

CITY OF OCALA POLICE OFFICERS' RETIREMENT SYSTEM

SUMMARY PLAN DESCRIPTION

August 9, 2021

Approved by the Board on:

August 9, 2021

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.

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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 2020-51, dated August 20, 2020. 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

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. 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.

If you are within 5 years of normal retirement age on November 1, 2015, the normal retirement benefit is calculated by multiplying 3.33% times years of Credited Service times your Average Final Compensation: $(3.33\% \times CS \times AFC = \text{normal retirement benefit})$.

If you are **not** within 5 years of normal retirement age on November 1, 2015, the normal retirement benefit on and after November 1, 2015, is calculated by multiplying 3% times years of Credited Service times your Average Final Compensation: $(3\% \times CS \times AFC = \text{normal retirement benefit})$ and the normal retirement benefit prior to November 1, 2015, is calculated by multiplying 3.33% times years of Credited Service times your Average Final Compensation: $(3.33\% \times CS \times AFC = \text{normal retirement benefit})$.

Normal and early retirement payments will commence on the first day of the month coincident with or next following your last day of employment. Early retirees may defer the commencement of benefits. The benefit is paid to you for your life, but you or your beneficiary shall receive at least 120 monthly benefit payments in any event.

Upon vesting you shall be entitled, at the Plan's expense, to receive 2 actuarial studies (one preliminary and one final) to estimate your retirement benefits. Any additional studies shall be provided only at your expense.

C. Early Retirement. You are eligible for early retirement upon the attainment of age 50 and the completion of 10 years of Credited Service.

D. Amount of Early Retirement Benefits. The amount of the early retirement benefit is calculated in the same manner as for normal retirement and is available as follows:

- (1) Beginning on the date on which you would have qualified for normal retirement; or
- (2) Beginning immediately upon retirement, but if beginning immediately, the amount of the monthly benefit is reduced by 3% for each year by which the commencement of benefits precedes the date which would have been your normal retirement date based on your actual years of service as a police officer.

E. Supplemental Benefit - Share Plan. Pursuant to Florida law, there will be a separate member "share account" created for each member of the Plan. This supplemental benefit may or may not be funded and thus, you may or may not receive a retirement benefit from the share plan. If the share plan is funded, at retirement, termination (vested), disability or death, there shall be an additional benefit paid to you. The share plan is funded solely with state premium tax money and the funding that is received for this share plan is allocated to your share account based on a formula which gives you an allocation based on your years of Credited Service or another formula to be determined. Your share account receives its proportionate share of the income or loss on the assets in the plan.

F. Supplemental Benefit and Cost of Living Adjustment.

- (1) All Retirees, including disability Retirees, or Beneficiaries, who were receiving benefits on February 15, 2000, shall receive a \$100.00 per month benefit supplement, payable for life retroactive to the latter of their retirement date or October 1, 1998.
- (2) Additionally all retirees including joint pensioners or beneficiaries, but excluding terminated vested persons shall receive a monthly supplemental benefit equal to \$5.00 for each full year of Credited

Service provided that the minimum supplement shall be \$30.00. This \$30.00 supplement shall be offset by monthly supplements being paid from the Plan under paragraph (1) above. If you are **not** within 5 years of normal retirement age on November 1, 2015, you shall not be entitled to the supplemental benefit going forward.

- (3) All current and future service retirees, their joint pensioners and beneficiaries including preretirement death beneficiaries, disability Retirees and DROP participants, but excluding terminated vested persons, shall receive a monthly supplemental benefit equal to \$5.00 for each full year of Credited Service. If you are **not** within 5 years of normal retirement age on November 1, 2015, you shall not be entitled to the supplemental benefit going forward.

G. Pensioner Benefit Increases. The Board will periodically review the adequacy of the pension benefits of retirees and beneficiaries with respect to increases in the cost of living.

