



**CITY OF MIAMI**

FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST



# Summary Plan Description



## **What does the City of Miami Fire Fighters' and Police Officers' Retirement Trust mean to you?**

The retirement system is designed to provide you with a monthly income when you retire. You and the City of Miami share in the costs of the retirement fund.

Your contributions and the City's contributions are invested in a trust fund for the specific benefit of system members. Once money is put into the trust fund, it can be used only for trust expenses and for the benefit of the system's active and retired members and their beneficiaries.

The retirement trust provides its members who meet certain requirements described in this booklet with the following;

- A monthly income for life when you retire.
- Rule of 64 Retirement for Police Officers. Rule of 68 Retirement for Fire Fighters.
- Early retirement after completing 20 years of creditable service.
- Death benefits.
- Disability benefits.
- The right to future (vested) retirement benefits if you leave the City after 10 years of creditable service.
- Deferred Retirement Option Programs (Back and Forward).
- Benefits payable to your surviving beneficiary.
- Cost Of Living Allowance (COLA) benefits after retirement.

The amount of your monthly retirement benefit is based on your average final compensation when you retire and your length of creditable service. The actual benefits are described in detail in this booklet. When you retire, you can elect to receive your benefits under one of several different payment options. These options allow you to select the form of payments which best meet the needs of your family and financial situation.

## **What words have special meaning?**

*Accumulated Contributions* shall mean the sum of all amounts deducted or picked up from a member's compensation plus all other amounts contributed to the retirement systems by a member pursuant to the pension provisions of the City Code, together with regular interest thereon.

*Average Final Compensation* shall mean the average of the highest 1 year of membership service.

*Back DROP* shall mean a member can choose to retire on a date in the past.

*C.O.L.A.* shall mean cost of living allowance.

*Creditable Service* shall mean membership credit upon which a member's eligibility to receive benefits under the retirement system is based or upon which the amount of such benefits are determined.

*DROP* shall mean deferred retirement option program.



## **What words have special meaning? (Continued)**

*Earnable Compensation* shall mean an employees' base salary, including pick up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death in the family leave taken. Earnable compensation shall not include overtime pay; acting ALS pay (fire fighters), payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave, holiday pay, and premium pay for holidays worked, the value of any employment benefits or non-monetary entitlements, or any other form of remuneration.

*Excess Interest Earnings* shall mean the difference between the return on the actuarial market value of the average assets (investment and non-investment) of the City of Miami Fire Fighters and Police Officers' Retirement Trust Fund, as calculated, in accordance with Chapter 112 of the Florida Statutes, and the assumed return on the actuarial market value of such assets for active members on the current actuarial valuation report.

*Member or Member-In-Service* shall mean an employee for whom contributions to the retirement system are made as required by this division.

*Member Absent From Service* shall mean any member ceasing to be a city employee who is absent from service less than three (3) years in a period of five (5) consecutive years after last becoming a member and who does not withdraw his or her accumulated contributions. In order for a member absent from service to be entitled to receive a benefit during the period before membership elapses, the membership period must have vested prior to the member's ceasing to be a city employee.

*Member Not-In-Service* shall mean any member who exercises a vested right to retirement.

*Membership Credit* shall mean credit received by a member for time spent in membership service or for such time as is otherwise authorized by the City Code.

*Payback* shall mean a member's contribution to the retirement system for membership credit for which other than regular contributions may be made pursuant to the City Code. Contributions permitted for paybacks shall not be picked up by the City but may be deducted from a member's compensation.

*Regular Contributions* shall mean amounts picked up by the City from the earnable compensation of a member. Regular contributions shall not include payback contributions of any kind or nature or any other amounts which may be deducted from a member's compensation pursuant to this division.

*Retirement Age* shall be 50.

## **How is the Retirement Trust administered?**

The general administration and responsibility for the operation of the Retirement Trust rests in the City of Miami Fire Fighters' and Police Officers' Board of Trustees. The Retirement Board of Trustees consists of 9 members appointed or elected as follows; (1) trustee appointed by the City Manager, (2) trustees elected by the fire fighters, (2) trustees elected by the police officers, (4) independent trustees appointed by the City Commission.



## **How is the Retirement Trust administered? (Continued)**

The Retirement Board of Trustees conducts regular meetings and establishes rules and regulations as are necessary for the efficient administration of the trust fund. It also selects and employs firms or individuals to assist in the fund's operations.

