

**Town of Bay Harbor Islands**

**Employees Retirement System**

***Summary Plan Description  
As of October 1, 2016***

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## Town of Bay Harbor Islands Employees Retirement System

### Introduction

One of the most important long range goals for you and your family is to prepare for your financial security during your retirement years. The Town of Bay Harbor Islands Employees Retirement System (the "pension plan") was established to help you with this goal.

The pension plan was established as of October 1, 1969 for employees of the Town of Bay Harbor Islands. The plan has been amended several times since that date. This booklet describes the pension plan provisions which are in effect as of October 1, 2016 and these provisions are applicable only to those members who are in active service on or after October 1, 2016.

The Town of Bay Harbor Islands Employees Retirement System is a ***defined benefit pension plan*** which provides retirement benefits to eligible full-time employees who work for the Town of Bay Harbor Islands. The plan is jointly paid for by the Town, plan members, and the State of Florida (pursuant to Chapter 185, Florida Statutes), all of whom make contributions to the plan. It is important for you to note that plan members do ***not*** have individual accounts in the pension plan. Eligibility for benefits and the amount of those benefits are based upon a member's years of credited service, basic compensation, age at retirement, and, in some cases, amount of member contributions. Benefits may also be provided upon death on behalf of eligible members.

This booklet has been written in everyday language to summarize the benefits, rights, and obligations you have under your pension plan. While every effort has been made to accurately describe the pension plan, it is important to remember that this booklet is only a summary. In the event of any conflict between this booklet and the legal plan document, the provisions of the legal plan document will be followed. A copy of the legal plan document is available at the pension office (located at the address shown below) and you are encouraged to examine it.

We hope that you will find this information helpful. If you have any questions, please contact Mr. Alan Short in the finance department for assistance. The finance department is located at 9665 Bay Harbor Terrace, Bay Harbor Islands, Florida 33154, and is open during normal business hours on Monday through Friday (except holidays). The finance department can also be reached by telephone at (305) 866-6241 or by electronic mail at [ashort@bayharborislands.net](mailto:ashort@bayharborislands.net).

Sincerely,

**Board of Trustees**

**The Pension Plan at a Glance**

SECTION	CONDITION	SEE PAGE
<b><i>Eligibility for Membership</i></b>	Membership is automatic if you are employed by the Town of Bay Harbor Islands as a full-time police officer or general employee.	4
<b><i>Contributions</i></b>	Police officers must contribute 8% of their basic compensation to the plan. All other members must contribute a portion (2% to 10%) of their basic compensation to the plan based on their election from time to time, while the Town of Bay Harbor Islands makes an annual contribution which is actuarially determined. The plan also receives a portion of certain insurance premium taxes pursuant to Chapter 185, Florida Statutes.	7
<b><i>Retirement</i></b>	<p>If you have earned at least 20 years of credited service: You are eligible for your retirement benefit at either <b>age 50</b> (for police officers) or <b>age 52</b> (for all other members).</p> <p>If you have earned at least 10 years of credited service, but less than 20 years of credited service: You are eligible for your retirement benefit at <b>age 55</b>.</p> <p>If you have earned less than 10 years of credited service, but you are partially or fully vested: You are eligible for your retirement benefit at <b>age 65</b>.</p>	10
<b><i>Disability</i></b>	You may be eligible for additional credited service for the period of time that you are disabled if you become "totally and permanently disabled".	8
<b><i>Termination of Employment</i></b>	If you have earned at least five years of credited service when you terminate your employment, then you will be eligible for a termination retirement benefit at <b>age 50</b> (for police officers with at least 20 years of credited service), at <b>age 52</b> (for all other members with at least 20 years of credited service), at <b>age 55</b> (for members with at least 10 years of credited service), or at <b>age 65</b> (otherwise).	10

(continued)

SECTION	CONDITION	SEE PAGE
<b><i>Return of Member Contributions</i></b>	<p>In lieu of receiving a retirement benefit, you may elect to receive your member contributions with applicable interest in a single lump sum payment if your employment is terminated or you retire.</p> <p><i>(If you have earned less than five years of credited service, then your member contributions plus applicable interest will be automatically refunded to you.)</i></p>	10
<b><i>Temporary Retirement Subsidy</i></b>	<p>In addition to your regular monthly retirement benefit, the plan provides a temporary monthly retirement subsidy until age 65 equal to \$375.00 multiplied by your vested interest, provided that you do not withdraw your member contributions if you terminate your employment prior to normal retirement.</p>	11
<b><i>Death Benefits Before You Retire</i></b>	<p>Your accrued retirement benefit will immediately become fully vested and your designated beneficiary will receive a monthly survivor benefit payable for 10 years beginning on what would have been your normal retirement date. Alternatively, your beneficiary may elect to receive a refund of your member contributions plus applicable interest in lieu of receiving the 10-year survivor annuity.</p>	11
<b><i>Death Benefits After You Retire</i></b>	<p>Your designated beneficiary will receive a monthly survivor benefit if you elect to receive a certain and life annuity or a joint and contingent annuity when you retire.</p>	12

## Important Facts About Your Pension Plan and Important Terms That You Should Know

### Requirements for Plan Membership

You automatically become a member of the plan if:

1. you are employed by the Town as a full-time police officer or general employee; and
2. you have been employed with the Town continuously for at least one year; and
3. you are not a member of the Town Council, an elected official, or an independent contractor.

