

**THE CITY OF STARKE POLICE OFFICERS'
RETIREMENT SYSTEM**

SUMMARY PLAN DESCRIPTION

April 2014

INTRODUCTION

This document is intended to be a plain language summary of the administration and benefits provided by the City of Starke Police Officers' Retirement System (the "Plan").

This Summary Plan Description is a brief description of your Plan and your rights, obligations and benefits under that Plan. This Summary Plan Description is not meant to interpret, extend or change the provisions of your Plan in any way. Further, this Summary Plan Description does not constitute a contract for retirement benefits. The provisions of your Plan may only be determined accurately by reading the actual Plan documents, which are ordinances of the City of Starke.

A copy of your Plan is on file at the City Clerk's office and may be read by you, your beneficiaries or your legal representatives at any time during normal business hours. If you have any questions regarding either your Plan or this Summary Plan Description, you should ask your Plan's Administrator. In the event of any discrepancy between this Summary Plan Description and the actual provisions of the Plan, the Plan shall govern.

GENERAL INFORMATION ABOUT YOUR PLAN

Official Name of the Plan

The official name of the Plan is the City of Starke Police Officers' Retirement System.

Type of Plan

This is a defined benefit Plan which means that you will receive upon retirement a guaranteed percentage of your covered salary times your years of credited service.

Employer

The employer is the City of Starke.

Administrator

The Plan is administered by the Board of Trustees of the City of Starke Police Officers' Retirement System.

Composition of the Board of Trustees

There is a five member Board of Trustees. Two trustees are legal residents of the City of Starke and are appointed by the City Commission. Two trustees are full-time police officers of the City of Starke who have been elected by a majority of the active police officers who are members of the Plan. DROP members may be police officer trustees and may vote to elect the police officer trustees. The fifth member is chosen by a majority of the previous four members and such person's name shall be submitted to the City Commission. The City Commission is required to approve that person as a member of the Board of Trustees. Each resident Trustee shall serve as a Trustee for a period of four (4) years, unless sooner replaced by the commission, and may succeed

himself/herself as a Trustee. Each police officer Trustee shall serve as a Trustee for a period of four (4) years, unless he/she sooner leaves the employment of the city police department. Each police officer Trustee may succeed him/herself in office. The fifth member Trustee that is chosen by a majority of the previous four members shall serve as a Trustee for a period of four (4) years and may succeed him or herself in office. At this time the fifth member is Jeff Oody. The members of the Board of Trustees are:

Jeff Johnson, Chairman, Police Representative
City of Starke Police Officers' Retirement System
P.O. Drawer C
Starke, FL 32091-1287

James Hooper, Police Representative
City of Starke Police Officers' Retirement System
P.O. Drawer C
Starke, FL 32091-1287

Dudley Hardy, Citizen Member
City of Starke Police Officers' Retirement System
P.O. Drawer C
Starke, FL 32091-1287

Tony Mangol, Citizen Member
City of Starke Police Officers' Retirement System
P.O. Drawer C
Starke, FL 32091-1287

Jeff Oody, Citizen Member
City of Starke Police Officers' Retirement System
P.O. Drawer C
Starke, FL 32091-1287

Designated Agent for Service of Process

In accordance with Florida law, the Chairperson is the designated agent for service of process and his name and business address is:

Jeff Johnson
City of Starke Police Department
830 Edwards Road
Starke, FL 32091

In the absence of the Chairperson, any member of the Board of Trustees is subject to service of process.

Type of Administration

The Board of Trustees is responsible for the overall administration of the Plan. The Board of Trustees has appointed Ricky Thompson, City Clerk, P.O. Drawer C, Starke, FL 32091-1287 to assist it with the day-to-day record keeping and management functions of the Plan. The Board of Trustees may engage the services of attorneys, accountants, actuaries, investment advisors, investment consultants and other professionals to assist it in the administration of the Plan.