H. Other Retirement Options. At retirement, certain additional options are available as follows:

- (1) Optional Forms of Retirement. In lieu of the amount and form of retirement income payable under normal and early retirement, you may elect to receive a retirement benefit in a different form so long as the form you elect is of equal actuarial value as the normal benefit. The optional forms of benefits which are available are:
 - (a) A retirement income of a monthly amount payable to you for your lifetime only.
 - (b) A retirement income of a modified monthly amount, payable to you during your lifetime and following your death, 100%, 75%, 66 2/3% or 50% of such monthly amount payable to a joint pensioner for his lifetime.
 - (c) If you retire prior to the time at which social security benefits are payable, you may elect to receive an increased retirement benefit until such time as social security benefits shall be assumed to commence and a reduced benefit thereafter in order to provide, to as great an extent as possible, a more level retirement allowance during the entire period of retirement.
 - (d) You may also elect to receive an initial lump sum payment equal to 5%, 10%, 15%, 20% or 25% of your accrued benefit with the remaining 95%, 90%, 85%, 80% or 75%, respectively, payable in a form selected by you and provided for in (a), (b) or (c) above or in the normal form (10 years certain and life).
- (2) Deferred Retirement Option Plan (DROP).
 - (a) If you become eligible for normal retirement, and are still employed by the City as a police officer, you have the option of "retiring" from the Plan but continuing your employment as a police officer for an additional 5 years. An election to participate in the DROP constitutes an irrevocable election to

resign from the service of the City not later than 5 years from the commencement of DROP participation. You must request, in writing, to enter the DROP.

- (b) Upon entering the DROP, your retirement benefit is immediately calculated and each monthly benefit payment is deposited into your DROP account. You may elect to either have your account credited with interest at the rate of 6.5% per annum or credited or debited with an investment return or loss equal to the net investment return realized by the Plan for that quarter. One change in election is permitted.
- (c) Upon entering the DROP on or after November 1, 2015, except those who were within 5 years of normal retirement age on November 1, 2015, your retirement benefit is immediately calculated and each monthly benefit payment is deposited into your DROP account. Your account will be credited with interest at a rate equal to the net investment return realized by the Plan for the preceding Plan year, with a maximum of 3% and a minimum of 1%.
- (d) At the time of termination of employment at the end of the DROP period, you will receive your account balance in a lump sum or in another optional form and you will also begin receiving your monthly retirement benefit.
- (e) Once you enter the DROP, you are no longer eligible for disability or pre-retirement death benefits, nor do you accrue any additional Credited Service. Your retirement benefit is fixed as of your entry date. You pay no member contributions to the Plan once you enter the DROP.
- (f) Participation in the DROP is not a guarantee of employment and DROP participants shall be subject to the same employment standards and policies that are applicable to employees who are not DROP participants.
- (g) Additional information about the DROP can be obtained from the Board.

I. Disability Retirement. You are considered disabled when you become totally and permanently unable to perform useful and efficient service as a police officer. A written application is made to the Board for a disability pension and the Board receives evidence of the disability and decides whether or not the pension is to be granted.

If the pension is granted and you are within 5 years of normal retirement age on November 1, 2015, the benefit amount shall be:

- (1) If the injury or disease is service connected, a benefit equal to 3.33% of your Average Final Compensation multiplied by the total years of service, but in any event the minimum amount paid to you shall be 42% of your Average Final Compensation.
- (2) If the injury or disease is not service connected, a benefit equal to 3.33% of your Average Final Compensation multiplied by the total

years of Credited Service. This non-service connected benefit is only available if you have at least 10 years of Credited Service.

If the pension is granted and you are **not** within 5 years of normal retirement age on November 1, 2015, the benefit amount shall be:

- (1) If the injury or disease is service connected, a benefit equal to 3.% of your Average Final Compensation multiplied by the total years of service on and after November 1, 2015, and a benefit equal to 3.33% of your Average Final Compensation multiplied by the total years of Credited Service prior to November 1, 2015, but in any event the minimum amount paid to you shall be 42% of your Average Final Compensation.
- (2) If the injury or disease is not service connected, a benefit equal to 3.0% of your Average Final Compensation multiplied by the total years of service on and after November 1, 2015 and a benefit equal to 3.33% of your Average Final Compensation multiplied by the total years of Credited Service prior to November 1, 2015. This non-service connected benefit is only available if you have at least 10 years of Credited Service.

Terminated persons, either vested or non-vested, are not eligible for disability benefits. Except, however, if you were terminated by the City for medical reasons, and if you apply within 30 days after your termination date, your application will be processed and fully considered by the Board. If you voluntarily terminate your employment after filing the application, you will not be eligible to be considered for any disability benefit.

