

WEST PALM BEACH POLICE PENSION PLAN



SUMMARY PLAN DESCRIPTION

October 2024

INTRODUCTION

As a participant in the West Palm Beach Police Pension Plan (the “Plan”), you are included in a program of benefits to help you meet your financial needs in retirement, or in the event of disability or death. The purpose of this summary plan description (“SPD”) is to give you a brief description of benefits available to you under your Plan.

Planning for retirement begins now. This booklet can be a valuable tool in preparing for your retirement and financial future. If you need any further information on any of the topics presented in this booklet, please contact the Plan Administrator, Precision Pension Administration, or the Board of Trustees (the “Board”). They will answer any questions to help you better understand your benefits, but neither is authorized to give advice concerning your participation or benefits in the Plan. Your interests are usually best served by submitting your questions in writing.

Your pension decisions are major financial decisions and the Board of Trustees recommends that you seek the advice of qualified financial and tax advisors before making any final decisions.

The information presented is a summary of the Plan as provided in the Special Act which governs your Plan. The legal citation for that Act is §16 of Chapter 24981, Laws of Florida, 1947 (as amended). This summary SPD includes changes up through the 2022 legislative session. **Any discrepancies between information in this booklet and the Special Act will be governed by the Special Act.** Nothing in this SPD is intended to nor does it create a contract for benefits greater than that provided by law. Any examples provided in this SPD are for illustrative purposes only. The Special Act should be consulted before you take any action concerning your participation or benefits in the Plan. A copy of the Special Act can be obtained from the Fund Plan Administrator:

Precision Pension Administration
Dave Williams, Administrator
2100 North Florida Mango Road
West Palm Beach, Florida 33409

www.wpbppf.com

Telephone: 561.471.0802

Fax: 561.471.5027

Board of Trustees
West Palm Beach Police Pension Plan

Jonathan Frost, Chairman

Troy Marchese, Secretary

Joe Ahern

Dana Fragakis

Sean Williams

TABLE OF CONTENTS

1.	PARTICIPATION IN THE PLAN	5
2.	ELIGIBILITY FOR NORMAL RETIREMENT	5
3.	AMOUNT OF A NORMAL RETIREMENT PENSION, SALARY, AND CREDITED SERVICE.....	5
4.	FORMS OF PENSION PAYMENTS.....	8
	a. STANDARD FORM OF PENSION PAYMENT	8
	b. OPTIONAL FORMS OF PENSION PAYMENT	9
	c. BENEFICIARY DESIGNATION.....	10
5.	TERMINATION BEFORE NORMAL RETIREMENT	11
	a. BENEFIT REDUCTION FOR EARLY COMMENCEMENT OF EARLY RETIREMENT BENEFITS.....	11
	b. TERMINATION BEFORE COMPLETION OF 10 YEARS OF SERVICE	11
6.	SURVIVOR BENEFITS - DEATH BEFORE RETIREMENT	12
	Duty Related Deaths	12
	Non-Duty Related Deaths	13
7.	DISABILITY RETIREMENT	13
	Duty Disability Retirement.....	14
	Non-duty Disability Retirement.....	14
8.	SUPPLEMENTAL DISTRIBUTIONS AFTER RETIREMENT (13th or 14th Check).....	15
9.	COST OF LIVING INCREASES AFTER RETIREMENT.....	16
10.	FILING FOR RETIREMENT	16
11.	DEFERRED RETIREMENT OPTION PLAN (DROP)	16
12.	LOANS FROM DROP.....	17
13.	SHARE ACCOUNTS	18
14.	OPTIONAL FORM OF PAYMENT OF DROP OR SHARE ACCOUNTS	19

15.	BUYBACK OF PRIOR POLICE OFFICER OR MILITARY SERVICE	20
16.	TRUSTEE TO TRUSTEE TRANSFERS.	20
17.	FORFEITURE OF BENEFITS.	21
18.	PENSION BENEFITS AS MARITAL PROPERTY	22
19.	COST OF THE PENSION FUND.	22
20.	ADMINISTRATION OF THE PENSION FUND.....	23
21.	CLAIMS PROCEDURE	23
22.	COLLECTIVE BARGAINING AGREEMENT	23
23.	VEBA.....	24
24.	DEFINITIONS.....	24
25.	ACTUARIAL DATA.....	25

1. PARTICIPATION IN THE PENSION PLAN

Each police officer employed in the City of West Palm Beach Police Department is a Pension Plan participant. A police officer is an employee who is certified as a law enforcement officer as a condition of employment in accordance with the provisions of s. 943.14, Florida Statutes.

New Plan participants are required to undergo a physical examination for purposes of determining preexisting conditions and presumptive illnesses. The physical examination will be conducted together with the City's post offer, preemployment physical examination.

2. ELIGIBILITY FOR NORMAL RETIREMENT

A police officer who has 25 or more years of continuous credited service, OR has EITHER attained age 50 and has 20 or more years of credited service, or has attained age 55 and has 10 or more years of credited service is eligible for normal retirement. An application for normal retirement must be filed with the Plan Administrator and approved by the Board.

