

**CITY OF DELAND**  
**GENERAL EMPLOYEES' RETIREMENT PLAN**  
**SUMMARY OF PLAN PROVISIONS**

Plan effective as of January 1, 1972

Plan closed to employees hired after August 5, 2006

CITY OF DELAND  
GENERAL EMPLOYEES' RETIREMENT PLAN  
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1. PURPOSE OF THE PLAN

The main purpose of the retirement plan (called the "plan" for convenience) is to provide for your financial security. Upon your normal retirement under the plan, monthly retirement income payments will be made to you for 10 years certain and your life thereafter. This means the plan will pay the retiree until death; however, if the retiree dies before 10 years after retirement date, his/her beneficiary will receive the monthly benefit until the 10 years is complete. (Optional choices of retirement income are explained in item #14).

2. PLAN DESCRIPTION

The General Employees' Retirement Plan is a single employer pension employee retirement system. The plan is administered by the General Employees' Retirement Committee consisting of the Mayor, City Manager, and one lay member from the community appointed by the City Commission and two members elected by the general employees. Currently, the Retirement Committee is composed of:

Robert F. Apgar, Mayor  
Michael P. Pleus, City Manager  
Michael Ethridge, Lay Member  
John Stanberry, Employee  
Richard Carpenter, Employee

The Mayor shall be designated as the agent of the Plan for the service of legal process at the address shown below. The City Commission has appointed Black Rock, Jennison, Wedgewood, Connors, Kayne, RBS Global, Harding Loevner, and, Lazard, Private Advisors, Pine Grove, UBS Real Estate and Richmond Capital Management as investment counselors for the retirement fund. Morgan Stanley Smith Barney, Inc. is the Trustee and Agent for services, Morgan Stanley Smith Barney Consulting Services for performance monitoring, and Gabriel, Roeder, Smith and Company as the actuary and Employee Benefits Manager. Addresses of each appointed body are as follows:

1. City of DeLand  
General Employees' Retirement Committee  
120 South Florida Avenue  
DeLand, FL 32720
2. Morgan Stanley Smith Barney, Inc.  
Charles H. Mulfinger II  
First Vice President  
100 North Tampa Street, Suite 3000  
Tampa, FL 33602-5198
3. Gabriel, Roeder, Smith & Company  
Consultants & Actuaries  
Lawrence F. Wilson, Sr. Consultant  
301 East Las Olas Boulevard, Suite 200  
Ft. Lauderdale, FL 33301

### 3. ELIGIBILITY REQUIREMENTS

The date on which each employee will become a participant in the plan shall be:

(a) January 1, 1972 for each employee who was a participant in the superseded plan as of December 31, 1971;

(b) January 1, 1972 for each other employee who was not a participant in the superseded plan but who has completed six months of credited service as of such date;

(c) The date after January 1, 1972 as of which each other employee has completed six months of credited service; provided, however, that any person employed by the City on or after January 1, 1972 who has attained the age of sixty years as of the date of his employment shall not become a participant in the plan;

(d) Effective January 1, 1985 the participation requirement of six months of credited service shall be eliminated, and any employee who has not attained the age of sixty years as of the date of his employment shall commence participation in the plan as of his employment date.

(e) Effective January 1, 1988, the maximum age sixty (60) requirement shall be eliminated and any employee shall commence participation in the plan as of his employment date.

The term "employee", as used in this booklet and in the plan, means any person employed in regular full-time service of the City to fill a position which is scheduled for an average of at least 30 hours in any one week period. Part-time and temporary employees are not, of course, covered under the plan, nor are the City Manager, City Attorney, persons employed as department heads or persons in staff positions as determined by the City Manager to be subject to review by the City Commission. Also those firefighter's and policemen employed by the City who are participants in retirement plans as provided for in Chapters 175 and 185 of the Florida Statutes or other City Ordinances shall not participate in the plan.

Each such employee who meets the eligibility requirements as set forth above shall, as a condition of continued employment, make contributions to the plan as required by section 23-113 of the City of DeLand Code of Ordinances.

### **THE GENERAL EMPLOYEE'S DEFINED BENEFIT PLAN CLOSED TO NEW HIRES AS OF 08/01/2006.**

### 4. CONTRIBUTIONS

EMPLOYEE - Each employee, as a condition of employment, must contribute an amount equal to 7% of his basic annual compensation, taken before federal income tax.

