

CITY OF DELAND
MUNICIPAL FIREFIGHTERS' RETIREMENT PLAN

SUMMARY PLAN DESCRIPTION

February 2020

CITY OF DELAND
MUNICIPAL FIREFIGHTERS' RETIREMENT PLAN

INTRODUCTION

This booklet is presented to you as a Member of the City of DeLand Municipal Firefighters' Retirement Plan by the Retirement Committee. This booklet is a brief explanation of certain provisions of your Retirement Plan. You are encouraged to study the booklet, in order to become familiar with the benefits provided by the Plan. If you have any questions regarding any provision of the Plan, the Committee will be happy to answer your questions or get an answer for you.

This booklet is only a brief explanation of the Plan. If there are any conflicts between this booklet and the ordinances of the City of DeLand, the ordinances will govern. A copy of the ordinance establishing the Plan can be obtained from the City of DeLand intranet and/or the City Clerk.

Ross Pelletier

Chairman, Retirement Committee
City of DeLand Municipal Firefighters'
Retirement Plan

1. PLAN ADMINISTRATION

A. Administration. The City of DeLand Municipal Firefighters' Retirement Plan is a defined benefit pension plan administered by the retirement committee which acts as the administrator of the Plan. The committee consists of five members, two of whom are citizens of DeLand appointed by the City commission, two of whom are full-time Firefighters who are elected by a majority of the Members of the Plan, and a fifth member who is nominated by the first four members and approved by the City commission. Each Trustee serves a two year term.

B. The names and addresses of the current Trustees are attached to this Summary Plan Description as Exhibit "A".

2. ELIGIBILITY FOR PLAN MEMBERSHIP

Each person employed by the City of DeLand as a full-time certified Firefighter becomes a Member of the Plan as a condition of employment. The Fire Chief may choose not to participate in the Plan.

3. PLAN BENEFITS

All claims for benefits under the Plan shall be made in writing to the retirement committee.

A. Normal Retirement Eligibility. A Member is eligible for normal retirement on the first day of the month coincident with or next following the earlier of (a) the attainment of age 55 and the completion of 10 or more years of Credited Service or (b) the completion of 20 years of Credited Service regardless of age. Each Member will be 100 percent (100%) vested in his or her accrued benefit at normal retirement.

B. Amount of Normal Retirement Benefit. The amount of the normal retirement benefit is based on a Member's Credited Service and Final Monthly Compensation:

"Credited Service" means the aggregate number of years and completed months of employment as a Firefighter with the City. A Firefighter does not receive credit for periods of employment for which he or she has received a refund of his or her own contributions to the Fund unless the Firefighter repays into the fund the amount withdrawn, plus interest within 90 days of reemployment. The period of any absence of 31 days or more will be excluded from credited service unless he receives regular compensation from the City during such absence or if such absence is due to the Firefighter's military deployment.

"Final Monthly Compensation" is the average monthly rate of basic

compensation during 5 years of the last 10 years of Credited Service preceding retirement which provides the highest average monthly rate of basic compensation.

"Basic Compensation" is the actual compensation paid to a Firefighter for services rendered to the City and including participant contributions, see Section 5. Contributions and Funding. Payment of commissions, bonuses, expense allowances, leave balances and all other extraordinary compensation are excluded from Basic Compensation. For service after October 1, 2013, Compensation may not include more than 300 hours of overtime per year.

The normal retirement benefit is calculated by multiplying three percent (3%) times years of Credited Service ("CS") times Final Monthly Compensation ("FMC"). $3\% \times CS \times FMC = \text{Normal Retirement Benefit}$.

This formula benefit is paid to the retired Member for his or her life, with the first 120 payments guaranteed payable in any event. However, the retiree may select an optional form of payment which provides payments only for his or her life or a survivor's benefit which is paid for the life of the surviving Beneficiary if the retiree dies first.

C. Early Retirement Eligibility. A Member is eligible for early retirement on the first day of the month coincident with or next following the attainment of age 50 and the completion of 10 years of Credited Service.

D. Amount of Early Retirement Benefit. The amount of the early retirement benefit is calculated in the same manner as for normal retirement, taking into account Credited Service and Final Monthly Compensation as of his or her actual retirement date, and is available as follows:

(1) The full early retirement benefit beginning on the date the Member would have been eligible for Normal Retirement; or

(2) A reduced monthly benefit beginning immediately upon retirement.

The benefit payable at early retirement is calculated the same as for Normal retirement and reduced 3% per year that the Early Retirement Date precedes the Normal Retirement Date.

