

# MIDWAY FIRE FIGHTERS' PENSION PLAN

## SUMMARY PLAN DESCRIPTION



Approved: December 12, 2017

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## **INTRODUCTION**

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The Midway Fire District (“District”) has established and maintains the Midway Fire Fighter’s Pension Plan (“Plan”). The Plan is a tax qualified defined benefit plan. Because the Plan is tax qualified, generally neither you nor the Plan will pay any income tax on the contributions you make or the benefits you earn under the Plan. Instead, you will be taxed when you begin receiving benefits under the Plan, at which time you may be in a lower tax bracket than during your peak earning years. Because the Plan is a defined benefit plan, your ultimate benefit depends upon factors such as your compensation level and service, and the form in which your benefits are paid.

The Plan is governed by Resolutions passed by the District. The Plan was created on May 5, 2000. The most recent restatement of the Plan, including all amendments to date, is contained in District Resolution No. 17-03. The Plan is also governed by Part VII, Chapter 112 and Chapter 175 of the Florida Statutes. Article 27 of the Collective Bargaining Agreement between the District and Midway Professional Fire Fighters Local 4192 sets forth the agreements providing for the Plan. Copies of these documents are available upon request.

The Plan is designed to provide a measure of economic security for retirement beyond that provided by Social Security and your own personal savings. Of course, you are encouraged to establish and consistently maintain your own retirement savings program and not rely solely on Social Security and employer provided retirement benefits.

This document is called a Summary Plan Description. It introduces the Plan to you and answers frequently asked questions about the Plan. If you have questions, if you want to verify your understanding of how the Plan's provisions apply to you, if you want to confirm your understanding of the Summary Plan Description, or if you want to determine if the Plan has been amended, please contact the Plan Administrator. The Summary Plan Description may be amended from time to time.

Please note that this Summary Plan Description is a summary only. It does not contain every detail addressed in the Plan. If there is any inconsistency between the District Resolution establishing the Plan (or other legal documents under which your participation and benefit rights are determined) and this Summary Plan Description, the Resolution (and other legal documents if any) will control. A copy of the Resolution and other legal documents are available upon request.

## **ADMINISTRATION**

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The general administration and responsibility for the proper operation of the Plan is placed with the Board of Trustees (Board). The powers of the Board include the interpretation of Plan provisions on a uniform and nondiscriminatory basis and establishing uniform

rules and procedures. The Board is also responsible for investing of the Plan's assets and hiring the Plan's service providers.

The Board consists of five trustees each serving a two-year term. Two trustees are individuals residing within the jurisdiction of the District who are appointed by the District. Two other trustees are full-time Firefighters who are elected by active Firefighters of the District. The fifth trustee is selected by the other four trustees and appointed, as a ministerial act, by the District.

The Trustees are:

Chair – James Skipper  
Vice Chair – Neal Carter  
Secretary – Levi Alderfer  
Trustee – Dennis Del Rosario  
Trustee - Robert Simco

You may write to the Board or any individual trustee by contacting the Administrator whose information is set forth below.

The Board retained the services of the Midway Fire District to manage the day-to-day business affairs of the Plan. The Administrator is:

Ms. Missy Scarborough  
Financial Administrator, CDM  
Midway Fire District  
1322 College Parkway  
Gulf Breeze, FL 32563  
850-932-4771

Legal process with respect to the Plan must be served on the Chairman of the Board. Pedro Herrera serves as legal advisor to the Plan and may be contacted at Sugarman & Susskind, P.A., 100 Miracle Mile, Ste. 300, Coral Gables, FL 33134. Patrick T. Donlan serves as the Board actuary and may be contacted at Foster & Foster, 13420 Parker Commons Blvd., Ste. 104, Fort Myers, FL 33912.

Plan records are maintained on a 12-month fiscal period known as the Plan Year. The Plan Year begins on October 1 and ends on September 30.

## **GLOSSARY**

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**Accumulated Member Contributions** means the total pooled reserve of contributions paid by a Member to the Fund.

