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

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.

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

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. Your average monthly earnings are defined as 1/12<sup>th</sup> 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.

**Here's an Example:**

Let's say John Allen will retire on his 50<sup>th</sup> birthday with 21 years of continuous service, and \$3,570 in average monthly earnings. Here is how John's benefit is calculated using the formula shown on the previous page.

**STEP 1**

3% of \$3,750 [average monthly earnings for up to 20 years] = \$112.50

**STEP 2**

4% of \$3,750 [average monthly earnings for one year] = \$150

**STEP 3**

\$112.50 X 20 years = \$2,250

*plus*

\$150 X 1 year = \$150

**\$2,250 + \$150 = \$2,400 total monthly pension benefit**

If John retires with 22 years of continuous service and \$3,750 in average monthly earnings, his benefit will be:

**\$3,750 [average monthly earnings] x 80% = \$3,000 total monthly pension benefit**



## ***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 under the section titled “Normal Retirement”, 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 the age of 50 (the 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 120<sup>th</sup> payment, then the monthly payment to your spouse will be reduced by 50% and will continue until he or she dies or remarries. (If you die after receiving 120 payments, your spouse will be entitled to the same 50% benefit until he or she dies or remarries.)
- If you are married and your spouse is not a designated beneficiary, the balance of the 120 payments will be paid to your beneficiary or beneficiaries or, if all beneficiaries are deceased or none are designated, to your estate.
- If you are married and have designated multiple beneficiaries including your spouse, the balance of the 120 payments will be paid to your beneficiaries pro-rata or, if all beneficiaries are deceased, to your estate.

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



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

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

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

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

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

#### ***What is a beneficiary?***

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



## *If You Die*

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

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

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

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

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

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

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

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

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

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



## **HOW YOUR BENEFIT IS PAID**

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

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

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

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

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

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

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

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

#### **Life Annuity**

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

#### **Other**

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

### ***Claims and Procedures***

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

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

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

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

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



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

The Deferred Retirement Option Plan (DROP) is a separate provision of your Retirement System that provides benefits for you if you elect to retire from the System and continue to work for the City as a Police Officer. A member of the System is eligible to retire and become a DROP participant on the day the member reaches age 50 or complete 22 years of service with the City. 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 in the DROP,
- 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 investment earnings of the System, and can go up or down, based on investment market conditions. DROP accounts are subject to administrative fees as determined by the Board of Trustees.

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

#### **Distributions**

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

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

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

### ***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 retirement benefits, 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.

### ***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 would be the date your job status officially changed. If you were covered under another City plan, those benefits would be calculated using that plan's formula. No new benefits would be accumulated in the previous plan. You would also receive benefits under the System upon retirement. Your salary, as defined in the System, would be used to calculate your pension benefit, if it was higher than your salary at the time of transfer. Your credited service would 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 would apply toward your benefit calculation. In either case, the maximum amount of service that would 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 non-forfeitable 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 non-forfeitable 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 non-forfeitable, 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  
Lawrence Wiener, 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.

The most recent actuarial valuation was prepared as of October 1, 2008. On the basis of the most recent valuation, the total required annual contribution for the 2009/2010 fiscal year from all sources is \$14,191,269. Expected member contributions at 8.5% of pay are \$1,623,989. The expected State contribution is \$1,139,756. After taking into account expected member and State contributions, the total expected contribution from the City is \$11,427,524.

On the basis of the 2008 valuation, it is the System's Actuary opinion that the Retirement System continues in sound financial condition.

## 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, 2009 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, 2009 and 2008

	2009	2008
<b>Assets</b>		
<b>Cash</b>	\$ 8,273,595	\$ 7,339,794
<b>Receivables:</b>		
Interest & dividends	975,529	1,015,466
Securities sold	215,431	95,687
<b>Total receivables</b>	1,190,960	1,111,153
<b>Investments, at fair value:</b>		
Equity securities	94,504,261	107,180,160
Fixed income	83,614,110	71,467,906
<b>Total investments</b>	178,118,371	178,648,066
<b>Total Assets</b>	187,582,926	187,099,013
<b>Liabilities</b>		
Securities purchased	236,211	294,550
DROP accounts	34,851,007	29,974,244
Share plan accounts	4,085,892	4,693,527
Other liabilities	1,336,969	1,454,443
<b>Total Liabilities</b>	40,510,079	36,416,764
<b>Net assets held in trust for pension benefits</b>	\$ 147,072,847	\$ 150,682,249

City of Hollywood Police Officers' Retirement System  
Statement of Changes in Plan Net Assets  
For the Years Ended September 30, 2009 and 2008

	<u>2009</u>	2008
<b>Additions</b>		
<b>Contributions:</b>		
City	\$ 10,119,188	\$ 8,493,509
Employee	1,629,767	1,579,985
State	1,212,981	1,139,756
Buybacks	426,133	123,056
<b>Total contributions</b>	<u>13,388,069</u>	11,336,306
<b>Investment income (loss)::</b>		
Net investment income	2,250,004	(23,525,470)
DROP earnings	(2,383,576)	(1,742,382)
<b>Total investment income</b>	<u>(133,572)</u>	(25,267,852)
<b>Total Additions</b>	13,254,497	(13,931,546)
<b>Deductions</b>		
Benefits	16,981,247	19,352,335
Refunds	86,963	46,130
Administrative expenses	403,324	433,359
<b>Total Deductions</b>	<u>17,471,534</u>	19,831,824
<b>Change in net assets</b>	(4,217,037)	(33,763,370)
<b>Net assets held in trust for pension benefits (including DROP and Share accounts)</b>		
<b>Beginning of year <sup>1</sup></b>	<u>155,375,776</u>	189,139,146
<b>End of year <sup>1</sup></b>	<u>\$ 151,158,739</u>	\$ 155,375,776

<sup>1</sup> Includes Share Plan investments of \$4,085,892 and \$4,693,527 as of September 30, 2009 and 2008, respectively.



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**This Summary Plan Description is also available  
and may be viewed and/or downloaded at:  
[www.hollywoodpolicepensionfund.com](http://www.hollywoodpolicepensionfund.com)**