

# Retirement Plan for General Employees

(As amended through Ord. 2013-19)

**MARRIAGE...**



**FAMILY...**

**COLLEGE...**



take it EASY



take it **EASY!**

**RETIREMENT !!**

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## City of North Miami Beach

Retirement Services - Second Floor

17011 N.E. 19 Avenue

North Miami Beach, FL 33162-3111

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# PLAN PROVISIONS AT A GLANCE

## **Eligibility**

- You are eligible for plan membership if you are a General Employee of the City of North Miami Beach.
- You participate on the date you have completed 2 years of Credited Service.
- For more information, see page 2.

## **Contributions**

- You pay 7% of earnings on a pre-tax basis.
- The City is required to contribute, as needed, to keep the plan actuarially sound.
- For more information, see page 2.

## **Vesting**

- You are 100% vested after completing six (6) years of Credited Service prior to 9/30/2013 and effective 10/1/2013 100% vested after completing ten (10) years of Credited Service.
- You may receive your benefits at your Normal Retirement Date, if you do not withdraw your contributions.
- For more information, see page 2.

## **Normal Retirement**

- Your Normal Retirement Date is the earlier of these two events: (a) the first day of the month following your 62nd birthday, OR (b) the first day of the month following the completion of 20 years of Credited Service after you have reached the age of 55 prior to 9/30/2013. Effective 10/1/2013 a) the first day of the month following your 62nd birthday with ten (10) years of Credited Service , OR (b) the first day of the month following the completion of 25 years of Credited Service after you have reached the age of 60.
- Your plan benefits are calculated using your average Basic Compensation during the highest 60 months worked (out of the last 120 months worked), and your Credited Service at retirement.
- For more information, see pages 3 and 4.

## **Early Retirement**

- Age 55, with at least 15 years of Credited Service.
- You may elect to receive reduced pension payments.
- For more information, see page 5.

## **Disability Benefits**

- You must have a qualified and approved disability prior to your Normal Retirement Date.
- Benefits are payable during your lifetime, until recovery.
- For more information, see page 6.

## **Death Benefit**

- You must be a participant of the plan.
- In the event of your death, benefits are payable to your designated beneficiary.
- For more information, see page 8.

## **DISCLAIMER**

**As much as possible, this summary plan description has been written in non-technical terms, avoiding the formal language of the plan document. If questions of interpretation arise as a result of attempting to make the provisions easy to understand, the governing plan document remains, as it must, the final authority.**

**The information contained in this booklet is based on Retirement Plan provisions as of December 2014. Provisions are subject to modification based on changes in the plan, subsequent interpretations of the plan, changes in other laws that affect the plan, or as approved by the Membership from time to time.**

**Individual Trustees are not agents of the plan. The Retirement Committee is not responsible for erroneous information provided by an individual Trustee or provided by any other person purportedly representing the plan, except as specifically set forth in writing executed by the Chairman or Administrator.**

**All examples and / or illustrations included in this booklet are provided for information purposes only. In no event should they be interpreted to represent the promise of a guaranteed benefit to any person.**

## INTRODUCTION

Providing for yourself and for your family when you retire is an important long-range goal. Should you choose to continue working with the City until you retire, the benefits available from the Retirement Plan for General Employees of the City of North Miami Beach (the "Plan") will provide you with a lifetime income when you retire. The Plan also has valuable death and disability benefits for you or your beneficiary.

There has been a retirement plan covering General Employees of the City of North Miami Beach since 1957. Effective January 1, 1990, the General Employees' plan was separated from the Police Officers' and Firefighters' plan. This summary explains the provisions of the General Employees' Plan effective January 1, 1990 (and as subsequently amended by Ordinance 94-30, Ordinance 95-17, Ordinance 96-7, Ordinance 98-2, Ordinance 99-2, Ordinance 2000-10, Ordinance 2002-27, Ordinance 2005-7, Ordinance 2006-6 Ordinance 2008-2, Ordinance 2011-7, Ordinance 2012-6, Ordinance 2013-15 and Ordinance 2013-19).