Legal Documents Creating the Plan

The Plan is contained in ordinance numbers 410, 412A, 424 and 425. Additionally, the Plan is governed by Chapter 112, Part VII, of the Florida Statutes, Chapter 185 and certain provisions of the Internal Revenue Code.

Custodian of the Plan

The custodian of the Plan is responsible for the safekeeping of securities owned by the Plan. The Custodian is Salem Trust Company, 4890 West Kennedy Boulevard, Suite 160, Tampa, Florida 33609.

Investment of Plan Assets

The Board of Trustees has hired Dover Consulting Group, A Division of Dover Partners, Inc., 3033 S. Kettering Blvd., Suite 320, Dayton, OH 45439 (“Dover”) to act as its monitor and consultant. Dover has performed searches for companies that are qualified to invest the Plan’s money in securities and has recommended the purchase of mutual funds and the Plan’s assets are presently invested in mutual funds. The Plan is also allowed to invest in Foreign Securities to the maximum extent permitted by Florida law.

Membership in the Plan

All full-time police officers of the City of Starke and all persons who become full-time police officers of the City of Starke shall be members of the City of Starke Police Officers’ Retirement System. A police officer is any person who is elected, appointed or employed full-time by any municipality, who is certified or required to be certified as a law enforcement officer in compliance with F.S. § 943.14, who is vested with authority to bear arms and make arrests, and whose primary responsibility is the prevention and detection of crime or the enforcement of the penal, criminal, traffic or highway laws of the state. This definition includes all certified supervisory and command personnel whose duties include, in whole or in part, the supervision, training, guidance, and management responsibilities of full-time law enforcement officers, part-time law enforcement officers, or auxiliary law enforcement officers, but does not include part-time law enforcement officers or auxiliary law enforcement officers as the same are

defined in F.S. § 943.10(5) and (7), respectively. Part-time police officers, as defined by the City of Starke, shall not become members of the plan.

Funding of the Plan

The Plan receives money each year from taxes placed on auto insurance for automobiles in the City of Starke. The money that is collected is sent to the State of Florida, which remits it to the City which then promptly deposits it in the account of the City of Starke Police Officers' Retirement System. This money is paid pursuant to Chapter 185, Florida Statutes. There are three other sources of funding. The members make contributions, the City makes contributions and there are investment earnings. Each member contributes 1% of his or her compensation. Currently, the City contributes 5% of each member's compensation. Additionally, pursuant to Florida law, the City of Starke is ultimately responsible for making sure that the Plan remains actuarially sound meaning that it is able to pay benefits when due. Therefore, each year, the City must contribute an amount determined by the Board of Trustees to be sufficient, along with accumulated assets and investment earnings to pay the benefits under the Plan. The employer's contribution will vary from year to year.

Benefits

Credited Service

Credited Service means the number of years and months of service you have with the City during which period of time you were a member of the Plan. It may also include military time if you are a member of the Plan prior to entry into the Armed

Forces of the United States, were re-employed within one year after your release from service and you make appropriate contributions.

Normal Retirement Date

The normal retirement date is the earliest date when unreduced retirement benefits may be paid. You may retire under normal retirement upon attaining ten or more years of credited service and attaining age fifty-five, or upon attaining twenty-five years of credited service, regardless of age.

Early Retirement Date

The early retirement date is the earliest date when reduced retirement benefits may be paid. You may retire under early retirement upon attaining ten or more years of credited service and attaining age fifty but prior to your normal retirement date.

Final Average Salary

Your final average salary means the average of the highest annual compensation paid to you during any three consecutive years of credited service contained in your ten years of credited service preceding the date of your termination of employment or entering DROP. Your annual compensation is your wages or salary paid to you by the City for services rendered. It does not include allowances for travel, equipment and such other items as the City may determine from time to time. It also does not include lump sum payments paid at the time of retirement. It does include up to 42 hours of overtime per calendar year.

