

HOLLYWOOD POLICE

Police Officers' Retirement System

**INCLUDING THE DEFERRED RETIREMENT OPTION PLAN
AND SHARE PLAN INFORMATION**

Summary Plan Description

City of Hollywood, Florida

INTRODUCING YOUR PENSION FUND

The Pension Fund for Police Officers of the City of Hollywood, Florida (the “Fund”) 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 Pension Fund. The Fund 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 Fund.

On the following pages you will find valuable information describing the main features of the Fund, 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 Pension Fund 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 Pension Fund for Police Officers of the City of Hollywood, Florida. It highlights the main provisions of the Fund but is subject to the terms of the official documents or contracts, which may be modified from time to time. Where this description and the official documents vary, the official documents are the final authority. This description of your Pension Fund 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 Fund 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 Pension Fund (the “Fund”) 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 Fund 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 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 Fund for that period after your probationary period ends. To purchase credit, you will simply contribute 8% 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 Pension Fund. You must contribute 8% of your annual earnings in order to receive benefits under the Fund. You are required to make contributions each year up to and until you complete 27 years of continuous service.

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 Fund 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 Fund. You will be eligible for a vested pension benefit if you have completed ten or more years of continuous service.

- If you have less than ten years of continuous service, you will receive a refund of your contributions, plus 3% interest compounded annually.
- If you have ten 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 nonforfeitable right to the value of your pension benefit. You become fully vested in your Fund benefit after ten years of continuous service with the City.



HOW THE FUND WORKS

When you qualify for a Fund 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 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 page 5 for more details. You also may be able to elect an alternative payment option. For more details on alternative payments, see page 9.

Normal Retirement

Normal retirement is age 50. You are eligible for basic pension benefits beginning the first of the month after you:

- Reach age 50, or
- Complete 25 years of continuous service.

If you elect to retire at this time, you will receive a monthly benefit based on the following formula.

*3% of average monthly earnings
X years of continuous service up to 20*

PLUS

*4% of average monthly earnings
X years of additional continuous service
up to 7*

This benefit cannot exceed 88% 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 “cash-out” payments for accrued vacation and payments for accrued compensatory time. Earnings do not include payments for unused sick or vacation time. Your average monthly earnings are defined as 1/12th of the arithmetical average of your highest paid three years preceding your retirement date.

Here's an Example

Let's say John Allen will retire on his normal retirement date with 25 years of continuous service, and \$45,000 in average final pay. 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 five years] = \$150

STEP 3

$\$112.50 \times 20 \text{ years} = \$2,250$

PLUS

$\$150 \times 5 \text{ years} = \750

$\$2,250 + \$750 = \mathbf{\$3,000 \text{ total}}$
monthly pension benefit

Therefore, John would receive \$3,000 a month from the Fund as a 10-year certain benefit. This means that even if John were to die during his first 10 years of retirement, his beneficiary would receive this level of payment for the remaining period. After this period, the spouse, if any, would receive 50% of the normal amount, or \$1,500 in this example, until the spouse dies or remarries.

If You Become Disabled

Service Incurred

If you receive a medical 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 4, or
- 50% of your earnings in effect on the date of disability.

This benefit, which is determined by the Board of Trustees, begins on the 91st day of your disability and ends when you recover or die, whichever occurs first. If you should die, your spouse will receive a monthly benefit equal to 50% of your disability benefit. If your spouse remarries or dies, this benefit will be paid to your surviving children until the youngest child turns 18. 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.

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 pre-conditions have been met.

What is a Police Officer?

A permanent, full-time, non-probationary law enforcement official who is assigned a Police Officer position and paid from the public funds of the City for performing the primary duties of enforcing state laws and municipal ordinances, making arrests, testifying in court, regulating traffic on public or state ways and bearing arms or other duties commonly associated as being the duty of a Police Officer. Police Officers include supervisory Police Officers, but not non-sworn employees assigned to the Police Department.

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 should die, your spouse will receive a monthly benefit equal to 50% of your disability benefit. If your spouse remarries or dies, this benefit will be paid to your surviving children until the youngest child turns 18. 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.

