

CITY OF HIALEAH
EMPLOYEES' RETIREMENT SYSTEM



SUMMARY PLAN DESCRIPTION

AS OF SEPTEMBER 30TH, 2019

**CITY OF HIALEAH
EMPLOYEES' RETIREMENT SYSTEM**

Board Chairman
Robert W. Williams III
Board Vice Chairman
Jonathan A. Martinez
Board Secretary
Michael Rosengaus
Board Attorney
Stuart Kaufman



Board Members
Manuel Ferrera
Robert W. Williams
Gelien Perez
Minying Ho

July 9, 2020

Dear Participants:

Enclosed please find a copy of the City of Hialeah Employees' Retirement System Summary Plan Description which was revised as of September 30, 2019.

If you have any questions regarding the Summary Plan Description, please contact the Retirement Office at (305) 883-5872.

Sincerely,

Robert W. Williams III
Chairman of the Retirement Board

Attachment

RWWIII: ga

City of Hialeah Employees' Retirement System

Summary Plan Description

The City of Hialeah Employees Retirement System is a defined benefit pension plan administered by a Board of Trustees. It was created by City Ordinance No. 874 and thereafter amended by City Ordinances pertaining to this System. It is intended to comply with Florida Statute Chapter 112, Chapters 175 and 185, Florida Statutes, "Municipal Firefighters' and Police Officers' Retirement Trust Funds. The current collective bargaining agreements between AFSCME, Local 161, Dade County Police Benevolent Association, IAFF and The City of Hialeah contain provisions which deal directly with pension benefits, and pension benefits are bargaining issues.

The plan year ends on September 30, and records are maintained on a plan year basis.

The Board of Trustees is the Retirement System Administrator. The following individuals are members of the Board of Trustees.

Robert W. Williams, III, Chairman
Jonathan A. Martinez, Vice Chairman
Michael Rosengaus, Secretary
Robert W. Williams, Jr.
Manuel R. Ferrera
Gelien Perez
Minying Ho

The Chairman of the Board of Trustees is the agent for the services of legal process. The Board's address is:

City Hall
501 Palm Avenue
Hialeah, Florida 33010

A description of the benefits of the System and the sources of funding is attached. Claims for benefits should be filed with the Board of Trustees at the Retirement Office in City Hall. If a claim is denied, you will be notified and informed of the procedure to request a review hearing before the Board of Trustees.

As of September 30, 2019 there were 1,529 retired participants and 53 beneficiaries of deceased participants receiving benefits from the Retirement System. The annual benefits totaled \$64,620,999, an average of \$40,848. Active members totaled 780 with an annual payroll of \$50,666,971.

The September 30, 2019 actuarial report indicated that the actuarial present value of accrued benefits was 71% funded. A report of the pertinent financial and actuarial information of the solvency and actuarial soundness of the System has been prepared by the Pension Plan's Actuary, Foster & Foster, Inc.

The actuary concluded that the Retirement System remains in sound actuarial condition.

A copy of the annual audit report is available for inspection at the Retirement Office.

Employer Contributions. The City is paying the portion of the cost of the pension plan over and above your contributions. State contributions. Monies are paid to the Fund each year by the State pursuant to Chapters 175 and 185, Florida Statutes to be used exclusively for the benefit of firefighters and police officers. Contributions to the System during the year were equal to or greater than the actuarially determined amount needed to comply with the provisions of Chapter 112, Florida Statutes.

Divorce or Dissolution of Marriage. In the event of your divorce or dissolution of marriage, you should provide a member of the Board at the Retirement Office in City Hall with the name and address of your attorney or your name and address if you have no attorney. The Board's attorney will then provide you or your attorney with information concerning the legal restrictions regarding your pension benefits. In addition, a copy of any proposed order must be submitted to the Board prior to entry by the court. Failure to do so may require you to pay any expenses incurred by the Board in correcting an improper court order.

Ex-Spouses as Beneficiary or Joint Pensioner. The Florida Legislature has adopted Section 732.703, Florida Statutes. This law nullifies the designation of your ex-spouse as a Beneficiary or Joint Annuitant/ Joint Pensioner on your pension plan retirement benefits. This law went into effect on July 1, 2012. After July 1, 2012, if you want your ex-spouse to be a beneficiary or joint annuitant/joint pensioner for your plan benefit, you will have to make that designation AFTER the dissolution of marriage. If you currently have an ex-spouse as a beneficiary or joint annuitant/joint pensioner, and want to keep this designation, you will have to designate the ex-spouse again after July 1, 2012.