Normal Retirement Benefit

If you retire on normal retirement, you will be paid a pension equal to 3.75% of your final average salary multiplied by your years of credited service. As an example, assume that in the three years prior to retirement you made \$30,000 one year, \$35,000 the next and \$40,000 the last. Your final average salary is \$35,000. Assume you had twenty-five years of credited service. Your benefit calculation will appear as follows $3.75\% \times \$35,000 \times 25 \text{ years of Service} = \$32,812.50$ per year. You will receive 1/12 of your yearly pension benefit monthly. Pursuant to Florida law, the normal retirement benefit cannot exceed 100% of average final salary, unless you were a member of the system prior to January 1, 1980.

Early Retirement Benefit

If you retire on early retirement, you will be paid a pension equal to 3.75% of your final average salary multiplied by your years of credited service and actuarially reduced based upon your younger age and earlier commencement of your benefits. Your benefit will not be reduced by more than 3% for each year you retire before normal retirement age.

Deferred Retirement Benefit

A member with ten or more years of credited service who leaves the employ of the City as a police officer, for any reason other than death or disability, prior to reaching age fifty-five, or attaining twenty-five years of credited service, is eligible to

receive a deferred pension. You may receive your pension at age sixty, with no reduction. Your pension will be calculated based on the calculation that is in effect for normal retirement at the time you separate from service but you will be retired 30 days after you have submitted an application for retirement upon reaching age 60..

Disability Benefits

If a member becomes totally and permanently disabled for duty while employed by the City of Starke, by reason of a personal injury or disease, that person may receive a disability retirement. The Board of Trustees will decide whether or not a person is eligible for a disability retirement. In order to receive a disability retirement, you must file an application with the Board of Trustees. The Board of Trustees will then have you examined by a physician or physicians, who will report to the Board whether or not you are totally disabled and whether that disability will probably be permanent. If you become disabled for any of the following reasons, you are not eligible for a disability:

- (a) Excessive and habitual use by the police officer of drugs, intoxicants, or narcotics;
- (b) Injury or disease sustained by the police officer while willfully and illegally participating in fights, riots, civil insurrections or while committing a crime;
- (c) Injury or disease sustained by the police officer while serving in any armed forces;
- (d) Injury or disease sustained by the police officer after employment has terminated;

(e) Injury or disease sustained by the police officer while working for anyone other than the City and arising out of such employment.

You are eligible to apply for a line-of-duty disability, meaning a disability that arose out of the course and scope of your employment with the City, regardless of the number of years of service you have with the City. You are not eligible for a non-line-of-duty disability, however, until you have had ten years of credited service. The amount of a disability pension will be computed as a normal retirement pension, however, the minimum benefit for a disability retirement shall be 42% of final average salary. If you are receiving workers compensation, the amount of disability you receive by the Plan will be lowered to an amount provided by law.

After you are retired on a disability retirement, the Board of Trustees may require you to undergo a medical examination or examinations. If you refuse to submit to such medical examination, your disability pension may be suspended. If you refuse to be reexamined for a period of one year, your disability pension may be revoked. If the physician reports that you are physically able and capable of resuming employment with the City, the City will hire you back, and your disability will terminate. You will then become a member of the System and your credited service will be restored to you. If your disability was line-of-duty, you will be given service credit for the period of time that you were in receipt of your disability, until you reach age fifty-five.

Pre-retirement Death Benefits

If you have ten or more years of credited service, are still working for the City and die before you retire, the Plan will pay a pre-retirement death benefit. If you have

chosen a benefit that provides payments to a person after your death, the retirement benefit will be paid to your designated beneficiary. The only choice available to you as to the optional form of benefit (see Optional Form of Benefit) is Option C, 100% Survivor Option. If a member dies who has this option in effect, his or her beneficiary shall immediately receive the member's normal retirement in a 100% Survivorship Option. Upon the beneficiary's death, the pension shall terminate. If you have ten or more years of service, and do not choose an Option C, 100% Survivor Option election, and you have a spouse who is still living, the spouse shall receive your normal retirement benefit computed as if you had retired on the date of your death, even if you are not eligible to retire, and had elected Option C, 100% Survivor Option with your widow or widower as your beneficiary.