Membership is mandatory and you will remain a plan member as long as you continue to meet both of the requirements listed above or as long as you are entitled to a retirement or disability benefit. You are considered to be an active member of the plan as long as you continue to meet both of the requirements listed above and you make the required member contribution to the plan (*currently, the member contribution is 8% of basic compensation for police officers or, for all other members, is a variable percentage of basic compensation (2% to 10%) based on the member's election from time to time*).

*(Note: The Town Manager may optionally participate in the plan under the conditions set forth in the pension ordinance.)*

### Credited Service

Both your eligibility for benefits and the amount of your benefits from the plan depend on your length of credited service. The service which is recognized under the pension plan is your period of covered employment with the Town of Bay Harbor Islands, measured in years and completed months. This means that only your credited service with the Town while you are employed as described above and while you have made the required member contribution to the plan will count towards your eligibility for benefits and the amount of your benefits. Except as discussed below, any other employment will not count towards determining your eligibility for benefits and the amount of your benefits.

Your credited service will be measured from the date that you last entered employment until your employment is terminated by reason of death, disability, retirement, resignation, or discharge. You may also receive credited service for the period of time that you are disabled if you are found to be totally and permanently disabled or for the period of time that you are engaged in certain military service in accordance with the

Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), which is described on page 22. *You do not have to make a contribution to the plan for any periods during which you are totally and permanently disabled or for military service that is credited pursuant to USERRA.*

Police officers may purchase up to four years of additional credited service for employment as a police officer with another employer or for military service. However, there are several requirements that must be met. First, the service must have occurred prior to the officer's initial employment with the Town of Bay Harbor Islands. Second, the officer must not otherwise be entitled to receive a pension benefit for such service. Third, the officer must pay the full actuarial cost of the additional service, including any professional fees that are incurred by the plan in connection with the service purchase. Fourth, the officer must pay the amount due within six months of the request for the service credit, but no later than his or her retirement date.

Finally, federal law requires that in certain situations you will not incur a break in your service under this pension plan even though you may not receive actual credited service for these periods. These situations include a return from certain military service (under USERRA) and a return from certain absences due to family leave (under the Family and Medical Leave Act of 1993, which is described on page 23). If you have any questions about how absences from work will affect your credited service, please contact the finance department.

### **Average Monthly Earnings**

The amount of your benefit from the pension plan also depends upon your ***average monthly earnings***. Your average monthly earnings is the average of your basic compensation for the highest consecutive five years (three years for police officers) out of the last 10 years of your active membership in the plan. For this purpose, your basic compensation only includes your basic salary and wages and excludes overtime and other special compensation such as sick leave, annual leave, and compensatory leave paid upon separation from service. *(Note that basic compensation does include amounts paid by the Town as deferred compensation to an Internal Revenue Code (IRC) section 457 plan.)*

Under federal law *for purposes of the pension plan* your salary cannot exceed \$265,000 per year. (Because this limit is adjusted periodically for inflation, a lower or higher limit may apply to years prior to or after 2016, respectively). If you have questions about how the limit on salary affects you or your benefits under the plan, please contact the finance department.

**Normal Retirement Date**

You may elect to receive your retirement benefit at any time on or after your **normal retirement date**. Your normal retirement date is the first of the month coincident with or next following the **earliest** of the following dates:

1. the date on which you have attained age 50 (for police officers) or age 52 (for all other members) and have earned at least 20 years of credited service; or
2. the date on which you have attained age 55 and have earned at least 10 years of credited service; or
3. the date on which you have attained age 65 and are partially or fully vested in your accrued benefit.

**Vested Interest**

You will have a 100% **vested interest** in your retirement benefit after you have earned at least 10 years of credited service (for police officers) or five years of credited service (for all other members). If you are a police officer, you will have a **partially** vested interest in your retirement benefit after you have earned at least five years of credited service in accordance with the following schedule:

Years of Credited Service For Police Officers	Vested Interest For Police Officers
Less than five	0%
At least five, but less than six	50%
At least six, but less than seven	60%
At least seven, but less than eight	70%
At least eight, but less than nine	80%
At least nine, but less than 10	90%
At least 10	100%

When you have a vested interest in your retirement benefit, this means that the vested portion of your retirement benefit cannot be taken away from you *even if you terminate your employment*.