CITY - The City intends to make such contributions as are necessary to maintain the plan on a sound actuarial basis. The City is required under the Florida Protection of Public Employee Retirement Benefits Act, to contribute a payment, which represents the annual normal cost plus the amortization of the unfunded actuarial accrued liability over various periods as prescribed by law.

### 5. BENEFITS PROVIDED UNDER THE PLAN

Since we had in mind your financial security in designing the plan, the principal benefits provided under the plan are in the form of monthly retirement income payments which will be made to you for 10 years certain and your life thereafter upon your retirement under the plan. Three kinds of retirement are permitted: (1) normal retirement; (2) early retirement; and (3) disability retirement. The requirements which you must meet in order to be eligible for such benefits are described below. In the plan, we distinguish between retirement and termination of service. Under the conditions described below, you may be eligible for certain retirement income benefits upon the termination of your service, even though you have not met the full requirements for normal retirement under the plan.

## 6. DETERMINATION OF THE AMOUNT OF BENEFITS

The monthly retirement income to which you may become entitled under the plan will be based on two things: (1) your "final monthly compensation" and (2) your "credited service".

(a) Final Monthly Compensation: Your final monthly compensation is the average rate of your basic monthly compensation from the City for the best 60 successive months out of the last 120 months before your normal retirement date, or the date of your early retirement or termination of service, which give the highest average rate. The term "basic compensation" means only the base pay of a participant including overtime and specifically excludes bonuses, commissions, if any, expense allowances, and all other extraordinary compensation.

(b) Credited Service: Your credited service, generally speaking, is the period of your continuous uninterrupted service with the City computed in years and complete months, from your last date of employment, to your normal retirement date, or, if applicable, to the date of your prior retirement or termination of service. Periods of absence of 30 days or less will be included in your credited service, but absences in excess of 30 days will be included only if you receive regular compensation from the City during such absence. If you are absent after the effective date of the plan, because of compulsory military service, you will be deemed to be on a leave of absence for all purposes of the plan, and the first two years of such absence will be included in your years of credited service.

## 7. RETIREMENT COMPENSATION

Effective September 29, 1990, the term "basic compensation" means the compensation actually paid to a participant by the city, inclusive of overtime pay and participant contributions "picked up" by the city pursuant to section 23-113, but exclusive of commissions, bonuses, expense allowances, and all other extraordinary compensation.

## 8. AMOUNT OF MONTHLY RETIREMENT BENEFITS

(a) Normal Retirement: Your normal retirement date is the first day of the month coincident with or next following the date you both attain age 65 and complete 10 years of credited service, or the first day of the month coincident with, or next following, the date you both attain the age of 60 and complete twenty years of credited service, or the first day of the month coincident with, or next following, the date you complete 25 years of credited service regardless of your age; provided, however, that you may continue in the service of the City beyond your normal retirement date.

(1) Amount of retirement income: The monthly amount of retirement income payable to a participant who retires on or after his normal retirement date shall be an amount equal to (a) multiplied by (b) where:

(a) is 2.40% (.024) of final monthly compensation; and

(b) is years and completed calendar months of credited service, i.e. 10 years and 3 months of credited service equals 10.25.

(b) Early Retirement: You do not have to wait until your normal retirement date in order to become eligible for retirement under the plan. With the consent of the City, you may retire as of the first day of any month prior to your normal retirement date after you have both attained your 55th birthday and completed at least 10 years of credited service. If you retire early under the plan, you will receive monthly retirement income, payable in the normal form, commencing on your early retirement date. The early retirement benefit will be determined as described in Item #8 (a) above for normal retirement, except, of course, it will be based on your final monthly compensation and years of credited service as of your early retirement date. Such monthly

amount as computed will be reduced to take in to account younger age and the earlier commencement of retirement income payments.

## 9. BENEFITS UPON TERMINATION OF SERVICE

If your service with the City is terminated prior to your normal retirement date and you have completed 10 years of credited service, you will be entitled to a monthly retirement income to commence with your normal retirement date or after attaining age 55 provided your contributions remain in the plan. The monthly retirement income will be based upon your number of years of credited service and final monthly compensation at the date of termination of service.