Refunds of Employee Contributions

For all employees hired prior to December 31, 1999, who have attained three or more years of credited service and cease to be employed by the City for any reason except retirement or death, the 5% contribution made by the City on behalf of each member will be returned to the member.

All persons who are hired after December 31, 1999 who have ten or more years of credited service who are not immediately eligible to receive a retirement benefit and cease to be employed by the City for any reason except retirement or death, may receive the 5% contribution made on your behalf by the City. You may also receive all contributions, made by you on your behalf regardless of your number of years of credited service. Once you receive your contributions back, you forfeit any right to

receive a pension benefit. You must make a written request for a return of your contributions. If you die before you have earned a right to receive your pension, including a preretirement death benefit (see Section on Preretirement Death Benefits) the 5% contribution made on your behalf by the City will be paid to the beneficiary that you have designated to the Board. If no beneficiary survives your death, the accumulated contributions will be paid to your Estate.

All accumulated contributions, when returned, will be paid in a single sum or in installments, as the Board determines.

If you have less than ten years of credited service and cease to be employed by the City due to elimination of your job position, and through no fault of your own, you will be paid your accumulated contributions provided you make a written request to the Board. You may choose to leave your contribution in the fund for a period of up to 5 years, in the event of rehire.

Optional Form of Benefits

In the absence of choosing differently, you will receive your pension for the remainder of your life, except that in the event you die after retirement but before you have received retirement benefits for a period of ten years, the same monthly benefit will be paid to your beneficiary or beneficiaries for the balance of such ten year period. If no such designated beneficiary or beneficiary survives you, such remaining pension benefit shall be paid to your estate. You shall have the option to choose different forms of benefits. These options are as follows:

(1) *Option A*, a straight life annuity. Under Option A, the retiree shall receive a

greater pension payable throughout his or her lifetime which shall end upon his or her death.

- (2) *Option B*, 50 percent survivor pension. Under Option B, upon the death of the retiree one-half of his or her reduced pension shall be continued throughout the life of and paid to such person that the retiree shall have nominated by written designation duly executed and filed with the Board prior to the date of his or her retirement.
- (3) *Option C*. A retirement income of a modified monthly amount, payable to the police officer during the joint lifetime of the police officer and a joint pensioner designated by police officer, and following the death of either of them, 100%, 75%, 66 2/3%, or 50% of such monthly amount payable to the survivor for the lifetime of the survivor.
- (4) Such other amount and form of retirement payments and benefits as, in the opinion of the Board of Trustees, would best meet the circumstances of the retiree.

Examples of how the optional forms of benefits affect a fictional pension are attached.

Beneficiaries

If the option that you choose provides for the payment of a benefit following your death, you may choose a beneficiary or beneficiaries to receive the benefit. Each designation may be revoked by you by signing and filing with the Board of Trustees a new designation of beneficiary form. If you do not choose a beneficiary or beneficiaries,

or if no beneficiary or beneficiaries survive you, the benefit due, if any, will be paid to your estate.

A retired police officer may change his or her designation of beneficiary up to two times as provided in s. 185.431 without the approval of the Board of Trustees or the current beneficiary. The retiree need not provide proof of the good health of the beneficiary being removed, and the beneficiary being removed need not be living. The amount of the retirement income payable to the retired police officer upon the designation of a new beneficiary or joint annuitant shall be actuarially re-determined so that it is the actuarial equivalent of the benefit that was being paid. The cost of any actuarial study to determine the recalculation will be paid solely by the retired police officer who requests to change the beneficiary. The board reserves the right and authority to develop rules and regulations for the actuarial reduction.

Deferred Retirement Option Program (DROP)

The Plan has a Deferred Retirement Option Program. Attached is Frequently asked Questions and Answers explaining the DROP Program.