Your disability benefit terminates upon the earlier of death, with 120 payments guaranteed, or recovery. You may, however, select a "life only" or "joint and survivor" optional form of benefit as described above under "Optional Forms of Retirement".

Your benefit will be reduced if you receive workers' compensation benefits and your combined benefit exceeds 100% of your final Salary. The pension benefit will be reduced so that the total does not exceed 100%, except that the pension benefit shall not be reduced below the greater of 42% of Average Final Compensation or 2% of Average Final Compensation times years of Credited Service.

Any condition or impairment of health caused by hypertension or heart disease resulting in death or total and permanent disability is presumed to have been suffered in the line of duty unless the contrary is shown by competent evidence; provided that you have successfully passed a physical examination on entering into service and there is no evidence of the condition at that time.

For conditions diagnosed on or after January 1, 1996, if you suffer a condition or impairment of health that is caused by hepatitis, meningococcal meningitis, or tuberculosis, which results in total and permanent disability, it shall be presumed that the disability is in the line of duty, unless the contrary is shown by competent evidence as provided for in Section 112.181, Florida Statutes, provided that the statutory conditions have been met.

To receive disability benefits, you must establish to the satisfaction of the Board, that such disability was not occasioned primarily by:

- (1) Excessive or habitual use of any drugs, intoxicants or narcotics.
- (2) Injury or disease sustained while willfully and illegally participating in fights, riots or civil insurrections or while committing a crime.

- (3) Injury or disease sustained while serving in any branch of the Armed Forces.
- (4) Injury or disease sustained after your employment as a police officer with the City of Ocala shall have terminated.
- (5) Injury or disease sustained while working for anyone other than the City and arising out of such employment.

As a disabled pensioner, you are subject to periodic medical examinations as directed by the Board to determine whether a disability continues. You may also be required to submit statements from your doctor, at your expense, confirming that your disability continues.

J. Death Before Retirement. If you die prior to retirement from the Police Department, your beneficiary shall receive the following benefit:

- (1) Prior to Vesting or Eligibility for Retirement. If you were not receiving monthly benefits or were not yet vested or eligible for early or normal retirement, your beneficiary shall receive a refund of 100% of your accumulated contributions.
- (2) Deceased Members Vested or Eligible for Retirement with Spouse as Beneficiary. If you die and, at the date of your death were vested or eligible for early or normal retirement, your spouse beneficiary shall be entitled to a benefit as follows:
 - (a) If you were vested, but not eligible for normal or early retirement, your spouse beneficiary shall receive a benefit payable for 10 years, beginning on the date that you would have been eligible for early or normal retirement, at the option of your spouse beneficiary. The benefit shall be calculated as for normal retirement based on your Credited Service and Average Final Compensation as of the date of your death and reduced as for early retirement, if applicable. Your spouse beneficiary may also elect to receive an immediate benefit, payable for 10 years, which is actuarially reduced to reflect the commencement of benefits prior to your early retirement date.
 - (b) If you were eligible for normal or early retirement, your spouse beneficiary shall receive a benefit payable for 10 years, beginning on the first day of the month following your death or at your otherwise normal or early retirement date, at the option of your spouse beneficiary. The benefit shall be calculated as for normal retirement based on your Credited Service and Average Final Compensation as of the date of your death and reduced as for early retirement, if applicable.
 - (c) Your spouse beneficiary may not elect an optional form of benefit, however, the Board may elect to make a lump sum payment.
 - (d) Your spouse beneficiary may, in lieu of any benefit provided for in (a) or (b) above, elect to receive a refund of your accumulated contributions.

- (e) If your spouse beneficiary commences receiving a benefit under (a) or (b) above, but dies before all payments are made, the remaining benefit shall be paid to the estate of the spouse beneficiary.

- (3) Deceased Members Vested or Eligible for Retirement with Non-Spouse Beneficiary. If your beneficiary is not your spouse, the benefits payable to your non-spouse beneficiary are the same as those to a spouse beneficiary, however, the date of commencement of those benefits may be required to be earlier, with the resulting reduction in the amount.

