

City of Sanibel General Employees' Retirement Plan Summary Plan Description

SUMMARY PLAN DESCRIPTION CITY OF SANIBEL GENERAL EMPLOYEES' RETIREMENT PLAN

INTRODUCTION

This document is intended to be a summary of the administration of and benefits provided by the City of Sanibel General Employees' Retirement Plan as of February 7, 2012.

This Summary Plan Description is a brief description of the Plan and participants' rights, obligations and benefits under that Plan. This Summary Plan Description is not meant to interpret, extend or change the provisions of your Plan in any way. Further, this Summary Plan Description does not constitute a contract for retirement benefits. The provisions of the Plan may only be determined accurately by reading the actual Plan document, which are ordinances of the City of Sanibel.

A copy of the Plan is on file at the City Clerk's office and may be read by participants and beneficiaries or legal representatives at any time during normal business hours. Any questions regarding either the Plan or this Summary Plan Description, should be directed to the Plan Administrator. In the event of any discrepancy between this Summary Plan Description and the actual provisions of the Plan, the Plan shall govern.

GENERAL INFORMATION ABOUT THE PLAN

Official Name of the Plan

The official name of the Plan is the City of Sanibel General Employees' Retirement Plan.

Type of Plan

This is a defined benefit plan which means that participants will receive upon retirement a guaranteed percentage of covered compensation times years of credited service under the plan.

Employer

The employer is the City of Sanibel.

Administrator

The Plan is administered by the Board of Trustees of the City of Sanibel General Employees' Retirement Plan.

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Composition of the Board of Trustees

There is a nine member Board of Trustees. Two trustees who are City employees are elected by all the members of the Plan. One of these trustees must have full-time tenure with the City of between one and fifteen years. The other trustee must have full-time tenure with the City with 15 or more years. One trustee must be a Department Director who is appointed by the City Manager. The City Council shall appoint five trustees. The ninth trustee shall be chosen by the other trustees.

Designated Agent for Service of Process

In accordance with Florida law, the Chairperson is the designated agent for service of process and the business address is:

Chairman, General Employees' Retirement Plan
City of Sanibel
800 Dunlop Road
Sanibel, Florida 33957-4096

In the absence of the Chairperson, any member of the Board of Trustees is subject to service of process.

Type of Administration

The Board of Trustees is responsible for the overall administration of the Plan. The City of Sanibel staff assists the Board with the day-to-day record keeping and management functions of the Plan. The City of Sanibel Finance Director is designated staff liaison to the Board. The Sanibel City Council appoints a liaison to the Board. The Board of Trustees may engage the services of attorneys, accountants, actuaries, investment advisors, investment consultants and other professionals to assist it in the administration of the Plan.

Legal Documents Creating the Plan

The revised Plan is contained in City of Sanibel Code 50-476 to 50-483 and ordinance number 11-001. Additionally, the Plan is governed by Chapter 112, Part VII, of the Florida Statutes and certain provisions of the Internal Revenue Code.

Relevant Provisions of Collective Bargaining Agreements

There are collective bargaining agreements between the City of Sanibel and the American Federation of State, County and Municipal Employees, Council 79, Local 3228, and between the City of Sanibel and the Fraternal Order of Police, which have an effect on the Plan.

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Custodian of the Plan

The custodian of the Plan is responsible for the safekeeping of securities owned by the Plan. The Custodian is Salem Trust Company, Suite 160, 4890 West Kennedy Boulevard, Tampa, FL 33609. Salem Trust has Custody Agreements with Banks or Trust Companies which hold the assets.

Investment of Plan Assets

The Board of Trustees engages the services of an investment monitor and consultant to perform searches for companies that are qualified to invest the Plan's money in securities and makes recommendations to the Board on the asset allocations relative to market conditions.

Participants in the Plan

Regular, full-time employees, who are not sworn police officers and who opted to remain participants of the plan on March 1, 2011 and November 1, 2011 for police dispatchers are participants of the Plan. There are two types of participants, Plan A and Plan B. Plan A participants contribute five percent of their base pay to the Plan and their retirement benefit is based on their average monthly fixed rate of pay for their highest five years of compensation. Employees who elected not to contribute to the Plan at the time of the establishment of Plan A (2005) are classified as Plan B participants and their retirement is based on their career average monthly fixed rate of pay.

The plan was closed to new hires effective February 7, 2012.

Funding of the Plan

The Plan is funded by the City and by contributions from Plan A participants. Pursuant to Florida law, the City of Sanibel is ultimately responsible for making sure that the Plan remains actuarially sound, meaning that it is able to pay benefits and expenses when due. Each year, the City of Sanibel contributes an amount determined by the Actuary for the Board of Trustees, considering prior investment earnings or losses and other pre-determined assumptions, sufficient to fund the benefits under the Plan.