To reconfirm your current beneficiary/joint pensioner, or to designate a new beneficiary/joint pensioner, complete an approved designation form available from your plan administrator.

Forfeiture or Disqualification of Benefits. If you are convicted of certain felony crimes committed prior to retirement, or if your employment is terminated by reason of your admitted commission, aid or abetment of these crimes, you shall forfeit all rights and benefits under the System, except for the return of your contributions as of the date of your termination.

Plan Termination. Upon termination of the Pension Plan by the City Council, or upon receipt of written notice from the City that contributions under the plan are being permanently discontinued the members shall become 100% vested in their accrued benefits. At no time prior to the satisfaction of all liabilities under the plan shall any assets of the Plan be used for any purpose other than for the Members' exclusive benefit. In any event, your contributions to the System are nonforfeitable.

SUMMARY OF CURRENT PLAN

Section 1 – Traditional Benefits that apply to certain longer service Members (Please see the exceptions in Section 2)

Plan Effective Date

The Plan was initially effective on January 1, 1956.

Retirement Allowance

The Member's Retirement Allowance is equal to the sum of the following:

- 1) An Annuity, which is the actuarial equivalent of his Accumulated Member Contributions;
- 2) A Basic Pension, which is equal to \$1,800 (for those Members who have attained their Normal Retirement Age) or \$2,800 (for all other Members); and
- 3) A Service Pension, which is equal to 3.0% of Final Average Compensation multiplied by service up to 25 years (for those Members who have at least 20 years of service and whose age plus service equals at least 70) or 2.0% of Final Average Compensation multiplied by service up to 30 years (for all other Members).
- 4) An additional benefit equal to 1.50% of Average Final Compensation for each year of Credited Service that exceeds 25 years, up to a maximum additional benefit of 4.50% of Average Final Compensation.

Normal Retirement Eligibility and Amount

Eligibility

Any age with age plus service equal to at least 70 and with at least 20 years of service

Amount

Retirement Allowance

Forms of Payment for Annuity

- 1) Normal Form: Life annuity
- 2) Optional Form: Lump sum payment equal to Accumulated Member Contributions

Forms of Payment (applicable to the Basic and Service Pensions only)

- 1) Normal Form of Payment:
 - For General Employees: 5-year certain and life annuity
 - For Firefighters and Police Officers: 10-year certain and life annuity
- 2) Optional Forms of Payment, which are the actuarially adjusted from the normal form:
 - 50% joint and survivor annuity with the reduced benefit payable upon the death of either the Member or his beneficiary
 - 66 2/3% joint and survivor annuity
 - 100% joint and survivor annuity
 - 100% joint and survivor annuity with spouse and a pop-up upon the death of the spouse to the amount of the retirement allowance prior to actuarial adjustment
 - Additional optional forms of payment available to Firefighters and Police Officers,
 - o Life annuity
 - o 75% joint and survivor annuity

Early Retirement Eligibility and Allowance

Eligibility

- Age 55 with at least 10 years of service for General Employees
- Age 50 with at least 10 years of service for Firefighters and Police Officers

Amount

- 100% of the Member's Annuity.
- For General Employees, the member's Basic and Service Pensions multiplied by his Vested Interest, payable at age 55.
- For Firefighters and Police Officers, member's Basic and Service Pensions payable age 50 with a 3.0% per year reduction from normal retirement.

Form of Payment

Same as for Normal Retirement

Disability Retirement Eligibility and Allowance

Eligibility

The Member must be totally and permanently incapacitated for duty in his classified position as an employee of the City, as determined by both the Board of Trustees and by a medical committee consisting of one doctor appointed by the Board of Trustees and one doctor selected by the Member.

Amount

The Member's accrued Retirement Allowance. For Firefighters and Police Officers, a minimum benefit of:

- For non-duty disability after 10 years of service: 25% of Average Final Compensation
- For duty related disability: 42% of Average Final Compensation

Form of Payment

Same as for Normal Retirement

Deferred Retirement (Vested) Eligibility and Allowance

Age

10 years of service.