**Trust Fund**

The retirement and death benefits which are payable from the plan are **not** paid directly by the Town of Bay Harbor Islands. These benefits are paid from a pension **trust fund**. This trust fund is made up of the contributions from members and from the Town of Bay

Harbor Islands and the State of Florida (as described below) plus earnings on the assets of the trust. The contributions plus the earnings of the trust fund pay the entire cost of your pension plan.

### **Contributions**

Both plan members and the Town of Bay Harbor Islands must make regular contributions to this pension plan.

Police officers must contribute 8% of their basic compensation to the plan. All other members must contribute a portion (any whole percentage from a minimum of 2% up to 10%) of their basic compensation to the plan based on their election from time to time and the benefit formula multiplier varies depending on the member's contribution level (a higher member contribution rate gives the member a higher benefit formula multiplier for that period). *(For the period prior to October 1, 2002, police officers were required to contribute a portion (2% to 10%) of their basic compensation based on their election from time to time.)* The member contribution is waived for qualifying periods of military service or for periods during which the member is totally and permanently disabled as described below.

By law, the Town of Bay Harbor Islands must make an annual contribution which is determined each year by the Board of Trustees upon the recommendation of an **actuary** who has been certified by the United States Internal Revenue Service (IRS). (An actuary is a professional who is trained to determine the amount of money which must be put aside in order to provide the retirement and death benefits which have been promised to the members of the pension plan.)

In addition to member and Town contributions, the pension plan receives an annual contribution from the State of Florida pursuant to Chapter 185, Florida Statutes. This contribution is derived from a tax on certain insurance premiums for real property located within the Town of Bay Harbor Islands and is used to provide enhanced pension benefits to police officers.

### **Beneficiaries**

As a plan member, you may name a beneficiary or beneficiaries to receive the benefits, if any, that may be payable from the pension plan upon your death. You may generally name any individual as your beneficiary. However, in certain cases, IRS rules may prohibit you from naming as your beneficiary a person who is not your legal spouse if that individual is more than 10 years younger than you.

You should notify the human resources department if you would like to name a new beneficiary or beneficiaries, or if you would like to change your beneficiary designation. You should note that, if you do not name a beneficiary or beneficiaries under the

pension plan, then any death benefits payable from the plan will be paid to your estate. Also, it is important for you to understand that the pension plan does not recognize any beneficiaries that you may have named for other purposes, including beneficiaries that you may have named for other death benefits which may be payable from the Town of Bay Harbor Islands. **You must file your beneficiary designation for this pension plan with the human resources department in order for your designation to be effective for this plan.**

### **Total and Permanent Disability**

You are considered to be "totally and permanently disabled" if:

1. You have suffered a condition or impairment of health which is the result of an act or acts occurring in the performance of service to the Town as determined by the Board of Trustees in reliance on the findings and definitions of the Town's group disability insurance carrier; and
2. You remain so disabled until you reach your normal retirement age.

If you are a police officer, you may also be considered to be "totally and permanently disabled" if you successfully passed a physical examination upon entering employment with the Town and your impairment of health is caused by hypertension, heart disease, or hardening of the arteries, or other conditions as designated under State or federal law from time to time unless competent evidence shows otherwise.

If you recover from your disability prior to your normal retirement age and you are reemployed by the Town after your recovery, you may receive additional credited service for your additional employment as an eligible member. You will also receive credited service for the period of time during which you are totally and permanently disabled.

### **Actuarial Equivalence**

Throughout this booklet, you will come across the term "actuarially equivalent" or similar terms. When two things are said to be "actuarially equivalent", they have the same expected value to you as a plan member. For example, if a life annuity of \$100 per month is actuarially equivalent to a single, lump sum payment of \$12,000, then these two different forms of benefit payment are worth the same amount of money when measured in today's dollars.

### **A Summary of Your Responsibilities**

As a plan member, you are responsible for:

1. Understanding how your pension plan works and for using it as it was designed to be used; and
2. Notifying the human resources department if you change your address after you are no longer employed by the Town; and
3. Notifying the human resources department if you wish to name a beneficiary or beneficiaries or change a beneficiary under the plan; and
4. Filing an application for benefits with the human resources department in advance of your expected retirement date. It is recommended that you submit your application at least three months prior to your anticipated retirement date. **No benefits are paid until an application is filed and it has been approved by the Board of Trustees.**

## What Types of Benefits Are Paid?

### A. Normal Retirement Benefit

You will be eligible to receive a normal retirement benefit if you meet all of the following conditions:

1. You must have reached your normal retirement age (*age 50 (for police officers) or age 52 (for all other members) with at least 20 years of credited service or age 55 with at least 10 years of credited service or age 65 with a partially or fully vested interest in your accrued benefit*); and
2. You must no longer be employed with the Town as an active plan member; and
3. You must file an application for normal retirement benefits; and
4. You must not be receiving a termination retirement benefit from the plan.