BENEFITS

Credited Service

Credited service means that period of full-time service with the City of Sanibel equal to the period of the date employment started to the date of separation from City service. Included within credited service are periods of service in the Armed Forces of the United States after City employment

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commences, provided that a) the former employee is entitled to re-employment in accordance with the Uniform Services Employment and Re-employment Rights Act (USERRA) and the former employee returns to City employment as an employee within one year following the date of his or her military discharge or release from active military service (except as otherwise may be permitted by USERRA). The maximum amount of credited service an active employee may receive pursuant to military service under USERRA shall be five years; and (b) former government or military service not included in (a) above. The total of military service and prior government service may not exceed more than five years. Before being credited with prior governmental service, the Board of Trustees must receive assurance that the currently active employee will not receive a pension that is in whole or part based upon any service with respect to which the active employee member is already receiving, or will receive in the future, a retirement benefit or pension from a different employer's retirement system or plan. This restriction does not apply to social security benefits or federal benefits under Chapter 67, Title 10, United States Code. The cost of determining the actuarial value for the purchase of prior military or governmental service and the cost of purchasing the service time will be paid for by the active employee participant. Active participants are authorized to purchase prior government service no earlier than six months prior to a firmly established retirement date. The purchase of prior military or governmental service is not creditable service for vesting purposes.

Normal Retirement Date

A member may retire on normal retirement when the member has six or more years of credited service and has attained age sixty-five.

NOTE: A participant of the plan with 15 years of credited service with the City on September 30, 2011 is eligible for retirement at age 60.

Compensation and Average Monthly Compensation

Compensation for plan purposes means an employee's fixed rate of pay from the City of Sanibel. Average monthly compensation means the total of the highest five years of fixed rate of pay, divided by five years of credited service, divided by 12, for Plan A participants; and the total of career fixed rate of pay divided by total years of service, divided by 12, for Plan B participants.

Normal Retirement Benefit

Under normal retirement, the retiring member will be paid a monthly pension equal to 3.00% of the average monthly compensation as calculated for Plan A and Plan B participants multiplied by total years of credited service prior to May 1, 2011 for all participants other than police dispatchers and prior to January 1, 2012 for police dispatchers and 1.68% of the average monthly

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compensation for credited service after May 1, 2011 for all participants other than police dispatchers and on and after January 1, 2012 for police dispatchers, with a maximum of thirty years of credited service.

Early Retirement and Amount of Early Retirement Benefit

A participant is eligible for early retirement after six or more years of credited service and having reached age sixty. An early retirement between age 60 and age 65 is computed in the same manner as normal retirement, except that the monthly benefit amount will be actuarially reduced by a rate of 5% for each year that the early retirement date precedes age 65.

NOTE: A participant with 15 years of service as of September 30, 2011 remains eligible for retirement at age 60 with no adjustment for age and early retirement at age 55 with an adjustment of 2.5% for each year under age 60.

Deferred Retirement Option Program (DROP)

A participant may enter into the deferred retirement option program (DROP), on the first day of any month upon or after attaining the normal retirement age as used in the Actuarial Valuation Report (65 years of age) with six years of service credit for vesting purposes. The maximum duration of participation in the DROP shall not exceed sixty (60) months and participation will end if the employee resigns, dies or is terminated for just cause prior to completion of said sixty (60) months.

A member may participate in the DROP only once and after commencement in the DROP, he or she shall not be eligible to be an active participant in the Plan. Upon entering DROP, active participation in the Plan terminates and contributions by Plan A members ceases. For purposes of this section, average monthly earnings and creditable service shall remain as they existed on the effective date that participation in the DROP began. The monthly retirement benefits that would have been payable, had the participant elected to cease employment and receive a service retirement allowance, shall be credited to a DROP account.

The DROP account shall earn interest in the amount of six percent (6%) per annum, compounded monthly.

Upon termination of employment, a participant in the DROP shall receive, at his or her option, a lump sum payment from the account equal to the payments to the account, plus earned interest or the participant may elect any other method of payment as approved by the Board of Trustees to include direct trustee to trustee roll over to another qualified account within 60 days of leaving employment. The monthly benefits less interest that were being paid into the account during the period of DROP participation shall begin being paid to the

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retiree.

If a participant dies during the period of participation in the DROP, a lump sum payment equal to his or her account balance shall be paid to the participant's named beneficiary, or, if none, to his or her estate; in addition, any survivor benefits selected by the participant shall be payable, within ninety (90) days of notice of such death.

Deferred Retirement Benefit

A participant with six or more years of credited service who leaves the employment of the City, for any reason other than retirement or death, is eligible to receive a deferred pension. The pension will be based on the calculation for a Plan A or Plan B participant, whichever applies to the former participant. The deferred retirement is payable upon the former participant reaching early or normal retirement age based on the plan applicable at the time separation occurred.

Cost of Living Adjustment

Participants retiring after April 30, 2011 and January 1, 2012 for police dispatchers shall receive a Cost of Living Adjustment of two percent (2%) increase for Normal, DROP and Early retirement benefit payments, which will commence after receipt of sixty (60) monthly retirement payments and will continue for twenty-five years (25) thereafter or the length of the monthly retirement benefit period, whichever is less.