3. AMOUNT OF A NORMAL RETIREMENT PENSION, SALARY, AND CREDITED SERVICE

The amount of a normal retirement pension is based on a participant's credited service, final average salary, and the pension multiplier.

Final average salary is the average monthly salary paid a participant during the three years of credited service producing the highest average. Salary includes base salary and longevity pay and may include other types of pay. In particular, overtime earned on or after January 1, 2013, is included for up to 300 hours per 26 consecutive pay periods. Hours of overtime earned prior to January 1, 2013, were limited to 400 hours and prior to January 1, 2005, there was no limitation on overtime.

Credited service is generally a participant's period of employment as a police officer in the Police Department of the City of West Palm Beach, measured in years and fraction of a year. Special conditions apply if a participant has a break in service as a police officer and withdraws their accumulated contributions. The participant must

begin repayment of the withdrawn contributions plus interest within one year after re-employment or the right to restore this service will be forfeited. *This decision could affect your eligibility for benefits under other programs.* In certain circumstances, limited periods of time served as a police officer with the City or any other municipal, county, state or federal law enforcement office, or in the military may be purchased or recognized as credited service. Promptly contact the Plan Administrator if any of these situations applies and get specific direction on what actions are necessary on your part and what options are available.

Illustrations of Pension Amounts:

The following example illustrates the calculation of final average salary:

Year Before Retirement	Sample Salary for Year
10 th	\$41,000
9 th	\$43,000
8 th	\$46,000
7 th	\$48,000
6 th	\$50,000
5 th	\$53,000
4 th	\$55,000
3 ^{rd*}	\$58,000
2 ^{nd*}	\$60,000
1 ^{st*}	\$62,000

**Earnings for these years produce the highest average and include no more than 300 earned hours of overtime on or after January 1, 2013 and 400 earned hours of overtime before January 1, 2013 and unlimited earned overtime before January 1, 2005.*

To calculate final average salary, total the highest three years' salary and divide by 36:

$$\frac{\$62,000 + \$60,000 + \$58,000}{36} = \$5,000$$

36

The monthly normal retirement pension is calculated as follows:

For Members who retire or enter the DROP before May 6, 2022:

1. The total of a, b, and c below to a maximum of 26 years:
 - a. 3.0% (.03) of final average salary multiplied by credited service after 10/1/2017; plus
 - b. 2.68% (.0268) of final average salary multiplied by credited service after 9/30/2011 and before 10/1/2017; plus
 - c. 3.0% (.03) of final average salary multiplied by credited service prior to 10/1/2011 but after 4/1/87; plus
2. 1.0% (.01) of final average salary multiplied by credited service over 26 years.

For Members who retire or enter the DROP after May 6, 2022:

1. 3.0% (.03) of final average salary multiplied by credited service; plus
2. 1.0% (.01) of final average salary multiplied by credited service over 26 years.

Benefit Formula - Illustration

The following illustration of a normal retirement pension calculation for a participant is based on:

(1)	Date of Hire	6/1/1997
(2)	Date of Retirement	6/1/2022
(3)	Total credited service	25.0 yrs.
(4)	Final average salary	\$5,000.00

This participant's benefit would be \$3,750.00 monthly which is 75% of \$5,000. This is percentage is calculated as follows:

3% times the 25 years of credited service 75%

4. FORMS OF PENSION PAYMENTS

a. STANDARD FORM OF PENSION PAYMENT

The standard form of payment for the pension described in Section 3 is payable for the lifetime of the retired participant.

If the retired participant is either married or has unmarried children under age 18, or has dependent parents, a pension may be payable to one or more of these beneficiaries upon the death of the retired participant.

Normal Form, Married: A surviving spouse is normally paid 2/3 of the retired participant's monthly pension for life. If a member remarries after retirement, the benefit to the new survivor may be reduced to take into account the age of the new survivor. If you remarry after retirement, please contact the Plan Administrator.

Normal Form, Unmarried with minor children: When there is no surviving spouse or the surviving spouse dies, each unmarried child under the age of 18 is paid an equal share of 2/3 of the retired participant's pension, as long as that child has not been adopted by someone else. A child's pension terminates if the child is either adopted, marries, reaches age 18 or dies. The pension payable to an individual child cannot exceed 20% of the retired participant's pension. Each child's pension is re-computed when any surviving child ceases to be paid.

Normal Form, Unmarried with no minor children: If the retired participant does not leave a surviving spouse or eligible child, each dependent parent (dependent upon the participant for at least 50% of his/her financial support) can be paid an equal share of 2/3 of the retired participant's pension for life or until remarriage. If the retired participant is not married, does not leave an eligible child or dependent parent, and dies before 120 monthly pension payments have been made, pension payments will continue to the retired participant's designated beneficiary or to the participant's estate if there is no designated beneficiary until a total of 120 payments have been made.

If you do not want your benefit paid as the Normal Form of benefit, you must make that intent known by completing an Interim Benefit Election form. This form will determine your benefit election until you reach retirement when you make your final election. Please contact the Plan Administrator if this situation applies to you.

b. OPTIONAL FORMS OF PENSION PAYMENT

Optional forms of payment are available in lieu of the applicable standard form described in Section 4a. The amount of pension under each optional form has the same actuarial value as an unmarried retired participant's standard form of payment (lifetime payments with 120 payments guaranteed). Therefore, great care should be exercised by married participants who are considering an optional form of pension payment.