Amount

- 100% of the Member's Annuity.
- For General Employees, the member's Basic and Service Pensions multiplied by his Vested Interest, payable at age 55.
- For Firefighters and Police Officers, member's Basic and Service Pensions payable age 50 with a 3.0% per year reduction from normal retirement.

Form of Payment

Same as for Normal Retirement

Pre-Retirement Death Benefit

In the case of the death of a General Employee Member prior to retirement, his beneficiary will receive a five-year certain annuity determined as if the Member had retired on the day before his death and elected a five-year certain and life annuity. In lieu of this five-year certain annuity, the beneficiary of the General Employee may elect to receive ½ of the same amount payable over a ten-year period. For Firefighters and Police Officers, the Member's vested accrued benefit deferred to

early (reduced) or normal retirement and payable for a minimum of 10 years. Alternatively, if the Member had attained his Normal or Early Retirement Age and had elected an optional form of payment, then his spouse will receive benefits as dictated by the option elected.

Vested Interest

For General Employees:

Years of Service	Vested Interest
Less than 10	0%
10	70%
11	73%
12	76%
13	79%
14	82%
15	85%
16	88%
17	91%
18	94%
19	97%
20 or more	100%

For Firefighters and Police Officers: 100% Vested Interest after 10 years of service.

Average Final Compensation

Average compensation for the highest three years of service (not necessarily consecutive), where compensation includes base salary plus any longevity or special assignment pay and any pay received in connection with Florida’s law enforcement special incentive program or Firefighters supplemental compensation program.

Membership Requirements

All classified employees of the City of Hialeah, Florida participate in the plan, including: (1) all full-time employees (except as provided by law), and (2) those part-time employees working 22½ hours or more per week who elect to participate after one year of continuous employment. Membership does not include any person whose services are compensated on a fee or contractual basis, the Board of Trustees’ medical committee, elected or appointed officials who are not in classified service, and persons employed on a temporary or provisional basis for less than nine months.

Effective April 1, 2012, the Plan is closed to new General Employee members hired on or after April 1, 2012. New General Employees will instead participate in a defined contribution plan.

Accumulated Member Contributions

The Accumulated Member Contributions are the Member’s Contributions accumulated with interest at the annual rates established by the Board of Trustees. Beginning with the 1995/1996 plan year, interest will be credited at the arithmetic average of the annual yields on the market value of assets for the preceding five years. Interest is credited each September 30 on the balance of the Accumulated Member Contributions as of the preceding October 1 as well as on additional Member Contributions made during the plan year. Members may borrow against their Accumulated Member Contributions as of the preceding October 1, subject to the restrictions set forth in the law.

Member Contributions

1. All members must contribute 7.0% of compensation per year into the Annuity Savings Fund (with the exception that they may redirect some of these contributions to satisfy the additional requirements that follow).
2. All members who were not eligible for Normal Retirement will also be required to make the following additional contribution towards the non-Annuity Savings Fund portion of the Retirement Allowance:
 - a. General Employees:
 - 5.0% of pensionable compensation from May 15, 2014 to September 30, 2014.
 - 4.0% of pensionable compensation from October 1, 2014 forward, which will decrease to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100% and to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.
 - b. Firefighters:
 - 5.0% of pensionable compensation from October 1, 2013 to September 30, 2014
(4.0% of pensionable compensation if hired on or after November 15, 2013).
 - 4.0% of pensionable compensation from October 1, 2014 forward, which will decrease to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100% and to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.
 - c. Police Officers:
 - 5.0% of pensionable compensation from March 2, 2014 to September 30, 2014
(4.0% of pensionable compensation if hired on or after March 2, 2014).
 - 4.0% of pensionable compensation from October 1, 2014 forward, which will decrease to 3.0% of pensionable compensation if the Funded Ratio is between 80% and 100% and to 0.0% of pensionable compensation if the Funded Ratio exceeds 100%.

If a Police Officer or Firefighter terminates employment before they are vested, then they will receive a refund of these additional contributions. General Employees will not receive a refund of these contributions.

Share Plans Contributions

Effective with the year beginning October 1, 2005, the Firefighters' and Police Officers' share plans will make contributions to fund the cost of the minimum benefits under Chapter 99-1, Florida Statutes. The annual contribution paid from the Share Plan is \$461,877.

