

SUMMARY PLAN DESCRIPTION

Police Officer's Pension Plan

1. BOARD OF TRUSTEES AND PLAN ADMINISTRATION

A. Administration. The City of Sanibel Police Pension Plan is a defined benefit pension plan administered by a Board of Trustees. The Board consists of 5 Trustees, 2 who are appointed by the City Council, 2 of whom are full-time Police Officers, elected by a majority of the members of the Plan, and a fifth Trustee who is elected by the first 4 Trustees. Each Trustee serves a two-year term.

B. The Chairman of the Board of Trustees is designated as agent for the service of legal process.

2. ELIGIBILITY FOR PLAN MEMBERSHIP

Each full-time Police Officer employee of the City becomes a Participant on the first day of full-time service.

3. PLAN BENEFITS

In order to receive a pension benefit from the Plan, a Participant must have a vested right to a pension benefit, have reached the applicable retirement age, retired, and filed a claim for pension benefits with the City.

A. Normal Retirement Eligibility. A Police Officer is eligible for retirement at the earlier of: 1) age 55 and completion of 10 years of service, 2) age 60 and completion of 5 years of service or 3) completion of 25 years of service regardless of age.

B. Amount of Normal Retirement Benefits. The amount of the normal retirement benefit is based on a Police Officer's service and average final compensation as follows:

"Service" means the total number of years and completed months of continuous employment as a Police Officer of the City. A Police Officer may leave his contributions in the Fund for a period of 5 years after leaving employment with the City, return as a Police Officer, and begin receiving credits for service for benefits from the date of re-hire.

"Average Final Compensation" is 1/12 of the average annual compensable compensation of the highest 5 years of service.

"Annual Compensation" is the total compensable compensation received by a Police Officer from the City of Sanibel.

The normal retirement benefit is calculated by multiplying 3% times years of Service times the Average Final Compensation. The maximum benefit is 90% of Average Final Compensation. The benefit is paid for life, but with a minimum of 120 monthly benefit payments.

C. Early Retirement Eligibility. A Police Officer is eligible for early retirement upon the attainment of age 50 and completion of 5 years of service.

D. Amount of Early Retirement Benefits. The amount of the early retirement benefit is calculated in the same manner as normal retirement but is reduced by 2.5% for each year prior to normal retirement age.

E. Supplemental Benefit. The supplemental benefit is calculated by multiplying \$36.00 times years of Service and is payable from retirement until age 67, with a minimum payment period of 5 years.

F. Cost-of-Living Adjustment. Normal and Early Retirees after October 17, 2006, receive 3% annual increases in monthly benefits. These increases occur on

October 1, and commence the October 1 following receipt of at least 12 monthly payments.

G. Optional Forms of Retirement Benefits. A member may elect to receive a retirement benefit in a different form so long as the form elected by the Police Officer is of equal value as the normal benefit. The optional forms of benefit which are available are:

(1) A retirement income payable to the Police Officer for his life only.

(2) A reduced retirement income payable for the lifetime of the Police Officer and continuing thereafter for the life of the beneficiary designated by the Police Officer. Following the death of the Police Officer, the monthly benefit payable to the beneficiary is 100%, 66 $\frac{2}{3}$ %, 75%, or 50% of the monthly amount payable during the joint lives of the Police Officer and the beneficiary.

(3) Such other amount and form of retirement payments of payments approved by the Board.

H. Disability Retirement. A Police Officer is considered disabled when he or she becomes totally and permanently unable to perform useful and efficient service as a Police Officer. A written application is made to the Board of Trustees for a disability pension and the Board of Trustees receives evidence of the disability and decides whether or not the pension is to be granted. Members are covered for service-incurred disability benefits from date of hire. Members are covered for non-service incurred benefits following the completion of 10 years of Creditable Service. If the pension is granted and it is determined that the disability is service-incurred, the benefit amount shall be the accrued benefit as of the date of determination, but not less than 42% of the Police Officer's Average Final Compensation. If the pension is granted and it is determined that the disability is not service-incurred, the benefit amount shall be the accrued benefit as of the date of determination, but not less than 25% of the Police

Officer's Average Final Compensation.

Any condition or impairment of health of a Police Officer caused by tuberculosis, hypertension, heart disease, or hardening of the arteries resulting in death or total disability is presumed to have been suffered in the line of duty unless the contrary is shown by competent evidence.