- **Option I - Life Annuity** - The straight life form of payment pays the retired participant an increased monthly pension for life. No monthly pension is ever paid a spouse, child, dependent parent or other beneficiary under this form of payment.
- **Option II - Joint and 100% Survivor** - The joint and 100% survivor form of payment pays the retired participant a reduced monthly pension for life. Upon the retired participant's death, the beneficiary designated when the form of payment was elected will be paid 100% of the reduced monthly pension for life.
- **Option III - Joint and 75% Survivor** - The joint and 75% survivor form of payment pays the retired participant a reduced monthly pension while both the retired participant and the beneficiary are alive. The reduction is not as great as under Option II. Upon the beneficiary's death, the retired participant is paid 75% of the reduced pension for life. Upon the retired participant's death the beneficiary will be paid 75% of the reduced monthly pension for life.
- **Option IV - Joint and 66-2/3% Survivor** - The joint and 66-2/3% survivor form of payment pays the retired participant a reduced monthly pension while both the retired participant and the beneficiary are alive. The reduction is not as great as under Option III. Upon the beneficiary's death, the retired participant is paid 66-2/3% of the reduced pension for life. Upon the retired participant's death the beneficiary will be paid 66-2/3% of the reduced monthly pension for life.
- **Option V - Joint and 50% Survivor** - The joint and 50% survivor form of payment pays the retired participant a reduced monthly pension while both the retired participant and beneficiary are alive. The reduction is not as great as under Option IV. Upon the beneficiary's death, the retired participant is paid 50% of the reduced pension for life. Upon the retired participant's death the beneficiary will be paid 50% of the reduced monthly pension for life.

- **Option VI - 10 Year Certain** - A retirement income of the normal form of benefit but in lieu of the survivor benefits, the participant may elect to designate a beneficiary to receive the remainder of 120 payments, in the event that the participant dies before receiving 120 payment. In the event that the participant/retiree receives 120 or more payments, no benefit is paid to a beneficiary.

The Plan Administrator can give you an estimate of the amount of your pension under any of the optional forms of payment. A request for an optional form of payment must be submitted in writing to the Board before the effective date of retirement. An optional form of payment cannot be changed after the first pension check is cashed deposited, or credited to the DROP. A designated beneficiary may be changed twice after pension payments have started. A change in designated beneficiary will result in a change in the amount of pension if the age of the new beneficiary differs from that of the previous beneficiary. Any change in beneficiary must be filed with the Plan Administrator's office by you during your lifetime.

c. BENEFICIARY DESIGNATION

A retired participant who chooses an optional form of benefit may change his or her designation of joint annuitant or survivor up to two times. If changed, the participant's monthly benefit shall be adjusted by the application of actuarial tables and calculations developed to ensure that the benefit paid is the actuarial equivalent of the present value of the participant's current benefit and there is no impact to the Plan. The participant shall be responsible for the cost of recalculation of the benefit by the actuary. Any change in joint annuitant must be filed with the Plan Administrator's office by you during your lifetime.

**IT IS IMPORTANT TO KEEP YOUR
BENEFICIARY DESIGNATION UP TO DATE**



5. TERMINATION BEFORE NORMAL RETIREMENT

A participant not eligible for early or normal retirement who terminates with 10 or more years of service may elect to receive early retirement benefits at any time after reaching age 50 or normal retirement benefits at age 55. The participant's early retirement benefit would be calculated in the same manner as a normal retirement benefit, reduced three percent for each year retirement precedes normal retirement age.

a. BENEFIT REDUCTION FOR EARLY COMMENCEMENT OF EARLY RETIREMENT BENEFITS

Benefit Commencement Age	Benefit Reduction for Early Retirement (Before Age 55)
50	15%
51	12%
52	9%
53	6%
54	3%
55	0%

The benefit reduction is prorated for partial years. For example, if you start your benefit at age 54 and 6 months, the benefit reduction would be 1.5%; and likewise, if you start your benefit at age 52 and 3 months, the benefit reduction would be 8.25%.

As an example, if your monthly accrued benefit is \$2,000, the table below shows the reduced monthly benefit amounts that would be payable at each age:

Benefit Commencement Age	Monthly Benefit Amount
50	\$1,700
51	\$1,760
52	\$1,820
53	\$1,880
54	\$1,940
55	\$2,000

b. TERMINATION BEFORE COMPLETION OF 10 YEARS OF SERVICE

A participant terminating before completing 10 years of service will receive a refund of his or her employee contributions and forfeit his or her Share Account. No further benefit will be payable from the Plan. Additionally, any vested participant who elects to take a refund of contributions instead of his/her benefit, forfeits both the defined benefit monthly payments as well as the share account benefit.

Credited service will be reinstated if re-employment as a West Palm Beach police officer occurs within 5 years of termination and continues for at least 3 years, so long as any withdrawn accumulated contributions are repaid within five years of re-employment. The repayment must include interest from the date of withdrawal to the date of repayment and must begin within 1 year of re-employment.