K. Termination of Employment and Vesting. If your employment is terminated, either voluntarily or involuntarily, the following benefits are payable:

- (1) If you have less than 10 years of Credited Service upon termination, you shall be entitled to a refund of the money you have contributed or you may leave it deposited with the Plan.
- (2) If you have 10 or more years of Credited Service upon termination, you shall be entitled to a monthly retirement benefit. The benefit shall be determined in the same manner as for normal or early retirement and shall be based upon your Credited Service, Average Final Compensation and the benefit accrual rate as of the date of termination. The benefit shall be payable to you starting at your otherwise normal or early retirement date, determined based upon your actual years of Credited Service provided you do not elect to withdraw your contributions and provided you survive to your otherwise normal or early retirement date. If you do not withdraw your accumulated contributions and do not survive to your otherwise normal or early retirement date, your designated beneficiary shall be entitled to a benefit as provided herein for a deceased member, vested or eligible for retirement under Death Before Retirement.

The Internal Revenue Code provides that certain eligible lump sum distributions from the pension system may be directly rolled over into qualified individual retirement accounts, annuities or certain other pension plans. A 20% withholding shall be required on taxable portions of such lump sum distributions not directly transferred to a new custodian.

L. Reemployment After Retirement. If you retire under normal or early retirement and wish to be reemployed by the City, you should be aware that your ability to continue to receive your pension benefit upon reemployment may be restricted. The Police Chief may opt out of the requirements or restrictions.

M. Additional Credited Service. In addition to Credited Service actually earned in the employment of the Police Department, you may also receive Credited Service as follows:

- (1) "Buy-Back" for Prior Police Service. The time that you previously served as a police officer with the City of Ocala during a period of previous employment and for which period accumulated contributions were withdrawn from the Plan shall be added to your years of Credited Service provided that within the first 90 days of your reemployment you pay into the Plan the withdrawn contributions with interest.

If, after 90 days from your reemployment you have failed to purchase Credited Service pursuant to the previous paragraph or if you served as a full-time paid police officer for any other municipal, county or state law enforcement agency in the United States, you will receive Credited Service only if:

- (a) You contribute to the Plan a sum equal to:
 - (I) the amount that you would have contributed to the Plan, based on your Salary and the member contribution rate in effect at the time that the Credited Service is requested, had you been a member of the Plan system for the time for which you are requesting credit, plus
 - (ii) an additional amount to be determined by the Board's actuary so that there is no cost to the Plan in giving you the additional years of Credited Service, plus
 - (iii) the amount charged by the actuary for determining the amount you must contribute.
 - (b) Multiple requests to purchase Credited Service may be made at any time prior to retirement but you can not purchase service of less than 1 year.
 - (c) Payment of the required amount shall be made within 6 months of your request for credit, but not later than your retirement date, and shall be made in one lump sum payment upon receipt of which Credited Service shall be given.
 - (d) The maximum credit under this subsection for service other than with the City of Ocala when combined with Credited Service purchased for military service prior to employment and Credited Service purchased pursuant to the Family Medical Leave Act shall be 5 years of Credited Service and shall count for all purposes under the Plan , except vesting and eligibility for not-in-line of duty disability benefits. There shall be no maximum purchase of credit for prior service with the City of Ocala and such credit shall count for all purposes under the Plan , including vesting.
 - (e) In no event, however, may Credited Service be purchased pursuant to this subsection for prior service with any other municipal, county , or state law enforcement department, if such prior service forms or will form the basis of a retirement benefit or pension from a different employer's retirement system or plan as set forth in Section 43-125, subsection 12.B. of the Plan document.
- (2) "Buy-Back" of Time Lost Due to Absences Authorized by the Family and Medical Leave Act. If you are absent on unpaid leave under the Family & Medical Leave Act, you may purchase lost Credited Service by making an actuarially determined contribution to the Plan, such that there is no cost to the Plan in allowing such credited service, within strict time periods provided for in the Plan document.