The business of the Trust Fund is handled at the regular meetings. Decisions are made through a vote of the members with 5 affirmative votes needed for approval. The Retirement Board of Trustees welcomes your attendance and input at any of its meetings. Meetings are held at the pension office conference room unless otherwise noted. Meeting schedules are posted on Trust Fund's website, [www.miamifipo.org](http://www.miamifipo.org).

## **When do I become a member?**

If you are a police officer or a fire fighter employed by the City of Miami, you shall become a member of the City of Miami Fire Fighters' and Police Officers' Retirement Trust on the first date of employment. As of that date, you will begin making regular contributions and will begin to accrue creditable service.

You will have to submit to an employment physical examination before being formally accepted into membership. If this examination reveals any physical or mental problems, you may not be eligible for certain disability benefits as a result of these pre-existing conditions.

## **How long do I remain a member?**

You will continue as a member as long as you are employed by the City of Miami. If, upon separation from city employment, you withdraw your contributions from the trust, you will cease being a member of the retirement fund and will earn no benefits from it. However, if you terminate your employment but leave your contributions in the trust fund, you will remain as a member absent from service and may resume your membership if you return to work within 3 years. In order for a member absent from service to be entitled to receive a benefit during the period before membership elapses, the benefit must have vested prior to the member's ceasing to be a city employee.

## **How much do I contribute?**

Regular contributions of each member of the retirement system shall be made each pay period. Contribution rates are:

- Fire Fighters - 10% of member's earnable compensation
- Police Officers hired prior to 10/1/2012 – 7% of member's earnable compensation
- Police Officers hired after 10/1/2012 – 10% of member's earnable compensation

## **When can I retire?**

You can retire and receive benefits from the retirement trust when you qualify for retirement under one of the conditions listed below. When you decide to retire, you must make an appointment to complete a retirement application with the Pension Office. The appointment must be at least 10 days prior to your desired retirement date and no more than 90 days from the desired retirement date.



## **When can I retire? (Continued)**

*Service Retirement:* Any member in service who has 10 or more years of creditable service may take a retirement upon the attainment of normal retirement age.

*Rule of 64:* Any Police Officer member in service who did not withdraw from active membership may elect service retirement on the basis of his/her combined age and creditable service equaling sixty-four (64) points or more.

*Rule of 68:* Any Fire Fighter member in service who did not withdraw from active membership may elect service retirement on the basis of his/her combined age and creditable service equaling sixty-eight (68) points or more.

*Early Service Retirement:* If you have at least twenty (20) years of creditable service, you can retire before normal retirement age. Your benefit will be reduced however, to reflect the longer period of time over which your benefits will be paid.

## **What is the deferred retirement option program (DROP)?**

It is a program where a member, upon retiring, can elect to defer his/her monthly benefit into a DROP account and continue to work for the City receiving his normal compensation.

### **Who can participate in the DROP?**

Any member eligible for a Service Retirement, Rule of 64 Retirement (Police) or Rule of 68 Retirement (Fire) is eligible to participate in both the Forward DROP and the Back DROP.

### **How can I participate in the Forward DROP?**

Upon applying for retirement under either Rule of 64, Rule of 68, or Service Retirement you elect to participate in a Forward DROP. Your retirement benefit payments are deferred into a DROP account.

### **How long can I stay in the Forward DROP?**

You can participate in the Forward DROP for a period not to exceed a total of 7 years for Police Officers and 4 ½ years for Fire Fighters.

### **How can I participate in the Back DROP?**

Members are eligible to elect the Back DROP option after completing one year of creditable service following their retirement eligibility date. A Back DROP election must be made within 10 years of the date of retirement eligibility.

### **How long can I stay in the Back DROP?**

A member can elect a minimum Back DROP period of 1 year and a maximum of 7 years.



### **How much will my benefits be when I retire?**

If you were eligible to retire under Service Retirement, Rule of 64 Retirement, or Rule of 68 Retirement the monthly benefit you can receive is the sum of creditable years of service under 15 years times 3.0% plus creditable years of service over 15 years times 3.5%. The total percentage is then multiplied times the last or highest one-year average pensionable compensation.