Normal retirement benefits are payable monthly while you continue to meet the requirements described above.

### B. Termination Retirement Benefit

You will be eligible to receive a termination retirement benefit if you meet all of the following conditions:

1. You must have at least *five years of credited service*; and
2. You must no longer be employed with the Town as an active plan member; and
3. You must file an application for termination retirement benefits; and
4. You must not be receiving a normal retirement benefit from the plan.

Your termination retirement benefit is equal to your vested interest in your retirement benefit and is payable monthly while you continue to meet the requirements described above. You may choose to begin receiving your termination retirement benefit at any time once you have reached your normal retirement age.

### C. Return of Member Contributions

If you have less than five years of credited service, then you will receive your member contributions (plus interest at a rate established by the Board of Trustees from time to time) after you terminate your employment as an active plan member

with the Town. Your contributions with interest will be returned to you in a single, lump sum payment.

If you have earned at least five years of credited service, then you may elect, *in lieu of any additional benefits from the plan*, to receive your member contributions plus interest when you terminate your employment as an active plan member with the Town. Your contributions with interest will be returned to you in a single, lump sum payment. However, please be aware that, once you have received your member contributions, you will no longer be eligible for any other benefits under the pension plan.

If you are rehired by the Town within two years after your previous termination of employment and you received a refund of your previous member contributions with interest, then you may optionally repay to the pension trust fund the amount of your refund plus interest to the date of repayment and your previous period of credited service will be restored to you. Otherwise, you will not receive credited service for any prior periods of employment with respect to which you have received a refund of your member contributions.

#### **D. Temporary Retirement Subsidy**

If you are eligible to receive a normal or termination retirement benefit and you do not withdraw your member contributions prior to retirement, then you will receive a temporary retirement subsidy until age 65 equal to \$375.00 per month multiplied by your vested interest. The temporary retirement subsidy is not paid to your beneficiary after your death.

If you begin receiving a normal or termination retirement benefit after age 65, then you will not receive a temporary retirement subsidy. Furthermore, if you retire prior to age 65, the temporary retirement subsidy will be paid to you only until you reach age 65 and will not be paid to you after age 65.

Finally, if you terminate your employment prior to your normal retirement age and you withdraw your member contributions, then you will not be eligible to receive the temporary retirement subsidy.

#### **E. Death Benefits Before You Retire**

If you die before you retire, then you will immediately become fully vested in your accrued benefit and your beneficiary or beneficiaries will receive certain payments from the pension plan.

Unless your beneficiary elects to receive a refund of your member contributions with interest, a death benefit will be paid to your beneficiary or beneficiaries in equal shares. The amount of the benefit will be equal to your accrued benefit payable for 120 months beginning on what would have been your normal retirement date.

Optionally, your designated beneficiary may elect to receive your member contributions plus applicable interest in a single, lump sum payment. In this case, no additional death benefits will be paid to your beneficiary.

In any case, if you have not named a beneficiary for purposes of the death benefit, then any death benefit payments will be made to your estate.

**F. Death Benefits After You Retire**

If you die *after* you begin receiving a retirement benefit, then your designated beneficiary or beneficiaries will only receive a death benefit from the pension plan if you elected to provide a survivor's benefit at the time that you retired. No additional death benefits will be paid to your beneficiary or beneficiaries after you begin receiving retirement payments. For additional information on the optional survivor's benefits that are available when you retire, please see the discussion of retirement options on page 13.

## How Your Benefits Are Paid

### **Normal Form of Benefit Payment**

The normal form of retirement and disability benefit is a monthly benefit payment for the rest of your life. This is called the *single life annuity*. Benefit payments will be made to you until your death but no payments will be made to your beneficiary after your death.

In lieu of the normal form of benefit payment described above, you may choose one of the optional forms of payment that are described below. If you want your benefits paid to you in one of the optional forms of payment, then you must make a timely election on the appropriate form provided by the human resources department. You may cancel your choice at any time before you retire. **If you do not choose to receive an optional form of payment, then your benefit will automatically be paid to you in the form of a *single life annuity*.**

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

If you do not want your retirement benefits paid to you in the form of a single life annuity, then you may choose to receive one of the following optional forms of retirement benefit payment:

#### **Five-Year Certain and Life Annuity**

You will receive a reduced retirement benefit payment each month for the rest of your life, but the first 60 months of payments are guaranteed. If you die within the first 60 months after commencing your retirement benefit, payments will continue to your beneficiary after your death for the remainder of the 60-month guarantee period. If you die after the first 60 monthly payments have been made to you, then no payments will be made to your beneficiary after your death. Because benefits under this method of payment are guaranteed to be paid for at least five years, the monthly amount you receive will be lower than the amount provided with a single life annuity.