E. Optional Forms of Retirement. In lieu of the amount and form of retirement income payable under normal and early retirement (a benefit for life with 120 payments guaranteed), a Member may elect to receive a retirement benefit in a different form so long as the form elected by the Member is of equal actuarial value as the normal benefit. The

optional forms of benefit which are available are:

(1) A retirement income of a larger monthly amount, payable to the Member for his or her lifetime only.

(2) A retirement income of a modified monthly amount, payable to the retired Member during his or her lifetime, and following the death of the retiree, 100%, 75%, 66-2/3% or 50% of the monthly benefit will be paid to the retiree's joint pensioner for the lifetime of the joint pensioner.

(3) Such other amount or form as the Retirement Committee, in its sole discretion, may approve.

F. Cost of Living Adjustment. For those retirees who retired prior to June 1, 2005 with 20 or more years of service, the monthly benefit shall be increased by 1% effective October 1, 2004, and 0.5% each October 1 thereafter.

Effective January 1, 2012, all Retirees (including Disability Retirees), Beneficiaries, and Joint Annuitants not already entitled to a cost-of-living adjustment (COLA), shall receive the existing 0.5% automatic COLA, commencing on the first October 1 following three years of benefit payments (including prior DROP Retirees). Prior Vested Terminated Members are ineligible for this enhancement.

Effective October 1, 2012, the monthly benefit shall be increased by a 2.00% automatic lifetime COLA for all future Retirees, including Normal, DROP, Early, Disability, and their Beneficiaries, but excluding Vested Terminated Members. The first COLA is payable on the first October 1 following the earlier of the attainment of age 55 and three years of benefit payments (or DROP deposits).

G. Supplemental Retirement Benefit. Effective October 1, 2012, each current and future retiree, including disability retirees, Beneficiaries of deceased retired Members, and Vested Terminated Members will be eligible for the supplemental benefit, in addition to all other benefits described within. The amount is determined annually based on the receipt by the Fund of additional premium tax revenues from the State of Florida as defined in Chapter 175, Florida Statutes. There is no minimum guaranteed benefit. The benefit amount will be dependent upon each year of credited service and is payable for 10 years. The benefit will begin on the first October 1 following the earlier of the attainment of age 55 and three years of benefit payments (or DROP deposits). The maximum benefit amount is \$250.00. This supplemental benefit is not subject to the cost of living adjustment.

H. Death Before Retirement. If you die in service prior to retirement from the City, your Beneficiary shall receive the following benefit:

(1) Prior to Eligibility for Normal Retirement. If you were not receiving monthly benefits or were not yet eligible for Normal Retirement, your Beneficiary shall receive a monthly retirement benefit equal to the greater of (a) or (b) described as follows:

(a) the single sum value of your deferred monthly retirement benefit; or

(b) (i) or (ii), whichever is smaller, where:

(i) is 24 times your final monthly compensation at the date of your death; or

(ii) is 100 times the anticipated monthly retirement income commencing at the Normal Retirement Date. The anticipated number of years of credited service shall be equal to the number of years you would have accrued at the time of normal retirement if your employment had not been terminated but had continued uninterrupted from the date of your death to your normal retirement date. The amount of the anticipated monthly retirement benefit at your normal retirement date shall be determined as for normal retirement and based on your anticipated number of years of credited service at your normal retirement date and your projected rate of final monthly compensation at your normal retirement date. Projected final monthly compensation at your normal retirement date shall be determined as of your normal retirement date based on the assumption that your salary prior to your death would have continued without change to your normal retirement date.

(2) Deceased Members Eligible for Normal Retirement. If you die and, at the date of your death were eligible for Normal Retirement, your Beneficiary shall be entitled to a benefit which can be provided by the single sum value of

your normal retirement benefit determined actuarially as if you had retired on your date of death.

(3) Death Benefit Payable in the Event of Death of Disability Retiree Prior to Eligibility for Normal Retirement. If you are disabled and die prior to eligibility for normal retirement, your Beneficiary shall be entitled to receive a monthly benefit which can be provided by the greater of (a) or (b) below where:

(a) is the single sum value of the deferred monthly retirement benefit or;

(b) is (i) or (ii), whichever is smaller, where:

(i) is the amount equal to 24 times your final monthly compensation at the date of termination due to disability, and

(ii) is 100 times your anticipated monthly retirement income commencing at the Normal Retirement Date. The anticipated number of years of credited service shall be equal to the number of years you would have accrued at the time of normal retirement if your employment had not been terminated but had continued uninterrupted from the date of your termination of service due to disability to your normal retirement date. The amount of the anticipated monthly retirement benefit at your normal retirement date shall be determined as for normal retirement and based on your anticipated number of years of credited service at your normal retirement date and your projected rate of final monthly compensation at your normal retirement date. Projected final monthly compensation at your normal retirement date shall be determined as of your normal retirement date based on the assumption that your salary prior to the date of termination of service due to disability would have continued without change to your normal retirement date.