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 a light duty position to you and you decline that position, you will be ineligible for both continued employment and pension benefits.

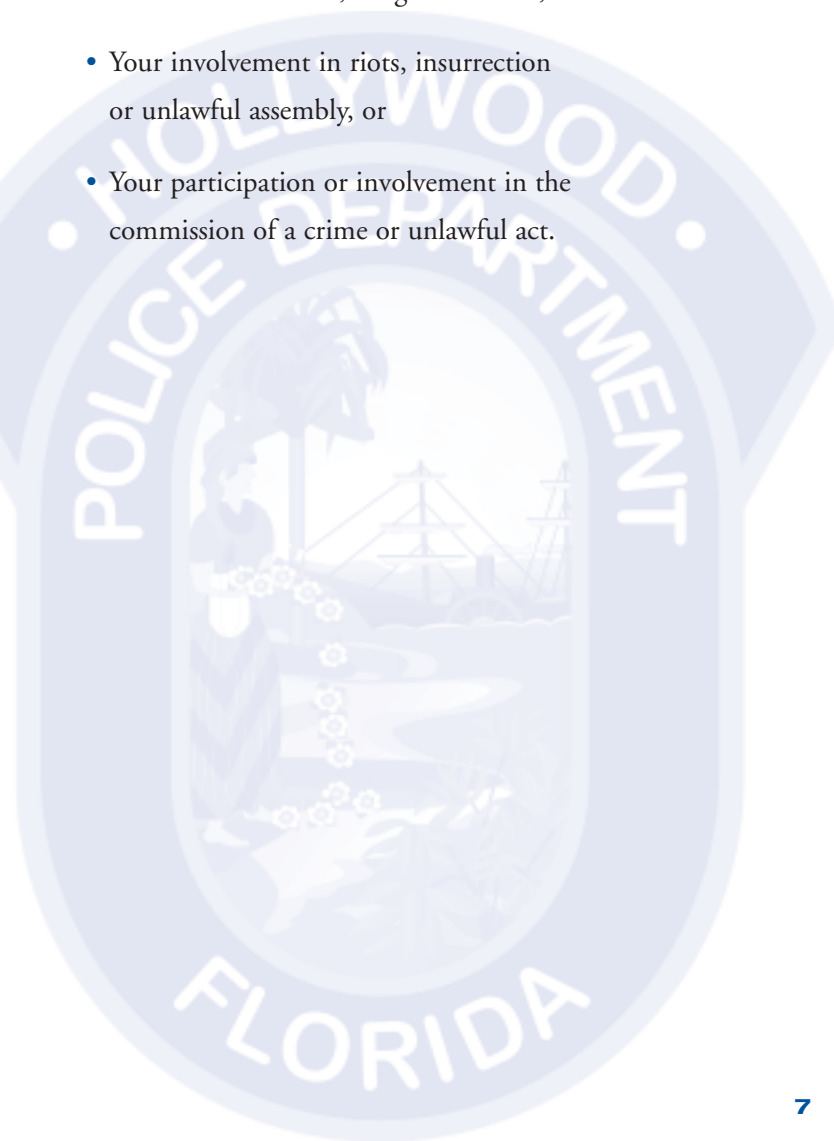
What is “light duty”?

A light duty position is defined as any Police Officer position within the Police Department which 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:

- An intentionally inflicted wound, injury or ailment,
- 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.



At Normal Retirement or Disability

If you die after retirement or during disability but before receiving retirement benefits for a period of ten years, the same monthly benefit will be paid to your beneficiary for the balance of the ten-year period. After this timeframe, 50% of the full benefit continues to the spouse, if any, until he or she dies or remarries.

What is a beneficiary?

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

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 Fund. No provision in your last will and testament will change this selection. 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.

If You Die

Service Incurred Death

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:

- To your widower or widow, until he or she remarries or dies. He or she will receive a monthly benefit equal to 50% of your earnings at the time of your death.
- Upon the remarriage or death of your widower or widow, the benefit will be paid to your surviving children until the youngest child reaches age 18.
- If there is no widower or widow, the benefit will be paid to your surviving children, until the youngest child reaches age 18.