Highlights of the Plan are listed below, followed by a description of the Plan in more detail. On page 12, you will find a glossary of key terms and phrases that have special meaning in the Plan. When these words first appear in the text of this booklet, they will be ***italicized and appear in bold face type*** to remind you to refer back to the glossary. Knowing what these terms mean will help you to understand the Plan, how it works and how it affects you.

As required by State Law, you must receive a copy of this booklet when you become eligible for the Plan. Every two years thereafter, you will receive a new booklet. If changes to the Plan occur prior to the publication of a new booklet, you will receive a summary of those changes.

Please read this booklet carefully, and discuss its contents with your family. If any details are not clear – or if you have any questions or need any more information – please contact the Retirement Services Office at City Hall (3<sup>rd</sup> Floor, Room 311). Telephone: (305) 919-3724.

## PLAN HIGHLIGHTS

The Retirement Plan for General Employees of the City of North Miami Beach provides:

- A monthly income for life upon retirement ... in addition to Social Security benefits.
- Normal retirement upon either the attainment of age 62 with 10 yrs. of credited service, or upon the completion of 25 years of ***Credited Service*** and attainment of age 60 (whichever occurs first).
- Early Retirement at age 55, with the completion of 15 years of Credited Service.
- Benefits in the event of your death, payable to your designated beneficiary.
- Benefits in the event of your ***Total and Permanent Disability*** prior to your Normal Retirement Date.
- Rights to a future retirement benefit, if you leave employment with the City and you are vested in the Plan.
- Deferred Retirement Option Program (DROP)

These important features are explained in more detail on the following pages.

## CONTRIBUTIONS TO THE PLAN

There are two sources of contributions to this Plan: the City and your own contributions.

The City is required to contribute certain amounts, as mandated by Florida Statute and as determined by an actuary, in order to keep the Plan funded on an actuarially sound basis.

Participants are required to contribute seven percent (7%) of annual **Basic Compensation** on a pre-tax basis. This means that your contributions are deducted from your pay before Federal Income Tax is withheld.

Contributions from both sources are deposited and accumulate in a special trust fund under which you and your dependents are the beneficiaries. Money in this trust fund may be used only to pay benefits and expenses of the Plan. The fund's assets are invested by the Trustees.

## ELIGIBILITY REQUIREMENTS

General Employees become participants in the Plan and begin making **Employee Contributions** after completing two (2) years of Credited Service.

## VESTING

Vesting refers to the portion of your retirement benefit that is eligible to start being paid at your **Normal Retirement Date**, even if you leave the employment of the City prior to that date. You will become 100% vested in your retirement benefit when you have completed ten (10) years of Credited Service with the City.\*\* In other words, the vesting schedule is:

<u>Credited Service</u>	<u>Vested Percentage</u>
Less than 10 years	0 %
10 years or more	100 %

If you leave employment with the City before completing at least 6 years of service, you are not eligible for a retirement benefit. Your own Employee Contributions, plus 3% interest, compounded annually on December 31<sup>st</sup>, will be refunded to you.

If you leave after completing 6 or more years of service, you are eligible for a deferred vested benefit (see the explanation on page 3), but you may instead choose to withdraw your contributions. By electing a refund of your own Employee Contributions, plus interest, you forfeit any vested retirement benefits you might have otherwise been entitled to receive.

\*\* Employees who were age 62 or older when hired are encouraged to call the Retirement Services Office, to discuss "vesting" further.

## ELIGIBILITY FOR BENEFITS

### **Normal Retirement**

Your Normal Retirement Date is the first day of the month following the *earlier* of the date you attain age 62 with ten (10) yrs. of Credited Service, or the date you complete 25 years of credited service and you have attained the age of 60. Normal Retirement means retirement on or after your Normal Retirement Date.

### **Early Retirement**

If you are at least age 55 and you have completed at least fifteen (15) years of Credited Service, you are eligible for Early Retirement.

### **Deferred Vested Retirement**

If your employment with the City terminates after you become vested – but before you become eligible for retirement – and you do not elect to receive a refund of your accumulated Employee Contributions including interest, then you are entitled to a deferred vested benefit commencing at your Normal Retirement Date. In addition, if you have completed at least twenty (25) years of Credited Service, you may elect to receive vested benefits immediately, in lieu of a deferred vested benefit starting at Normal Retirement. If you leave the City before you are vested or before you have become eligible for retirement, the total amount of your accumulated Employee Contributions, plus interest, will be refunded to you.