Cost-of-Living Adjustment

Members (including participants in the DROP and excluding beneficiaries and those Members who are receiving a Deferred Retirement Allowance) receive an automatic level 2.0% cost-of-living adjustment in their Basic and Service Pensions as of each anniversary of retirement or the first of the month following their 52nd birthday and limited to 10 such increases (for a total increase of 20%).

Deferred Retirement Option Program

Effective March 1, 2007 for Police Officers and Firefighters and February 19, 2008 for General Employees, members are eligible to participate in a Deferred Retirement Option Program (DROP) upon the completion of 25 years of membership service credit provided that the sum of the member's age and service is equal to at least 70. The member's monthly retirement benefit (basic plus service pension), based on final average earnings and service upon entering the DROP, will be paid to the member's DROP account. At the end of each fiscal year, interest will be credited to the DROP account at the same rate credited to the annuity savings account.

Member contributions cease upon entering the DROP and the member shall be ineligible for disability benefits provided by the System. Upon termination of employment or death, the DROP account balance will be paid in a cash lump sum. The maximum period of participation in the DROP is 36 months and members cannot buy service in order to be eligible for the DROP.

General Employees who are members of the retirement system are prohibited from entering the DROP on or after April 2, 2012.

Actuarial Equivalence

For purposes of computing optional forms of benefit payments and for purposes of computing any adjustments called for under the terms of the Plan, when such interest rate and mortality assumptions are not otherwise provided:

Interest Rate Assumption:	The rate currently adopted by the Board is 7.0%.
Mortality Assumption:	The mortality factors or table currently adopted by the Board is the RP 2014 Mortality Table for Healthy Annuitants, projected from the base year 2014 to the year of retirement using Mortality improvement scale MP-2016, with the resulting rates blended using 50% male and 50% female.

City Contribution Policy

The City contributes to the Retirement System in accordance with the requirements of Part VII, Chapter 112 of the Florida Statutes. Effective August 25, 2009, the City implemented a contribution floor such that the City's contribution to the Retirement System will be at least 22% of the member payroll. The City may increase or decrease the floor by up to 2.00% of member payroll once every five years, if supported by an actuarial study. The floor shall not be less than 16% or more than 28% of member payroll.

**Section 2 –Benefit changes that apply to certain Members
(Benefits are the same as Section 1 except as noted)**

For Police Officers hired on or after March 14, 2014, the Basic Pension is eliminated and the Service Pension minimum Age plus Service is changed from 70 points to 76 points to receive the Normal (full) Retirement Benefit and DROP eligibility. Additionally, the Vested or Deferred Benefits payable for these Members is payable at age 59 ½. Lastly, the automatic Cost of Living Adjustments (COLA's) for these Members is reduced from 2.0% per year to 1.0% per year.

For Firefighters hired on or after November 15, 2013, the Basic Pension is eliminated and the Service Pension minimum Age plus Service is changed from 70 points to 76 points to receive the Normal (full) Retirement Benefit and DROP eligibility. Additionally, the Vested or Deferred Benefits payable for these Members is payable at age 59 ½. Lastly, the automatic Cost of Living Adjustments (COLA's) for these Members is reduced from 2.0% per year to 1.0% per year.

The following benefit reductions were made for the General Employees of the System effective December 1, 2017:

- 1.) **Fully Grandfathered** - Members eligible for Normal Retirement before December 1, 2017 will be required to make an additional contribution of 5.0% of salary (in addition to contributions to the Annuity Savings Plan). If the Member had already been contributing 4.0% of Salary, then their new Member Contribution Rate to the retirement plan will be 9.0% of Salary. If the Member had not been contributing to the retirement plan because they were eligible for Normal Retirement when the original retirement plan Member Contributions were enacted, then their new Member Contribution Rate to the retirement plan will be 5.0% of Salary.
- 2.) **Partially Grandfathered with at least 20 years of service** – Those Members who, as of December 1, 2017, have completed at least 16 years of actual service with the City, have attained 62 points (age plus service equals 62), and have at least 20 years of Credited Service. The Member Contribution Rate will increase effective December 1, 2017 from 4.0% to 9.0% of Salary. The benefit accrual rate for the Normal Service Retirement Benefit will be 3.0% for each year of Credited Service earned prior to December 1, 2017 and 2.0% for each year of Credited Service earned on and after that date, with a maximum benefit of 75% of Average Final Compensation.
- 3.) **Partially Grandfathered with less than 20 years of service** – Those Members who, as of December 1, 2017, have completed at least 16 years of actual service with the City, have attained 62 points (age plus service equals 62), and have less than 20 years of Credited Service, will have their Member Contribution Rate increase from 4.0% to 9.0% of Salary. The benefit accrual rate for the Normal Service Retirement Benefit will be 3.0% for each of the first 20 years of Credited Service plus 2.0% for each year of Credited Service earned above 20 years, with a maximum benefit of 75% of Average Final Compensation.