6. SURVIVOR BENEFITS - DEATH BEFORE RETIREMENT

This section details the way that benefits will be paid under the Plan document. If you do not want your benefit paid as the Plan provides, you must make your intent for benefit payments known by completing an Interim Benefit Election form. Please contact the Plan Administrator if this situation applies to you.

Duty Related Deaths

The surviving spouse, or in certain circumstances surviving children or financially dependent parents, of a participant who dies while employed in the Police Department as a police officer will be paid a duty death pension if the Board finds the death to be the natural and proximate result of causes arising out of and in the course of the participant's performance of duty as a police officer.

A surviving spouse is paid a monthly pension, for life, of 2/3 of the greater of the participant's highest 12 consecutive months' salary or current top step police officer pay.

An unmarried child under the age of 18 is paid a monthly pension in the amount of:

- (a) \$150 per month, if a surviving spouse is being paid a pension, or
- (b) An equal share of 1/3 of the participant's final average salary if a surviving spouse is not being paid a pension.

Payment terminates upon adoption, marriage, attainment of age 18 or death.

A financially dependent parent is paid a monthly pension if the participant leaves neither a surviving spouse nor an eligible surviving child. The amount of pension is an equal share of 1/3 of the participant's final monthly average salary. Payment terminates upon remarriage or death.

Any retirement income payments due after the death of a vested participant may be paid to the participant's estate or designated beneficiary or beneficiaries. This is generally a refund of contributions in the event that there is no surviving spouse, surviving eligible children, or surviving dependent parents.

Non-Duty Related Deaths

If a participant who has 5 or more years of credited service dies while employed in the Police Department as a police officer and the death is not in the line of duty, the surviving spouse is paid a pension.

The amount of a surviving spouse's pension is $\frac{2}{3}$ of the participant's accrued normal retirement pension but not less than $\frac{1}{7}$ of the participant's final average salary. The pension terminates when the surviving spouse dies.

A monthly pension is payable to each unmarried child under the age of 18 for periods a surviving spouse is not being paid a pension. The amount of pension paid each eligible child is an equal share of a surviving spouse's pension. A child's pension cannot exceed $\frac{1}{7}$ of the participant's final monthly average salary. Payment terminates if the child is either adopted, marries, reaches age 18 or dies.

A monthly pension is payable to each financially dependent parent if the participant does not leave a surviving spouse or an eligible surviving child. The amount of pension is an equal share of the amount of a surviving spouse's pension. Payment terminates if the dependent parent marries or dies.

If a pension is neither paid nor becomes payable on account of the death of a participant, the participant's accumulated contributions are paid to the participant's designated beneficiary or to the participant's estate if there is no designated beneficiary.

7. DISABILITY RETIREMENT

A pension may be payable to a participant who becomes disabled while employed in the Police Department as a police officer. Eligibility for and the amount of the pension are dependent on whether the disability occurs in the line of duty. Optional forms of pension payments are available in lieu of the applicable standard form as described in Section 4.

The disability must arise from an illness, disease or injury which totally and permanently prevents the participant from performing useful and efficient service as a police officer in the West Palm Beach Police Department. A medical committee will direct a medical examination of the participant and make a report to the Board. The final determination is made by the Board. The medical committee is made up of at least 2 qualified health professionals, one appointed by the participant, one appointed by the Board and, if necessary, a third selected by the other medical committee participants should they disagree with respect to the finding of a disability.

The participant is responsible for costs incurred by his/her appointee.

If disability results from excessive and habitual use of drugs, intoxicants or narcotics, willful and illegal participant in fights, riots or civil insurrection, or arises in connection with the commission of a crime or while serving in any nation's armed forces, no disability pension will be awarded.

A participant who is retired for disability and is under age 50 will be required to undergo periodic medical examinations under the direction of a medical committee for purposes of verifying ongoing disability. If the medical committee and the Board determine that the participant is capable of resuming employment as a police officer, in the rank held at time of retirement, the retired participant will be returned to active service at a salary at least equal to the salary held at time of retirement and the disability pension will terminate. Upon return to work, credited service at time of disability retirement is reinstated.

If the Board determines that the disability resulted from performance of duty as a police officer, the participant is granted credited service for the period on disability retirement.

Duty Disability Retirement

If the Board finds the disability to have arisen out of and in the course of the participant's performance of duty as a West Palm Beach police officer, the amount of pension is equal to:

- (a) Before age 55, a participant's accrued normal retirement pension. The minimum benefit is 2/3 of final average salary.
- (b) At age 55, a participant's accrued normal retirement pension, recalculated with additional credited service granted to age 55.

A condition or impairment of health caused by tuberculosis, hypertension, meningococcal meningitis, hepatitis or heart disease resulting in total disability is presumed to be duty-related unless shown otherwise by competent evidence. Duty-relatedness requires, however, that a pre-employment physical examination fail to reveal any evidence of the condition.

Non-duty Disability Retirement

There is a 5-year credited service requirement for disability retirement if the disability is not the result of performing duty as a West Palm Beach police officer. The amount of pension is calculated the same as a normal retirement pension based on final average salary and credited service at the time of disability.