### **Disability Retirement**

If you suffer a Total and Permanent Disability prior to your Normal Retirement Date, you will be eligible for Disability Retirement.

## DETERMINING YOUR BENEFIT

Your retirement benefit is based on a formula that takes the following elements into account:

- Your years of Credited Service;
- Your **Final Monthly Compensation**;
- Your age at retirement; and
- The payment option you elect.

# HOW BENEFITS ARE CALCULATED

## Normal Retirement

The monthly benefit you will receive is 2.50% (.0250) of your final monthly compensation, multiplied by years and completed calendar months of credited service.

**The following examples  
are provided for information purposes only.**

**They are NOT intended to represent  
the promise of a guaranteed benefit to any person.**

▪ **Example of “Age 60 and 20” Benefit:**

Let’s assume you were born on July 15, 1946 and you began working for the City on July 29, 1981. This would make you age 55 on July 15, 2001 *and* you would have 20 years of service on July 29, 2001, and you intend to retire on August 1, 2001. For this example, we will assume Final Monthly Compensation of \$2,200. Your benefit would be calculated:

$$\begin{array}{r} \$2,200 / \text{month} \times .0250 = \$ \quad 55.00 \\ \times \quad \underline{\quad 25 \quad} \text{ years of Credited Service} \\ \$1,375.00 = \underline{\text{monthly retirement benefit}}, \text{ payable for} \\ \text{10 years certain and life thereafter} \\ \text{(the Plan’s normal form of payment).} \end{array}$$

▪ **Example of “Age 62 with ten (10) yrs. of service” Benefit:**

Let’s assume you were born on July 15, 1936 and you began working for the City on July 29, 1981. This would make you age 62 on July 15, 1998, and you intend to retire on August 1, 1998. Again assuming Final Monthly Compensation of \$2,200, your benefit would then be calculated:

$$\begin{array}{r} \$2,200 / \text{month} \times .0250 = \$ \quad 55.00 \\ \times \quad \underline{\quad 17 \quad} \text{ years of Credited Service} \\ \$935.00 = \underline{\text{monthly retirement benefit}}, \text{ payable for} \\ \text{10 years certain and life thereafter} \\ \text{(the Plan’s normal form of payment).} \end{array}$$

In addition to the 10-Year Certain & Life form of payment, there are other payment options available under the Plan. The section entitled “Payment of Your Benefits” (page 7) describes the normal form of payment *and* optional ways you can choose to receive your monthly benefit payments.

## **Early Retirement**

Your early retirement benefit is determined by applying the same formula as described for normal retirement, based on your Final Monthly Compensation and years of Credited Service when you retire. You may choose to start receiving your early retirement benefit effective the first day of any month on or after the day you retire.

If you retire early, you may elect to wait until your Normal Retirement Date to receive your benefit -- in which case no reduction will be made to the amount of your benefit. However, if you elect to receive your early retirement benefit right away, it will be reduced. This reduction is required because you will be receiving a benefit sooner than was anticipated, as well as potentially receiving it over a longer period of time.

The actuarial reduction that applies (if you choose to receive your benefit prior to your Normal Retirement Date) depends on your age at early retirement and the age you would have been at normal retirement.

## **Deferred Vested Retirement**

If you terminate employment with the City after completing at least 10 (10) years of Credited Service (making you 100% vested) but before you become eligible for retirement, then you are entitled to a deferred vested benefit commencing at your Normal Retirement Date.

If you have at least twenty (25) years of service when your employment ends, you may elect to begin receiving your benefit immediately. However, this immediate benefit would be actuarially reduced in the same manner as for Early Retirement described on page 5.

The amount of your deferred vested benefit is determined by applying the same formula used for normal retirement, based on your Final Monthly Compensation and your years of Credited Service at the time you leave the City. If you prefer, you may instead request a refund of your Employee Contributions, plus the interest earned. By requesting such a refund, you will not be eligible to receive any other plan benefits.