### **Will my benefits be capped at any point?**

If you were eligible to retire under Service Retirement, Rule of 64 Retirement or Rule of 68 Retirement as of September 30, 2010, your benefit will be capped at 100%.

If on September 30, 2010, you had not reach eligibility for Service Retirement, Rule of 64 Retirement or Rule of 68 Retirement your pension benefit will be capped at \$120,000.00 per year.

### **How will my benefits be calculated if I elect to participate in the Forward DROP?**

Your benefit will be calculated the same as for a Service, Rule of 64, or Rule of 68 described previously.

### **How will my benefits be calculated if I elect to participate in the Back DROP?**

Your benefit will be calculated the same as for a Service, Rule of 64, or Rule of 68 retirement as described previous but using the date in the past to calculate the service percentage and the average salary. In addition, a member who elects the Back DROP will receive a lump sum payment equal to the accumulation of monthly retirement benefit payments that he/she would have received during the period you Back DROP for thru the actual date of separation, plus interest at the rate of 3% per year, compounded annually.

### **What will my benefits be if I retire early?**

A base pension benefit will be calculated the same as for a normal Service Rule of 64, or Rule of 68 retirement. The total percentage is then multiplied times the average final compensation then multiplied times the actuarial reduction for early retirement which is approximately 5% per year up to age 50. Example: you take early retirement at age 40, you have 10 years to age 50, your reduction will be 50%

### **Once I retire, how will my benefits be paid?**

When you elect to retire, you will have the choice of receiving your benefit payments under one of several different payment options. The variety of options allows you to choose the best form of payment to meet your personal needs. Benefits are paid on a monthly basis, on the 15<sup>th</sup> of the month.

*Option 1:* You receive a reduced monthly benefit from the system. If you die before you have received the value of your own contributions plus credited interest, your beneficiary will receive the remaining balance.



## Once I retire, how will my benefits be paid? Continued)

*Option 2:* You receive a reduced benefit and upon your death your beneficiary would continue receiving the same benefit for his/her lifetime. The amount of the reduction will depend upon your age and the age of your beneficiary. If your beneficiary predeceases you, no additional benefits will be paid after your death.

*Option 3:* You receive a reduced benefit and upon your death your beneficiary would receive one half (1/2) of the benefits you had been receiving for the rest of his/her lifetime. The reduction is based on your age and the age of the beneficiary. If your beneficiary predeceases you, no additional benefits will be paid after your death.

*Option 4:* you can select specific amounts payable during your life time and specific amounts payable at your death, providing that your request is approved by the Board of Trustees and that the actuarial value of the benefit is no greater than the value of the normal benefit.

*Option 5:* If you are unable to select an option, the Board of Trustees may, with the consent of the beneficiary, select a payment option for you.

*Option 6 "A":* You can withdraw the value of your own contributions plus credited interest. You would then receive a monthly benefit equal to one-half (1/2) of what you would have otherwise received. These monthly payments are guaranteed for 12 months. After the 12<sup>th</sup> month, upon your death, no additional payments will be made.

*Option 6 "B":* You can elect to receive your normal benefit plus an additional 5% of that amount. These payments are guaranteed for 12 months. After 12 months of benefits are paid, the benefit ceases upon your death.

*Option 6 "C":* You can receive your normal benefit and after your death, your spouse will receive 40% of the benefit you were receiving for her lifetime.

*Option 6 "D":* You can receive your normal benefit and if death occurs prior to receiving such allowance for a period of 10 years, the member's beneficiary or beneficiaries shall be paid the same allowance for the remainder of the 10-year period.

## What if I leave City employment before I am eligible to retire?

*Non-Withdrawal of Contributions:* If your employment ends before you are eligible to retire, upon leaving City employment you may opt to leave your accumulated contributions in the Trust Fund retaining, therefore, membership in the Fund. Your contributions will continue to earn interest at a rate of 4% for a period of 3 years.

*Withdrawal of Contributions:* If your employment ends before you are eligible to retire, you can elect to withdraw your contributions to the retirement trust, together with accumulated interest. A flat 20% for taxes will be deducted and IRS early distribution penalty may apply. If you withdraw your contributions, you are not entitled to any benefits from the retirement trust and your membership in the Plan will terminate.

*Direct Rollover of Contributions:* If your employment ends before you are eligible to retire, you can elect to rollover your contributions to the retirement trust together with accumulated interest into an IRA or any qualified retirement plan. This option will defer taxes and early distribution penalty.