#### **10-Year Certain and Life Annuity**

You will receive a reduced retirement benefit payment each month for the rest of your life, but the first 120 months of payments are guaranteed. If you die within the first 120 months after commencing your retirement benefit, payments will continue to your beneficiary after your death for the remainder of the 120-month guarantee period. If you die after the first 120 monthly payments have been made to you, then no payments will be made to your beneficiary after your death. Because benefits under this method of payment are guaranteed to be paid for at least 10 years, the

monthly amount you receive will be lower than the amount provided with a single life annuity.

### Joint and Contingent Annuity Option

You will receive a reduced monthly benefit during your lifetime, with a percentage of it being continued after your death to your beneficiary. You can choose to have either 50%, 66<sup>2</sup>/<sub>3</sub>%, 75%, or 100% of your reduced benefit paid to your beneficiary for the remainder of his or her life. The actual amount of your benefit reduction depends on your age and your beneficiary's age at the time that you retire. Because benefits under this method of payment must be paid for the duration of two lifetimes, yours and your beneficiary's, the monthly amount you receive will be lower than the amount provided with a single life annuity.

### Social Security Level Income Annuity Option

You will receive a monthly benefit during your lifetime (except as described below). A larger monthly benefit will be paid to you up to age 65 and a smaller monthly benefit will be paid to you after age 65 such that you will receive a level amount of monthly income for your lifetime when the benefit payable from this plan is combined with your social security benefit. Keep in mind that this option does not take into account future increases in your social security benefit due to cost-of-living adjustments and that the amount needed to provide a level lifetime income will be estimated based on the information that is available at the time of your retirement. Therefore, the benefit payable from this plan may be based on an estimate of your social security benefit. Also, your accrued benefit under this plan may not be large enough to provide a level lifetime monthly benefit to you. In that case, you will receive the largest benefit that can be provided by your accrued benefit until you reach age 65 and then your monthly benefit payments from this plan will stop and you will not receive a monthly pension from this plan after age 65.

### Single Lump Sum Payment

You may choose to receive the actuarial equivalent value of your accrued retirement benefit as a single lump sum payment. In this case, once you have received the lump sum payment, no additional benefits will be payable to you from the plan except that you may be eligible to receive the temporary retirement subsidy until you reach age 65.

### Partial Lump Sum Payment (General Employees Only)

If you are not a police officer, you may choose to receive a portion of the actuarial equivalent value of your accrued retirement benefit as a single lump sum payment and to receive the remainder of your accrued retirement benefit as a monthly annuity. In this case, your monthly annuity will be reduced actuarially to reflect the portion of your accrued retirement benefit that you have chosen to receive as a

single lump sum payment. You may choose to receive the remaining portion of your benefit under any of the annuity forms of payment that are described above.

All forms of payment, the standard form and the optional forms, guarantee that you or your beneficiary will at least receive your member contributions plus interest.

Once you begin receiving your benefit payments under a particular form of payment, you may not change that form. Under the certain and life annuity options, you may change your beneficiary at any time. However, under the joint and contingent annuity options, you may only change your beneficiary in accordance with the rules set forth in State law. These rules allow police officers to change their beneficiary under the joint and contingent annuity option up to two times after retirement without the approval of the Board of Trustees or the current joint annuitant or beneficiary. If you are eligible and you do elect to change your beneficiary under the joint and contingent annuity option, the amount of your monthly retirement benefit will be re-determined based upon your age, your old beneficiary's age, and your new beneficiary's age at the time of the change. Once your original beneficiary dies, you may not add a new beneficiary under the joint and contingent forms of payment under any circumstances.

If you die before you retire, retirement benefits will not be paid. Your beneficiary may receive a death benefit, however, payable as described under Part III, Death Benefits Before You Retire, on page 11. If your beneficiary dies before your retirement payments begin, the form you elected will be automatically cancelled.

**REGARDLESS OF WHEN YOU RETIRE, RETIREMENT BENEFITS WILL NOT BEGIN UNTIL THE HUMAN RESOURCES / FINANCE DEPARTMENTS HAVE RECEIVED YOUR COMPLETED APPLICATION. BECAUSE THE BOARD OF TRUSTEES MEETS QUARTERLY, IT IS RECOMMENDED THAT YOU SUBMIT YOUR APPLICATION AT LEAST THREE MONTHS BEFORE YOU PLAN ON RETIRING.**

## How to Calculate Your Benefits

### Your Retirement Benefit

Your retirement benefit is based on your years of credited service and your average monthly earnings.