### **REMEMBER!**

**If you are not vested when you terminate employment with the City, then the amount of your own Employee Contributions that have been deposited into the Plan (plus interest) will be refunded to you.**

## **DISABILITY BENEFITS**

If you suffer a **Total and Permanent Disability** prior to your Normal Retirement Date, you may apply for a disability retirement.

If you become disabled prior to your Normal Retirement Date, you will receive a benefit from the plan equal to 60% of Final Monthly Compensation at your date of disability, reduced by 64% of any Social Security disability benefit awarded to you. This benefit would be payable for as long as you remain totally and permanently disabled.

All disability payments begin on the later of the date on which application is made, or the first day of the month after the disability has existed for six (6) months. The Retirement Committee has the right to require that you receive a physical exam every six months, certifying your continuing disability.

## **COST-OF-LIVING ADJUSTMENTS**

Every October 1<sup>st</sup>, your monthly benefit payable from the plan will be reviewed to see if it qualifies for an automatic .75% increase. To qualify for the annual COLA, a recipient must have received a plan benefit for one or more years.

# PAYMENT OF YOUR BENEFITS

This section describes the various ways your retirement benefit can be paid.

## **Normal Form of Payment: 10-Year Certain & Life**

When you retire, you will receive a monthly retirement benefit for your lifetime. It is important to understand that the payment of the benefit is guaranteed to someone for ten (10) years under this form of payment. So, if you die before you have received retirement payments for a period of ten (10) years, then your designated beneficiary will continue to receive the same benefit you were receiving for the remainder of the guaranteed period. At the end of the guaranteed period, no further benefits would be paid.

You may prefer to select an optional method of payment. If that is the case, your benefit amount will be adjusted to be the actuarial equivalent of the normal form of payment. Optional methods are under this plan are described below.

## **Optional Payment Methods**

- **Lifetime Only Benefit** - Under this option, you would receive a slightly higher monthly benefit which would be payable during your lifetime ONLY. The final benefit will be the one paid for the month in which your death occurs.
  
- **Joint & Survivor Benefit** - Under this option, you would receive an adjusted monthly benefit, payable during the joint lifetimes of you and your designated beneficiary. When the first death occurs (and it makes no difference whether the first death is yours or your beneficiary), then two-thirds (2/3) of the benefit amount immediately prior to the death would be payable to the survivor for the remainder of his or her lifetime.
  
- **Joint & Contingent Benefit** - Under this option, you would receive an adjusted monthly benefit, payable during the joint lifetimes of you and your designated beneficiary. When your death occurs, a percentage of your monthly benefit will be paid to your beneficiary for his or her lifetime. When you retire, you will direct the plan as to which of the following options should go into effect upon your death:
  - 1/2 Contingent                      50% to the beneficiary (following your death)
  - 2/3 Contingent                      66-2/3% to the beneficiary (following your death)
  - 3/4 Contingent                      75% to the beneficiary (following your death)
  - 100% Contingent                      100% to the beneficiary (following your death)

# DEATH BENEFITS

## **Before your Normal Retirement Date**

If you are an active employee and you die before your Normal Retirement Date, the plan will pay a death benefit based on the greater amount determined by either (1) or (2) below:

- (1) The single-sum value of the retirement benefit you had earned as of your date of death, or
- (2) The smaller amount from either (a) or (b) below:
  - (a) 24 times your rate of monthly compensation on the October 1<sup>st</sup> prior to the date of your death, or
  - (b) 100 times the anticipated monthly retirement benefit you would have been paid, had you continued to earn the same salary and Credited Service until your Normal Retirement Date.

The monthly benefit to be paid to your designated beneficiary is then determined from the full value as calculated above, using a factor that is based on the age of the beneficiary, in addition to interest rate and life expectancy assumptions used for the plan. The benefit will be paid under the Plan's normal form of payment (see page 7).

