

# **HOWEY-IN-THE-HILLS POLICE OFFICERS' PENSION FUND SUMMARY PLAN DESCRIPTION**

## **INTRODUCTION**

The Board of Trustees of the Howey-in-the-Hills Police Officers' Pension Fund is pleased to present this booklet which briefly explains the provisions of your Police Officers' Pension Plan. As a participant in the Fund, you are included in a program of benefits to help you meet your financial needs at retirement, or in the event of disability or death.

This booklet can assist you in preparing for your retirement and financial future. If you need further information on any of the topics presented in this booklet, please contact any member of the Board of Trustees. They will either answer questions you might have to help you understand your benefits or otherwise get you an answer to your questions. We urge you to read and understand this booklet in order to become familiar with the benefits of the plan and how they contribute to your financial security and how they will enrich your retirement years.

The information presented is only a summary of the pension plan ("Plan") as provided in the ordinances of the Town of Howey-in-the-Hills. If there are any conflicts between the information in this booklet and the ordinances of the Town of Howey-in-the-Hills, the ordinances shall govern. The provisions of this Summary Plan Description shall not constitute a contract between the Member and the Board of Trustees. The Plan shall be administered in accordance with state and federal law, notwithstanding any provisions in this booklet or ordinances to the contrary. A copy of the ordinance establishing the Plan can be obtained from the Town Clerk's office, which is located at 101 North Palm Avenue, Howey-in-the-Hills, Florida 34737.

1. **BOARD OF TRUSTEES AND PLAN ADMINISTRATION**

A. The Howey-in-the-Hills Police Officers' Pension Fund is a defined benefit pension plan administered by a Board of Trustees which acts as the administrator of the Plan. The Board consists of 5 Trustees, 2 of whom shall be legal residents of the Town who are appointed by the Town Council, 2 of whom are Members of the Plan who are elected by a majority of the Police Officers who are Members of the Plan and a fifth Trustee who is chosen by a majority of the first 4 Trustees. Each Trustee serves a two-year term.

B. The names and addresses of the current Trustees and the Plan Administrator are attached to this Summary Plan Description as Exhibit "A". The Chairman of the Board is designated as agent for the service of legal process.

2. **ELIGIBILITY FOR PLAN MEMBERSHIP**

Each person employed by the Town Police Department as a full-time Police Officer becomes a member of the Plan as a condition of his employment. All Police Officers are therefore eligible for plan benefits as provided for in the plan document and by applicable law.

3. **PLAN BENEFITS**

All claims for benefits under the Plan shall be made in writing to the Board. It is your responsibility to contact the plan and make a written application for benefits when you are eligible to start receiving your benefit at your normal or early retirement date. You should file your application for benefits with the plan administrator at least 45 days prior to the date that benefits are to commence. Benefit payments shall begin only after a written application is filed and payments shall not be made retroactive to your original eligibility date should you delay in applying for benefits.

A. **Normal Retirement Eligibility.** You are eligible for retirement upon the attainment of age 55 and the completion of 10 years of credited service or upon attainment of age 52 and completion of 25 years of credited service.

B. **Amount of Normal Retirement Benefits.** The amount of the normal retirement benefit is based on your credited service and average final compensation:

"Credited Service" is generally your period of employment as a Police Officer in the Police Department measured in years and parts of years. Credited service will include credit for up to five years for a break in employment for military service, pursuant to conditions provided for under state or federal law, provided that you are reemployed within 1 year of discharge under honorable conditions. Additional credited service time may also be available (See subsection K. below).

"Average Final Compensation" is 1/12 of your average salary of the 5 best years of the last 10 years of credited service prior to your termination, retirement, or death. A year is defined as 12 consecutive months.

"Salary" is the total compensation for services rendered to the Town as a police officer reportable on the member's W-2 form plus all tax deferred, tax sheltered, or tax-exempt items of income derived from elective employee payroll deductions or salary reductions. For service earned after July 1, 2011 (the "effective date"), salary shall not include more than 300 hours of overtime per calendar year and shall also not include payments for accrued unused sick or annual leave. Provided however, in any event, payments for overtime in excess of 300 hours per year or accrued unused sick or annual leave accrued as of the effective date and attributable to service earned prior to the effective date, may still be included in salary for pension purposes even if the payment is not actually made until on or after the effective date. In any event, with respect to unused sick



leave and unused annual leave accrued prior to the effective date, salary will include the lesser of the amount of sick or annual leave time accrued on the effective date or the actual amount of sick or annual leave time for which the retiree receives payment at the time of retirement, regardless of whether the amount of sick or annual leave was, at some time prior to retirement, reduced below the amount on the effective date.

The normal retirement benefit is calculated by multiplying 3% times years of credited service times your average final compensation:  $3\% \times CS \times AFC = \text{normal retirement benefit}$ .