Your monthly retirement benefit is equal to:

The "applicable percentage" x your years of credited service x your average monthly earnings	=	Your Single Life Annuity at Normal Retirement
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In the formula described above, the "applicable percentage" that applies to your years of credited service will vary depending on whether you are a police officer or a general employee and on the amount of your member contributions to the plan. A different "applicable percentage" may apply to different periods of your credited service.

For general employees, the following table shows the "applicable percentage" that applies based on the level of member contributions to the plan:

Contribution Rate For General Employees	"Applicable Percentage" For Service Earned Prior to October 1, 1969	"Applicable Percentage" For Service Earned During the Period October 1, 1969 Through September 30, 2010	"Applicable Percentage" For Service Earned During the Period October 1, 2010 Through September 30, 2016	"Applicable Percentage" For Service Earned After September 30, 2016
2%	1.25%	1.250%	1.500%	1.750%
3%	1.25%	1.375%	1.625%	1.875%
4%	1.25%	1.500%	1.750%	2.000%
5%	1.25%	1.625%	1.875%	2.125%
6%	1.25%	1.750%	2.000%	2.250%
7%	1.25%	1.875%	2.125%	2.375%
8%	1.25%	2.000%	2.250%	2.500%
9%	1.25%	2.125%	2.375%	2.625%
10%	1.25%	2.250%	2.500%	2.750%

For police officers, the "applicable percentage" is 3.25% for credited service earned during the period October 1, 2002 through September 30, 2014 and is 3.50% for credited service earned after September 30, 2014. For credited service earned prior to

October 1, 2002, the following table shows the "applicable percentage" that applies based on the level of member contributions to the plan:

<b>Contribution Rate For Police Officers</b>	<b>"Applicable Percentage" For Police Officers For Credited Service Earned Prior to October 1, 2002</b>
2%	1.750%
3%	1.875%
4%	2.000%
5%	2.125%
6%	2.250%
7%	2.375%
8%	2.500%
9%	2.625%
10%	2.750%

If you become totally and permanently disabled, then your monthly retirement benefit will be reduced by the amount of any workmen's compensation or other long-term disability benefits provided by the Town. In addition, your monthly retirement benefit will be based on credited service that includes the period of time during which you were disabled and on average monthly earnings and a contribution rate that are imputed for your period of disability. Your imputed compensation for the period of your disability is equal to the rate of basic compensation in effect at the time of your disability and your imputed contribution rate for the period of your disability is equal to the contribution rate that was in effect at the time of your disability.

If you choose to receive any form of payment other than the single life annuity, then your monthly benefit will be actuarially equivalent to the single life annuity.

#### **Example #1: Normal Retirement Benefit for a General Employee**

Let's assume that you are a general employee and you retire on October 1, 2016 at age 52 with 20 years of credited service, that your average monthly earnings is \$4,000, and that your contribution rate was 4% of your basic compensation during your first 10 years of service and 10% of your basic compensation during your last 10 years of service.

If you choose the single life annuity option, you will receive \$1,560.00 per month. The calculation is as follows:

1.50% x 10 years of service x \$4,000		
plus		
2.25% x four years of service x \$4,000	=	\$1,560.00
plus		
2.50% x six years of service x \$4,000		

### Example #2: Normal Retirement Benefit for a Police Officer

Let's assume that you are a police officer and you retire on October 1, 2016 at age 50 with 20 years of credited service, that six years of your service was earned prior to October 1, 2002, that your average monthly earnings is \$5,000, and that your contribution rate was 8% during the first six years of your service.

If you choose the single life annuity option, you will receive \$3,050.00 per month. The calculation is as follows:

2.50% x six years of service x \$5,000		
plus		
3.25% x 12 years of service x \$5,000	=	\$3,050.00
plus		
3.50% x two years of service x \$5,000		

### Example #3: Termination Retirement Benefit for a General Employee

Let's assume that you are a general employee, that you terminate your employment on September 30, 2016 at age 40 with 15 years of credited service, that your average monthly earnings is \$4,000, and that your contribution rate was 2% of your basic compensation during your first five years of service, 6% of your basic compensation during the next seven years of your service, and 4% of your basic compensation during your last three years of service.

If you choose the single life annuity option, you will receive \$980.00 per month beginning at age 55. The calculation is as follows:

1.25% x five years of service x \$4,000		
plus		
1.75% x four years of service x \$4,000		
plus	=	\$980.00
2.00% x three years of service x \$4,000		
plus		
1.75% x three years of service x \$4,000		

In any of the examples shown above, if you choose an optional certain and life annuity, joint and contingent annuity, or social security level income annuity, you will receive an adjusted amount per month. If this is the case, then your single life annuity will be multiplied by an actuarial adjustment factor in order to determine the amount of your monthly benefit.

If you retire prior to age 65 and you have not withdrawn your member contributions prior to your normal retirement date, then you will also receive a temporary retirement subsidy equal to \$375.00 multiplied by your vested interest. However, the temporary retirement subsidy is payable only to you prior to age 65 and is not payable to your beneficiary after your death.