## **After your Normal Retirement Date**

If you are an active employee and you die after your Normal Retirement Date, your designated beneficiary will receive a monthly benefit payable for his or her lifetime. Again, under the normal form of payment (see page 7), payments would be guaranteed to continue to someone for ten (10) years. If your beneficiary dies before receiving retirement payments for a period of ten (10) years, then his or her designated beneficiary would continue to receive the same benefit for the remainder of the 10-year period. Payments would cease at the end of the guaranteed period.

## **After Disability, but Prior to Normal Retirement**

If your death occurs while you are disabled (but prior to your Normal Retirement Date), your beneficiary is eligible to receive a monthly survivor benefit that is payable for ten (10) years certain and life thereafter, calculated as if death occurred while you were an active employee.

## **After Termination of Employment, With Vested Rights**

If you have vested rights when you leave the employment of the City (and you did not elect to receive a refund of your Employee Contributions, plus interest) and your death occurs prior to your Normal Retirement Date, your named beneficiary is eligible for a monthly death benefit payable for ten (10) years certain and life thereafter. The amount of benefit will be based on the value of the vested benefit at your service termination date, with interest to the date of your death.

## **BENEFIT LIMITATIONS**

This plan is maintained for the benefit of eligible employees, to provide financial security upon retirement. However, the circumstances listed below could result in a loss (or reduction) in benefits from the plan:

1. If you stop working before you become vested under the plan, then you are only entitled to a refund of the amount of contributions you put into the plan, plus interest.
2. If you fail to properly file all necessary information and applications as required by the Retirement Committee, then you may be denied benefits.
3. If the plan terminates and the assets in the trust fund are insufficient to meet all benefit obligations, then you may not receive full payment of your accrued benefit under the plan.
4. In no event can your annual retirement benefit from the plan exceed the legal limit for benefits. This limitation is one that has been established by the Internal Revenue Service.
5. If your service is terminated because of dishonesty or if you are convicted of a felony, you may be denied benefits.
6. Portions of your benefit from the Plan may be subject to mandatory Federal income tax withholding when paid to you or your beneficiary. As benefits become payable, you will be advised of any taxable amount. When income tax is required to be withheld from your benefits, it will be paid to the IRS on your behalf by the Trustees.

## **DROP**

- Eligible to enter the DROP at any time after the earlier of Age 60 with 25 years of service or attainment of Age 62 with ten (10) years of service.
- 3 year maximum DROP period.
- COLA to commence 1 year after end of the DROP period.
- No member contributions during the DROP period.
- Interest Crediting – 3.0% compounded monthly subject to change periodically.

# **IMPORTANT FACTS ABOUT YOUR PLAN**

## **Name of Plan**

This plan is known as the Retirement Plan for General Employees of the City of North Miami Beach.

## **Plan Year**

The plan year begins every October 1<sup>st</sup> and ends on the following September 30<sup>th</sup> (which coincides with the fiscal year of the City). Records of the plan are maintained on a plan year basis.

## **Administration of the Plan**

This plan is administered by the Retirement Committee, which has the authority to administer and interpret the provisions of the plan. The Committee must approve the payment of benefits and expenses from the plan, and it has the authority to engage professionals to assist with the administration of the plan. The Committee has regularly scheduled public meetings that must be held at least quarterly.

The Retirement Committee consists of five (5) members. Three members must be appointed by the Mayor and ratified by the City Council. At least two of these three must be elected officials and they serve until a successor is appointed, or they may resign at any time. If the third member is not an elected official, his or her term will be for two (2) years. The remaining two Committee members must be employees who are participating in the plan. They are elected by a majority vote of the general employees' plan membership and serve for a period of four (4) years.

The Retirement Committee can be reached by writing to the following address:

Retirement Committee  
GENERAL EMPLOYEES' RETIREMENT PLAN  
c/o Martin Lebowitz, Retirement Administrator  
City of North Miami Beach  
17011 N.E. 19th Avenue - Second Floor  
North Miami Beach, FL 33162-3111

The Retirement Administrator is available for questions and maintains regular office hours at City Hall. The Retirement Services office is located on the 3<sup>rd</sup> Floor of City Hall (Room 311), and can be reached by telephoning (305) 919-3724.