(4) Death Benefit in the Event of Death of a Terminated Vested Person Prior to Receipt of Benefits. In the event that you were a terminated vested person and die prior to the date at which your benefit payments were to commence, your

Beneficiary shall receive the monthly retirement benefit which can be provided on an actuarially equivalent basis by the single sum value of the benefit to which you were entitled as of the date of your termination, accumulated with interest.

Benefits shall commence on the first day of the month following your death.

(5) Manner of Payment of Death Benefits.

The payment of the benefits provided for in (1), (2), (3) and (4) above shall be for ten years certain and life thereafter which provides monthly income payments for the life of your Beneficiary and further provides that should your Beneficiary die within the 10 year period following your death, the same monthly amount shall be continued for the remainder of such 10 year period subject to the Beneficiary provisions provided for in the plan document.

I. 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.

J. Disability Retirement. A Member is considered disabled when he or she becomes totally and permanently unable to perform useful and efficient service as a Firefighter. A written application is made for a disability pension and the Retirement Committee receives evidence of the disability and decides whether or not the pension is to be granted. If the pension is granted and is determined to have occurred in the performance of duty, the benefit amount is determined in the same manner as for Normal Retirement using Credited Service and Final Monthly Compensation as of the date of termination, with a minimum benefit of 50% of Final Monthly Compensation at the time of termination. A pension may also be granted if it is determined by the Committee that the disability did not occur in the line of duty. The benefit amount payable in the event of a non-service incurred disability is calculated in the same manner as a service connected disability benefit, with a minimum benefit of 25% of the Final Monthly Compensation in effect at the date of termination. The benefit amount is paid to the retired Member for his or her life, with the first 120 payments guaranteed payable in any event. However, the retiree may select an optional form of payment shown in Section E, above.

Each Member who is claiming disability benefits shall establish, to the satisfaction of the committee, that such disability was not the result of:

- (1) Excessive and habitual use of any drugs, intoxicants or narcotics;

- (2) Injury or disease sustained while willfully and illegally participating in fights, riots or civil insurrections;
- (3) Injury or disease sustained while committing a crime;
- (4) Injury or disease sustained while serving in any branch of the Armed Forces; or
- (5) Injury or disease sustained after his employment as a Firefighter for the City of DeLand has terminated.

A retired disabled Member is subject to periodic medical examinations as directed by the Committee to determine whether a disability continues.

K. Deferred Retirement Option Plan (DROP). You are eligible to participate in the deferred retirement option plan (DROP) once you are eligible for Normal Retirement. Election into the DROP is voluntary, but this election is irrevocable once DROP payments begin. If you elect to enter the DROP, you will cease to accrue a benefit and you will not be eligible for disability, pre-retirement death benefits. Your member contributions to the Fund cease following election to participate in the DROP.

The amount of the DROP benefit is calculated as if you had elected to retire on the date of election to participate in the DROP, using Credited Service and Final Monthly Compensation at the date of election. Your monthly retirement benefits, including any applicable Supplemental Benefits and cost-of-living increases, shall be deposited in your DROP account. Earnings on your DROP account shall be credited or debited at the end of each quarter at the fixed annual rate of six and one-half percent (6.5%) compounded monthly.

You may participate in the DROP for a maximum of 60 months, at which point you must terminate employment. If you terminate employment earlier than 60 months, your participation in the DROP ceases.

Upon termination of employment, the balance in your DROP account will become payable. You would have the following options of payment:

- (1) A single lump sum payment.
- (2) An eligible rollover distribution to a qualified plan or IRA.
- (3) A combination of a partial lump sum and rollover.

Should you pass away during your participation in the DROP, your Beneficiary or estate receives the same payout options as above. DROP payments to your Beneficiary or estate will be in addition to any retirement benefits payable by the Fund.

L. Termination of Employment, Vesting and Refunds. If a Member's employment is terminated, either voluntarily or involuntarily, the following benefits are payable:

(1) If the Member has less than ten (10) years of Credited Service upon termination, he or she will be entitled to a refund of the money he or she has contributed, without interest.

