

City of Sanibel General Employees' Retirement Plan Summary Plan Description

INTRODUCTION

This document is intended to be a plain language 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 your Plan and your 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 your Plan may only be determined accurately by reading the actual Plan document, which are ordinances of the City of Sanibel.

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

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GENERAL INFORMATION ABOUT YOUR PLAN

Official Name of the Plan

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

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Type of Plan

This is a defined benefit plan which means that you will receive upon retirement a guaranteed percentage of your covered salary times your years of credited service.

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.

Composition of the Board of Trustees

There is a seven 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 three trustees. The seventh trustee shall be chosen by the other six trustees. Such trustee's name shall be submitted to the City Council which shall, as a ministerial duty, appoint such member to the Board of Trustees. The members and business addresses of the Board of Trustees are:

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Trustees

Michael Armstrong – City Council Appointee
800 Dunlop Road
Sanibel, Florida 33957-4096

Secretary Sylvia Edwards – City Manager Appointee
800 Dunlop Road
Sanibel, Florida 33957-4096

Elaine Fannon– Participant Elected Member with less than 15 years
tenure with the City
800 Dunlop Road
Sanibel, Florida 33957-4096

Sharon Gibson – Participant Elected Member with greater than 15 years
tenure with the City
800 Dunlop Road
Sanibel, Florida 33957-4096

Michael Cuscaden – City Council Appointee
800 Dunlop Road
Sanibel, Florida 33957-4096

Richard Pyle – 7th Trustee chosen by other Trustees
800 Dunlop Road
Sanibel, Florida 33957-4096

Chairman Richard Cohan – City Council Appointee
800 Dunlop Road
Sanibel, Florida 33957-4096

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Designated Agent for Service of Process

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

Chairman Richard Cohan
City Hall
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.

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Type of Administration

The Board of Trustees is responsible for the overall administration of the Plan. The Board of Trustees has appointed Benefits USA, 3810 Inverrary Boulevard, Suite 208, Lauderhill, Florida 33319, 954-730-2068, to assist it with the day-to-day record keeping and management functions of the Plan. 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 50-101 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, Florida, and 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.

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 and Florida Municipal Investment Trust Fund, 301 S. Bronough Street, Tallahassee, FL 32302. These companies

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have Custody Agreements with Banks or Trust Companies which hold the assets.

Investment of Plan Assets

The Board of Trustees has hired Dahab Associates to act as its investment monitor and consultant. Dahab Associates has performed searches for companies that are qualified to invest the Plan's money in securities. The companies that actually invest the Plans assets are referred to as money managers. The present money managers of the Plan are: NMF Asset Management, Hartford, American Realty Florida Municipal Investment Trust Fund.

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 were classified as Plan B participants and their retirement is based on their career average monthly base pay compensation.

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

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pay benefits and expenses when due. Therefore, each year, the City of Sanibel must contribute an amount determined by the Board of Trustees, along with investment earnings, to be sufficient to pay the benefits under the Plan. Contributions by Plan A members remain constant while the City's contribution will vary from year to year.

BENEFITS

Credited Service

Credited service means that period of service with the City of Sanibel equal to the period of the date employment started to the date of separation from 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 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

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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 price of determining the cost to purchase military time or governmental time must be paid for by the active employee participant. The cost of purchasing the time must also be paid for by the active employee participant. The plan permits and accepts payment for prior military service and government service from Internal Revenue Service 457, deferred compensation funds, as well as any defined contribution plan funds, as allowed by the Internal Revenue Service, on deposit in the active employee's account. Currently active employees are authorized to purchase prior government service no earlier than six months prior to a firmly established retirement date. Credited service as a result of purchase of military time or prior governmental employment time shall not count toward vesting.

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 early retirement at age sixty.

Compensation and Average Compensation

Compensation means an employee's fixed rate of pay from the City of Sanibel as determined on the first June 1st after an employee is hired and on June 1st of each following year during which the employee is employed by the City of Sanibel. Average compensation means the total of your compensation,

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divided by five years of credited service for Plan A participants and divided by total years of service for Plan B participants.