### **What if I leave City employment before I am eligible to retire? (continued)**

*Vested Rights:* If a member who is not entitled to retire, ceases to be a city employee for any reason other than death or willful misconduct in office, and has completed at least 10 years of creditable service at the time of separation, this member may elect to become a member not in service with a vested retirement which will mature and begin to be paid upon subsequent attainment of age 50.

The amount of the benefit will be calculated the same as a Service retirement (see page 5). If a member who elects to become a member not in service subsequently, prior to age 50, elects to withdraw his/her accumulated contributions, the member not in service will be paid the amount of his/her accumulated contributions at the time he/she ceased to be a city employee, plus interest accumulated during the first three (3) years after leaving City employment.

### **What happens if I die before retirement?**

If your death occurs while an active employee of the City, you may qualify for a death benefit from the Retirement Trust. You may be eligible for one of three types of death benefits. If you qualify for more than one of the types of death benefits, your beneficiary may select which benefit is to be received.

*Death Benefits:* If you have at least three (3) years of creditable service, and your death is **not** the result of your performance of duty, you will qualify for a death benefit. If your death **is** the result of an accident while you were performing your duties for the City and if the accident was not caused by willful negligence, you will be entitled to death benefits regardless of the time you may have of creditable service. Death benefits consist of the following:

- (1) a lump sum payment of one half (1/2) of the compensation which you earned in the year immediately preceding your death to the nominated beneficiary on record with FIPO.
- (2) a lump sum payment to the nominated beneficiary on record with FIPO of the total amount of the contributions made by you during your employment, plus accrued interest.
- (3) if at the time of death, you have at least 10 years of creditable service, your nominated beneficiary shall be entitled to the benefit payable at early or normal retirement age for a period of 10 years.
- (4) if at the time of death, you had become eligible for an Early Service, Rule of 64, Rule of 68, or Service retirement, you will be considered to have retired on the date of death and a payment of 40% of the calculated benefit will be paid to your spouse during the lifetime of such spouse.

### **What happens if I die after I retire?**

Once you retire (you are considered retired if you are in the DROP) and begin receiving payments, any payments after your death will depend on the option you chose when you retired. If you selected an option which provided for continuing payments after your death, beneficiary benefit payments will be governed by the provisions of that option. If you did not select a payment option which provided continuing payments after your death, no additional benefits will be paid from the plan. However, if you have elected payment Options 6 "A" or 6 "B" and at the time of death you had not received at least 12 monthly payments, the balance of the 12 payments will be paid to your nominated beneficiary.



### **Once I retire, will my benefits change?**

After you have been retired 4 years and are at least 50 years of age you may qualify to receive a Cost-of-Living Allowance (COLA) benefit from the Fund's excess interest earnings. The COLA benefit table is based on creditable years of service and years of retirement. It is payable based on the option selected.

### **What if I become disabled?**

There are two types of disability benefits available under the Retirement Trust, Ordinary Disability and Accidental/Service Incurred Disability. An Ordinary Disability benefit may be granted to a member who becomes disabled and the disability was not incurred while performing his duties as a police officer or fire fighter. If you are disabled as a result of an accident which happened while you were performing your job, or if you are disabled because of hypertension, heart disease, or tuberculosis, you may be granted an Accidental/Service Incurred Disability. Note: for **fire fighter** members, cancer will also be considered to be a service incurred disability. The following section will deal with each disability individually.

*Ordinary Disability:* In order to be eligible for ordinary disability benefits, you must have at least 10 years of creditable service and not be eligible for service retirement. If you are eligible, you may then apply with the Retirement Board for a disability retirement. To apply, you must submit an application to the Pension Office. Medical records will be obtained from applicant's personal physicians, Risk Management, and the Department. The records compiled will be reviewed by a physician appointed by the Retirement Board. This physician will also examine the applicant and report his findings along with his recommendations to the Retirement Board. The Retirement Board reviews all the records and its physician's findings and makes the decision of granting or not granting the request for disability retirement. If you are granted an Ordinary Disability, the benefit is based on 90% of your creditable service times your average final compensation at the time you are granted the disability benefit. If the percentage is less than 30% the benefit will then be 30% of your average final compensation.