Alternatively, if your service with the City is terminated after completing 10 years or more credited service, you will be entitled to a refund of your employee contributions, plus interest. You will receive interest at the rate of 6% compounded annually from January 1, 1985, to the first day of the month in which you terminate service, on the cumulative amount of employee contributions you have made to the plan.

If your service with the City is terminated prior to completing 10 years credited service, you will be entitled to a refund of your employee contributions without interest.

Any refund of your employee contributions shall be in lieu of all other benefits payable under the plan.

### 9-1. TAX INFORMATION RELATING TO REFUND OF EMPLOYEE RETIREMENT CONTRIBUTIONS UPON TERMINATION OF SERVICE

As of January 1, 1993, the IRS regulations require mandatory withholding of 20% of the refunded retirement contributions unless these funds are directly transferred to another qualified retirement plan or Individual Retirement Account (IRA). In addition, unless the refunded retirement contributions are transferred to another qualified retirement plan, these funds will be taxable in the year refunded. Furthermore, if you receive the payment before age 59-1/2, you may also be subject to an additional 10% tax.

Employee contributions made after October, 1990 are made from pretax dollars and are subject to taxes and the 20% withholding unless transferred to another qualified retirement plan or IRA account. Employee contributions made prior to October, 1990, were "after-tax" contributions. (After-tax employee contributions are contributions made from your pay that were already taxed.) These "after tax" contributions will be non-taxable when they are paid to you, cannot be transferred to another retirement plan, and are not subject to the 20% withholding. Amounts refunded to the employee under \$200.00 are NOT subject to the 20% withholding.

## 10. VESTING

Upon completing 10 years of credited service with the City of DeLand, you will have a 100% vested interest in benefits under the retirement plan. In addition, regardless of years of service, you will always maintain a 100% vested interest in your own contributions to the plan. In the event that the plan is terminated or contributions to the trust are permanently discontinued, the benefits of each participant in the plan on such date of termination or discontinuance shall be one hundred per cent (100%) vested to the extent then funded, where such vested benefits shall be determined and distributed as provided in section 23-151 of the City of DeLand Code of Ordinances.

## 11. DISABILITY BENEFIT

### Service Connected Disability

The disability benefit payable to a participant who retires from the service of the City, due to total and permanent disability, is a monthly income payable for 10 years certain and life thereafter which can be provided by (a) and (b), whichever is greater, where (a) is the actuarial value of the accrued deferred retirement income at date of disability, and (b) is 24 times his rate of final monthly compensation as of the date of termination of service due to disability. The monthly amount computed using (b) shall not exceed 60% of your anticipated monthly retirement income commencing at normal retirement date. You must be disabled for a period of five months before the benefit is payable.

### Non-Service Connected Disability

The disability benefit payable to a participant who retires from the service of the City, due to total and permanent disability, is a monthly income payable for 10 years certain and life thereafter which can be provided by (a) or (b), whichever is greater, where (a) is the actuarial value of the accrued deferred retirement income at date of disability, and (b) is (i) 12 times final monthly compensation for employees with less than five years of credited service or (ii) 24 times final monthly compensation for employees with five or more years of credited service. The monthly amount computed using (b) shall not exceed 60% of your anticipated monthly retirement income commencing at normal retirement date. You must be disabled for a period of five months before the benefit is payable.

## 12. DEATH BENEFIT

If the service of a participant is terminated by reason of his death on, or prior to, his normal retirement date, there shall be payable to the participant's designated beneficiary (or beneficiaries), the monthly retirement income, beginning on the first day of the month coincident with or next following the date of his death (taking into account the beneficiary's age and sex at date of death) which can be provided by (a) or (b), whichever is greater, where (a) is the actuarial value of the accrued deferred retirement income at date of death, and (b) is 24 times his rate of final monthly compensation as of the date of death. The amount specified in (b) above is subject to a maximum of 100 times your anticipated monthly retirement income commencing at normal retirement date.

## 13. PAYMENT OF BENEFITS

Each payment will be made, as it comes due, drawn against the trust fund maintained by the City for all purposes of the plan. Retirees can choose to receive payment of benefits via direct deposit or by check. Upon your normal retirement under the plan, monthly retirement income payments will be made to you for 10 years certain and your life thereafter. This means the plan will pay the retiree until death; however, if the retiree dies before 10 years after retirement date, his/her beneficiary will receive the monthly benefit until the 10 years is complete. As explained in item #14, if you select an optional form of retirement income your monthly retirement income payments will be made in accordance with the option selected.