**Actuarially Equivalent** *means*, for a specified date of reference, the equivalence of the present values of different forms of payment of a benefit, using such actuarial assumptions as recommended by the Plan's actuary and adopted by the Board. Different benefit options may result in different monthly benefits, but the benefit options remain actuarially equivalent.

**Average Final Compensation** *means* one-twelfth of the average annual Compensation of the five best years of the last ten years of creditable Service before retirement, termination, or death.

**Beneficiary** *means* an individual who is being paid, or who may become eligible to be paid, a Pension because of the death of a Member.

**Board** *means* the Board of Trustees that oversee the Plan.

**Compensation** *means* base pay plus educational incentive. A Member's pensionable Compensation is subject to limitations set forth in the Internal Revenue Code and Chapter 175, Florida Statutes.

**Contributions** *means* money paid by the District or a Member into the Fund.

**Credited Service** *means* years and fractional parts of years of Service as a Firefighter for the District. Credited Service is used to calculate retirement benefits and vested status.

**District** *means* Midway Fire District.

**DROP** *means* Deferred Retirement Option Plan.

**Firefighter** *means* any person employed by the District who is a certified firefighter as a condition of employment and whose duty it is to extinguish fires or protect life or property. The scope of the term Firefighter is subject to certain limitations set forth in Chapter 175, Florida Statutes.

**Fund** *means* the trust fund established as part of the Plan which holds the financial assets of the Plan.

**Member** *means* an individual who is rendering Service to the District, an individual who has separated from Service to the District other than by death or retirement and who has Accumulated Member Contributions in the Plan, or a Retiree.

**Pension** *means* the death and retirement benefits provided by the Plan.

**Retiree** *means* an individual who is being paid a Pension because of an individual's membership in the Plan.

**Service** means personal Firefighter service rendered to the District in a position covered by the Plan.

**Vested Member** means a Member who has ten or more years of credited service.

## **ELIGIBILITY FOR MEMBERSHIP**

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You are a Member of the Plan if you are employed by the District as a full-time Firefighter. Some positions are excluded, such as Fire Chief, Reserve Firefighters, Volunteer Firefighters, Temporary Firefighters, and Firefighters employed during a state of emergency. Membership is automatic and mandatory for all eligible Members. A Member shall remain a Member until the Member separates from Service and takes a refund of all Accumulated Member Contributions, receives the entirety of his or her accrued benefit, or the date a Member dies.

## **CONTRIBUTIONS AND FUNDING**

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The Plan is funded by Contributions paid by the District, proceeds on insurance premium taxes collected by the State of Florida, and participating Member Contributions. Returns from Fund investments also comprise an important part of Plan funding.

Effective October 1, 2017, you are required to contribute 10% of Compensation to the Fund. The District deducts these Contributions from your payroll and remits them to the Fund on a bi-weekly basis. Your obligation to contribute will cease the earlier of when you separate from Service or enter DROP.

Accumulated Member Contributions are held in reserve until you retire. If you separate from Service before becoming a Vested Member, you may elect to receive a refund of Accumulated Member Contributions without interest. If you die before becoming a Vested Member, your Beneficiary will receive your refund of Accumulated Member Contributions. You may also elect a refund if you are a Vested Member who has not yet retired, provided that doing so will result in the forfeiture of any Pension that might be payable in the future.

The District contributes to the Fund at least quarterly at a rate determined by the Board's actuary and set by the Board.

## **ELIGIBILITY FOR RETIREMENT PENSION**

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You may retire and begin receiving a Pension upon satisfying the following requirements:

- (1) You must reach your Early or Normal Retirement Age;
- (2) You must separate from Service; and

- (3) You must file a written application for retirement on a form provided by the Board.

There are two types of retirement Pensions: Early Retirement and Normal Retirement.

Normal Retirement Age is the date you attain age 55 or older with 10 or more years of Credited Service or the date you reach 25 or more years of Credited Service regardless of age.

Early Retirement Age is the date you reach age 50 with 10 or more years of Credited Service.