(2) If the Member has ten (10) or more years of contributing Credited Service upon termination, he or she will be entitled to a monthly retirement benefit starting at age fifty (50) (on a reduced basis) or age fifty-five (55) (on an unreduced basis), provided he or she does not elect to withdraw his or her contributions. The benefit payable will be based upon the benefit level, Credited Service and Final Monthly Compensation which existed at the time of the Member's separation from Service.

M. Minimum Benefits. In no event will the benefits paid from this Plan on behalf of any Member be any less than the value of his or her accumulated contributions.

N. Maximum Benefits. In no event will the annual benefits paid from this Plan exceed the limits provided in Section 415 of the Internal Revenue Code.

Firefighters who become Members on and after January 1, 1980 may not receive benefits in excess of 100% of his or her Average Final Compensation.

4. PURCHASE OF SERVICE

A. Military Service. If you had any active duty in the military prior to your date of hire with the Employer, it is not included in Credited Service unless you pay the full actuarial cost of such military service, such that there is no cost to the plan.

If you take a leave of absence from the Employer for United States military service, either voluntary or involuntary, up to 4 years of your period of leave will be included in your Credited Service if:

(1) you are in the active employ of the City of DeLand in a firefighter position prior to the leave of absence, and

(2) you are entitled to reemployment under the Uniformed Services Employment and Reemployment Act, and

(3) you return to work for the Employer within 1 year from the date of release from your active service as specified in Chapter 175.032, Florida Statutes.

In the event an Employee dies on or after January 1, 2007, while on United States military service, the Beneficiaries are entitled to benefits as if the Employee resumed employment and then died while employed.

B. Prior Firefighter Service. If you had any prior service as a Firefighter for any other jurisdiction prior to your date of hire with the City of DeLand, it is not included in Credited Service unless you pay the full actuarial cost of such service, such that there is no cost to the plan. You may purchase up to four years of prior Firefighter service provided that you are not entitled to receive a pension benefit for such service from the prior employer.

If a Member terminates service prior to attaining ten years of Credited Service and receives a refund of Member contributions the amount paid for such prior service credit shall also be refunded.

5. CONTRIBUTIONS AND FUNDING

The City is paying the portion of the cost of the pension over and above the Member's contributions and those received from the State of Florida. Each Member contributes five percent (5.0%) of his or her basic compensation to the Plan. The Member's contributions will be excluded from your gross income for withholding purposes so you will realize income tax benefits. Your contributions are guaranteed refundable in any event.

6. CLAIMS REVIEW PROCEDURE

Any Member may request, in writing, that the Committee review any denial of any claim for benefits under the Plan. The Committee will review the case and enter a decision as it deems proper within specific time periods.

In the event that the Committee denies the claim for benefits, the order of the Committee will be in writing and will include:

- A. The specific reasons for the denial;
- B. A description of any additional information that the Committee feels is necessary for the Member to perfect his or her claim;
- C. An explanation of the review procedure next open to the Member which includes a formal evidentiary hearing.

7. CONVICTION AND FORFEITURE; FALSE, MISLEADING OR FRAUDULENT STATEMENTS

It is unlawful to willingly 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. To do so is a misdemeanor of the first degree, punishable as provided in Section 775.082, section 775.083, or Chapter 112.3173, 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 Committee, 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.

8. NON-FORFEITURE OF PENSION BENEFITS

A. Liquidation of Pension Fund Assets. In the event of repeal, or if contributions to the Fund are discontinued by the City, there will be a full vesting of benefits accrued to date of repeal.

B. Interest of Members in Pension Fund. 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 Member's exclusive benefit. In any event, a Member's contributions to the Plan are non-forfeitable.

9. APPLICABLE LAWS AND REGULATIONS

The Plan is governed by the following federal, state and local laws:

A. Internal Revenue Code and amendments thereto.

B. Chapter 175, Florida Statutes, "Municipal Firefighters' Retirement Trust Funds".

C. Part VII, Chapter 112, Florida Statutes, "Actuarial Soundness of Retirement Systems".

D. Ordinances of the City of DeLand.

E. Administrative rules and regulations adopted by the Retirement Committee.

10. 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.

11. AGENT FOR SERVICE OF LEGAL PROCESS

The attorney for the Retirement Committee, Kenneth R. Harrison, is designated as agent for the service of legal process. His address and telephone number are:

Kenneth R. Harrison
Sugarman & Susskind, P.A.
100 Miracle Mile, Suite 300
Coral Gables, FL 33134
Telephone: (305) 529-2801

12. 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 Retirement Committee with the name and address of your attorney or your name and address if you have no attorney. The Plan'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 Plan prior to entry by the court. Failure to do so may require you to pay any expenses incurred by the Plan in correcting an improper court order.