The following benefit reductions were made for the General Employees of the System effective December 1, 2017 (continued):

- 4.) **Non-Grandfathered** – Those Members who, as of December 1, 2017, were not eligible for Normal Retirement, or had not completed at least 16 years of actual service with the City or had not attained 62 points, will have their Member Contribution increase from 4.0% to 9.0% of Salary and have the following benefit changes.
 - A. All benefits accrued as of November 30, 2017 will be “frozen”. The frozen benefits will be payable under the same terms as were in effect before December 1, 2017 (Normal Retirement at 20 years of Credited Service with age plus service at least 70, Vested Retirement at 55 with 10 years of Credited Service, etc.). The frozen benefits will use Average Final Compensation and Credited Service determined as of November 30, 2017. The frozen benefits cannot commence until a Member terminates employment with the City. All Non-Grandfathered General Employees will be 100% vested in this frozen benefit.
 - B. Benefits earned on and after December 1, 2017 (“future service benefits”) shall accrue in accordance with the provisions of the retirement plan in effect before December 1, 2017, except as follows:
 - 1.) The benefit accrual rate for Credited Service earned on and after December 1, 2017 shall be 2.0% per year, with a maximum benefit of 75% of Average Final Compensation (AFC). The 75% of AFC maximum applies to the Service Pension Benefits accrued both prior to and after December 1, 2017. The 1.5% additional benefit multiplier for service after 25 years shall be eliminated. The 25-year cap is also eliminated.
 - 2.) Average Final Compensation shall be the average of the highest annual Compensation received by a member during the highest 8 years of credited service; provided, in no event shall a Member’s Average Final Compensation be less than the highest 3-year average as of December 1, 2017.
 - 3.) The Normal Retirement Date shall be age 62 with 20 years of Credited Service.
 - 4.) Compensation shall be base pay only. All other types of compensation shall be excluded for retirement purposes.
 - 5.) There shall be no Cost of Living Adjustments (COLA’s) on benefits based on credited service earned on or after December 1, 2017.
 - 6.) Members shall not be eligible to purchase additional Credited Service on or after December 1, 2017.
 - 7.) Members shall become vested in the “future service” benefit upon reaching age 55 with 10 or more years of Credited Service. Once they reach age 55 the vesting percentage is 70% at 10 years of service plus 3% for each year between 10 and 20 years of service. However, a Member cannot begin to receive this deferred vested benefit until age 62. Members who do not attain age 55 with 10 years of Credited Service will receive a refund of their Member Contributions made to the retirement plan on and after December 1, 2017.

The following benefit reductions were made for the Police Officers of the System effective October 1, 2018:

Tier 1A – Those Members eligible for Normal Retirement as of March 2, 2014

- 1.) The maximum DROP participation period is extended from 3 years to 5 years
- 2.) The following member contributions will be required:

October 1, 2018 – September 30, 2019:	2.0% of pensionable Salary
October 1, 2019 – September 30, 2020:	4.0% of pensionable Salary
October 1, 2020 and forward:	6.0% of pensionable Salary

Tier 1B – Those Members eligible for Normal Retirement as of October 1, 2018

- 1.) The maximum DROP participation period is extended from 3 years to 5 years
- 2.) The following member contributions will be required:

October 1, 2018 – September 30, 2019:	6.0% of pensionable Salary
October 1, 2019 – September 30, 2020:	8.0% of pensionable Salary
October 1, 2020 and forward:	10.0% of pensionable Salary

Tier 1C – Those Members with at least 20 years of service and 66 points as of October 1, 2018 – Those Members who, as of October 1, 2018, have completed at least 16 years of actual service with the City, have attained 66 points (age plus service equals 66), and have at least 20 years of Credited Service, will have the following changes:

- 1.) The same member contribution changes as Tier 1B.
- 2.) The benefit accrual rate for the Normal Service Retirement Benefit will be 3.0% for each year of Credited Service earned prior to October 1, 2018, and 2.75% for each year of Credited Service earned on and after that date, with a maximum benefit of 79.5% of Average Final Compensation.
- 3.) The minimum benefit is 2.75% of Average Final Compensation for each year of Credited Service.
- 4.) The maximum DROP participation period is extended from 3 years to 5 years.