Normal and early retirement payments will commence on the first day of the month coincident with or next following your last day of employment. Early retirees may defer the commencement of benefits. The benefit is paid to you for your life, but you or your beneficiary shall receive at least 120 monthly benefit payments in any event.

C. Early Retirement. You are eligible for early retirement upon the attainment of age 50 and the completion of 10 years of credited service.

D. Amount of Early Retirement Benefits. The amount of the early retirement benefit is calculated in the same manner as for normal retirement, and is available as follows:

- (1) Beginning on the date on which you would have qualified for normal retirement; or
- (2) Beginning immediately upon retirement, but if beginning immediately, the amount of the monthly benefit is reduced by 3% for each year by which your retirement precedes the date which would have been your normal retirement date, based upon your actual years of credited service.

E. Supplemental Benefit - Share Plan. Pursuant to Florida law, a separate member "share account" has been created for each member of the plan. This supplemental benefit may or may not be funded and thus, you may or may not receive a retirement benefit from the share plan. If the share plan is funded, then at retirement, termination (vested), disability or death, there shall be an additional benefit paid to you. The share plan is funded solely with state premium tax money and the funding that is received for this Share Plan is allocated to your share account based on a formula which gives you an allocation based on your years of credited service. Your share account receives its proportionate share of the income or loss on the assets in the plan.

F. Optional Forms of Retirement. In lieu of the amount and form of retirement income payable under normal and early retirement, you may elect to receive a retirement benefit in a different form so long as the form you elect is of equal actuarial value as the normal benefit. The optional forms of benefits which are available are:

- (1) A retirement income of a monthly amount payable to you for your lifetime only.
- (2) A retirement income of a modified monthly amount, payable to you during your lifetime and following your death, 100%, 75%, 66 2/3% or 50% of such monthly amount payable to a joint pensioner for his lifetime.

- (3) If you retire prior to the time at which social security benefits are payable, you may elect to receive an increased retirement benefit until such time as social security benefits shall be assumed to commence and a reduced benefit thereafter in order to provide, to as great an extent as possible, a more level retirement allowance during the entire period of retirement.
- (4) You may also elect to receive an initial lump sum payment equal to 10%, 15%, 20% or 25% of your accrued benefit with the remaining 90%, 85%, 80% or 75%, respectively, payable in a form selected by you and provided for in (1), (2) or (3) above or in the normal form (10 years certain and life).

G. Disability Retirement. You are considered disabled when you become totally and permanently unable to perform useful and efficient service as a Police Officer. A written application is made to the Board for a disability pension and the Board receives evidence of the disability and decides whether or not the pension is to be granted. If the pension is granted, the benefit amount shall be:

- (1) If the injury or disease is service connected, a benefit equal to 3% of your average final compensation multiplied by the total years of service, but in any event the minimum benefit shall be 42% of your average final compensation.
- (2) If the injury or disease is not service connected, a benefit equal to 3% of your average final compensation multiplied by the total years of credited service. This non-service connected benefit is only available if you have at least 10 years of credited service.

Eligibility for disability benefits. Subject to (4) below, you must be an active member of the plan on the date the Board determines your entitlement to a disability benefit.

- (1) Terminated persons, either vested or non-vested, are not eligible for disability benefits.
- (2) If you voluntarily terminate your employment either before or after filing an application for disability benefits, you are not eligible for disability benefits.
- (3) If you are terminated by the Town for any reason other than for medical reasons, either before or after you file an application for disability benefits, you are not eligible for disability benefits.
- (4) The only exception to (1) above is:
  - (a) If you are terminated by the Town for medical reasons and you have already applied for disability benefits before the medical termination, or;
  - (b) If you are terminated by the Town for medical reasons and you apply within 30 days after your medical termination date.

If either (4)(a), or (4)(b) above applies, your application will be processed and fully considered by the board.



Your disability benefit terminates upon the earlier of death, with 120 payments guaranteed, or recovery. You may, however, select a "life only" or "joint and survivor" optional form of benefit as described above under "Optional Forms of Retirement".

Any condition or impairment of health caused by hypertension or heart disease resulting in death or total and permanent disability is presumed to have been suffered in the line of duty unless the contrary is shown by competent evidence; provided that you have successfully passed a physical examination on entering into service and there is no evidence of the condition at that time.

For conditions diagnosed on or after January 1, 1996, if you suffer a condition or impairment of health that is caused by hepatitis, meningococcal meningitis, or tuberculosis, which results in total and permanent disability, it shall be presumed that the disability is in the line of duty, unless the contrary is shown by competent evidence as provided for in Section 112.181, Florida Statutes; provided that the statutory conditions have been met.