13. 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 pension 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 an approved Beneficiary Form provided by the Retirement Committee

14. APPLICABLE PROVISIONS OF COLLECTIVE BARGAINING AGREEMENTS

The current collective bargaining agreement between the City of DeLand and the Firefighters contains certain provisions which deal directly with pension benefits and pension benefits are a bargainable issue.

EXHIBIT "A"

RETIREMENT COMMITTEE

Seat 1: Dave Sutherland

Seat 2: Kirk Gunby

Seat 3: Ross Pelletier (Chairman)

Seat 4: Cameron Moore (Secretary)

Seat 5: Sam Pilcher

CITY OF DELAND FIREFIGHTER'S RETIREMENT PLAN
DEFERRED RETIREMENT OPTION PROGRAM
THE "DROP" PLAN

CITY OF DELAND FIREFIGHTER’S RETIREMENT PLAN
DEFERRED RETIREMENT OPTION PROGRAM

The Firefighter’s Retirement Committee submitted to the City Commission and received approval for the establishment of a new benefit program for eligible Firefighter’s Retirement Plan members. That program is the Deferred Retirement Option Program also referred to as “DROP Plan”. The Plan allows members who have met the eligibility requirement for normal retirement to have their retirement benefits deposited, monthly into a DROP account, earning interest, while simultaneously continuing to work (but not earning additional credit for retirement). The purpose of this program is to provide a way for retirees to accumulate additional savings while continuing employment. The same program has been established for employees in the General Employee’s Retirement Plan and the Police Officer’s Retirement Plan.

The following DROP summary is provided to assist you in understanding DROP and whether DROP participation will be beneficial for you. Employees considering utilizing the DROP should consult with a financial planner or advisor particularly on what tax consequences there are in entering the DROP plan.

DROP Summary

1. **What is a DROP?** Under the Deferred Retirement Option Program (DROP), you may “retire” and instead of having your monthly retirement benefit paid directly to you or deposited in your bank, it will be paid into a DROP account, where it will earn interest, tax deferred, for as long as you participate in the DROP, which is for up to sixty months (5 years). In the meantime your contributions to the Retirement Plan (currently 7.75%) are eliminated and you continue to work for the City of DeLand up to the date you pre-selected to stop participation in DROP. When the DROP period ends, you **must** terminate employment. At that time, you will receive payment of the accumulated DROP benefits and monthly retirement benefits from the Firefighter’s Retirement Fund. The amount of monthly retirement benefit received will be the same amount as determined when you entered the DROP, plus any cost-of-living increases approved during the period of time you were in the DROP.

2. **When can I DROP?** You can DROP when you reach your normal retirement date or any time thereafter. Normal retirement age for employees in the Firefighter’s Retirement Plan is once you have reached 55 years of age and have 10 years of credited service with the City of DeLand; or 25 years of credited service regardless of age. If you have already reached normal retirement date, you can now elect to participate in DROP.

3. **Who is eligible to DROP?** All vested Firefighter’s Retirement System members who have reached normal retirement date.

4. **How long can I DROP?** You may participate for a maximum of sixty (60) months. When the sixty (60) months is over, you must terminate your city job. If you fail to terminate on time, you will lose your accumulated DROP account and your retirement will be canceled. Your membership in the Firefighter's Retirement Plan will be retroactively reestablished to the date you started DROP and you must pay all contributions required for your Firefighter's Retirement Plan service credit within sixty (60) days of your original termination date.
5. **Can I terminate employment before my preselected DROP date?** Yes, you must terminate your city job within the five-year (60-month) period but you may also terminate anytime within that five-year period.
6. **How much interest will my DROP account earn?** DROP accounts earn interest compounded monthly at an annual rate set by the Firefighter's Retirement Committee. The current annual rate of interest is 6% compounded monthly. After each fiscal year quarter, the average daily balance in a participant's DROP account will be credited at the 6% annual interest compounded monthly. DROP accounts are paid to you upon termination of employment in one of three ways; lump sum, direct rollover to an eligible retirement plan, or combined partial lump sum and direct rollover.
7. **Do I continue to contribute 5.0% of my salary to the Retirement Plan?** No, once you enter the DROP program the City will no longer deduct from your salary the required 5.0% contribution to the retirement fund.
8. **Is there a cost associated with my DROP account?** There shall be no administrative fee charged for the administration and operation of each member's "DROP" account.
9. **Who is entitled to my DROP benefits if I should die before DROP ceases?** Your designated beneficiary is eligible to receive all accumulated DROP benefits and, depending on the benefit option you selected, may receive monthly Firefighter's Retirement Plan benefits.
10. **What if I become disabled while participating in DROP?** Once you enter the DROP plan, you will **not** be eligible for Firefighter's Retirement Plan disability benefits. Should you terminate because of a disability while in the DROP program, you will begin to receive your monthly retirement benefit that was determined when you started DROP and payment of your accumulated DROP benefits.
11. **When do I make my decision on which retirement option I want to retire under?** At the time you elect to participate in the DROP plan you will need to select either the normal form of retirement or one of the options offered under the retirement plan. The normal form of retirement is ten years certain and life thereafter. There are two other retirement options you may choose and that is a retirement income of a larger monthly