## **VESTING AND FORFEITURE**

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You shall become a Vested Member upon attaining 10 or more years of Credited Service. When you become a Vested Member, your right to a Pension becomes non-forfeitable except for a few exceptions. If you separate from Service as a Vested Member but before becoming eligible for Early or Normal Retirement, you may wait until you reach Early or Normal Retirement Age to apply for a Pension. Should a Vested Member who separated from Service die before becoming eligible for an Early or Normal Retirement Pension, the Vested Member's Beneficiary may apply for the Pension that would have been payable to the Vested Member.

Your benefits are subject to forfeiture under state law if you admit to, or are found guilty of, committing certain crimes, including, but not limited to, embezzlement, bribery, or abuse of your public position. You may also forfeit your Pension if you willfully and knowingly make, or cause to be made, any false, fraudulent, or misleading oral or written statement or withhold or conceal material information in order to obtain any benefit from the Plan.

## **PENSION CALCULATION**

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There are three components to the calculation of Normal Retirement benefits: Credited Service, Average Final Compensation, and a multiplier. The Plan uses two multipliers: 3% for Credited Service earned prior to October 1, 2017, and 4% for Credited Service earned on or after October 1, 2017. The benefit you earned for service both before and after October 1, 2017, are calculated separately and added to arrive at your final monthly Pension.

*Example* – If you earned 10 years of Credited Service before October 1, 2017, and 13 years and three months after October 1, 2017, and if your Average Final Compensation is \$6,000, your Normal Retirement benefit in the normal form of payment would approximately be:

$$\begin{aligned} 10.00 \text{ years} \times \$6,000 \times 3\% (0.03) &= \$1,800 \\ 13.25 \text{ years} \times \$6,000 \times 4\% (0.04) &= \$3,180 \\ \text{Monthly Pension: } 1,800 + 3,180 &= \underline{\$4,980} \end{aligned}$$

The calculation for Early Retirement is the same except the benefit is reduced to take into account your younger age and earlier commencement of Pension payments. The Early Retirement reduction is equal to 3% per year for the years and fractional parts of years that your Early Retirement date precedes your Normal Retirement date.

## **OPTIONAL FORMS OF PENSION PAYMENT**

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You may elect different forms of payment for your Pension which correspond to different survivor benefits. The amount of your Pension varies depending on the option you elect. The difference in amount takes into account the different cost impact each option has to the Plan. Each form of payment is Actuarially Equivalent to another.

Your election must be in writing and filed with the Board prior to the date your first Pension payment is made. A form designating your Beneficiary must also accompany your election. You may not change your form of payment after your first Pension payment is made, including your first DROP payment. You may change your Beneficiary as many times as you wish before retirement, but you may only change your Beneficiary two times after Pension payments commence.

The optional forms of payment include:

- (1) *Normal Form – Ten-Year Certain and Life.* The Retiree is paid a Pension for his or her life. If a Retiree dies before the Retiree receives 120 monthly Pension payments, the survivor Beneficiary will receive the remainder of the 120 monthly Pension payments. If both the Retiree and the survivor Beneficiary die during the guaranteed period, the actuarial present value of the remainder will be paid in a lump sum to the estate.
- (2) *Optional Form II – 100% Joint and Survivor.* The Retiree is paid a reduced Pension until the Retiree dies. After the Retiree dies, the full amount of the reduced Pension is paid to the Beneficiary until the Beneficiary dies.
- (3) *Optional Form III – Partial Joint and Survivor.* The Retiree is paid a reduced Pension until the Retiree dies. After the Retiree dies, a fraction of the reduced Pension is paid to the Beneficiary until the Beneficiary dies. The Member may elect a one-half (1/2), two-thirds (2/3), or three-fourths (3/4) reduction.
- (4) *Optional Form IV – Straight Life Annuity.* The Retiree receives a larger monthly Pension payable for his or her lifetime only. There is no survivor benefit.