## 14. OPTIONAL FORMS OF RETIREMENT INCOME

If you retire on or after your normal retirement date, or on an early retirement date, you can elect reduced monthly retirement income payments of equivalent actuarial value and arrange for such payments to continue after your death in accordance with one of the options permitted under the plan. You can elect any of the following options:

**Option 1:** A retirement income of a larger monthly amount, payable to the participant for his lifetime only.

**Option 2:** A retirement income of a modified monthly amount, payable to the participant during the joint lifetime of the participant and a joint pensioner designated by him, and following the death of either, 2/3 of such monthly amount payable to the survivor for the lifetime of the survivor.

- a) **Expansion of option 2**-In addition to 2/3 joint option, you may choose 50%, 75% or 100% to continue to the survivor following first death of the member or joint annuitant.
- b) **Joint & Contingent**-following the death of the member, a percentage of the monthly benefit is payable to the joint pensioner for the remaining lifetime of the joint pensioner. This can also be at 50%, 2/3, 75% or 100%.
- c) **Joint & Contingent with Pop Up**-this provides a modified monthly benefit payable to the member during the member's lifetime, following the death of the member, a percentage (50%, 2/3, 75% or 100%) of such monthly benefit is payable to the joint pensioner for the remaining lifetime of the joint pensioner. In the event that the joint pensioner predeceases the member, the monthly benefit will increase to the amount payable under the normal form of payment for the remaining lifetime of the member.

**Social Security (Level Income) Option**-provides increased monthly benefits payable to the member until the member becomes entitled to Social Security retirement benefits (age 62) and decreased monthly benefits payable thereafter during the remaining lifetime of the member. (For the Lifetime of Member Only)

**Option 3:** Actuarial equivalent of the retirement income in the normal form under any option approved by the Retirement Committee.

Note: Certain limitations are placed on Options 2 and 3 if you select a joint pensioner other than your spouse.

The Retirement Committee must also approve or disapprove your request for an optional form of payment upon receiving a written request and submission of evidence of good health.

#### 15. LUMP SUM PAYMENT OF SMALL RETIREMENT INCOME

If the monthly retirement income payable to any person entitled to any benefit is less than fifty dollars (\$50.00) as of the date of his retirement or termination of service, the retirement committee may specify that the actuarial equivalent of such retirement income be paid in a lump sum or in monthly installments for a period of not more than sixty (60) months.

#### 16. LIMITATION OF PAYMENT OF RETIREMENT INCOME

Notwithstanding the fact that the monthly retirement income is payable for ten (10) years certain and life thereafter, if any person receiving a monthly retirement income should receive or become entitled to receive any compensation for personal services currently performed under full time continuous employment by the City of DeLand at the regular compensation, the monthly retirement income shall cease during the period for which such compensation is payable. Such monthly retirement income shall, however, be resumed again at the same rate when such compensation ceases to be payable.

#### 17. TERMINATION OF SERVICE FOR DISHONESTY/TERMINATION OF BENEFITS

If a participant's service is terminated because of dishonest conduct injurious to the City, or if dishonest conduct injurious to the City committed by a participant is determined by the City during the lifetime of the participant but within one year after his service with the City is terminated or within one year after his retirement under the plan, the retirement committee, upon notice from the City Commission of The City of DeLand, may terminate such a participant's interest and benefits under the plan and trust fund. The dishonest conduct injurious to the City committed by a participant shall be determined and decided by the Retirement

Committee only after a full investigation of such alleged dishonest conduct and an opportunity has been given the participant to appear before the retirement committee to present his case. The decision made by the retirement committee in such cases shall be final and binding on all participants or other persons affected by such decision.

18. FUNDS HELD BY THE TRUSTEE AND AGENT FOR SERVICES

The City's contributions and the employee contributions to the retirement plan will be deposited with the Trustee, (Salomon Smith Barney, Inc.) and held in a trust fund and invested for the exclusive benefit of the employees or their beneficiaries. The trustee will pay all benefits under the plan from the trust fund as directed by the retirement committee.

19. ADMINISTRATION OF THE RETIREMENT PLAN

The administration of the plan is the responsibility of the General Employees' Retirement Committee. (See item #2, page 2 for current status of the committee). If you have any questions about the plan, any member of the Retirement Committee will be glad to assist you in finding the answer. You may also contact the HR/Pension Administrator at 386-626-7072 for assistance.