The minimum pension is 25% of final average salary if credited service is 10 or more years or 20% of final average salary if credited service is less than 10 years. There is no non-duty disability pension if a police officer's credited service is less than five years.

Accumulated contributions are refunded.

8. SUPPLEMENTAL DISTRIBUTIONS AFTER RETIREMENT (13th or 14th Check)

Retired participants (including participants who are still working under the DROP provisions) and beneficiaries as of each September 30 *may* be paid a supplemental pension distribution the following April *if both of the following conditions have been met:*

- During the preceding fiscal year, the assets of the Pension Fund earned more than: 7% for participants hired prior to April 1, 1987 and 8.25% for participants hired after March 31, 1987 on its assets during the preceding fiscal year; and
- The experience of the Pension Fund in aggregate has been favorable, on a cumulative basis, since September 30, 1991 after deducting all prior supplemental distributions. This condition has not been met since April, 2001 and should not be considered imminent.

The potential total distribution is based upon an actuarial formula which is contained in the Plan document. Essentially, assets are held in reserve to pay the pensions of the current recipients. These assets are invested with all the other Plan assets. When investment return exceeds what is specified in the pension plan document, this satisfies condition 1 above and some of the excess is shared with the eligible pension recipients.

Each pension recipient's share of the total distribution is in proportion to the combined service of all recipients, with a 25-year limit on service for this purpose. In addition, the distribution is prorated if the recipient has been retired for less than one year on September 30. A duty disability pension recipient's allocation is based on 25 years of service. Surviving spouses and surviving dependent children who are eligible to receive distributions receive 66-2/3% of years of service earned by the deceased pension recipient except duty death beneficiaries with allocations based on 66-2/3% of 25 years of service.

9. COST OF LIVING INCREASES AFTER RETIREMENT

Pensions may be increased each January 1 if the recipient has been retired at least one year and is at least age 65. The basic increase is 3% but may be less (or may be zero) if the Consumer Price Index has increased by less than 3% a year since the first of the month following your 65th birthday, or since your date of retirement if you retired at age 65 or older. These increases are cumulative but not compounded.

10. FILING FOR RETIREMENT

In order to ensure that you receive your pension on time, you should file your application with the Plan Administrator at least 30 days before retirement. Benefit payments will be payable as of the first day of the first month after both an application has been filed and you have reached your retirement date. The actual payment of your benefit may not begin as of that date. The Plan will not pay retroactive benefits for applications filed after first eligibility. It is your responsibility to apply for the benefit before your retirement date.

All forms can be obtained from the Plan Administrator at the address on the Introduction page. Penalties will be imposed for making a false or misleading statement to obtain a pension benefit.

If an error in retirement benefits is discovered and result in any member or beneficiary receiving from the retirement plan more or less than they would have been entitled to receive had the records been correct, the board shall have the power to correct such error and, as far as possible, adjust the payments in such a manner that the actuarial equivalent of a benefit to which such member or beneficiary was correctly entitled to shall be paid.

11. DEFERRED RETIREMENT OPTION PLAN (DROP)

A participant may elect DROP participation prior to completing 27 years of credited service if the participant is eligible for normal retirement. DROP participation ends when any one of the following events occurs: (i) termination of employment, (ii) completion of 30 years of credited service or (iii) completion of 5 years of participation in the DROP.

Upon the effective date of DROP participation, a participant's pension amount is calculated based on credited service and final average salary at that time and the amount remains permanently frozen. The participant's DROP account is credited with monthly amounts equal to the frozen pension during the period of DROP participation. DROP accounts are credited with net investment earnings during the DROP period and after termination of employment based on an election made prior to each plan year where the account balance is greater than zero. The election is between investment

earnings as earned by the Plan assets less administrative and investment expenses and a fixed rate of 8.00%¹ (effective for participants who enter DROP after October 1, 2012) less administrative and investment expenses. Investment earnings and monthly credits are suspended at the end of the DROP period if the participant continues working.

A participant may elect payment of the DROP account at any time following termination of employment, but Payment must begin as provided for in The SECURE Act 2.0. The Act provides that effective January 1, 2023, the required minimum distribution age was increased to age 73. Please be sure to check with your tax, financial, or legal advisor. Payment is available under several options, one of which is in Item 16. Detailed information is available from the Plan Administrator.

If a participant dies and is eligible for benefits from the DROP account, the entire balance of the DROP account will be converted to the named beneficiary. The entire balance shall be paid out in a lump sum to the beneficiary, at the beneficiary's discretion. If the designated beneficiary is the surviving spouse, the account may remain with the Plan until the latest period specified. The DROP account is not eligible for any additional DROP deposits but are eligible for earnings.

Note: If there is no living designated beneficiary on file, payment will be made in a lump sum in the following order:

- (a) The participant's surviving children on a pro rata basis;
- (b) If no children are alive, the participant's spouse;
- (c) If no spouse is alive, the participant's surviving parents on a pro rata basis; or
- (d) If none are alive, the estate of the participant.