**IT IS CRITICAL TO KEEP YOUR BENEFICIARY DESIGNATION UP-TO-DATE. LIFE CIRCUMSTANCES CHANGE AND YOU SHOULD UPDATE YOUR BENEFICIARY**

**DESIGNATION ACCORDINGLY. FILE YOUR BENEFICIARY DESIGNATION PROMPTLY.**

**DEFERRED RETIREMENT OPTION PROGRAM**

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When you reach Normal Retirement Age, you are eligible to participate in the Deferred Retirement Option Program (“DROP”). DROP is optional. When you enter DROP, you are deemed retired for all purposes under the Plan, but you defer receipt of Pension payments while you continue to work for the District. The deferred Pension payments accrue in a separate account that earns interest while you work. DROP participants cease to pay Member Contributions and cease to accrue Credited Service. DROP participants also cease to be eligible for disability benefits. The amount of your Pension is determined and fixed as of the date you enter DROP. When you separate from employment at the end of your DROP participation period, you will receive your total DROP benefits plus interest and you will begin receiving your monthly Pension directly. You may participate in DROP for no more than 60 consecutive months.

To participate in DROP, you must file the following with the Board:

- (1) A written election to participate in DROP;
- (2) An application for Normal Retirement;
- (3) A written form of payment election form;
- (4) A written beneficiary designation; and
- (5) A letter of resignation post-dated no later than the maximum DROP participation period (60 consecutive months).

DROP accounts shall earn interest at the actual rate earned by the Fund net of fees. An annual administrative fee of no more than one-half percent (0.5%) may be deducted from each DROP account, prorated monthly. DROP accounts are commingled with the Fund and segregated on a bookkeeping basis only.

When your DROP participation period ends, the Plan will distribute your total accumulated DROP benefits provided that the Board receives verification from the District that you have separated from employment. The Plan will distribute accumulated DROP benefits either in the form of a lump sum (less withholding taxes), direct rollover to another eligible retirement plan, or as a partial lump sum and rollover. If you die while participating in DROP, your DROP participation will cease and your Beneficiary will have the same right to a distribution as you.

You may participate in DROP only once. If you continue working past the end of your DROP participation period, your DROP election will be deemed null and void and you will forfeit all accumulated DROP benefits. You will also be deemed an active Plan Member retroactive to the date your DROP participation commenced, in which event you will owe the Plan all Member Contributions that you would have paid had you never participated

in DROP, plus compounded interest based on the Fund's assumed rate of investment return. A re-employed Retiree with renewed membership is not eligible for DROP.

Entering DROP is not a guarantee of continued employment.

## **PRE-RETIREMENT DEATH BENEFITS**

If you die before becoming a Vested Member, your Beneficiary shall be entitled to a refund of your Accumulated Member Contributions without interest.

If you die after becoming a Vested Member but before retiring, the benefits otherwise payable to you at Early or Normal Retirement Age shall be payable to your Beneficiary.

## **MILITARY, PAST FIREFIGHTER AND PERMISSIVE CREDITED SERVICE**

Under certain circumstances, you may be entitled to receive credit for military and/or past firefighter service. In some instances, in order to receive such credit, you may be required to purchase it by making an additional contribution to the Plan. Some members may also be eligible to purchase "Permissive Service" credit, which is described in this section.

If your Service with the District is terminated for the purpose of entering any armed service of the United States, you will be entitled to receive Credited Service for periods of active duty in accordance with the Uniformed Service Employment and Reemployment Rights Act ("USERRA"), up to a maximum of 5 years. To receive Credited Service for military time, you must comply with all of the requirements of USERRA. The Plan will also recognize such military service as continuous service under the Plan.

In addition to the above, a Member may purchase up to a combined five years of Credited Service for prior military and firefighter service at full actuarial cost. No additional Credited Service is allowed if the Member has received or is eligible to receive any other retirement benefit for such prior military or firefighter service.

In addition to any Credited Service received and/or purchased as described above, a Member may purchase "Permissive Service Credit" in accordance with Section 415(n) of the Internal Revenue Code. "Permissive Service Credit" shall be determined by the Board and may include a higher multiplier. The Member shall pay into the Plan the full actuarial cost of such service as determined by the Board's actuary and in accordance with rules and procedures to be determined by the Board.