amount for your life only or retirement income of a modified monthly amount payable during the joint lifetime of you as employee and a joint pensioner that you have designated.

12. **If I enter the DROP program and choose the normal form of payment for my retirement income when does my ten year period begin?** The date upon entering the DROP plan is the date the ten-year period begins for monthly retirement benefits.

13. **Should I join DROP or keep earning additional credit in the Firefighter's Retirement Plan?** One of the most important decisions you will have to make is whether you should join DROP or continue earning credits in the Firefighter's Retirement Plan. To assist in this decision, the Finance Department can provide upon request an estimate of the benefits you will receive if you elect to join the DROP or if you decide to continue earning credits in the Firefighter's Retirement Plan. Upon receipt of these estimates, you should meet with your accountant, CPA, financial planner, etc., to review your total financial situation, including Firefighter's Retirement Plan and /or DROP benefits, personal investments, and Social Security benefits, to determine which choice will be the best decision for your future.

14. **Where can I receive advice on my personal financial needs in determining whether to participate in the DROP program?** The Committee strongly encourages you to thoroughly review your financial situation and understand clearly the DROP program before making your selection. You should meet with your accountant or a financial planner to assist you in your decision.

15. **Does enrolling in DROP for a certain period of time require the city to keep me employed for at least that period?** No, your employer/employee relationship is not changed by DROP. You may quit and the city may terminate you in the same manner as before DROP participation.

16. **What forms do I need to complete to participate in DROP?** The forms that will be required to enroll in DROP are available in the Human Resources Department.

17. **How will my DROP benefits be taxed?** If you elect to have your DROP assets rolled over to an eligible retirement plan (definition provided in the following question) there will be no taxes due until you begin to withdraw funds from the eligible retirement plan. If you elect to receive a total or partial lump sum of your DROP assets the lump sum amount will be taxed as ordinary income the year you receive it. The Firefighter's Retirement Plan is required to retain 20% tax withholding on these assets prior to distribution to you. There is an additional 10% tax if you receive any payment prior to attaining 59-1/2 years of age. When you file your income taxes that year you may also owe additional taxes, depending on your tax bracket. For example, a lump sum distribution of \$100,000 would require the Firefighter's Retirement Plan to automatically withhold 20% or \$20,000. Income taxes filed for that year would reflect the lump sum

amount paid plus the credit for 20% tax already withheld. A member in the 28% tax bracket would owe an additional 8% tax or \$8,000, in effect reducing the lump sum benefit from \$100,000 to \$72,000. In addition, other taxes may be due.

18. **If I decide to rollover my DROP benefits what can I roll them into?** The law states that rollovers must be paid directly to the custodian of an eligible retirement plan as defined in §402(c)(8)(B) of the Internal Revenue Code (IRC). Eligible retirement plans include an individual retirement account (IRA) as described in §408(a), IRC; an individual retirement annuity [§408(b), IRC, except an endowment contract]; a qualified trust, and an annuity plan as described in §403(a), IRC. If you die, your beneficiary will only be eligible to rollover your DROP benefits into an individual retirement account or an individual retirement annuity as described in §402(c)(9), IRC.

19. **Can I change my option while participating in DROP?** No, once participation in DROP begins, your retirement option choice is final and you cannot change your option nor add service credit.

20. **Am I covered for Social Security while participating in DROP?** Yes, if you begin DROP participation after age 60 and you plan to participate for the whole 5 years, remember that you need to enroll in Medicare when you first turn age 65. If you enroll late, you may have to pay higher premiums.

21. **What information is needed for my to apply for the DROP program?** Attached are application forms that you will need to complete and submit to the Human Resources/Pension Administrator. You may also contact this office should you have any questions regarding your application or the DROP program.

