

# **WEST PALM BEACH POLICE PENSION FUND**

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# ASK QUESTIONS!!!



# BACKGROUND ABOUT THE PLAN

- **WHAT TYPE OF PLAN IS THIS?**
- **Defined Benefit Plan**
- After completing the required **years of service** or reaching **normal retirement age**, you will be eligible to receive a **guaranteed** pension benefit based on a percentage of your salary multiplied by the number of years that you have been a member of the Plan.
- Benefit is paid for your life and the life of your surviving spouse or for the remainder of 10 years to your selected beneficiary. Optional benefit forms are available.

# BACKGROUND ABOUT THE PLAN

- Plan is not a Defined Contribution Plan
- **Members don't have a right to underlying pension assets (only monthly pension checks).**
- **Members cannot receive pension monies prior to separation from service**
- **Can't borrow against your pension benefits**
- **Can't assign your pension rights to another**

# BACKGROUND ABOUT THE PLAN

- Florida courts have held for decades that pension rights are not a mere gratuity.
- Pensions are a contractual right once you become vested eligible for retirement.
- Pension benefits are a mandatory subject of collective bargaining.
- Under Florida law, the City is ultimately responsible for making certain that the Plan is actuarially sound.

# PLAN COMPONENTS

- Monthly Pension Benefit based on percentage of your average pay for your 3 highest years' salary.
- Share Account – a supplemental benefit is funded from your pro rata share of an annually paid state excise tax.
- DROP account – optional method to accumulate a lump sum

# WHAT IS THE PENSION BOARD?

- The Plan is administered by a five member Board of Trustees:
- Two active police officers are elected by the membership (Joe Ahern and Sarah Yoos);
- Two Trustees are appointed by the Mayor and are legal residents of the City (Jack Frost & Sean Williams);
- Fifth Trustee is selected by a majority vote of the other four Trustees (Dana Fragakis).

# PLAN CONTACT INFORMATION

- Web Address: <http://wpbppf.com/index2.asp>
- Street Address:
  - WEST PALM BEACH POLICE PENSION FUND
  - 2100 North Florida Mango Road
  - West Palm Beach, Florida 33409
  - Telephone: +1 561 471 0802
  - FAX: +1 561 471 5027
  - E-mail: [info@wpbppf.com](mailto:info@wpbppf.com)



# SUMMARY OF PLAN PROVISIONS

## KEY TERMS

- **Vesting**
- **Normal Retirement Date**
- **Credited Service**
- **Final Average Salary**
- **Normal Retirement Benefit**
- **Normal Retirement Benefit**
- **Normal Form of Payment**
- **Optional Forms of Payment**
- **Share Account**
- **DROP**

# VESTING

- Need **10** years of credited service to vest.
- If you separate from service prior to vesting, only entitled to refund of contributions (without interest).
- Note that any service purchases do not count towards vesting – must work at the City as a Police Officer for 10 years.
- You can rollover your contributions to IRA or 457 if you leave prior to vesting in the Plan.

# NORMAL RETIREMENT DATE

- **25 years of service (regardless of age)**  
or
- **Age 50 & 20 years of credited service**  
or
- **Age 55 & 10 years of credited service**
- Can't receive a benefit until you reach early or normal retirement date
- Ask for application/forms from Administrator

# EARLY RETIREMENT DATE

- Early retirement is available at age **50 with 10 or more years of service**
- Early retirement benefit is reduced by 3% per year for the number of years preceding normal retirement age
- You must apply for normal or early retirement
- Ask for application/forms from Administrator

# CREDITED SERVICE

- Full time contributing service (does not include unpaid leave or refunded service)
- **You contribute 11.0%** of earnings (total remuneration exclusive of overtime) to fund the pension plan;
- Pick-up contributions (tax deferred)

# FINAL AVERAGE SALARY

- Equals the average of the monthly salary during three years of credited service of all completed years of credited service producing the highest average. Usually, it is your earnings during your last three (3) years.
- Salary is total cash remuneration, excluding overtime exceeding 300 hours in any 26 consecutive pay periods, accumulated sick and vacation leave, and off-duty employment performed for vendors other than the City of WPB.

# **NORMAL RETIREMENT BENEFIT**

## **Before October 1, 2026**

- Normal retirement benefit is: 3.0% of final average salary per year of service up to 26 years and then
- 1.0% of final average salary per year of service after 26 years.

# **NORMAL RETIREMENT BENEFIT**

## **Effective October 1, 2026**

- Normal retirement benefit is: 3.2% of final average salary per year of service up to 26 years and then
- 1.0% of final average salary per year of service after 26 years.



# BENEFIT CALCULATION

## Before October 1, 2026

If you work are for 10 years :

$$10 \text{ years} \times 3.0\% \text{ per year} = 30\%$$

If you work 15 years:

$$15 \text{ years} \times 3.0\% \text{ per year} = 45\%$$

If you work for 20 years:

$$20 \text{ years} \times 3.0\% \text{ per year} = 60\%$$

If you work for 25 years:

$$25 \text{ years} \times 3.0\% \text{ per year} = 75\%$$

# BENEFIT CALCULATION

## Effective October 1, 2026

If you work are for 10 years :

$$10 \text{ years} \times 3.2\% \text{ per year} = 32\%$$

If you work 15 years:

$$15 \text{ years} \times 3.2\% \text{ per year} = 48\%$$

If you work for 20 years:

$$20 \text{ years} \times 3.2\% \text{ per year} = 64\%$$

If you work for 25 years:

$$25 \text{ years} \times 3.2\% \text{ per year} = 80\%$$

# NORMAL FORM OF PAYMENT

- If you are married, your pension is paid for your life and 66 2/3% is payable to your surviving spouse after your death, provided you are married to the same person you were married to when you retired. Otherwise, the survivor benefit may be reduced to keep the value of the benefit equal to what was expected to be paid.
- If you are not married, your benefit is paid for your life, but if you die before you have received 10 years of payments, then the remainder of the 10 years of payments will be made to a beneficiary.