20. PROCEDURES FOR PRESENTING CLAIMS

Each participant will furnish to the Retirement Committee such information, as the Retirement Committee considers necessary or desirable for the purpose of administering the plan. You shall submit proof of your age (and in the case of your election of Option 2 or Option 3, proof of the age of the joint pensioner selected by you) to the Retirement Committee at such time as required by the Retirement Committee. The Retirement Committee will, if such proof of age is not submitted as required, use as conclusive evidence thereof, such information as is deemed by it to be reliable, regardless of the source of such information. Any adjustment required by reason of lack of proof or misstatement of the age of persons entitled to benefits hereunder, by the participant or otherwise, will be in such manner as the Retirement Committee deems equitable. You shall also fill out a form to designate a beneficiary to receive the benefit, if any, which may be payable, in the event of your death.

21. HOW TO COMPUTE YOUR ESTIMATED NORMAL MONTHLY RETIREMENT

1. Estimate your average monthly salary during last 5 years.....\_\_\_\_\_
2. Take 2.4% (.024) of that estimated salary.....\_\_\_\_\_
3. Enter your number of years-credited service at your normal retirement date.....\_\_\_\_\_
4. Multiply line 2 by line 3 to get your estimated monthly retirement income.....\_\_\_\_\_

22. PLAN YEAR

The plan year runs from October 1, to September 30, and all records of the plan are therefore maintained on a fiscal year basis.

24. UPDATES TO SUMMARY OF PLAN PROVISIONS

The "Summary of Plan Provisions" shall be updated and distributed to all plan participants at least every two years beginning with fiscal year 1990-91. In years where the "Summary of

Plan Provisions" is not updated and distributed, a "Supplement of Changes" shall be prepared and distributed to all plan participants.

## 25. STATE AND LOCAL LAWS

Complete and more detailed descriptions of the Plan can be found in Chapter 23, Article IV of the City of DeLand Code of Ordinances.

## 26. THE "DROP" PLAN

The General Employees' Retirement Committee submitted to the City Commission, and received approval for, the establishment of a new benefit program for eligible General Employees' Retirement Plan members. That program is the Deferred Retirement Option Program, also referred to as the "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 Firefighters' 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. If you do not have a financial planner, the General Employees' Retirement Committee has made arrangements with Smith Barney Consulting Services, which serves the Committee as its investment performance monitor, to answer questions you may have pertaining to the program, your particular financial situation, and the tax consequences on your DROP earnings.

### 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%) 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 General Employees' 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 General Employees' Retirement Plan is once you have reached 65 years of age and have 10 years of credited service with the City of DeLand; or age 60 and 20 years of credited service; or 25 years of credited service. If you have already reached normal retirement date, you can now elect to participate in DROP.
- 3. Who is eligible to DROP?** All vested General Employees' Retirement Plan 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 General Employees' Retirement Plan will be retroactively reestablished to the date you started DROP and you must pay all contributions required for your General Employees' 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 any time 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 General Employees' Retirement Committee. The current annual rate of interest is 6.5% compounded monthly. After each year quarter, the average daily balance in a participant's DROP account will be credited at the 6.5% 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 7% 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 7% contribution to the retirement fund.
8. **Is there a cost associated with my DROP account?** There is NO cost associated with the 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 upon the benefit option you selected, may receive monthly General Employees' Retirement Plan benefits. Survivors are **not** eligible for General Employees' Retirement Plan in-line-of-duty death benefits.
10. **What if I become disabled while participating in DROP?** Once you enter the DROP plan, you will **not** be eligible for General Employees' 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 as to 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 those are: 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 General Employees' 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 General Employees' 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 General Employees' Retirement Plan. Charles Mulfinger from Salomon Smith Barney will provide this service for the General Employees' Retirement Plan. Upon receipt of these estimates, you should meet with your accountant, CPA, financial planner, etc., to review your total financial situation, including the General Employees' 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 General Employees' Retirement Committee has made arrangements with the retirement fund's investment performance monitor, Charles Mulfinger from Salomon Smith Barney, to meet one-on-one with you to answer any questions you may have. The Retirement Committee meets on a quarterly basis. Mr. Mulfinger attends

those meetings and is willing to meet with you through a scheduled appointment. You may call Barbara Storz at extension 5714 for meeting dates, and schedule a meeting with Mr. Mulfinger. The Committee strongly encourages you to thoroughly review your financial situation and understand clearly the DROP program before making your selection. You could also 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 Finance Department Payroll Office.
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 General Employees' 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 upon your tax bracket. For example, a lump sum distribution of \$100,000 would require the General Employees' 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 me to apply for the DROP program?** Attached are application forms that you will need to complete and submit to the Finance Department Payroll Office. You may also contact this office should you have any questions regarding your application or the DROP program.