Normal Retirement Benefit

If you retire on normal retirement, you will be paid a pension equal to 3.00% of your average compensation as calculated for Plan A or Plan B participants multiplied by your years of credited service, with a maximum of thirty years. As an example for a Plan A participant, assume that you had twenty-five years of credited service. Assume that your average high five years of compensation totaled \$225,000.00. Your average compensation would be \$45,000 ($\$225,000/5$). Your benefit calculation will appear as follows $3.00\% \times \$45,000 \times 25$ years of service = \$33,750 per year. You will receive 1/12 of your yearly pension benefit monthly.

Early Retirement and Amount of Early Retirement Benefit

You may retire on early retirement when you have five or more years of credited service and have reached age fifty-five. If you retire between age 55 and 60, you will be paid a pension that is computed in the same way as when you retire on normal retirement, except that the monthly amount will be actuarially reduced by a rate of 2.5% for each year up to five years that early retirement date precedes age 60. As an example for a Plan A participant, assume that you had twenty years of credited service and you are age 55. Assume also that your average high five years compensation totaled \$225,000.00. Your average compensation would be \$45,000 ($225,000/5$). Your benefit calculation will appear as follows: $3.00\% \times \$45,000 \times 20$ years of service

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= \$27,000 per year, before the reduction. If you retire at age 55, your pension benefit will be reduced by 12.5% and your total annual pension would be \$23,625.00. 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 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 Participant may participate in the DROP only once and after commencement in the DROP he or she shall not be eligible to be a contributing Participant of the Plan during such participation in the DROP.

Upon the effective date of the commencement of participation in the DROP, membership in the Plan shall terminate and neither a Plan A participant's contribution nor employer contributions shall be payable. The employee contributions to the retirement plan, including those picked up by the employer shall cease. For purposes of this section, average monthly earnings and creditable service shall remain as they existed on the effective date of commencement of participation in the DROP. The monthly retirement benefits that would have been payable, had the Participant elected to cease employment

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and receive a service retirement allowance, shall be credited to a DROP account.

The DROP account shall earn interest as determined appropriate by the Board of Trustees, 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 an annuity based upon his or her account, or the Participant may elect any other method of payment if approved by the board of trustees to include direct trustee to trustee roll over to another qualified fund. The monthly benefits that were being paid into the fund 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. Your pension will be calculated based on the calculation for a Plan A or Plan B participant that is in effect for normal retirement. You will not receive it, however, until you reach normal retirement age.

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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 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 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 you retire after attaining age 65, you will receive a retirement benefit equal to three percent of average 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.

Pre-retirement Death Benefits

If you have five or more years of credited service, are still working for the

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City and die before you retire, the Plan will pay a pre-retirement death benefit. The Plan will determine what your benefit would have been if you had retired on the date of death. One-half of that benefit will be paid to a beneficiary, contingent beneficiary or your estate. The benefit will be paid to your beneficiary or contingent beneficiary for their lifetime with a minimum of 120 monthly payments, unless you choose an optional form of benefit. (Please see section on optional forms of benefits.)

If, at the time you die, you are not eligible for early retirement, the death benefit will not be paid until the first day of the month after you would have met the requirements of early retirement and will continue until your beneficiary or contingent beneficiary dies, unless you choose an optional form of benefit.

If, at the time you die, you have met the requirements for early retirement, the payment will begin on the first day of the month after your death and will continue until your beneficiary or contingent beneficiary dies, unless you choose an optional form of benefit.

Optional Forms of Benefits

One of the most important and difficult decisions you will have to make at the time of retirement is selecting a benefit option. You may ask "Should I choose the largest possible monthly retirement available to me, or should I choose an option which will provide me with a smaller benefit throughout my lifetime, but will provide my beneficiary with a continuing benefit.