Tier 1D – Those Members with 16 to 20 years of service and 66 points as of October 1, 2018 – Those Members who, as of October 1, 2018, had completed at least 16 years of actual service with the City, have attained 66 points (age plus service equals 66), and had less than 20 years of Credited Service, will have the following changes:

- 1.) The same member contribution changes as Tier 1B.
- 2.) The benefit accrual rate for the Normal Service Retirement Benefit will be 3.0% for each year of Credited Service earned up to 20 years, and 2.75% for each year of Credited Service earned above 20 years, with a maximum benefit of 79.5% of Average Final Compensation.
- 3.) The minimum benefit is 2.75% of Average Final Compensation for each year of Credited Service.
- 4.) The maximum DROP participation period is extended from 3 years to 5 years.

The following benefit reductions were made for the Police Officers of the System effective October 1, 2018 (continued):

Tier 1E – Those Members with 16 years, but not 66 points as of October 1, 2018 – Those Members who, as of October 1, 2018, completed at least 16 years of actual service with the City, but had not attained 66 points, will have the same member contribution rate changes as Tier 1B and the following benefit changes.

- A. All benefits accrued as of September 30, 2018 are “frozen”. The frozen benefits will be payable under the same terms as were in effect before October 1, 2018. The frozen benefits will use Average Final Compensation and Credited Service determined as of September 30, 2018. The frozen benefits cannot commence until a Member terminates employment with the City. All Police Officers are 100% vested in this frozen benefit.
- B. Benefits earned on and after October 1, 2018 (“future service benefits”) shall accrue in accordance with the provisions of the retirement plan in effect before October 1, 2018, except as follows:
 - (1) The benefit accrual rate for Credited Service earned on and after October 1, 2018 shall be 2.75% per year, with a maximum benefit of 79.5% of Average Final Compensation (AFC). The 79.5% of AFC maximum applies to the Service Pension Benefits accrued both prior to and after October 1, 2018. The 1.5% additional benefit multiplier for service after 25 years shall be eliminated. The 25-year cap is also eliminated. Provided, however, that the minimum benefit (including the basic pension) shall be 2.75% of average final compensation for all years of credited service.
 - (2) Average Final Compensation shall be the average of the highest annual Compensation received by a member during the highest 5 years of credited service; provided, in no event shall a Member’s Average Final Compensation be less than the highest 3-year average as of September 30, 2018.
 - (3) The Normal Retirement Date shall be the earlier of 1.) age 55 with 10 years of Credited Service, 2.) age 52 with 25 years of Credited Service, or 3.) 27 years of Credited Service, regardless of age.
 - (4) Compensation shall be base pay only. All other types of compensation shall be excluded for retirement purposes.
 - (5) There shall be no Cost of Living Adjustments (COLA’s) on benefits based on credited service earned on or after October 1, 2018.
 - (6) Members shall not be eligible to purchase additional Credited Service on or after October 1, 2018, except that upon reaching 25 years of service, this group may purchase up to 2 years of service.
 - (7) Members may enter the DROP upon attaining the earlier of 1.) age 52 with 25 years of credited service, or 2.) 27 years of service, regardless of age, and may participate in the DROP for a maximum of 5 years.

The following benefit reductions were made for the Police Officers of the System effective October 1, 2018 (continued):

Tier 1F – Those Members with 10 but not 16 years as of October 1, 2018 – Those Members who, as of October 1, 2018, completed at least 10 years of actual service with the City, but had not completed 16 years of actual service, will have the exact same changes as Tier 1E, except that they would not be allowed to purchase any service after October 1, 2018.

Tier 1G – Those Members with less than 10 years of service as of October 1, 2018, who were hired before March 2, 2014 – Those Members who, as of October 1, 2018, completed less than 10 years of actual service with the City, have the exact same changes as Tier 1F, except that they do not have the normal retirement provision of the completion of 27 years of service, regardless of age mentioned in (B)(3) and (B)(7) listed above.