**CITY OF DELAND MUNICIPAL GENERAL EMPLOYEES' 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, less an annual administrative fee. 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 General Employees' 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 Employees' Retirement Plan membership shall be established retroactively to the date that I began "DROP."

**CITY OF DELAND MUNICIPAL GENERAL EMPLOYEES' RETIREMENT PLAN**

**APPLICATION FOR RETIREMENT AND DEFERRED RETIREMENT OPTION PROGRAM (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 \_\_\_\_\_, 200\_\_, 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 GENERAL EMPLOYEES' 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 General Employees' 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 23-124, 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, which will accrue with interest for the duration of my DROP participation. I also understand the rate of interest is currently 6.5% and the annual administrative fee is 1%. Both are subject to review annually, with a determination made on whether the rate should be adjusted based on the earnings of the retirement fund and the cost associated with administering the DROP plan. 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 General Employees' 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 Employees' Retirement Plan membership shall be established retroactively to the date that I began DROP, and I will pay all contributions required under the General Employees' 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 General Employees' 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 Plan. 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 Plan'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 \_\_\_\_\_, 200\_\_\_\_, 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 the employee's DROP participation will terminate).

Signature\_\_\_\_\_ Printed Name\_\_\_\_\_

Date signed\_\_\_\_\_ Telephone No.(\_\_\_\_)\_\_\_\_\_

Title\_\_\_\_\_

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

CITY OF DELAND  
GENERAL EMPLOYEES' RETIREMENT PLAN  
QUESTIONS AND ANSWERS

1. WHO PAYS FOR THE RETIREMENT PLAN?

You and the City share in the cost of the plan.

2. WHO PARTICIPATES?

All regular full-time employees are covered as of the date of their employment, except the City Manager, certain Department Heads and employees covered by the Police Officers' Retirement Plan or Firemen's Retirement Plan.

3. WHAT DO I GET OUT OF IT?

If you are an eligible participant, you will receive a monthly retirement income for life upon reaching your normal retirement date or early retirement date.

4. WHEN CAN I RETIRE UNDER THE PLAN?

The normal retirement age is 65, providing you have 10 years of credited service, or age 60 and 20 years of credited service, or 25 years of credited service regardless of age. However, you may retire early when you reach age 55 and have completed 10 years of credited service. If you decide to retire before reaching age 65, your benefits could be considerably smaller.

5. HOW MUCH WILL I RECEIVE WHEN I RETIRE?

It will be based on three factors: (1) Your average monthly earnings for the best 60 successive months out of your last 120 months before retirement, (2) your total years of credited service with the City, and (3) the benefit formula set forth in Question 7.

6. WHAT IS CREDITED SERVICE?

Credited service under the retirement plan is computed in years and complete calendar months from your last date of employment to your normal retirement date. If an employee has a non-credited leave of absence (i.e. longer than 30 days and no regular compensations), the period of the leave is deducted from the total credited service.

7. HOW DO I FIGURE MY MONTHLY NORMAL RETIREMENT INCOME?

Your monthly retirement income is the sum of (a) multiplied by (b) where: (a) is .024% (.024) of final monthly compensation;

b) is your years and completed calendar months of credited service, from your last date of employment to your normal retirement date.

Upon early retirement, your retirement income is computed as above, using your credited service and final monthly compensation as of your early retirement date, however, a reduced amount would be payable because of your younger age and the earlier commencement of retirement income payments.

8. ANY OPTIONS? CAN I CHOOSE HOW AND WHEN I'LL RECEIVE RETIREMENT PAY?

Optional plans are available that would, in general, provide for payments to your dependent after your death. For more information, ask the Retirement Committee.

9. MUST I MAKE ANY SORT OF ADVANCE ARRANGEMENTS BEFORE BEGINNING RETIREMENT?

Not if you are properly qualified and eligible to retire under the normal retirement provisions of the plan.