Your Responsibilities Under the Plan

- a. Retain this Summary Plan Description with your other important papers for later reference or for replacement by updated versions and supplemental notices, if any.
- b. Upon completing eligibility requirements, sign a Membership Form, including a Beneficiary designation.
- c. Keep your Beneficiary Designation Form updated to express your wishes.
- d. If you terminate employment, check to see if you are entitled to a Deferred Retirement Benefit and the date payable.

- e. If you should terminate employment with rights to a Deferred Retirement Benefit, then, shortly before the date on which it is to begin, you should notify the Board of Trustees to begin such payments.
- f. At least thirty days before you retire under Early or Normal Retirement, complete the form necessary to indicate the form of benefit that you desire.

Claims for Benefits

Claims for benefits under the Plan must be filed in writing with the Board of Trustees who will determine whether you are eligible for benefits. If you are eligible for any benefits from this Plan, and you request it, you will be provided with a notification form showing the amount of your benefit and options, if any, and the earliest date on which such benefit is payable.

If your claim is wholly or partially denied, and you are not present at the meeting at which it is denied, the Plan Administrator shall furnish you with a written notice of this denial.

If notice of the denial of the claim is not furnished to you in accordance with the above within a reasonable period of time, your claim shall be deemed denied. You will then be permitted to proceed to the review stage described in the following paragraphs.

If your claim has been denied, and you wish to submit your claim for review, you must follow the Claims Review Procedure.

Claims Review Procedure

- a. Upon the denial of your claim for benefits, you may file your claim for review, in writing, with the Plan Administrator. You must file the claim for review no later than 60 days after you have received written notification of the denial of

- your claim for benefits.
- b. You may review all pertinent documents relating to the denial of your claim and submit any issues and comments, in writing, to the Plan Administrator.
 - c. Your claim for review must be given a full and fair review. If your claim is denied, the Plan Administrator must provide you with written notice of this denial.
 - d. The Plan Administrator's decision on your claim for review shall be communicated to you in writing. This written notice must be provided to you within a reasonable period of time. The written notice must contain the following information:
 - The specific reason or reasons for the denial;
 - Specific reference to those Plan provisions on which the denial is based;
 - A description of any additional information or material necessary to correct your claim and an explanation of why such material or information is necessary; and
 - Appropriate information as to the steps to be taken if you or your Beneficiary wishes to submit your claim for review, include specific references to the pertinent Plan provisions on which the decision was based.

Circumstances Under Which Your Pension Can be Forfeited

Benefits are forfeitable pursuant to various provisions of the Florida Statutes, which provide for the forfeiture of retirement benefits of persons who are convicted of

certain offenses.

Section 112.3173, Florida Statutes, requires the official or board responsible for paying benefits under a public retirement system to make a forfeiture determination when the board has reason to believe that the rights of the person under any such system are required to be forfeited pursuant to the statute.

The Florida Constitution provides:

“Any public officer or employee who is convicted of a felony involving a breach of public trust shall be subject to forfeiture of rights and privileges under a public retirement system or pension plan in such manner as may be provided by law.”

The Florida Legislature has implemented this constitutional provision in section 112.3173, Florida Statutes. Subsection (3) of the statute requires that:

“[a]ny public officer or employee who is convicted of a specified offense committed prior to retirement, or whose office or employment is terminated by reason of his or her admitted commission, aid, or abetment of a specified offense, shall forfeit all rights and benefits under any public retirement system of which he or she is a member, except for the return of his or her accumulated contributions as of the date of termination.”

A “specified offense” for purposes of the statute includes: (i) embezzlement of public funds; (ii) theft by a public officer or employee from his or her employer; (iii) bribery in connection with employment; (iv) certain felonies involving bribery or misuse of public office; (v) committing an impeachable offense; (vi) commission of a felony to obtain profit or advantage through the use of a public office or employment; and (vii) commission of lewd or lascivious offenses against certain victims by a public officer or employee through the use of his or her public office or employment.

