

CITY OF OCALA POLICE OFFICERS' RETIREMENT SYSTEM
SUMMARY PLAN DESCRIPTION

Approved by the Board on:

August 14, 2023

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IS YOUR BENEFICIARY FORM CURRENT? IN THE EVENT YOU DIE, YOUR BENEFIT OR CONTRIBUTIONS WILL BE DISTRIBUTED TO THE PERSON OR PERSONS DESIGNATED BY NAME ON THE BENEFICIARY FORM ON FILE WITH THE PENSION PLAN. NO PROVISION IN YOUR LAST WILL AND TESTAMENT WILL CHANGE THIS SELECTION. PLEASE BE SURE THAT YOUR BENEFICIARY FORM DESIGNATES THE PERSON OR PERSONS YOU INTEND TO RECEIVE YOUR BENEFITS AND THAT YOU REVIEW THIS CHOICE IN THE EVENT OF A MAJOR LIFE CHANGE SUCH AS A DIVORCE OR THE DEATH OF YOUR BENEFICIARY.

**CITY OF OCALA POLICE OFFICERS' RETIREMENT SYSTEM
SUMMARY PLAN DESCRIPTION**

INTRODUCTION

The Board of Trustees (the "Board") of the City of Ocala Police Officers' Retirement System (the "Plan") is pleased to present this Summary Plan Description (SPD) which briefly explains the provisions of your police officers' pension Plan. As a member in the Plan, you are included in a program of benefits to help you meet your financial needs at retirement, or in the event of disability or death.

This SPD can assist you in preparing for your retirement and financial future. If you need further information on any of the topics presented in this SPD, please contact any member of the Board. They will either answer questions you might have to help you understand your benefits or otherwise get you an answer to your questions. We urge you to read and understand this SPD in order to become familiar with the benefits of the Plan and how they contribute to your financial security and how they will enrich your retirement years.

The information presented is only a summary of the plan ("Plan") as provided in the ordinances of the City of Ocala. This booklet has been updated through Ordinance No. 2021-25, dated February 22, 2021. If there are any conflicts between the information in this booklet and the ordinances of the City of Ocala, the ordinances shall govern. The provisions of this Summary Plan Description shall not constitute a contract between you and the Board. The Plan shall be administered in accordance with state and federal law, notwithstanding any provisions in this booklet or ordinances to the contrary. A copy of the ordinance establishing the Plan can be obtained online at municode.com or from the City Clerk's office, which is located at 110 SE Watula Avenue, Ocala, Florida, 34471.


Chair, Board of Trustees, City of Ocala Police
Officers' Retirement System

8/14/23
Date

1. **BOARD OF TRUSTEES AND PLAN ADMINISTRATION**

A. **Administration.**

(1) The City of Ocala Police Officers' Retirement System is a defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of 5 Trustees, 2 of whom shall be legal residents of the City who are appointed by the City Council, 2 of whom are members of the Plan who are elected by a majority of the police officers who are members of the Plan and a fifth Trustee who is chosen by a majority of the first 4 Trustees. Each Trustee serves a 2-year term.

(2) DROP participants can be elected as but not vote for elected Trustees.

B. The names and addresses of the current Trustees and Plan Administrator are attached to this SPD as Exhibit "A". The Chair of the Board is designated as agent for the service of legal process.

2. **ELIGIBILITY FOR PLAN MEMBERSHIP**

Each person employed by the City Police Department as a full-time police officer becomes a member of the Plan as a condition of his employment, except that the Police Chief may opt out of participation in the Plan as provided in Fla. Stat. §185.02(16). All police officers are, therefore, eligible for Plan benefits as provided for in the Plan document and by applicable law.

3. **PLAN BENEFITS**

All claims for benefits under the Plan shall be made in writing to the Board.

A. **Normal Retirement Eligibility.** You are eligible for retirement upon the earlier of the attainment of age 52 and the completion of 10 years of Credited Service or the completion of 25 years of Credited Service regardless of age.

B. **Amount of Normal Retirement Benefits.** The amount of the normal retirement benefit is based on your Credited Service and Average Final Compensation:

"Credited Service" is generally your period of employment as a police officers in the Police Department measured in years and parts of years. Credited Service will include credit for up to 5 years for a break in employment for military service, pursuant to conditions provided for under state or federal law, provided that you are reemployed within 1 year of discharge under honorable conditions. Additional Credited Service time may also be available (See subsection M. below).