Non-Service Incurred Death

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:

- To your widower or widow, until he or she remarries or dies. He or she will receive a monthly benefit equal to 25% of your earnings at the time of your death.
- Upon the remarriage or death of your widower or widow, the benefit will be paid to your surviving children until the youngest child reaches age 18.
- If there is no widower or widow, the benefit will be paid to your surviving children, until the youngest child reaches age 18.

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 to the Board of Trustees.

Standard Form of Payment

The standard form of your payment will be a benefit with 120 guaranteed payments. If you die before the 120th payment is made, payments will then continue to your designated beneficiary until all 120 payments have been received.

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 decreased benefit continue after your death to a person other than your spouse.

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.



THE DEFERRED RETIREMENT OPTION PLAN (DROP)

The Deferred Retirement Option Plan (DROP) is a separate provision of your Pension Fund that provides benefits for you if you work past the normal retirement age of 50 or have completed at least 25 (but less than 28) years of combined City service. If you elect to participate, you must make your intent known by writing to the Board of Trustees. In addition, your election to participate in DROP must be made before you complete 27 years of Combined Credited Service.

When DROP Begins

The Plan begins on the first day of the month following your membership's approval by the Board. Membership cannot exceed 60 months.

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 60 months, or
- Your Combined Credited Service reaches 360 months, 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.

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 Pension Fund 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 Plan. 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 Pension Fund. 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 based on the actuarial assumed rate of return for the System, which is currently set at 8% per annum. The VRR is based on the actual earnings of the System, and can go up or down, based on investment market conditions. Your VRR account is subject to administrative fees as determined by the Board of Trustees.

There are four window periods to make a “DROP Investment Return Selection.” They are as follows: August 1-31 for the October 1 Quarter; November 1-30 for the January 1 Quarter; February 1-28 for the April 1 Quarter; and May 1-31 for the July 1 Quarter.

Once a selection is elected, you are locked into that option for one year. For example, if you would like a FRR beginning October 1, you must exercise that option in the month of August. It will remain in effect at least until September 30 of the following year. In August of that year, you may do nothing and remain in the same option,

or opt out. If you do nothing, you may opt out during any window period thereafter, but once another selection is made you are once again locked in for one year.

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 form 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. If you begin receiving benefit payments from DROP before reaching age 59½, you cannot choose an optional form of payment until you reach age 59½ or participate in the Plan for five years.

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 Plan 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 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.

How the Share Plan Works

Under Florida Statutes, the City will receive funds from the State to 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 on page 11. 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 the City to enter the U.S. Armed Forces, and you return to active employment within the time frame after your discharge when your re-employment rights are protected by law. However, 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.

Annual Increase in Benefits

After receiving retirement benefits for three years, you or your beneficiary will receive a 2% annual increase in benefits.

Supplemental Pension Distribution (13th Check)

If the actual rate of investment return on fund 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 Pension Fund, 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 you transfer positions within the City and later become eligible for membership in the Fund, 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 Fund upon retirement. Your salary, as defined in the Fund, 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.

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 Fund Is Amended or Terminated

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

If the Fund is terminated, or partially terminated, the Board will determine the date of distribution and the value of the funds to be distributed to you.

The Fund's assets will be allocated to provide benefits if assets are insufficient to cover all of the Fund's liabilities upon termination. Funds will be distributed, to the extent they are available, as follows.

- 1) To retired members who are already receiving Pension Fund benefits.
- 2) To those receiving benefits from the account of an already retired (but since deceased) member.
- 3) Those eligible for normal retirement, but not yet retired.
- 4) To those members with at least ten years of service who have not yet reached the normal retirement age.

If assets still remain after the allocation, funds will be distributed to those not yet eligible for retirement, in the amount of their contributions to the Fund. If funds still remain, they will be returned to the City or the State.

ADMINISTRATIVE INFORMATION

Employer Identification Number

59-6904194

Plan Year

October 1 – September 30

Plan Address

4205 Hollywood Blvd., Suite 4
Hollywood, FL 33021

Agent of Legal Process

Chairman of the Board

Plan Sponsor Address

City of Hollywood
2600 Hollywood Blvd.
Hollywood, FL 33020