The Cost of Living Adjustment will be made effective each October 1st after receipt of at least sixty (60) monthly retirement payments. The adjusted monthly benefit shall be the amount of the monthly benefit being received on September 30th immediately preceding the adjustment date plus an amount equal to 2 percent of the benefit.

Disability Benefits

The Plan does not pay disability benefits.

Late Retirement Benefits

There is no mandatory retirement age.

Pre-retirement Death Benefits

If a participant has six or more years of credited service and is eligible for early, normal or late retirement and is still working for the City at the time of death, the Plan will pay a pre-retirement death benefit. The Plan will determine

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what retirement benefit is payable as if the participant retired on the date of death. One-half of that benefit will be paid to a beneficiary, contingent beneficiary or the estate the first day of the month following the death. The benefit will be paid to a beneficiary or contingent beneficiary for their lifetime with a minimum of 120 monthly payments, unless an optional form of benefit was chosen. (Please see section on optional forms of benefits.)

If a vested participant dies and is not eligible for early retirement, the death benefit will be paid the first day of the month after the participant would have met the requirements for early or normal retirement and will continue until the beneficiary or contingent beneficiary dies.

Optional Forms of Benefits

One of the most important and difficult decisions to make at the time of retirement is selecting a benefit option. A choice must be made between the largest possible personal monthly retirement benefit and options which provide a reduced monthly benefit, but also provides a beneficiary with a continuing monthly benefit. The following are the forms of benefits available:

- Retiree's lifetime only
- Retiree's lifetime with 60 payments guaranteed
- Retiree's lifetime with 120 payments guaranteed, Normal Form
- Retiree's lifetime with 180 payments guaranteed
- Retiree's lifetime with joint annuitant
 - 100% continued to joint annuitant
 - 75% continued to joint annuitant
 - 66 2/3% continued to joint annuitant
 - 50% continued to joint annuitant

Beneficiaries

A participant may designate a beneficiary or beneficiaries or a contingent beneficiary or beneficiaries to receive the retirement benefit upon death. Each designation may be revoked by signing a new designation of beneficiary form. If no beneficiary or contingent beneficiary survives the participant at the time of death, the benefit due, if any, will be paid to the estate.

Participant's Responsibilities Under the Plan

- a. Retain a copy of the Summary Plan Description with other important papers for later reference or for replacement by updated versions and supplemental notices, if any.
- b. Upon completing eligibility requirements, sign a Membership Form, including a Beneficiary Designation Form.

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- c. Keep the Beneficiary Designation Form updated as necessary.
- d. If employment is terminated, check to determine eligibility for a Deferred Retirement Benefit and if so, the date payable.
- e. If entitled to a Deferred Retirement Benefit, notify the Board of Trustees to start such payments shortly before the date eligibility for retirement benefits are to begin.
- f. Choose the form of retirement benefit desired at least thirty days prior to retiring under early, normal retirement or DROP.

Claims for benefits

Claims for benefits under the Plan must be filed in writing. If determined eligible for retirement benefits a notification form showing the amount of your benefit and options, if any, and the earliest date on which such benefit is payable will be provided.

If a claim is wholly or partially denied, and the participant is not present at the meeting at which it is denied, the Plan Administrator shall furnish a written notice of denial.

If notice of the denial of a claim is not furnished within a reasonable period of time, the claim shall be deemed denied. This permits the denied claimant to proceed to the review stage described in the following paragraphs.

The Claims Review Procedure is as follows:

Claims Review Procedure

- a. Upon the denial of the claim for benefits, a claim for review must be submitted in writing to the Plan Administrator. Any claim must be filed for review no later than 60 days after receipt of written notification of the denial of the claim for benefits.
- b. The claimant may review all pertinent documents relating to the denial of the claim and submit any issues and comments, in writing, to the Plan Administrator.
- c. The claim for review will be given a full and fair review. If the claim is subsequently denied, the Plan Administrator will provide written notice of denial.
- d. The Plan Administrator's decision on the claim for review shall be communicated in writing. This written notice will be provided within a reasonable period of time. The written notice will contain the following information:
 - The specific reason or reasons for the denial;
 - Specific reference to those Plan provisions on which the denial is based;
 - A description of any additional information or material necessary

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to correct the claim and an explanation of why such material or information is necessary; and

- Appropriate information as to the further steps available and specific references to the pertinent Plan provisions on which the decision was based will be provided.

Are my benefits forfeitable?

Benefits are forfeitable pursuant to various provisions of the Florida Statutes, which provide for the forfeiture of retirement benefits of persons who are convicted of certain offenses.

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 include: (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 officer; (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) the committing on or after October 1, 2008, of any felony defined in s. 8--.04 (Lewdness: Indecent Exposure) and against a victim younger than 16 years of age, or any felony defined in chapter 794 (Sexual Battery) against a victim younger than 18 years of age, by a public officer or employee through the use or attempted use of power, rights, privileges, duties, or position of his or her public office or employment position.

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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 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.