¹ If the Plan does not earn 8.00% during a fiscal year, which offsets all gains from earnings on the DROP over 8% since October 1, 2012, then the crediting rate is reduced to 4.00% until the deficit is satisfied.

12. LOANS FROM DROP

Loans are available to a DROP participant. To be eligible, a participant has to have terminated employment and have participated in the DROP for at least 12 months.

Up to 50% of a participant's account balance, to a maximum of \$50,000, is available for borrowing. The \$50,000.00 maximum is reduced by the highest outstanding loan balance within the last 12 months. A participant may not borrow less than \$5,000. Loans are to be repaid over a one to five-year period at an interest rate equal to the prime rate on the last day of the calendar quarter preceding the date of loan application.

A loan in default becomes due and payable immediately. If not repaid in full immediately, the loan may be canceled and the outstanding balance treated as a distribution, subject to any tax consequences such treatment brings. This will reduce the participant's account balance and make the participant ineligible for future loans.

13. SHARE ACCOUNTS

Share Accounts are established and maintained for each participant in the Plan including DROP participants. The accounts are funded by Chapter 185 casualty insurance premium tax monies. Share Accounts are credited each quarter with a pro rata share of Plan investment earnings and forfeited accounts and are charged with a pro rata share of administrative and investment expenses. Upon vesting, a participant may make an election prior to each plan year, where the election is between investment earnings as earned by the Plan assets less administrative and investment expenses and a fixed rate of 8.00%² effective October 1, 2012² less administrative and investment expenses. Chapter 185 receipts are allocated on the day that the Plan receives the deposit in proportion to each participant's number of pay periods during the preceding calendar year.

Upon retirement, including entry into DROP, but neither vested termination nor non-vested termination, participants must transfer in their accumulated sick and vacation time and may transfer money from another qualified tax deferred plan, such as a 457 plan. The investment earnings for the plan year in which the money is deposited shall be credited according to the election made prior to that plan year, but will only be paid for the period during which the money was held by the Plan. The investment earnings in subsequent plan years will be credited in the same manner as is described above for a vested share account.

² If the Fund does not earn 8.00% during a fiscal year, which offsets all gains from earnings on the DROP over 8% since October 1, 2012, then the crediting rate is reduced to 4.00% until the deficit is satisfied.

A participant may elect payment of his or her Share Account at any time following termination of employment and application to the Board of Trustees, provided that the former police officer is granted:

- (a) Approval for normal or early retirement; or
- (b) Approval for non-duty disability retirement; or
- (c) Approval for duty disability retirement; or
- (d) Satisfaction of the eligibility conditions for non-duty death benefits; or
- (e) Satisfaction of the eligibility conditions for duty death benefits.

Subject to Sec. 415 of the Internal Revenue Code, the standard form of payment of a Share Account is a lump sum. Payment will be made in three annual installments upon the participant's written application to the Board. An optional form of payment is described in item number 15.

Subject to Sec. 415 of the Internal Revenue Code, survivor benefits are paid in a lump sum to the participant's designated beneficiaries on file with the Board. If there is no living designated beneficiary on file, payment will be made in a lump sum in the following order:

- (a) The participant's surviving children on a pro rata basis;
- (b) If no children are alive, the participant's spouse;
- (c) If no spouse is alive, the participant's surviving parents on a prorata basis; or
- (d) If none are alive, the estate of the participant.

Any participant who has less than 10 years of credited service and who is not eligible for payment of benefits after termination of employment with the city shall forfeit his or her individual participant Share Account. The amounts credited to said individual participant Share Account shall be redistributed to the remaining individual participant Share Accounts in the same manner as Chapter 185, Florida Statutes, tax revenues are credited to individual participant Share Accounts (i.e. based on pay periods). Additionally, any vested participant who elects to take a refund of contributions instead of his/her benefit, forfeits both the defined benefit monthly payments as well as the share account benefit.

The Chapter 185 casualty insurance premium tax moneys received in calendar year 2014 will be allocated to offset City contributions and will not be allocated to the Share Accounts.

14. OPTIONAL FORM OF PAYMENT OF DROP OR SHARE ACCOUNTS

An eligible participant or beneficiary may elect, on application to the Board, to receive his or her DROP or Share Account balance in monthly installments. This will be calculated and has tax consequences that only you and your tax professional can determine.

While this option is designed to generate income for you over your expected lifetime, it does *not* provide for a guaranteed lifetime benefit. You will not receive payments from your DROP or Share Account once it is exhausted. However, your beneficiary or estate will receive your DROP or Share Account balances if you die before exhausting them. The DROP and Share Accounts have open enrollment periods each April and October to make changes to your distribution elections. Please see the Plan Administrator for details.

If your DROP or Share Account has less than 15 times the monthly installment at the start of the fiscal year, you will receive the balance as a lump sum. The final earnings payment on the balance will be made when the previous quarter's net rate of return is available.

15. BUYBACK OF PRIOR POLICE OFFICER OR MILITARY SERVICE

A participant may purchase up to a combined total of 5 years of either prior police officer service or prior military service. A member with prior service as a police officer from another municipality, county, state, or federal law enforcement agency may purchase up to 5 years of that prior service time but shall not be more than 5 years total when combined with years purchased for prior military service. Please note, no service credit may be purchased if the participant is receiving or will receive a pension based on such service, excluding military service.