Section 112.3173(5), Florida Statutes, creates the procedure for a forfeiture

determination to be made by the official or board responsible for paying benefits under a public retirement system. The statute requires that, upon receipt of notice or whenever the board “*otherwise has reason to believe that the rights and privileges of any person under such system are required to be forfeited under this section,*” the board must give notice and hold an administrative hearing pursuant to Chapter 120, Florida Statutes, to determine whether the subject retirement rights and benefits must be forfeited. If a determination is made that such rights and privileges are required to be forfeited, the board must order the forfeiture. Orders of forfeiture of retirement system rights and privileges are appealable to the district court of appeal.

Section 112.3173, Florida Statutes, requires that “all rights and benefits under any public retirement system of which [the officer or employee] is a member” shall be subject to forfeiture.

City of Starke
Police Officers' Retirement System

10/01/2013

A. Participant Data

1. Active participants		16
2. Retired participants and beneficiaries receiving benefits (including DROPs)		9
3. Disabled participants receiving benefits		0
4. Terminated vested participants		3
5. Annual payroll of active participants	\$	531,436
6. Annual benefits payable to those currently receiving benefits (including DROP's)	\$	179,411

B. Value of Assets

1. Smoothed actuarial value of assets		\$ 3,297,193
2. Market value of assets	\$	3,336,830

C. Liabilities

1. Actuarial present value of future expected benefit payments for active members		
a. Retirement benefits	\$	2,763,362
b. Vesting benefits		99,198
c. Death benefits		68,328
d. Disability benefits		66,143
e. Total	\$	2,997,031
2. Actuarial present value of future expected benefit payments for terminated vested members	\$	291,154
3. Actuarial present value of future expected benefit payments for members currently receiving benefits		
a. Service retired including DROP participants	\$	1,471,527
b. Disability retired		0
c. Beneficiaries		173,624
d. Miscellaneous		3,068
e. Total	\$	1,648,219
4. Total actuarial present value of future expected benefit payments	\$	4,936,404
5. Actuarial accrued liabilities	\$	3,361,853
6. Unfunded actuarial accrued liabilities	\$	64,660

City of Starke
Police Officers' Retirement System

10/01/2013

D. Statement of Accumulated Plan Benefits

1. Actuarial present value of accumulated vested benefits	
a. Participants currently receiving benefits including DROP	\$ 1,645,151
b. Other participants	978,291
c. Total	\$ 2,623,442
2. Actuarial present value of accumulated non-vested plan benefits	162,662
3. Total actuarial present value of accumulated plan benefits	\$ 2,786,104

E. Statement of Change in Accumulated Plan Benefits

1. Actuarial present value of accumulated plan benefits as of October 1, 2012	\$ 2,453,197
2. Increase (decrease) during year attributable to:	
a. System amendment	\$ 0
b. Change in actuarial assumptions	0
c. Benefits paid including refunds	(129,795)
d. Other, including benefits accumulated and increase for interest due to decrease in the discount period	462,702
e. Net increase	\$ 332,907
3. Actuarial present value of accumulated plan benefits as of October 1, 2013	\$ 2,786,104

F. Pension Cost

1. Total normal cost	\$ 181,107
2. Payment required to amortize unfunded liability	1,128
3. Interest adjustment	7,999
4. Total required contribution	\$ 190,234
5. Item 4 as a percentage of payroll	35.8%
6. Estimated employee contributions	\$ 5,314
7. Item 6 as a percentage of payroll	1.0%
8. Estimated State contributions	\$ 51,460
9. Item 8 as a percentage of payroll	9.7%
10. Estimated pick-up employee contribution by City	\$ 26,572
11. Item 10 as a percentage of payroll	5.0%
12. Net amount payable by City	\$ 106,888
13. Item 12 as a percentage of payroll	20.1%