## **DISABILITY RETIREMENT**

If you become totally and permanently disabled, a disability retirement benefit may be payable to you. The Board has discretion to find whether you are totally and permanently disabled. The Board will consider you totally and permanently disabled if you suffer an

illness or injury which wholly prevents you from rendering useful and efficient service as a firefighter and you are likely to remain so disabled continuously and permanently. You may not receive a disability retirement if your disability is the result of any of the following:

- (1) Excessive and habitual use of drugs, intoxicants, or narcotics;
- (2) Willful and illegal participation in fights, riots, or civil insurrections, or while committing a crime;
- (3) Injury or disease sustained while serving in any armed forces; or
- (4) Injury or disease sustained after your employment with the District has terminated.

If you wish to apply for a disability retirement, you must do so on forms provided by the Board. An application for disability retirement often takes several months to process. You may not receive a disability retirement until you submit to an examination by a duly qualified physician or surgeon selected by the Board. There is no such thing as automatic entitlement to a disability retirement. You have the burden of proving that you qualify. If you qualify, you will receive a disability retirement retroactive to the date you first became eligible.

If the Board approves a disability retirement, you may be subject to periodical medical examination to verify your continued eligibility to receive a disability retirement. If you recover from your disability, you will cease to be eligible for disability retirement and your payments will cease. If you recover from your disability and reenter service as a firefighter, your service shall be considered continuous but the intervening time that you did not work will not be recognized as Credited Service.

There are two types of disability retirement benefits: line-of-duty and non-line-of-duty. If you become disabled due to an injury or illness sustained in the line of duty, you will be eligible for a disability retirement regardless of your years of service or amount of Credited Service. If you become disabled due to an injury or illness sustained other than in the line of duty, you will be eligible for a disability retirement only if you have attained 10 years of Credited Service. For line-of-duty disability, you will receive your accrued retirement benefit payable for ten years certain and life, provided that your benefit shall not be less than 42% of your average monthly salary at the time of disability. For non-line-of-duty disability, you will receive your accrued normal retirement benefit, provided that your benefit shall not be less than 25% of your average monthly salary at the time of disability.

## **CLAIMS PROCEDURE**

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All claims for benefits must be made in writing and submitted to the Board. The Board must approve all benefits.

Applications for retirement and DROP participation should be submitted at least 30 days prior to the anticipated retirement date.

Claims for death benefits will be paid in accordance with the terms of the Plan and the most recent Beneficiary designation on file. It is your responsibility to keep your Beneficiary designation current. If there is no designated beneficiary on file at the time of your death, the Board will pay benefits to your estate.

If a claim for benefits is denied, the reasons for denial will be provided to the claimant in writing within 30 days. If the claimant wishes to contest the Board's decision, the claimant must request a formal hearing in writing within 90 days of the Board's denial. The request for a formal hearing must contain a written statement of the claimant's position regarding the claim. The Board will schedule a hearing within 90 days of receipt of the appeal. The claimant may present any evidence and witnesses he or she chooses at the formal hearing, and the claimant may choose to be represented by counsel. After the hearing, the Board will issue a final order in writing. If the final order denies the claim, the claimant may appeal the final order to the First Judicial Circuit in and for Santa Rosa County, Florida.

### **DIVORCE-RELATED CLAIMS**

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Claims made by a former spouse for a Member's benefit pursuant to a divorce will only be honored if they are in the form of an Income Deduction Order issued by a court for alimony or child support. Qualified Domestic Relations Orders ("QDROs") will not be honored. Benefits under the Plan are not subject to assignment, attachment, or alienation unless a specific exception applies. Benefits under the Plan are not considered marital assets subject to equitable division. All domestic relations orders from a court must be submitted to the Board's legal counsel for review. If you are going through a divorce, you may wish to contact the Board to learn more about how a divorce can affect your benefits. The Board or its attorneys can help the divorcing parties' attorneys understand the rules that govern the Plan.

### **PLAN AMENDMENTS OR TERMINATION**

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The District reserves the right to amend the Plan. However, no amendment may impair an accrued or vested benefit. Upon termination of the Plan or complete discontinuance of contributions to the Plan, each Member will become vested in the benefits that have accrued. All District contributions will remain in the Plan for the benefit of the Members and their Beneficiaries until all liabilities are satisfied.

[EDIT: INSERT FINANCIAL AND ACTUARIAL DATA HERE]