## **Plan Trustees**

The Retirement Committee, as an entity, serves as Trustees of the Plan. The Retirement Committee is responsible for the prudent administration and investment of the Trust Fund assets. The investment advisors listed below have been appointed by the Trustees to assist with investment of the plan's assets:

**Garcia Hamilton & Associates**

5 Houston Center  
Suite 1600  
Houston, TX 77010-4035

**Buckhead Capital Investment**

1545 Peachtree Street NE  
Suite 550  
Atlanta, GA 30309

**Harding Loevner**

By Its Managing Member, HLM Holdings,  
Inc.  
50 Division Street, Ste. 401  
Somerville, NJ 08876

**GW Capital**

10900 NE 8<sup>th</sup> Street  
Ste. 1010  
Bellevue, WA 98004

**MDT Advisers**

125 High Street  
Boston, MA 02110

**Thornburg Investment Mgmt**

2300 North Ridgetop Road  
Santa Fe, NM 87506

**Private Advisors**

**Pine Grove**

**Sawgrass**

**Wedgewood**

**UBS Realty Investors, LLC**

10 State House Square, 15<sup>th</sup> Floor  
Hartford, CT 06103-3604

**Agent for the Service of Legal Process**

Service of legal process may be made on the Retirement Committee or Robert Sugarman Attorney for the City of North Miami Beach General Retirement Plan. The addresses of these parties are:

Retirement Committee  
GENERAL EMPLOYEES' RETIREMENT PLAN  
c/o Martin Lebowitz, Retirement Administrator  
City of North Miami Beach  
17011 N.E. 19th Avenue - Room 311  
North Miami Beach, FL 33162-3111

Robert Sugarman  
Sugarman & Susskind  
100 Miracle Mile – Ste 300  
Coral Gables, FL 33134

### **Claims Procedure**

It is required that written notice be given to any member or beneficiary whose claim for benefits has been denied. The notice must indicate the specific reason(s) for denial. It will clearly indicate that a review is possible, and describe the manner in which to apply for such a review.

### **Relevant Local and State Law**

This Retirement Plan has been established under the provisions of City Ordinance 65-30, as revised and restated by Ordinance 89-19, and as thereafter amended by ordinance. The plan is subject to the relevant provisions of Florida Statutes, Chapter 112.

# GLOSSARY

## **Basic Compensation**

The amount of compensation actually paid by the City to a participant (exclusive of commissions, bonuses, overtime pay, expense allowances and all other extraordinary compensation).

## **Credited Service**

Service used to determine your eligibility for benefits and the amount of benefits you will receive. Credited Service is earned through continuous service as a General Employee and is measured in years and completed calendar months (generally from your last date of employment to the date your service is terminated). The first two years of any absence by reason of engagement in military service will be included in Credited Service, if the absence is covered by a leave of absence granted by the City, or if it is due to compulsory military service. A “buy-back” provision allows you to receive additional credit for time while in active U.S. military service, periods of service with other public employers, or contract service with the City of North Miami Beach. Contact the Retirement Services Office for specific details.

## **Relevant Local and State Law**

This Retirement Plan has been established under the provisions of City Ordinance 65-30, as revised and restated by Ordinance 89-19, and as thereafter amended by ordinance. The plan is subject to the relevant provisions of Florida Statutes, Chapter 112.

## **Employee Contributions**

Seven percent (7%) of Basic Compensation, payable on a pre-tax basis, from the date you become a participant and continuing until the earlier of your death, disability, retirement or termination of service.

## **Final Monthly Compensation**

The average monthly rate of compensation paid to you by the City for the 60 successive months (out of your last 120 months) that generates the highest average monthly earnings.

## **Normal Retirement Date**

The first day of the month following the earlier of (a) the date you attain age 62, or (b) the date you complete 20 years of credited service and have attained age 55.

## **Total and Permanent Disability**

Disability approved by the Retirement Committee, based on medical evidence supplied by physicians. In order to be considered disabled, a participant must be wholly prevented from engaging in any occupation for wage and profit, and the participant must be likely to remain disabled continuously and permanently. If the disability is a result of certain conditions or actions (such as from participation in illegal activities, participation in the armed forces, drug abuse or while employed by another employer), disability benefits will not be approved.