- (3) "Buy-Back" for Military Service Prior to Employment. The time that you serve or have served on active duty in the military service of the Armed Forces of the United States, or the United States Merchant Marine, voluntarily or involuntarily and honorably or under honorable conditions, prior to first and initial employment with the City of Ocala Police Department shall be added to your years of Credited Service provided that:
- (a) You contribute to the Plan a sum equal to:
 - (I) the amount that you would have contributed to the Plan, based on your Salary and the member contribution rate in effect at the time that the Credited Service is requested, had you been a member of the Plan for the time for which you are requesting credit, plus
 - (ii) an additional amount to be determined by the Board's actuary so that there is no cost to the Plan in giving you the additional years of Credited Service, plus
 - (iii) the amount charged by the actuary for determining the amount you must contribute.
 - (b) Multiple requests to purchase Credited Service may be made at any time prior to retirement but you can not purchase service of less than 1 year.
 - (c) Payment of the required amount shall be made within 6 months of your request for credit, but not later than your retirement date, and shall be made in one lump sum payment upon receipt of which Credited Service shall be given.
 - (d) The maximum credit under this subsection when combined with Credited Service purchased for prior police service other than with the City of Ocala or service purchased pursuant to the Family Medical Leave Act shall be 5 years and shall count for all purposes under the Plan , except vesting and eligibility for not-in-line of duty disability benefits.
- (4) Rollovers or Transfers of Funds to Purchase Service. In the event you are eligible to purchase additional Credited Service as provided above, you may be eligible to rollover or transfer funds from another retirement program in which you participate (traditional IRA, deferred compensation plan maintained by a government employer (457 plan), 401k plan, profit sharing plan, defined benefit plan, money purchase plan, annuity plan or tax sheltered annuity) in order to pay all or part of the cost of purchasing such additional Credited Service.
- (5) Another Pension Plan by the City. In the event that you became a member of this Plan on or after February 22, 2000, and you have also accumulated Credited Service in another pension plan maintained by the City, then such other Credited Service shall be used in determining vesting as provided for in the Plan document, and for

determining eligibility for early or normal retirement in each plan . Such other Credited Service shall not be considered in determining benefits under this Plan, but shall be considered for determining benefits under such other plans based upon your Average Final Compensation and benefit accrual rate in effect in such other plan at the time of your termination of membership from such other plan. Only your Credited Service under this Plan on or after your date of membership in this Plan shall be considered for this Plan's benefit calculation. The benefit calculation for a member of this Plan , who is or becomes eligible for a benefit from this Plan after he has become 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 \$230,000 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: Sadie Daniel
P. O. Box 5417
Ocala, FL 34478

Member: Lenny Uptagraft
3001 SW 24th Ave, #616
Ocala, FL 34471

PLAN ADMINISTRATOR

Mr. Dale Adams
Ocala Police Officers' Retirement System
402 S. Pine Avenue
Ocala, Florida 34471-1174
Phone: 352-369-7000
E-Mail: dadams@ocalapd.org

EXHIBIT "B"

CITY OF OCALA POLICE OFFICERS' RETIREMENT SYSTEM SUMMARY OF PRINCIPAL VALUATION RESULTS

A. Participant Data	New Assump <u>10/1/2020</u>	Old Assump <u>10/1/2020</u>	<u>10/1/2019</u>
Actives	175	175	170
Service Retirees	97	97	94
DROP Retirees	11	11	8
Beneficiaries	16	16	16
Disability Retirees	5	5	5
Terminated Vested	<u>16</u>	<u>16</u>	<u>19</u>
Total	320	320	312
Total Annual Payroll	\$11,758,807	\$11,758,807	\$11,137,356
Payroll Under Assumed Ret. Age	11,758,807	11,758,807	11,137,356
Annual Rate of Payments to:			
Service Retirees	3,992,196	3,992,196	3,848,047
DROP Retirees	603,671	603,671	443,635
Beneficiaries	292,507	292,507	238,949
Disability Retirees	113,201	113,201	113,201
Terminated Vested	146,865	146,865	184,110
B. Assets			
Actuarial Value (AV A) ¹	82,602,595	82,602,595	77,337,155
Market Value (MV A) ¹	80,914,606	80,914,606	75,092,803
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	49,616,446	48,811,361	47,100,299
Disability Benefits	2,433,455	2,306,983	2,241,490
Death Benefits	140,786	183,315	240,165
Vested Benefits	4,303,477	4,155,882	4,054,047
Refund of Contributions	618,183	616,687	524,807
Service Retirees	42,167,145	42,445,078	41,259,212
DROP Retirees ¹	9,636,532	9,614,603	7,601,944
Beneficiaries	2,364,268	2,355,001	1,997,616
Disability Retirees	1,133,313	1,098,327	1,114,771
Terminated Vested	1,162,237	1,145,830	1,541,901
Share Plan Balances ¹	0	0	0
Funding Standard Account	<u>1,358,001</u>	<u>1,358,001</u>	<u>1,553,869</u>
Total	114,933,843	114,091,068	109,230,121