10. WHAT ABOUT MY DEPENDENTS? IF I DIE, CAN MY WIFE OR HUSBAND CONTINUE TO RECEIVE RETIREMENT CHECKS?

Yes, provided you selected one of the options, which provide monthly payments to your dependent after your death.

11. HOW AND WHEN DO I GET RETIREMENT PAY?

You will receive your first monthly retirement check on the first day of the month coincident with or next following the date you reach your normal retirement date. If you have chosen the normal form of retirement, you will receive retirement checks for 10 years certain and your life thereafter. Your checks will be mailed on the first day of each month or you may choose to have your check direct deposited to your checking or savings account.

12. SUPPOSE I WANT TO CONTINUE WORK AFTER REACHING NORMAL RETIREMENT AGE. MAY I?

You may continue beyond your normal retirement date.

13. IF I WANT TO RETIRE BEFORE MY NORMAL RETIREMENT AGE, MAY I?

You may retire when you reach age 55 and have completed 10 years of credited service. Of course, your monthly retirement income will be smaller because of your earlier retirement and younger age.

14. WHAT IF I DIE?

Before Retirement: If you die before your retire, your named beneficiary will be entitled to a monthly retirement income, payable to ten (10) years certain and life thereafter, which can be provided by (a) or (b), whichever is larger, where:

(a) is the single-sum value (present value at date of death) of your accrued retirement income; and

(b) is (i) or (ii), whichever is smaller, where (i) is 24 times your final monthly compensation as of the date of death and (ii) is 100 times your anticipated monthly retirement income commencing at your normal retirement date.

Your accrued retirement income in (a) above is computed as shown in Question 7, using your credited service and final monthly compensation at your date of death. Your anticipated retirement income in (b) (ii) above is computed as shown in Question 7, using the anticipated credited service you would have had at your normal retirement date if you had lived, and your final monthly compensation is based on the assumption that your rate of pay at date of death would have continued without change to your normal retirement date.

If you need to make changes regarding your beneficiary, you may contact the Human Resource Department in City Hall.

After Retirement: In the event of your death after retirement, your retirement income payments would be paid in accordance with the form of payment selected if other than life only.

15. WHAT IF I BECOME DISABLED AND UNABLE TO WORK?

Service Connected Disability

If you become totally and permanently disabled prior to your normal retirement date, you will be entitled to a monthly retirement income, payable for 10 years certain and your life thereafter, which can be provided by (a) or (b), whichever is larger, where:

(a) is the single-sum value (present value at date of disability) of your accrued retirement; and (b) is 24 times your rate of final monthly compensation as of the date of termination of your service due to disability. The monthly retirement income computed using (b) cannot exceed 60% of your anticipated monthly retirement income at your normal retirement date.

Non-Service Connected Disability

If you become totally and permanently disabled prior to your normal retirement date, you will be entitled to a monthly retirement income, payable for 10 years certain and your life thereafter, which can be provided by (a) or (b), whichever is larger, where:

(a) is the single-sum value (present value at date of disability) of your accrued retirement; and (b) is (i) 12 times your rate of final monthly compensation at the date of disability if you have less than 5 years of credited service of (ii) 24 times your rate of final monthly compensation at the date of disability if you have 5 or more years of credited service. The monthly retirement income computed using (b) cannot exceed 60% of your anticipated monthly retirement income at your normal retirement date.

16. SUPPOSE I TAKE A LEAVE OF ABSENCE?

You will receive credit for periods of absence that are less than 30 days. Leaves of absence longer than 30 days will be counted only if you receive regular compensation from the City during such absence. Thus a leave of absence of less than 30 days will have no effect on an employee's total credited service. If a leave of absence is longer than 30 days and the employee does not receive regular compensation, then the employee would not receive credited service for the period of the leave.

17. SUPPOSE I AM CALLED INTO THE MILITARY SERVICE. WILL I RECEIVE CREDIT FOR TIME IN THE SERVICE?

Yes, you will receive credit for the first two years of such military service. If you were on leave of absence for military service prior to January 1, 1972, you will receive credit for the full period.

18. SUPPOSE I QUIT AND I AM LATER RE-EMPLOYED BY THE CITY?

You will be considered a new employee when you return.

