

# **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.

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 active participants in the Plan 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 ordinances number 05-001 and 06-013. 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, including the City Manager and City Attorney, 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 base pay for their highest five years of compensation. All new hires are Plan A participants. Employees who elected not to contribute to the Plan at the time of the establishment of Plan A are classified as Plan B participants and their retirement is based on their career average monthly base pay.

### **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 commences, provided that a) the former employee is entitled to re-employment in accordance with the Uniform Services Employment and Re-employment Rights

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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 five or more years of credited service and has attained age sixty-five. However, no penalty results from a member exercising the early retirement option at age sixty with five years of credited service.

### **Compensation and Average Monthly Compensation**

Compensation for plan purposes means an employee's fixed rate of pay from the City of Sanibel as determined on the first June 1<sup>st</sup> after an employee is hired and on June 1<sup>st</sup> of each following year during which the employee is employed by the City of Sanibel. Average monthly compensation means the total of the highest five years of compensation, divided by five years of credited service, divided by 12, for Plan A participants and the total of career compensation 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, with a maximum of thirty years of credited service. [Example: Plan A participant has twenty-five years of credited service with a high five years of compensation

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totaling \$225,000. The average annual compensation would be \$45,000 ( $\$225,000/5$ ) and the average monthly compensation \$3,750 ( $\$45,000/12$ ). The monthly benefit calculation will appear as follows:  $3.00\% \times \$3,750 \times 25$  years of service = \$2,812.50 monthly  $\times 12 = \$33,750$  annually]. The participant receives 1/12 of the yearly pension benefit monthly.

### **Early Retirement and Amount of Early Retirement Benefit**

A participant is eligible for early retirement after five or more years of credited service and having reached age fifty-five. An early retirement between age 55 and 60 is computed in the same manner as normal retirement, except that the monthly benefit amount will be actuarially reduced by a rate of 2.5% for each year that the early retirement date precedes age 60. [Example: Plan A participant with twenty years of credited service retires at age 55. The assumed high five years of compensation totaled \$225,000.00. The average compensation would be \$45,000 ( $\$225,000/5$ ) annually and \$3,750 ( $\$45,000/12$ ) monthly. The monthly retirement benefit calculation will appear as follows:  $3.00\% \times \$3,750 \times 20$  years of service = \$2,250 monthly  $\times 12 = \$27,000$  annually. This participant also receives 1/12 of the yearly pension benefit monthly. Retirement at age 55 reduces the pension benefit by 12.5% ( $2.5\% \times 5$ ) and the total annual pension is reduced to \$23,625.00 or \$1,968.75 monthly]. There is no actuarial reduction for early retirement between age 60 and 65.

### **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 (60 years of age) with five years of service credible 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.

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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 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 member with five 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 member. The deferred retirement is payable upon the former participant reaching normal retirement age.

### **Cost of Living Adjustment**

Participants retiring after October 17, 2006 shall receive a Cost of Living adjustment of two and seventy-five hundredths percent (2.75%) increase for Normal, DROP and Early retirement benefit payments, which will commence after receipt of thirty-six (36) 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 1 after receipt of at least thirty-six (36) monthly retirement payments. The adjusted monthly benefit shall be the amount of the monthly benefit being received on September 30<sup>th</sup> immediately preceding the adjustment date plus an amount equal to 2.75 percent of the benefit.

### **Disability Benefits**

The Plan does not pay disability benefits.

### **Late Retirement Benefits**

There is no mandatory retirement age. If a participant retires after

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attaining age 65, a retirement benefit equal to 3% of average monthly compensation as calculated for a Plan A or Plan B participant multiplied by the number of years of credited service, with a maximum of 30 years, will be paid.

### **Pre-retirement Death Benefits**

If a participant has five 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 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 of 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

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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.
- 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

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- 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 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.
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### **Circumstances Under Which Your Pension Can Be Forfeited**

A participant's benefit may be forfeited if convicted of certain felonies as provided by State law, (Section 112.3173, Fla. Stat.).