A retired disabled Police Officer is subject to periodic medical examinations as directed by the Board to determine whether a disability continues.

I. Death Before Retirement. If a Police Officer dies prior to retirement, his beneficiary will receive the following benefit:

(1) The beneficiary of a deceased Police Officer who was not yet vested or eligible for retirement will receive a refund of 100% of Police Officer's Accumulated Contributions.

(2) For any actively employed Police Officer who was vested or eligible for normal or early retirement as of his date of death, the benefit payable to the beneficiary will be the monthly amount which would have been payable had the deceased Police Officer retired under normal or early retirement.

J. Termination of Employment and Vesting. If a Police Officer's employment is terminated, the following benefits are payable:

(1) If the Police Officer has less than five years of Vesting Credits upon termination, the Police Officer is entitled to a refund of the money he has contributed or the Police Officer may leave it deposited with the Fund.

(2) If the Police Officer has five or more years of Vesting Credits upon termination, the Police Officer is entitled to a monthly retirement benefit that is the accrued benefit payable at his normal or early retirement date, provided he does not elect to withdraw his contributions and provided the Police Officer survives to his

normal or early retirement date.

K. Deferred Retirement Option Program. Members eligible for Normal Retirement, and still employed, may cease participation in the plan, and enter the DROP for up to 60 months. Participation in the DROP will end upon separation from employment.

Members may participate in the DROP only once, and are not eligible to be a contributing member of the Plan during participation. Contributions to the Plan for participating members will cease.

Average monthly earnings and credited service will be determined on the effective date of participation in the DROP, and monthly benefits that would have been payable will be credited to a DROP account that earns interest. Benefits are fixed as of the DROP entry date.

At termination of employment, the DROP account balance will be paid in a lump sum or other approved method of payment, and the monthly pension payments will begin being paid to the retiree. If death occurs during DROP participation, the account balance will be paid to the member's beneficiary.

L. Re-Entry into the Plan. A member who has been paid a refund of Accumulated Contributions and subsequently earns Vesting Credits again under the Plan may repay the Accumulated Contributions, plus interest at the actuarially assumed interest rate compounded annually or such other amount as prescribed in Section 411(c)(2)(d) of the Internal Revenue Code. Upon repayment, the member will be credited with all Vesting Credits previously lost and there will not be a reduction in value of any subsequent benefit by the value of the refunded Accumulated Contributions.

M. Contributions and Funding. The City is paying the portion of the cost of the pension over and above the Police Officer's contributions and the contributions received

from the State of Florida. A Police Officer contributes 5% of his total pay to the Plan plus an additional 3% to receive a Supplemental Benefit. A Police Officer's contributions are guaranteed refundable should separation occur prior to vesting in the Plan.

N. Minimum Benefits. In no event will the benefits paid from this Plan be any less than a member's Accumulated Contributions.

O. Maximum Benefits. In no event will the benefits paid from this Plan exceed the lesser of:

(1) The actuarial equivalent of \$90,000.00 payable at age 62 as adjusted for cost-of-living and certain floor amounts set forth in Section 415 of the Internal Revenue Code, or

(2) 90% of the member's Average Final Compensation.

P. Forfeiture of Pension. Any Police Officer Employee who is convicted of certain crimes will forfeit all benefits from the Plan, except for the return of his or her contributions as of the date of his or her termination.

Q. Claims Review Procedure. A member may request, in writing, that the Board review any denial of any claim for benefits under the Plan. The Board will review the appeal and make a decision within 60 days of the date of the appeal. The Board may extend the time for making a decision by an additional 60 days. If the appeal is denied, the decision will outline the specific reasons for denial.

4. VESTING OF BENEFITS

A Police Officers' retirement benefits are fully vested after 5 years of Vesting Credits. One Vesting Credit is earned for each year of service.

5. APPLICABLE LAW

The Plan is governed by the following federal, state and local laws:

A. Internal Revenue Code and amendments thereto.

B. Chapter 185, Florida Statutes, "Municipal Police Officers' Retirement Trust Funds".

C. Part VIII, Chapter 112, Florida Statutes, "Actuarial Soundness of Retirement Systems".

D. Ordinances of the City of Sanibel.

E. Administrative rules and regulations adopted by the Board of Trustees.

6. PLAN YEAR AND PLAN RECORDS

The Plan year begins on October 1 of each year and ends on September 30 of the following year. All records of the Plan are maintained on the basis of the Plan year.