CITY OF DELAND MUNICIPAL FIREFIGHTER'S RETIREMENT PLAN

APPLICATION FOR RETIREMENT AND DEFERRED RETIREMENT OPTION PROGRAM
(DROP)

Name: _____ Social Security No. _____

Job Title: _____ Birth Date: _____

Department: _____

DROP begin date: ____/____/____

DROP termination and resignation date: ____/____/____

(Not more than sixty (60) months after DROP begin date)

I have resigned my employment on the date stated above and elect to apply for participation in the Deferred Retirement Option Program (hereafter referred to as the "DROP") and acknowledge and agree to the following:

I understand that my "DROP" will be based on my option selection and will accrue with interest and any cost-of-living adjustments approved for the duration of my "DROP" participation. Upon termination of my employment and "DROP", I must elect one of the following methods of payment of my "DROP" benefit within sixty (60) days of termination.

1. Lump Sum – All accrued "DROP" benefits, plus interest, less tax remitted to the Internal Revenue Service (IRS), shall be paid to me or my surviving beneficiary.
2. Direct Rollover – All accrued "DROP" benefits, plus interest, shall be paid from the DROP directly to the custodian of an eligible retirement plan as defined in §402(c)(8)(B), Internal Revenue Code (IRC). If the benefit is to be paid to a surviving beneficiary, then the transfer of benefits shall be to an individual retirement account or annuity as described in §402(c)(9), IRC.
3. Partial Lump Sum – A portion of the accrued "DROP" benefits shall be paid to me or my surviving beneficiary, less IRS tax, and the remaining "DROP" benefits shall be transferred directly to the custodian of an eligible retirement plan as defined in §402(c)(8)(B), IRC. However, in the case of an eligible rollover distribution to the surviving beneficiary of a deceased participant, an eligible retirement plan is an individual retirement account or annuity as described in §402(c)(9), IRC. The "DROP" participant or surviving beneficiary shall specify the proportions.

If I do not make an election of one of the above methods within the 60-day period, the Municipal Firefighter's Retirement Plan will pay directly to me the accrued benefits in a lump sum, less IRS tax.

I understand that I must terminate all city employment to receive a monthly retirement benefit and my "DROP" benefit. I cannot add additional service, change options, or change my type of retirement after the "DROP" begin date. If I fail to terminate my employment in accordance with the "DROP"

provisions on my "DROP" termination date, my retirement will be null and void and my Employee's Retirement System membership shall be established retroactively to the date that I began "DROP".

All my previous beneficiary designations are null and void.

Primary Beneficiary: _____

Social Security No. _____

Relationship: _____

Home Mailing Address: _____

Birth Date: _____

First Contingent Beneficiary: _____

Social Security No. _____

Relationship: _____

Home Mailing Address: _____

Birth Date: _____

Member's Signature: _____

Print Name: _____

State of Florida)
) Soc. Security No.: _____
County of _____)

The foregoing instrument was acknowledged before me on this _____ day of _____, by the above-named person, who is personally known to me or who has produced _____ as identification and who did take an oath.

Commission Expires: _____

(Notary Seal)

Notary Public, State of Florida

CITY OF DELAND FIREFIGHTER'S RETIREMENT PLAN

NOTICE OF ELECTION TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION PROGRAM (DROP) AND RESIGNATION OF EMPLOYMENT

This form must be submitted to the City of DeLand Firefighter's Retirement Plan at least 60 days before beginning participation in the DROP.

Name _____

Social Security No. _____

Home Mailing Address: _____

Zip + 4: _____

DROP Begin Date ____/____/____

DROP Termination & Resignation Date ____/____/____
(Not more than sixty (60) months after DROP begin date)

Department _____

Job Title _____

RESIGNATION FROM EMPLOYMENT TO PARTICIPATE IN THE DROP:

I elect to participate in the DROP as authorized in accordance with Section 23-76, of the City of DeLand Code of Ordinances as indicated above, and resign my employment on the date I terminate from the DROP. I understand that the earliest date my participation in the DROP can begin is the first date I reach my normal retirement date as determined by City of DeLand Code of Ordinances and that my DROP participation cannot exceed a maximum of sixty (60) months, although I may elect to participate in the DROP for less than sixty (60) months. Participation in the DROP does not guarantee my employment for the DROP period.