Tier 2 – Those Members who were hired on or after March 2, 2014 – These Members have the exact same changes as Tier 1G, except that they have no Basic Pension and the minimum age plus service for the “frozen” benefit is 76 points instead of 70. Additionally, the Vested or Deferred benefits are payable at age 59 ½. Lastly, the COLA on the “frozen” benefit is 1.0% per year, instead of 2.0%.

Police Officers who separate from city employment prior to vesting may obtain a refund of member contributions made on and after October 1, 2018, with interest at the rate of 3.0% per annum, in lieu of receiving benefits accrued after October 1, 2018. Additionally, DROP members at the time the ordinance is adopted can extend their DROP period an additional two years.

The following benefit reductions were made for the Firefighters of the System effective November 12, 2019 per Ordinance 2019-090:

- 1.) **Members eligible for Normal Retirement as of November 12, 2019** – Members who are retirement eligible as of November 12, 2019 will have no change to the benefits provided under the plan. Normal retirement eligibility is defined as follows:
 - a. 20 years of service with 70 points for those hired before November 15, 2013.
 - b. 20 years of service with 76 points for those hired on after November 15, 2013.
 - c. Age 55 with 10 years of service
 - d. Age 52 with 25 years of service

- 2.) **Members not eligible for Normal Retirement as of November 12, 2019** – Accrued benefits are frozen as of November 12, 2019 and members are 100% vested in their frozen benefit. Frozen benefits shall be payable upon reaching Normal Retirement eligibility as defined in item 1 above. Benefits will accrue after the November 12, 2019 as follows:
 - a. The benefit accrual rate will be 2.75% for each year of Credited Service earned on and after November 12, 2019.
 - b. Final average compensation will be the average highest annual compensation during highest 5 years of credited service, but no less than the 3-year average as of November 12, 2019.
 - c. Compensation after November 12, 2019 will be base pay only.
 - d. The maximum benefit is 79.5% of Average Final Compensation. However, the minimum benefit, regardless of type of retirement, will be 2.75% of final average compensation for all years of Credited Service.
 - e. Benefits earned after November 12, 2019 shall be payable upon reaching the earlier age 55 with 10 years of service and age 52 with 25 years of service (i.e., 1c. and 1d. above).

The following benefit reductions were made for the Firefighters of the System effective November 12, 2019 per Ordinance 2019-090 (continued):

- 3.) As of November 12, 2019, Firefighters are prohibited from purchasing membership credit service time. Any purchase made prior to the November 12, 2019 shall be irrevocable, and any previous purchase of membership credit service time cannot be sold back to the retirement plan.
- 4.) The eligibility to enter DROP is age 52 with 25 years of service and the maximum DROP participation period is limited to 3 years for those entering DROP after November 12, 2019.
- 5.) Firefighters who entered the DROP on or after February 28, 2016 and prior to November 12, 2019 may extend DROP participation for up to two additional years for a total of 5 years.
- 6.) Firefighter member contributions may be made in lieu of or in addition to annuity fund contributions.

The following benefit changes were made for the Firefighters of the System effective June 4, 2020 per Ordinance 2020-016:

The benefit changes apply to those firefighters that have not reached normal retirement date as of November 12, 2019 unless otherwise noted.

- 1.) As of the June 4, 2020, compensation for firefighters shall include specialty pay received by the member, up to 5.0% of the base salary.
- 2.) As of the June 4, 2020, members who separate from the City prior to vesting may obtain a refund of member contributions made on and after June 4, 2020, with interest at 3.0% per year, in lieu of receiving benefits accrued after November 12, 2019 from the Plan.
- 3.) Firefighters who entered the DROP on or after February 28, 2016 and prior to November 12, 2019 may extend DROP participation for up to 2 additional years for a total of 5 years.
- 4.) The maximum DROP participation period shall be 60 months for members who enter the DROP on and after February 28, 2016.
- 5.) **Members eligible for full retirement benefit as of November 15, 2013 (i.e., members who have 20 years of credited service and 70 points when age plus years of credited service are combined)**

Member contributions shall be as follows:

- i. June 4, 2020 – September 30, 2020: 2.0% of compensation
- ii. October 1, 2020 – September 30, 2021: 4.0% of compensation
- iii. Beginning on October 1, 2021: 6.0% of compensation

- 6.) **Members not eligible for full retirement benefit as of November 15, 2013 (i.e., members who do not have 20 years of credited service and 70 points when age plus years of credited service are combined)**

Member contributions shall be as follows:

- i. June 4, 2020– September 30, 2020: 6.0% of compensation
- ii. October 1, 2020 – September 30, 2021: 8.0% of compensation
- iii. Beginning on October 1, 2021: 10.0% of compensation

The following benefit changes were made for the Firefighters of the System effective June 4, 2020 per Ordinance 2020-016 (continued):

- 7.) Members with 16 years of actual service (excluding service purchases), less than 20 years of credited service and at least 66 points on November 12, 2019**
 - a. The benefit accrual rate shall be 2.75% for each year of Credited service earned after attaining 20 years of service.
 - b. The maximum benefit is 79.5% of Average Final Compensation. However, the minimum benefit, regardless of type of retirement, will be 2.75% of final average compensation for all years of Credited Service.
 - c. Members shall be eligible to participate in the DROP for a maximum of five years.
- 8.) Members with 16 years of actual service (excluding service purchases), at least 20 years of credited service, and at least 66 points on November 12, 2019**
 - a. The benefit accrual rate shall be 3.0% for each year of Credited Service as of November 12, 2019, and 2.75% for each year of Credited Service earned after November 12, 2019.
 - b. The maximum benefit is 79.5% of Average Final Compensation. However, the minimum benefit, regardless of type of retirement, will be 2.75% of final average compensation for all years of Credited Service.
 - c. Members shall be eligible to participate in the DROP for a maximum of five years.
- 9.) Members with 16 years of actual service (excluding purchased service) and less than 66 points on November 12, 2019**
 - a. Members shall be eligible for Normal Retirement upon reaching 27 years of Credited Service, regardless of age
 - b. Upon reaching 25 years of actual service, members shall be eligible to purchase up to 2 years of membership credited service time (not to exceed the maximum of 4 years of purchased service)
 - c. Members shall be eligible to participant in the DROP for a maximum of five years upon completion of 27 years of actual service
- 10.) Members with 10 years of actual service (excluding purchased service), but less than 16 years of actual service (excluding purchased service) on November 12, 2019**
 - a. Members shall be eligible for Normal Retirement upon reaching 27 years of Credited Service, regardless of age
 - b. Members shall be eligible to participant in the DROP for a maximum of five years upon completion of 27 years of actual service

The following benefit changes were made for the Police Officers of the System effective June 4, 2020 per Ordinance 2020-017:

For those police officers that did not have 16 years of actual service (excluding service purchases) and at least 66 points when age plus years of credited service are combined as of October 1, 2018, compensation shall include specialty pay received by the member, up to 5% of the base salary.

GLOSSARY

Entry Age Normal Cost Method - Under this method, the normal cost is the sum of the individual normal costs for all active members. For an active member, the normal cost is the member's normal cost accrual rate, multiplied by the member's current compensation.

- (a) The normal cost accrual rate equals:
 - (i) the present value of future benefits for the member, determined as of the member's entry age, divided by
 - (ii) the present value of the compensation expected to be paid to the member for each year of the member's anticipated future service, determined as of the member's entry age.
- (b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.
- (c) The accrued liability is the sum of the individual accrued liabilities for all members and beneficiaries. An active member's accrued liability equals the present value, at the member's attained age, of future benefits less the present value at the member's attained age of the individual normal costs payable in the future. An inactive member's accrued liability equals the present value, at the member's attained age, of future benefits. The unfunded accrued liability equals the total accrued liability less the actuarial value of assets.
- (d) Under this method, the entry age used for each active member is the member's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

Normal Cost is the current year's cost for benefits being accrued in the upcoming year plus estimated administrative expenses.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current members.

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation date of all covered members.

Total Required Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability. The required amount is adjusted for interest according to the timing of contributions during the year.

Unfunded Actuarial Accrued Liability (UAAL) is a liability which arises when a pension plan is initially established or improved and such establishment or improvement is applicable to years of past service. Under the Entry Age Normal Actuarial Cost Method, there is also a new UAAL created each year equal to the actuarial gain or loss for that year.