"Average Final Compensation" is 1/12 of your average Salary of the 5 best years of Credited Service prior to your termination, retirement or death . A year is defined as 12 consecutive months.

"Salary" is the total compensation for services rendered to the City as a police officers reportable on your W-2 form, excluding special detail pay, bonuses and unused vacation and sick time, plus all tax deferred, tax sheltered, or tax exempt items of income derived from elective employee payroll deductions or salary reductions. For service earned on or after November 1, 2015, salary shall not include more than 300 hours of overtime per fiscal year. Provided however, in any event, payments for overtime in excess of 300 hours per year accrued as of November 1, 2015, and attributable to service earned prior to the November 1, 2015, may still be included in Salary for pension purposes even if the payment is not actually made until on or after November 1, 2015.

a member of his other pension plan maintained by the City, shall be based upon the member's Average Final Compensation and benefit accrual rate in effect on the date of the member's termination of membership in this Plan .

Any police officer, firefighter or general employee member of the City of Ocala Employees' Pension Plan prior to February 22, 2000, who received Credited Service as a police officer, firefighter and other Credited Service as a general employee in such plan shall have the total years of Credited Service used to determine vesting as provided for in your Plan document and for determining eligibility for early or normal retirement in the City of Ocala General Employees' Retirement System, the City of Ocala Firefighters' Retirement Plan or the City of Ocala Police Officers' Retirement System. Where a member was formerly a police officer, or firefighter and became a general employee prior to February 22, 2000, only Credited Service as a police officer shall be considered for determining benefits under the City of Ocala Police Officers' Retirement System based upon the member's Average Final Compensation and the benefit accrual rate in effect immediately prior to adoption of this ordinance.

N. Contributions and Funding. The City is paying the portion of the cost of the Plan over and above your contributions and any amounts received from the state insurance rebates. You contribute 8% of your Salary to the Plan. Your contribution will be excluded from your gross income for withholding purposes so you will realize income tax benefits.

O. Maximum Benefits. In no event will the annual benefits paid from this Plan exceed \$256,000 annually, subject to certain cost of living adjustments and actuarial reductions, under certain circumstances, prior to age 62 as set forth in Section 415 of the Internal Revenue Code.

If you began participation for the first time on and after January 1, 1980, you cannot receive a benefit in excess of 100% of your Average Final Compensation. If you began participation prior to this date, you are not subject to the 100% limitation.

P. Forfeiture of Pension. If you are convicted of the certain crimes listed in the Plan document 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 Plan , except for the return of your contributions as of the date of your termination.

Q. Conviction and Forfeiture; False, Misleading or Fraudulent Statements.
It is unlawful for you to willfully and knowingly make, or cause to be made, or to assist, conspire with, or urge another to make, or cause to be made, any false, fraudulent, or misleading oral or written statement or withhold or conceal material information to obtain any benefit from the Plan.

If you violate the previous paragraph, you commit a misdemeanor of the first degree, punishable as provided in Section 775.082 or Section 775.083, Florida Statutes.

In addition to any applicable criminal penalty, upon conviction for a violation described above, you or your beneficiary may, in the discretion of the Board, be required to forfeit the right to receive any or all benefits to which you would otherwise be entitled under the Plan. For purposes of this subsection, "conviction" means a determination of guilt that is the result of a plea or trial, regardless of whether adjudication is withheld.

R. Claims Procedure Before the Board. You may request, in writing, that the Board review any claim for benefits under the Plan. The Board will review the case and enter a decision as it deems proper within not more than 180 days from the date of the receipt of such

written request, or in the case of a disability claim, from receipt of a medical release and completed interrogatories. The time period may be extended if you agree to the extension.

The Board's decision on your claim will be contained in an order which will be in writing and will include:

- (1) The specific reasons for the Board's action;
- (2) A description of any additional information that the Board feels is necessary for you to perfect your claim;
- (3) An explanation of the review procedure next open to you which includes a formal evidentiary hearing.

4. **NON-FORFEITURE OF PENSION BENEFITS**

A. **Liquidation of Pension Plan Assets.** In the event of repeal, or if contributions to the Plan are discontinued by the City, there will be a full vesting of benefits accrued to date of repeal.