In the absence of choosing differently, you will receive your pension for the remainder of your life, except that in the event you die after retirement, but

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before you have received retirement benefits for a period of ten years, the same monthly benefit will be paid to your designated beneficiary or beneficiaries, or contingent beneficiary or beneficiaries for the balance of such ten year period. If no such beneficiary or beneficiaries survives you, such remaining pension benefit shall be paid to your estate. You may choose to receive an increased pension benefit throughout lifetime, but ending upon your death.

You may choose, instead, to receive a reduced monthly pension for your lifetime, except that in the event you die after retirement, but before you have received retirement benefits for a period of fifteen years, the same monthly benefit will be paid to your designated beneficiary or beneficiaries, or contingent beneficiary or beneficiaries for the balance of such fifteen year period. If no such beneficiary or beneficiaries survives you, such remaining pension benefit shall be paid to your estate. You may also choose to receive an increased monthly pension for your lifetime, except that in the event you die after retirement, but before you have received retirement benefits for a period of five years, the same monthly benefit will be paid to your designated beneficiary or beneficiaries, or contingent beneficiary or beneficiaries for the balance of such five year period. If no such beneficiary or beneficiaries survives you, such remaining pension benefit shall be paid to your estate.

Additionally, you may receive a reduced monthly retirement benefit with a guarantee that a reduced amount of 50%, 66 2/3% or 100 % of the monthly benefit received by you will be paid, upon your death, to your beneficiary or contingent beneficiary for their lifetime. You will receive a written estimate of your

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benefit under each of the various options when you are ready to retire.

Beneficiaries

You should choose a beneficiary or beneficiaries or a contingent beneficiary or beneficiaries to receive the benefit upon your death. Each designation may be revoked by you by signing and filing with the Administrative Services Director on behalf of the Board of Trustees a new designation of beneficiary form. If you do not choose a beneficiary or beneficiaries or contingent beneficiary or beneficiaries, or if no beneficiary or beneficiaries survive you, the benefit due, if any, will be paid to your estate.

Your Responsibilities Under the Plan

- a. Retain this Summary Plan Description with your 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.
- c. Keep your Beneficiary designation form updated to express your wishes.
- d. If you terminate employment, check to see if you are entitled to a Deferred Retirement Benefit and the date payable.
- e. If you should terminate employment with rights to a Deferred Retirement Benefit, then, shortly before the date on which it is to begin, you should notify the Board of Trustees to begin such payments.

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- f. At least thirty days before you retire under early or normal retirement or DROP, complete the form necessary to indicate the form of benefit that you desire.

Claims for benefits

Claims for benefits under the Plan must be filed in writing with the Administrative Services Director on behalf of the Board of Trustees, which will determine whether you are eligible for benefits. If you are eligible for any benefits from this Plan, and you request it, you will be provided with a notification form showing the amount of your benefit and options, if any, and the earliest date on which such benefit is payable.

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

If notice of the denial of a claim is not furnished to you in accordance with the above within a reasonable period of time, your claim shall be deemed denied. You will then be permitted to proceed to the review stage described in the following paragraphs.

If your claim has been denied, and you wish to submit your claim for review, you must follow the Claims Review Procedure.

Claims Review Procedure

- a. Upon the denial of your claim for benefits, you may file your claim for review, in writing, with the Plan Administrator. You must file the

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claim for review no later than 60 days after you have received written notification of the denial of your claim for benefits.

- b. You may review all pertinent documents relating to the denial of your claim and submit any issues and comments, in writing, to the Plan Administrator.
- c. Your claim for review must be given a full and fair review. If your claim is denied, the Plan Administrator must provide you with written notice of this denial.
- d. The Plan Administrators decision on your claim for review shall be communicated to you in writing. This written notice must be provided to you within a reasonable period of time. The written notice must 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 your claim and an explanation of why such material or information is necessary; and
 - Appropriate information as to the steps to be taken if you or your beneficiary wishes to submit your claim for review, include specific references to the pertinent Plan provisions on which the decision was based.

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Circumstances Under Which Your Pension Can Be Forfeited

You may forfeit your benefit if you are convicted of certain felonies as provided by State law, (Section 112.3173, Fla. Stat.).