To receive disability benefits, you must establish to the satisfaction of the Board, that such disability was not occasioned primarily by:

- (1) Excessive or habitual use of any drugs, intoxicants or narcotics.
- (2) Injury or disease sustained while willfully and illegally participating in fights, riots or civil insurrections or while committing a crime.
- (3) Injury or disease sustained while serving in any branch of the Armed Forces.
- (4) Injury or disease sustained after your employment as a Police Officer with the Town of Howey-in-the-Hills shall have terminated.
- (5) Injury or disease sustained while working for anyone other than the Town and arising out of such employment.

As a disabled pensioner, you are subject to periodic medical examinations as directed by the Board to determine whether a disability continues.

H. Death Before Retirement. If you die prior to retirement from the Police Department, your beneficiary shall receive the following benefit:

- (1) Prior to Vesting or Eligibility for Retirement. If you were not receiving monthly benefits or were not yet vested or eligible for early or normal retirement, your beneficiary shall receive a refund of 100% of your accumulated contributions.
- (2) Deceased Members Vested or Eligible for Retirement with Spouse as Beneficiary. If you die and, at the date of your death were vested or eligible for early or normal retirement, your spouse beneficiary shall be entitled to a benefit as follows:
  - (a) If you were vested, but not eligible for normal or early retirement, your spouse beneficiary shall receive a benefit payable for 10 years, beginning on the date that you would have been eligible for early or normal retirement, at the option of your spouse beneficiary. The benefit shall be calculated as

for normal retirement based on your credited service and average final compensation as of the date of your death and reduced as for early retirement, if applicable. Your spouse beneficiary may also elect to receive an immediate benefit, payable for 10 years, which is actuarially reduced to reflect the commencement of benefits prior to your early retirement date.

- (b) If you were eligible for normal or early retirement, your spouse beneficiary shall receive a benefit payable for 10 years, beginning on the first day of the month following your death or at your otherwise normal retirement date, at the option of your spouse beneficiary. The benefit shall be calculated as for normal retirement based on your credited service and average final compensation as of the date of your death and reduced as for early retirement, if applicable.
  - (c) Your spouse beneficiary may not elect an optional form of benefit, however, the Board may elect to make a lump sum payment if the total value of the benefit does not exceed \$1,000.00.
  - (d) Your spouse beneficiary may, in lieu of any benefit provided for in (a) or (b) above, elect to receive a refund of your accumulated contributions.
  - (e) If your spouse beneficiary commences receiving a benefit under (a) or (b) above, but dies before all payments are made, the remaining benefit shall be paid to the estate of the spouse beneficiary.
- (3) Deceased Members Vested or Eligible for Retirement with Non-Spouse Beneficiary. If your beneficiary is not your spouse, the benefits payable to your non-spouse beneficiary are the same as those to a spouse beneficiary, however, the date of commencement of those benefits may be required to be earlier, with the resulting reduction in the amount.

I. Termination of Employment and Vesting. If your employment is terminated, either voluntarily or involuntarily, the following benefits are payable:

- (1) If you have less than 10 years of credited service upon termination, you shall be entitled to a refund of the money you have contributed or you may leave it deposited with the Fund.
- (2) If you have 10 or more years of credited service upon termination, you shall be entitled to a monthly retirement benefit. The benefit shall be determined in the same manner as for normal or early retirement and shall be based upon your actual years of credited service, average final compensation and the benefit accrual rate as of the date of termination. The benefit shall be payable to you starting at your otherwise normal or early retirement date, determined based upon your actual years of credited service, and reduced for early retirement, if applicable, and provided you do not elect to withdraw your contributions and provided you survive to your otherwise normal or early retirement date. If you do not withdraw your accumulated contributions and do not survive to your otherwise normal or early



retirement date, your designated beneficiary shall be entitled to a benefit as provided herein for a deceased member, vested or eligible for retirement under pre-retirement death.

The Internal Revenue Code provides that certain eligible lump sum distributions from the pension plan may be directly rolled over into qualified individual retirement accounts, annuities or certain other pension plans. A 20% withholding shall be required on taxable portions of such lump sum distributions not directly transferred to a new custodian.

J. Reemployment After Retirement. If you retire under normal or early retirement and wish to be reemployed by the Town, you should be aware that your ability to continue to receive your pension benefit upon reemployment may be restricted. While the plan may be permitted to make benefit payments to you if you are reemployed, in this event you may be subject to a 10% tax penalty, which penalty may continue until you attain age 59 ½, whether or not you continue to be employed by the Town.