The participant will be charged the full actuarial cost of the benefit and the credit purchased will not count towards vesting. The cost of purchasing the time is determined by the plan of benefits in place at the time that the service is purchased and will not change if the benefits subsequently are changed. A request to purchase service may be made at any time during the course of employment, however the buyback is a one-time opportunity.

Payment for the prior service time may be made within ~~six~~ (6) months after the request for credit and in 1 lump sum payment, or the prior service time may be bought back over a period equal to the length of time being purchased or 5 years, whichever is greater.

16. TRUSTEE TO TRUSTEE TRANSFERS

To minimize the tax consequences of rolling Share or DROP accounts to an IRA or another qualified plan, direct trustee-to-trustee transfers are available. Please see your administrator for the appropriate forms.

17. FORFEITURE OF BENEFITS

Any participant who is convicted of any of the below offenses committed prior to retirement³, or whose employment is terminated by reason of his or her admitted commission of a specified offense, shall forfeit all rights and benefits under this Plan, except for a refund of accumulated contributions. The specified offenses are:

- (1) Committing, aiding or abetting of an embezzlement of public funds;
- (2) Committing, aiding or abetting of any theft by a public officer or employee from employer;
- (3) Bribery in connection with the employment of a public officer or employee;
- (4) Any felony specified in Chapter 838, Florida Statutes;
- (5) The committing of impeachable offense;
- (6) The committing of any felony by a public officer or employee who, willfully and with intent to defraud the public or the public agency for which the public officer or employee acts or in which he or she is employed of the right to receive the faithful performance of his or her duty as a public officer or employee, realizes or obtains, or attempts to realize or obtain, a profit, gain, or advantage for himself or herself or for some other person through the use or attempted use of the power, rights, privileges, duties, or position of his or her public office or employment position
- (7) The committing on or after October 1, 2008, of any felony defined in §800.04, Florida Statutes, against a victim younger than 16 years of age, or any felony defined in Chapter 794, Florida Statutes against a victim younger than 18 years of age, by a public officer or employee through the use or attempted use of power, rights, privileges, duties, or position of his or her public office or employment position.

Any Participant who has received benefits from the Plan in excess of his accumulated contributions shall be required to repay the Plan. The Board may implement legal action necessary to recover such funds. Additionally, a participant who makes a false or misleading statement to obtain retirement benefits shall commit a misdemeanor of the first degree and if convicted, the participant shall forfeit his/her benefit.

³ "Retirement" for purposes of 112.3173 is not the same as DROP retirement. DROP members' assets are subject to forfeiture when a member is still an active employee of the City as set forth in *Simcox v. City of Hollywood Police Officers Retirement System*, 988 So.2d 731 (Fla. 4th DCA 2008).

18. PENSION BENEFITS AS MARITAL PROPERTY

The Plan will honor income deduction orders for the payment of child support and alimony directly to a former spouse or to the Florida State Disbursement Unit as provided by Chapter 61, Florida Statutes. Due to legal requirements, this Plan, like other governmental plans in Florida, cannot honor a qualified domestic relations order (QDRO).

If the Plan receives a court order that seeks “equitable distribution of marital assets,” the Plan cannot comply.

Because the Plan does not represent members in connection with marital dissolution matters, the parties are responsible for providing the Plan Administrator with an acceptable order that complies with all legal requirements. An acceptable order requires a participant and former spouse to establish a joint account that will receive the pension benefits when paid, and the financial institution will distribute the relative shares. Because the Plan is paying the member directly, the issue of paying a non-member directly has been eliminated. A copy of an acceptable draft order is available from the Plan Administrator.

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. Additionally, deductions may be available to existing orders or agreements modified on or after January 1, 2019, if both parties agree.

19. COST OF THE PENSION FUND

Participants are required to contribute 11.0% of covered salary. Contributions are deducted from each paycheck and credited to the participant’s Plan account.

The City of West Palm Beach also contributes to the Plan. The amount of City contribution is mathematically determined in accordance with State statute to finance Plan benefits as they are earned, as well as to finance any difference between liabilities for service already rendered and Plan assets.

20. ADMINISTRATION OF THE PENSION FUND

The Plan is administered by a Board which is responsible for overseeing the investment of Plan assets and application of the provisions of the Special Act. The Board has authority over distribution of all pensions and makes final decisions on claims and appeals. The Board is comprised of five Trustees; two legal residents of the City appointed by the Mayor, two full-time police officers elected by Plan participants and a trustee chosen by a majority of the four trustees selected by the Mayor and the Plan members.

Plan assets are maintained and invested entirely separately from City assets and cannot be used for any purpose other than those specified in the Special Act.

21. CLAIMS PROCEDURE

Any participant, former participant, or beneficiary who has been denied a benefit by a decision of the Board shall be entitled to request in writing that the Board give further consideration to the claim. This request, together with a written statement of the reasons why the claimant believes his claim should be allowed, shall be filed with the Board no later than 20 days after receipt of the written notification of the denial.