## Other Questions

### **A. How Do I Apply for Benefits?**

If you wish to apply for benefits under the plan, you must submit a written request to the finance department / human resources department at the following address:

Board of Trustees  
Town of Bay Harbor Islands Employees Retirement System  
c/o Finance Director / Human Resources Manager  
9665 Bay Harbor Terrace  
Bay Harbor Islands, Florida 33154

Once your request is received, the Board's actuary will prepare a document that explains your retirement benefit options.

### **B. Can I Lose My Benefits from the Plan?**

If you are convicted of certain specified offenses, Florida law requires that you forfeit your pension benefits (refer to sections 112.3173 and 175.195 of the Florida Statutes). Otherwise, even if you are dismissed from employment with the Town, you will not lose the benefits to which you have a vested right.

Section 112.3173, Florida Statutes, requires the official or board responsible for paying benefits under a public retirement system to make a forfeiture determination when the board has reason to believe that the rights of the person under any such system are required to be forfeited pursuant to the statute.

The Florida Constitution provides:

"Any public officer or employee who is convicted of a felony involving a breach of public trust shall be subject to forfeiture of rights and privileges under a public retirement system or pension plan in such manner as may be provided by law."

The Florida Legislature has implemented this constitutional provision in section 112.3173, Florida Statutes. Subsection (3) of the statute requires that:

"[a]ny public officer or employee who is convicted of a specified offense committed prior to retirement, or whose office or employment is terminated by reason of his or her admitted commission, aid, or abetment of a specified offense, shall forfeit all rights and benefits under any public retirement system of which he or she is a member, except for the return of his or her accumulated contributions as of the date of termination."

A "specified offense" for purposes of the statute includes: (i) embezzlement of public funds; (ii) theft by a public officer or employee from his or her employer; (iii) bribery in connection with employment; (iv) certain felonies involving bribery or misuse of public office; (v) committing an impeachable offense; (vi) commission of a felony to obtain profit or advantage through the use of a public office or employment; and (vii) commission of lewd or lascivious offenses against certain victims by a public officer or employee through the use of his or her public office or employment.

Section 112.3173(5), Florida Statutes, creates the procedure for a forfeiture determination to be made by the official or board responsible for paying benefits under a public retirement system. The statute requires that, upon receipt of notice or whenever the board "*otherwise has reason to believe that the rights and privileges of any person under such system are required to be forfeited under this section,*" the board must give notice and hold an administrative hearing pursuant to Chapter 120, Florida Statutes, to determine whether the subject's retirement rights and benefits must be forfeited. If a determination is made that such rights and privileges are required to be forfeited, the board must order the forfeiture. Orders of forfeiture of retirement system rights and privileges are appealable to the district court of appeal.

Section 112.3173, Florida Statutes, requires that "all rights and benefits under *any* public retirement system of which [the officer or employee] is a member" shall be subject to forfeiture.

**C. Can My Benefits Be Affected by a Divorce or Family Dispute?**

Yes, the plan may be required to honor a court order that requires payment of some or all of your benefit to your former spouse or other dependents.

**D. What Happens If the Board Denies My Claim for Benefits?**

After any final decision of the Board to deny your claim for benefits, if you still believe that you are entitled to benefits from the plan, then you may file a lawsuit against the Board with any court of the State of Florida which would have jurisdiction over the dispute and you may serve notice of the lawsuit upon any member of the Board or upon its agent for service of legal process.

## Other Important Information

### A. **Mandated Payment of Benefits After Age 70½ When You Are No Longer Employed**

Under federal law, the Board of Trustees is required to start paying you your benefits from the pension plan no later than the April 1<sup>st</sup> of the calendar year after you have attained the age of 70½ and you are no longer employed as an active member. Payments will begin even if you have not filed an application for benefits.

### B. **Maximum Retirement Benefits**

Federal law prohibits benefits from exceeding certain limits. These limits vary depending upon your retirement age and your form of payment. Currently, the limit is \$210,000 per year for a life annuity that commences at ages 62 through 65 (for a general employee) or at ages 55 through 65 (for a police officer).

### C. **Direct Rollover of Eligible Distributions**

You may elect to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by you. If you make such an election, then the amount rolled over will not be subject to immediate federal income tax. Generally, any amounts distributed to you which are not rolled over are subject to federal income tax.

An eligible rollover distribution is a certain distribution from the pension plan that is not part of your regular monthly pension benefit. For example, the single lump sum payment option would be an eligible rollover distribution. A monthly retirement benefit that is not paid in a single lump sum would not be an eligible rollover distribution.

An eligible retirement plan is another qualified retirement plan, such as an individual retirement account (IRA), that will accept an eligible rollover distribution from this plan. Prior to the time that you are to receive an eligible rollover distribution, the plan administrator will give you detailed information about how to roll over your benefit into another retirement plan.