*Accidental / Service Incurred Disability:* In order to be considered for Accidental/Service Incurred Disability, you must become disabled prior to attaining the age of 60. If you are eligible, you may then apply with the Retirement Board for a disability retirement. To apply, you must follow the same procedure as stated under *Ordinary Disability*. To be granted an Accidental Disability it must be determined, based on the records and the findings of the Board's physician, that the disability is the result of an accident, illness or injury which occurred in the line of duty and that it is total and permanent. If you are granted an Accidental/Service Incurred Disability, the benefit will be calculated at 66 2/3% of your average final compensation or 66 2/3% of your final compensation, whichever is greater. This benefit will be payable monthly for your lifetime with a 40% continued benefit to your spouse for her/his lifetime after your death (provided you are married at the time you are granted the disability retirement).

### **What happens if I recover from my disability?**

The Board of Trustees has the right to have you periodically reexamined by a physician appointed by the Board if you have not reached your minimum normal retirement age. If you refuse to be reexamined, the Board may discontinue benefit payments until such reexamination. If refusal is for more than a year, all pension rights could be revoked.



### **What happens if I recover from my disability? (continued)**

If upon reexamination it is found that you can return to work in your previous classification, you may be requested to return to work within that classification.

Upon re-employment, all disability benefits will stop and you will be granted credit for service prior to your disability and immediately become a contributing member. You will have the option of making up employee contributions for the time you were disabled and thereby receive credit for that time.

If you are receiving accidental disability or service incurred disability benefits and are working for another employer with duties comparable to those of the classification that you were retired from, your benefit may be reduced. This reduction would be imposed if your pension benefit when added to your pay is greater than the pay you received in the classification at the time you were retired.

### **What is my status if I leave the City and then I am reemployed?**

If when you terminated you had at least 5 years of creditable service and you come back within 3 years and are not within 5 years of normal retirement, you may elect to pay back your refunded employee contributions with interest in a lump sum or in payroll deductions prorated over a period not to exceed 5 years. If pay back is selected, you will get credit for all previous creditable service.

### **Do I receive credit for my military service?**

If you are a member of the Retirement Trust Fund and are granted a leave of absence from City employment due to entrance into military service you may get credit for the time of absence for up to a maximum of five years.

If you served on active military duty prior to your employment with the City, you may be eligible to receive membership credit up to a maximum of 4 years if, (1) the active military service was wartime service as declared by federal statute or executive order, (2) you present to the Board acceptable proof of wartime service, (3) you were discharged under honorable conditions, and (4) you have completed at least 10 years of creditable service with the City.

Such contributions shall be computed at the current contribution rate times the member's first year of earnable compensation, plus 4 percent interest thereon, compounded annually from the date of first creditable service to the date of payment.

Pay backs must be completed prior to the receipt of any retirement benefit.

### **Can family leave of absences be made up?**

Any member can receive membership credit for unpaid leave taken for maternity or self-illness purposes up to a maximum of 180 days, provided that they have exhausted all vacation time, sick leave time, earned overtime, or similar time.

If you claim membership credit for unpaid leave because of maternity or self-illness purposes, you must pay into the trust fund accumulated contributions at the current contribution rate times your current earnable compensation. Request for payment must be initiated within 30 days from date of return. This payment can be made either in a lump sum or in payroll deductions prorated over a period not to exceed 1 year.



**Can I purchase additional years of service?**

You can purchase up to 3 years of additional service. The purchase can only be done at the time of retirement (entry into DROP). The cost per year will be the actuarially determined present value based on the member's final average compensation used to calculate the member's retirement benefit.

**Can my accumulated leave balances be rolled over into an IRA?**

Your vacation and earned time balances can be rolled over into an IRA by transferring them to the Fire and Police Pension Trust Fund. Since the Trust Fund is a qualified plan, once received by the Plan the monies can then be rolled into an IRA with a financial institution of your choice. *Note: election to rollover must be made in the calendar year prior to ceasing City employment.*



## **PENSION BOARD AND STAFF**

### **Administrator**

Dania L. Orta  
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### **Board of Trustees**

Ornel Cotera (Chairperson)  
Appointed by the City Commission

Nelson Enriquez  
Elected by the IAFF

Monica Fernandez (Vice-Chairperson)  
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Appointed by the City Commission

Vacant  
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### **Investment Consultant**

The Meketa Group

### **Custodian Bank**

Northern Trust Bank

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