19. BUT SUPPOSE I COME BACK AND STAY WITH THE CITY UNTIL I REACH RETIREMENT AGE. WILL I BE ENTITLED TO RETIREMENT THEN?

You can qualify for retirement with the same options as explained in question #4. Your retirement benefits will be based on the number of years you stay at the City after you come back to work.

20. WHO LOOKS AFTER THIS PLAN?

The Retirement Committee administers the plan. The members of the Committee are the Mayor, City Manager, one lay member and two members elected by the employees.

21. HOW ARE THE CONTRIBUTIONS MADE BY THE CITY TO THE TRUST FUND HANDLED?

All contributions made by the City are deposited with the Trustee, (Morgan Stanley Smith Barney, Inc. with First State Bank as the custodian), and are held in the trust fund and invested for the exclusive benefit of the participants or their beneficiaries.

22. WHEN I RETIRE, HOW WILL I KNOW IF I OWE TAXES ON MY RETIREMENT BENEFITS?

At the end of each year, Smith Barney, Inc. sends each retiree a 1099-R, which will show taxable income. Our actuary, Gabriel, Roeder & Smith, figures the monthly taxable and nontaxable portion of your retirement benefit and the City of DeLand then sends this information to First State Bank for monthly processing.

23. CAN THE CITY EVER RECLAIM THE MONEY THEY HAVE CONTRIBUTED, AND WILL CONTRIBUTE, TO THE RETIREMENT TRUST FUND?

No. The trust fund can never revert to the City.

24. IS THIS RETIREMENT PLAN PERMANENT---WILL IT BE CONTINUED FROM NOW ON?

The City of DeLand intends to continue the retirement program indefinitely just as it expects to continue to grow and prosper. But, of course, the City must, for sound business reasons, reserve the right to change, amend, or discontinue all or any portion of the program at anytime.

25. WHAT HAPPENS TO THE MONEY ALREADY IN THE FUND IF THE CITY SHOULD---IN SOME EMERGENCY---HAVE TO DISCONTINUE THE RETIREMENT PLAN?

You would retain any rights or benefits already accrued to the extent of available funds in the trust. Let us again stress that the City has every intention to continue the retirement plan indefinitely, but must, for sound business reasons, reserve the right to discontinue all or any portion of the plan at any time.

26. WHAT ABOUT SOCIAL SECURITY BENEFITS?

Any Federal Social Security Benefits for which you may be eligible will be in addition to the retirement income received from the City's Retirement Plan.

27. DO I HAVE VESTED RIGHTS UNDER THE PLAN?

Yes, should you terminate employment prior to your retirement date and you have completed 10 years of credited service, you have a 100% vested interest in benefits under the retirement plan. In addition, no matter what your number of years of service, you will always maintain a 100% vested interest in your own contributions to the plan.

28. HOW DO I KNOW HOW MUCH TAX I WILL HAVE TO PAY ON CONTRIBUTIONS REFUNDED TO ME IF I LEAVE THE CITY PRIOR TO RETIREMENT?

If you leave the City and you were hired before October 1990, then some of your contributions were made "after-tax" (already taxed). These contributions will be nontaxable when they are paid to you, cannot be transferred to another retirement plan, and are not subject to the 20% withholding. However, any contributions made after October, 1990, are subject to IRS regulations which require 20% mandatory withholding, unless these funds are directly transferred to another qualified retirement plan or IRA account. In addition, unless the refunded retirement contributions are transferred to another qualified retirement plan, these funds will be taxed in the year refunded. Furthermore, if you receive the payment before age 59-1/2, you may also be subject to an additional 10% tax. Amounts refunded that are under \$200.00 are not subject to the 20% withholding. More information is available from the Personnel or Payroll Office.

29. WHOM SHOULD I SEE TO OBTAIN MORE INFORMATION ABOUT THIS PLAN--- EITHER TO HAVE SOME IDEA OF WHAT MY RETIREMENT INCOME WILL BE WHEN I REACH NORMAL RETIREMENT AGE, OR TO SEE ABOUT CHOOSING AN OPTION AT THE PROPER TIME?

The Retirement Committee will be pleased to help you estimate the retirement income you hope to receive when you reach your normal retirement age, can explain the options available and give you the information you'll need in case you decide to select an option instead of the normal form of retirement payments when you retire. Information can also be obtained from the Human Resources/Pension Administrator located on the second floor in City Hall.