B. **Interest of Members in Pension Plan.** 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 police officers' exclusive benefit. In any event, your contributions to the Plan are non-forfeitable.

5. **VESTING OF BENEFITS**

Your retirement benefits are vested after 10 years of Credited Service.

6. **APPLICABLE LAW**

The Plan is governed by certain federal, state and local laws, including, but not limited to the following:

- A. Internal Revenue Code and amendments thereto.
- B. Chapter 185, Florida Statutes, "Municipal Police Officers' Retirement Trust Funds".
- C. Part VII, Chapter 112, Florida Statutes, "Actuarial Soundness of Retirement Systems".
- D. Ordinances of the City of Ocala.
- E. Administrative rules and regulations adopted by the Board.
- F. Section 112.3173, Florida Statutes, as amended.

7. **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.

8. **APPLICABLE PROVISIONS OF COLLECTIVE BARGAINING AGREEMENTS**

There is a current collective bargaining agreement between the City and the police officers. Pension benefits are bargainable.

9. **FINANCIAL AND ACTUARIAL INFORMATION**

- A. A report of pertinent financial and actuarial information on the solvency and actuarial soundness of the Plan has been prepared by the Plan's actuary, Foster & Foster, Inc., and is attached as Exhibit "B".
- B. A copy of the detailed accounting report of the Plan's expenses for the fiscal year is available for review upon request to the Plan Administrator.
- C. A copy of the administrative expense budget for the Plan, for each fiscal year is available for review upon request to the Plan Administrator.

10. **DIVORCE OR DISSOLUTION OF MARRIAGE**

Federal and state law provides certain restrictions regarding the payment of your pension benefits in the event of your divorce or dissolution of marriage. Immediately upon your involvement in such a legal proceeding, you should provide a member of the Board 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.

Effective January 1, 2019, changes in the federal tax laws have eliminated tax deductions for alimony if a marriage was dissolved or a property settlement agreement was made on or after January 1, 2019. Modifications to existing orders or agreements on or after January 1, 2019, may be tax deductible if both parties agree.

11. **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 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, or to designate a new beneficiary, complete a new Designation of Beneficiary Form (PF-3).

To reconfirm your current joint annuitant/joint pensioner, or to designate a new joint annuitant/joint pensioner (if authorized by the current Plan provisions), indicate such change on a Change or Confirmation of Designated Joint Annuitant or Joint Pensioner Form (PF-25). If necessary, the Plan Administrator will submit the new form to the actuary of the plan for recalculation of your benefit. There may be a charge to you to make this change.

To obtain either of the above forms, or if you have any questions, please contact your Plan Administrator.

12. **EXCLUSION OF HEALTH INSURANCE PREMIUMS FROM INCOME.**

When you retire because of disability or have worked to the date you are immediately eligible for normal retirement (not early retirement), you can elect to exclude from income, distributions made from your benefit that are used to pay the premiums for accident or health insurance or long-term care insurance. The premium can be for coverage for you, your spouse, or dependents. The distribution must be made directly from the plan to the insurance provider using pension form PF-22 which authorizes the distribution. (This form may be obtained from your Plan Administrator) You can exclude from income the smaller of the amount of the insurance premiums or \$3,000.00. You can only make this election for amounts that would otherwise be included in your income.

13. **FEDERAL INCOME TAX CONSEQUENCES**

The Plan is intended to qualify under Section 401 of the Internal Revenue Code as a qualified plan. It is important that you consult qualified experts to determine whether you must pay taxes on the pension benefits you receive.

EXHIBIT "A" - BOARD OF TRUSTEES

The names and addresses of the members of the Board of Trustees are:

Chairman: Michael Sommer
402 S. Pine Avenue
Ocala, FL 34471

Secretary: Steve Cuppy
402 S. Pine Avenue
Ocala, FL 34471

Member: Brian Cretul
1626 SE 7th Street
Ocala, FL 34471

Member: David DeSantis
1034 SE 11th Terrace
Ocala, FL 34471

Member: Lenny Uptagraft
402 S. Pine Avenue
Ocala, FL 34471

PLAN ADMINISTRATOR

Mr. Dale Adams
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