I understand that when my participation in the DROP begins, my DROP benefit will be the benefit option selected at my DROP begin date will accrue with interest for the duration of my DROP participation. I also understand the rate of interest is currently 6% and is subject to review annually with a determination made on whether the rate should be adjusted based on the earnings of the retirement fund. Upon termination of my employment and DROP, I must elect one of the following methods of payment within sixty (60) days of termination:

1. Lump Sum – All accrued DROP benefits, plus interest, less tax remitted to the Internal Revenue Service (IRS), shall be paid to me or my surviving beneficiary.

2. Direct Rollover – All accrued DROP benefits, plus interest, shall be paid from the DROP directly to the custodian of an eligible retirement plan as defined in §402(c)(8)(B), Internal Revenue Code (IRC). If the benefit is to be paid to a

surviving beneficiary, then the transfer of benefits shall be to an individual retirement account or annuity as described in §402(c)(9), IRC.

3. Partial Lump Sum – A portion of the accrued DROP benefits shall be paid to me or my surviving beneficiary, less IRS tax, and the remaining DROP benefits shall be transferred directly to the custodian of an eligible retirement plan as defined in §402(c)(8)(B), IRC. However, in the case of an eligible rollover distribution to the surviving beneficiary of a deceased participant, an eligible retirement plan is an individual retirement account or annuity as described in §402(c)(9), IRC. The DROP participant or surviving beneficiary shall specify the proportions.

If I do not make an election of one of the above methods within the sixty (60) day period, the Firefighter's Retirement Plan will pay directly to me the accrued benefits in a lump sum, less IRS tax. If I fail to terminate my employment in accordance with the DROP provisions, on my DROP termination date, my retirement will be null and void and my Firefighter's Employees' Retirement System membership shall be established retroactively to the date that I began DROP and I will pay all contributions required under the Firefighter's Retirement Plan service credit within sixty (60) days of my original termination date.

I understand that I must terminate all city employment to receive a monthly retirement benefit and my DROP benefit under the DROP provisions. I cannot add additional service, change options, or change my type of retirement after my DROP begin date.

I acknowledge and agree to the following:

Participation in the DROP is irrevocable. Once I enter the DROP, my earnings and service with the City of DeLand, Florida thereafter will not be used to determine my pension benefits. I may not discontinue my participation in the DROP.

The DROP shall be administered in accordance with the DROP provisions adopted by the Firefighter's Retirement Plan Board of Trustees (hereafter referred to as the "Board"). I agree to those provisions, as they may be changed from time to time by the City Commission as recommended by the Retirement Committee.

The Committee has adopted procedures for the administration of the DROP and reserves the right to change them from time to time. I have received and read a copy of these procedures. **These rules limit my participation in the DROP to a maximum of sixty (60) months.**

The DROP monies will not be segregated from the rest of the pension trust fund. All monies in the fund will be invested according to the Investment Guidelines adopted by the Retirement Committee, which are subject to revision from time to time

The DROP is meant to comply with the provisions of the Internal Revenue Code and the Retirement Committee will take no action that may jeopardize the qualification of the Retirement System. I understand that the payout of my DROP account may be deferred and may not be paid out according to my request, if doing so would jeopardize the Retirement System's Internal Revenue Service tax qualification or if doing so, in the sole opinion of the Retirement Committee, violates the Internal Revenue Code.

Upon entering the DROP, I will no longer be eligible or ever receive disability or pre-retirement death benefits from the Retirement System.

THE INTEREST RATE EARNED BY MY DROP ACCOUNT WILL BE AS STATED IN THE DROP PROVISIONS. I ACKNOWLEDGE AND UNDERSTAND THAT THE STATED DROP ACCOUNT INTEREST RATE SHALL BE REVIEWED ANNUALLY BY THE RETIREMENT COMMITTEE AND MAY BE REDUCED OR INCREASED, IN THEIR DISCRETION IF SUCH ACTION IS REQUIRED. I UNDERSTAND AND ACCEPT THIS RISK.

Member's Signature (sign in the presence of a Notary)_____

State of Florida, County of _____, on this ____ day of _____,

19_____, personally appeared before me the above named person, who is personally known to me or who has produced _____ as identification and who did take an oath.

SEAL _____

Notary Public _____

To be completed by City of Deland's Designated Representative:

I acknowledge that DROP participation for the above-named employee will begin on ____/____/____, and I accept this, the employee's resignation effective ____/____/____ (the date of the employee's DROP participation will terminate).

Signature _____ Printed Name _____

Date signed _____ Telephone No.(____) _____

Title _____

Distribution: The original, notarized copy to the Firefighter's Retirement Committee; provide a copy to the member and file a copy in the member's personnel file.