EXHIBIT "B"

C. Liabilities - (Continued)	New Assump <u>10/1/2020</u>	Old Assump <u>10/1/2020</u>	<u>10/1/2019</u>
Present Value of Future Salaries	87,332,750	86,815,269	80,784,751
Present Value of Future Member Contributions	6,986,620	6,945,222	6,462,780
Normal Cost (Retirement)	1,489,150	1,452,472	1,382,609
Normal Cost (Disability)	177,035	167,636	163,071
Normal Cost (Death)	7,092	9,078	11,622
Normal Cost (Vesting)	272,789	262,203	251,298
Normal Cost (Refunds)	<u>101,787</u>	<u>101,713</u>	<u>87,237</u>
Total Normal Cost	2,047,853	1,993,102	1,895,837
Present Value of Future Normal Costs	14,397,767	13,920,763	13,019,313
Accrued Liability (Retirement)	38,931,162	38,454,358	37,410,684
Accrued Liability (Disability)	1,197,299	1,148,248	1,140,658
Accrued Liability (Death)	91,185	120,175	160,682
Accrued Liability (Vesting)	2,390,670	2,326,357	2,354,545
Accrued Liability (Refunds)	104,264	104,327	74,926
Accrued Liability (Inactives) ¹	56,463,495	56,658,839	53,515,444
Share Plan Balances ¹	0	0	0
Excess State Monies Reserve	<u>1,358,001</u>	<u>1,358,001</u>	<u>1,553,869</u>
Total Actuarial Accrued Liability (EAN AL)	100,536,076	100,170,305	96,210,808
Unfunded Actuarial Accrued Liability (UAAL)	17,933,481	17,567,710	18,873,653
Funded Ratio (AVA / EAN AL)	82.2%	82.5%	80.4%

EXHIBIT "B"

D. Actuarial Present Value of Accrued Benefits	New Assump <u>10/1/2020</u>	Old Assump <u>10/1/2020</u>	<u>10/1/2019</u>
Vested Accrued Benefits			
Inactives + Share Plan Balances ¹	56,463,495	56,658,839	53,515,444
Actives	22,274,364	21,868,719	21,606,982
Member Contributions	<u>7,121,990</u>	<u>7,121,990</u>	<u>6,884,848</u>
Total	85,859,849	85,649,548	82,007,274
Non-vested Accrued Benefits	<u>3,412,264</u>	<u>3,367,473</u>	<u>2,899,259</u>
Total Present Value			
Accrued Benefits (PV AB)	89,272,113	89,017,021	84,906,533
Funded Ratio (MV A / PV AB)	90.6%	90.9%	88.4%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	255,092	0	
Plan Experience	0	3,066,082	
Benefits Paid	0	(5,289,742)	
Interest	0	6,334,148	
Other	<u>0</u>	<u>0</u>	
Total	255,092	4,110,488	

EXHIBIT "B"

Valuation Date Applicable to Fiscal Year Ending	New Assump 10/1/2020 <u>9/30/2022</u>	Old Assump 10/1/2020 <u>9/30/2022</u>	10/1/2019 <u>9/30/2021</u>
E. Pension Cost			
Normal Cost (with interest) % of Total Annual Payroll ²	17.42	16.95	17.02
Administrative Expenses (with interest) % of Total Annual Payroll ²	0.73	0.73	0.76
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 24 years (as of 10/1/2020, with interest) % of Total Annual Payroll ²	21.09	20.88	22.17
Minimum Required Contribution % of Total Annual Payroll ²	39.24	38.56	39.95
Expected Member Contributions % of Total Annual Payroll ²	8.00	8.00	8.00
Expected City and State Contribution % of Total Annual Payroll ²	31.24	30.56	31.95
F. Past Contributions			
Plan Years Ending:	<u>9/30/2020</u>		
City and State Requirement	3,716,014		
Actual Contributions Made :			
City	2,783,760		
State	688,440		
FSA Application	<u>243,814</u>		
Total	3,716,014		
G. Net Actuarial (Gain)/Loss	2,478		

² The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2020 and 9/30/2019.

² Contributions developed as of 10/1/2020 are expressed as a percentage of total annual payroll at 10/1/2020 of \$11,758,807.