The Board shall then conduct a hearing within 45 days after the receipt of the appeal. The claimant may be represented at the hearing by an attorney or other representative of his/her choosing. During the hearing the claimant shall have the opportunity to submit written and oral evidence and arguments in support of his/her claim. The claimant shall also have the opportunity to review the Board's file at or prior to the hearing. The hearing will be recorded. However, to appeal the decision of the Board, the claimant may need to ensure that a verbatim record of the proceedings is made.

Within 20 days after rendering its Order, the Board shall deliver by certified mail, a copy of the Order to the claimant.

22. COLLECTIVE BARGAINING AGREEMENT

Some of the participants of the Plan are covered by a Collective Bargaining Agreement between the Florida State Lodge, Fraternal Order of Police, Inc. and the City of West Palm Beach dated October 1, 2024, to September 30, 2027. The Plan is addressed in Article 29.

23. VEBA

Through your Collective Bargaining Agreement you may have a VEBA benefit. The Plan is not responsible for the operation of such plan but will coordinate with the VEBA to determine the deductions for your health insurance.

24. DEFINITIONS

Accumulated contributions - The total of all amounts contributed by a participant to the West Palm Beach Police Plan.

Beneficiary - An individual, such as a spouse, child or dependent parent, who is receiving a survivor benefit from the Plan following the death of a participant. A Trust custodied with a Trustee outside of the Plan may be a designated beneficiary for Share Account and DROP assets only.

Board - The Board of Trustees which administers, manages and operates the Plan.

Credited service - A participant's years and fractional parts of a year of service as a police officer in West Palm Beach Police.

Final Average Salary - The monthly average of salary during three years of credited service of all completed years of credited service producing the highest average.

Participant - A West Palm Beach police officer participating in the Plan.

Salary – Salary includes base salary and longevity pay and may include other types of pay. In particular, overtime earned on or after January 1, 2013, is included for up to 300 hours per 26 consecutive pay periods. Hours of overtime earned prior to January 1, 2013, were limited to 400 hours and prior to January 1, 2005, there was no limitation on overtime.

West Palm Beach Police Pension Fund

PERTINENT ACTUARIAL INFORMATION		
	As of October 1st	
	2023	2022
Number of Members of the Plan		
Active Employees	245	248
Those Receiving or Due to Receive Benefits	325	312
Annual Payroll of Active Members	\$ 24,402,078	\$ 23,567,838
Annual Rate of Benefits in Pay Status	19,735,916	18,228,318
Actuarial Accrued Liability	550,401,319	524,687,034
Net Assets Available for Benefits (Actuarial Value)	490,770,689	487,066,496
Unfunded Actuarial Accrued Liability	59,630,630	37,620,538
Required Contribution to be Made to the Plan Over and Above Contributions by Members of the Plan	10,471,362	8,058,978
Required Contribution as % of Payroll of Active Members	40.17%	32.01%
Required Contribution to be Paid During Year Ending	9/30/2025	9/30/2024

West Palm Beach Police Pension Fund

SUMMARY OF ASSETS

	Market Value	
	9/30/23	9/30/22
Cash & cash equivalents	\$ 9,763,455	\$ 12,634,151
Prepaid contribution	0	0
Payables	(579,393)	(1,104,695)
Receivables	79,509	3,304,451
Prepaid expenses	8,418	1,430,259
Bonds - government/domestic	20,543,625	27,375,676
- corporate	1,774,310	4,920,337
Stocks - domestic	86,468,195	78,423,445
- international	0	0
Mutual Funds - domestic	178,036,916	144,441,086
- international	80,130,268	66,403,701
Real Estate	61,586,267	86,144,009
Mortgage backed securities	0	0
Participant Loans	1,264,623	1,101,091
Accrued investment income	192,832	219,132
Total Assets	\$ 439,269,025	\$ 425,292,643

REVENUES AND EXPENDITURES

	Year Ended 9/30/23	Year Ended 9/30/22
REVENUES:		
a. Member contributions	\$ 2,806,195	\$ 2,871,212
b. Buyback contributions	367,713	174,140
c. City contributions	5,657,198	5,354,106
d. Chapter 185 revenue	1,985,387	1,814,266
e. Prepaid contribution	0	0
f. Transfers to Plan for Share and DROP accounts	678,558	387,837
g. Investment income		
1. Interest, dividends and other income	5,660,655	8,846,361
2. Net appreciation	29,097,067	(57,033,914)
3. Investment expenses	(1,595,060)	(1,299,356)
4. Net investment income	33,162,662	(49,486,909)
h. Total revenues	\$ 44,657,713	\$ (38,885,348)
EXPENDITURES:		
a. Refunds of member contributions	78,566	233,429
b. Benefits paid (including Supplemental pension distribution)	23,699,444	14,243,528
c. Lump-Sum share account distributions	2,039,683	2,379,806
d. DROP account distributions	4,456,991	3,867,725
e. Administrative expenses	406,647	436,123
f. Total expenditures	30,681,331	21,160,611
RESERVE INCREASE:		
Total revenues minus total expenditures	\$ 13,976,382	\$ (60,045,959)