For more information on eligible rollover distributions from this plan, please contact your tax advisor.

### D. **Pension Credit for Military Service**

The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) requires the retirement plan to give you pension credit for certain service performed while you are in the United States Army, Navy, Air Force,

Marines, or Coast Guard (or any Reserve or National Guard components of any of these), in the commissioned corps of the United States Public Health Service, or in any other category of persons designated by the President of the United States in a time of war or emergency.

However, in order to receive pension credit under the plan for your military or other service as described above, you must meet the following requirements:

1. You must have been working in employment which was covered by the pension plan immediately prior to entering military service; and
2. You must return to covered employment with the Town within the time period specified in the law.

Alternatively, if you die while on military duty, then your beneficiary(ies) will be entitled to receive any death benefits that would otherwise be payable from the plan as if you had returned to active employment with the Town immediately prior to your death.

If you would like more details concerning the specific rules regarding pension credit for military service, please contact the finance department.

**E. Family Leave**

The Family and Medical Leave Act of 1993 is a federal law that requires the pension plan to allow you a period of absence from work for certain reasons without counting that absence as a break in your service. Under the law, the reasons for absence are limited to:

1. A leave of absence to care for your child following his or her birth;
2. A leave of absence taken because of the placement of a child with you for adoption or foster care;
3. A leave of absence taken because you have a serious health condition that prevents you from performing your duties as an active plan member; and
4. A leave of absence to care for your child, spouse, or parent when this individual has a serious health condition.

**F. Assignment of Benefits**

The money in the trust fund is used exclusively to provide benefits to the members of the plan and to defray the reasonable expenses of running the plan. It cannot be used for any other purpose. Your interest in the pension fund and your benefits cannot be assigned, transferred, or attached nor used for any other purposes.

However, certain court orders for alimony and child support may have to be honored by the pension plan.

**G. Plan Amendment and Termination**

The Board of Trustees intends to continue the pension plan indefinitely. However, the Town Council can amend the plan at any time provided that any amendment must comply with the requirements of Chapters 112 and 185, Florida Statutes, and with any applicable collective bargaining agreements which are in effect at the time of the amendment.

**H. Plan Administration**

The Board of Trustees administers the plan and acts as the plan fiduciary. The Board is made up of five members, one of whom is a police officer (elected by the police officers), one of whom is a general employee (elected by the general employees), two of whom are Town Council members appointed by the Town Council, and the Town Manager, who is a permanent member of the Board. Any interpretation of the plan's provisions rests with the Board of Trustees. No employee of the Town of Bay Harbor Islands nor anyone else is authorized to interpret the plan on behalf of the Board of Trustees, nor can an employee of the Town act as an agent of the Board of Trustees.

The finance department and human resources department of the Town of Bay Harbor Islands takes care of the day-to-day operations of the plan and handles requests from members regarding eligibility rules, benefits, and claims procedures, files government reports, and handles other administrative activities under the direction of the Board of Trustees. However, the Board of Trustees makes the final determination as to benefit claims.

An independent auditor examines the entire trust fund's financial records every year and certifies as to their accuracy, completeness, and fairness. In addition, the Board of Trustees employs an actuary to prepare an annual report which provides details of the pension plan's liabilities, assets, and required contributions.

**I. Other Legally Required Disclosures**

1. **Date of the end of the plan year:**  
September 30
2. **Records of the plan are kept on a plan-year basis.**
3. **Relevant laws and other agreements which govern the provisions of this pension plan:**

Chapters 112 and 185, Florida Statutes;  
Chapter 16 of the Town of Bay Harbor Islands Code of Ordinances; and  
Collective bargaining agreement(s) between the Town of Bay Harbor Islands  
and the Police Benevolent Association.

**4. Name, address, and telephone number of the Administrator for the Board of Trustees:**

Alan Short  
Finance Director  
Town of Bay Harbor Islands  
9665 Bay Harbor Terrace  
Bay Harbor Islands, Florida 33154

(305) 866-6241

**5. Name, address, and telephone number of Legal Counsel:**

Sugarman & Susskind  
100 Miracle Mile, Suite 300  
Coral Gables, FL 33134  
(305) 529-2801

**6. Name and principal business address for each member of the Board of Trustees:**

Ronald J. Wasson, Chairman rwasson@bayharborislands-fl.gov
Isaac Salver isalver@bayharborislands-fl.gov
Kelly Reid kreid@bayharborislands-fl.gov
Lindsley Noel lnoel@bayharborislands-fl.gov
Marlene M. Siegel msiegel@bayharborislands-fl.gov

**7. Service of legal process:**

Legal process may be served upon the Board of Trustees by serving its Chairman or, in his absence, any member of the Board of Trustees.