# OPTIONAL FORMS OF PAYMENT

- There are other optional forms that you can consider:
  - Life only.
  - Contingent Benefits of 100%, 75%, 66 2/3%, or 50% which reduce upon the first to die of the participant or the joint annuitant.
  - 10 years certain and life.

# SHARE ACCOUNT

- Each participant in the Plan including DROP participants has a share account.
- Accounts are funded by each participants pro rata share of Chapter 185 casualty insurance premium tax monies. Shares are based on the number of payroll periods worked during the year.

# SHARE ACCOUNT

- Share Accounts are credited quarterly investment earnings (or losses) based on plan returns less administrative expenses.
- Upon vesting, participants may choose whether to:
  - Have earnings/losses earned by the Plan assets less administrative and investment expenses OR
  - a fixed rate of 8.00% less administrative and investment expenses. If the Fund does not cumulatively earn 8%, then the fixed rate is reduced to 4% until cumulative rate returns to 8%.

# SHARE ACCOUNT

- If you do not have 10 years of service when you terminated, the Share Accounts are forfeited and reallocated to the other members.
- Benefits are payable when you terminate service and receive your monthly pension.

# DROP

## HOW DOES DROP WORK?

- Upon entering DROP, you “retire” for pension purposes. You must be eligible for normal retirement to enter DROP.
- Monthly pension benefit locks in based on current earnings and service.
- Pension benefit is paid into DROP account each month.
- Must terminate employment after a maximum of 5 years in DROP or upon 30 total year of service



# DROP

## TAX ISSUES:

- DROP balances are eligible to be rolled over into another qualified plan, IRA or 457.
- Distributions from the DROP received prior to age **59 ½** are subject to an **IRS 10% penalty** plus regular income tax **unless**:
  - (a) you separate from service in the year that you turn 50 or have completed 25 years of service, or
  - (b) you separate from service and elect substantially equal payments
- The Board recommends that you seek tax and financial advice when deciding to enter DROP and when deciding how to withdraw your DROP balance.

# DROP

## **DISADVANTAGES:**

- Required to terminate employment after a maximum of 5 years or upon 30 years of service
- If family circumstances change might not want to terminate employment – irrevocable
- No disability benefits from the Plan since already retired
- Don't get additional service or higher earnings
- Lower monthly pension

# AUTOMATIC 3% COLA

- Automatic Cost-of-Living Adjustment (COLA) beginning at age 65
- COLA is based on the CPI change since you reached 65 capped at 3.0%
- **Increased each January 1 if you have been retired at least 1 year and you are at least age 65**
- Covers retirees and beneficiaries

# PENSION PRE-RETIREMENT DEATH BENEFITS

- Duty Related Deaths

- The surviving spouse is paid a monthly pension, for life, of  $\frac{2}{3}$  of the greater of the participant's highest 12 consecutive months' salary or current top step police officer pay and an unmarried child under the age of 18 is paid a monthly pension in the amount of \$150 per month.
- If there is no spouse, an unmarried child under the age of 18 is paid a monthly pension which is  $\frac{1}{3}$  of the participant's final average salary. If there is more than one child the amount is divided.
- If there is no spouse or unmarried children under age 18, the child's benefit is payable to parents who are financially dependent on the participant.

# PENSION PRE-RETIREMENT DEATH BENEFITS

- Non-Duty Related Deaths with 5 or more years of service
  - The surviving spouse is paid a monthly pension, for life, of  $\frac{2}{3}$  of member's accrued retirement pension.
  - If there is no spouse, an unmarried child under the age of 18 is paid a monthly pension equal to the surviving spouse benefit but not greater than  $\frac{1}{7}$  of the benefit per child.
  - If there is no spouse or unmarried children under age 18, the spouse's benefit is payable to parents who are financially dependent on the participant.

# STATUTORY STATE DEATH BENEFITS

- Worker's Compensation and funeral expenses;
- Statutory death benefits (§112.19)
  - \$75,000.00 if accidentally killed on duty;
  - \$150,000.00 if accidental death occurs responding to what is reasonably believed to be an emergency;
  - \$225,000.00 if unlawfully killed during arson/intentional act;
- Exempt from claims of creditors;
- Health insurance benefits if catastrophic injury;
- Florida college and graduate school tuition for children and spouse.

# STATUTORY FEDERAL DEATH BENEFITS

- Monetary death benefit of \$448,575 eff October 1, 2024
- Disability Benefits for catastrophic injuries \$448,575 effective October 1, 2024
- Education benefits - \$1,536 for one month of full benefits
- <https://bja.ojp.gov/program/psob/psob-data>

# ADDITIONAL INFORMATION

- Update your designation of beneficiary form. Review at least annually.
- Participate in your 457
- Non-taxable VEBA monthly benefit of \$610.47 (with periodic COLA increases considered annually) towards health insurance premiums or medical expense reimbursements. This is paid by a separate fund.



# ADDITIONAL INFORMATION

FORFEITURE – you lose your pension benefit if:

- Commit a “specified” criminal offense
- Florida Statute Section 112.3173

# CONFLICTS

- The foregoing presentation has been designed to help answer some of your questions about how your Pension Plan is organized and managed.
- The final authority on interpretation of the Plan is the actual legislation which created the Plan.
- In the event of any conflict between this presentation and your Pension Plan, the Pension Plan prevails.