K. Additional Credited Service. In addition to credited service actually earned in the employment of the Police Department, you may also receive credited service as follows:

- (1) "Buy-Back" for Prior Police Service. The years or fractional parts of years that you previously served as a Police Officer with the Town of Howey-in-the-Hills during a period of previous employment and for which period accumulated contributions were withdrawn from the Fund shall be added to your years of credited service provided that within the first 90 days of your reemployment you pay into the Plan the withdrawn contributions with interest.

If, after 90 days from your reemployment you have failed to purchase credited service pursuant to the previous paragraph or if you served as a full-time paid Police Officer for any other municipal, county or state law enforcement agency in the State of Florida, you will receive credited service only if:

- (a) You contribute to the plan a sum equal to:
  - (i) the amount that you would have contributed to the plan, based on your salary and the member contribution rate in effect at the time that the credited service is requested, had you been a member of the plan for the years or fractional parts of years for which you are requesting credit, plus
  - (ii) an additional amount to be determined by the Board's actuary so that there is no cost to the plan in giving you the additional years of credited service, plus
  - (iii) the amount charged by the actuary for determining the amount you must contribute.
- (b) Multiple requests to purchase credited service may be made at any time prior to retirement.
- (c) Payment of the required amount shall be made within 6 months of your request for credit, but not later than your retirement date, and shall be made in one lump sum payment upon receipt of which credited service shall be given.

- (d) The maximum credit under this subsection for service other than with the Town of Howey-in-the-Hills shall be 5 years of credited service and shall count for all purposes, except vesting and eligibility for not-in-line of duty disability benefits. There shall be no maximum purchase of credit for prior service with the Town of Howey-in-the-Hills and such credit shall count for all purposes, including vesting.
  - (e) In no event, however, may credited service be purchased pursuant to this subsection for prior service with any other municipal, county or state law enforcement department, if such prior service forms or will form the basis of a retirement benefit or pension from a different employer's retirement system or plan.
  - (f) In addition to service as a Police Officer in this State, credit may be purchased in the same manner as provided above for federal, other state, county or municipal service if the prior service is recognized by the Criminal Justice Standards and Training Commission within the Department of Law Enforcement, as provided under Chapter 943, Florida Statutes, or you provide proof to the Board that such service is equivalent to the service required to meet the definition of a Police Officer.
- (2) "Buy-Back" of Time Lost Due to Absences Authorized by the Family and Medical Leave Act. If you are absent on unpaid leave under the Family & Medical Leave Act, you may purchase lost credited service by making an actuarially determined contribution to the plan, such that there is no cost to the plan in allowing such credited service, within strict time periods provided for in the plan document.
- (3) "Buy-Back" for Military Service Prior to Employment. The years or fractional parts of years that you serve or have served on active duty in the military service of the Armed Forces of the United States, the United States Merchant Marine or the United States Coast Guard, voluntarily or involuntarily and honorably or under honorable conditions, prior to first and initial employment with the Town Police Department shall be added to your years of credited service provided that:
- (a) You contribute to the plan a sum equal to:
    - (i) the amount that you would have contributed to the plan, based on your salary and the member contribution rate in effect at the time that the credited service is requested, had you been a member of the plan for the years or fractional parts of years for which you are requesting credit, plus
    - (ii) an additional amount to be determined by the Board's actuary so that there is no cost to the plan in giving you the additional years of credited service. plus
    - (iii) the amount charged by the actuary for determining the amount you must contribute.



- (b) Multiple requests to purchase credited service may be made at any time prior to retirement.
  - (c) Payment of the required amount shall be made within 6 months of your request for credit, but not later than your retirement date, and shall be made in one lump sum payment upon receipt of which credited service shall be given.
  - (d) The maximum credit under this subsection shall be 4 years and shall count for all purposes except vesting and eligibility for not-in-line of duty disability benefits.
- (4) Rollovers or Transfers of Funds to Purchase Service. In the event you are eligible to purchase additional credited service as provided above, you may be eligible to rollover or transfer funds from another retirement program in which you participate (traditional IRA, deferred compensation plan maintained by a government employer 457 plan, 401k plan, profit sharing plan, defined benefit plan, money purchase plan, annuity plan or tax sheltered annuity) in order to pay all or part of the cost of purchasing such additional credited service.

L. Contributions and Funding. The Town is paying the portion of the cost of the pension plan over and above your contributions and all or a portion of the amounts received from the state insurance rebates, pursuant to a mutual consent agreement between the Town and the membership. You contribute 5% of your salary to the Fund. Your contribution will be excluded from your gross income for withholding purposes so you will realize income tax benefits.

M. Maximum Benefits. In no event will the annual benefits paid from this Plan exceed \$230,000 annually, subject to certain cost of living adjustments and actuarial reductions, under certain circumstances, prior to age 62 as set forth in Section 415 of the Internal Revenue Code.

You cannot receive a benefit in excess of 100% of your average final compensation.

N. Forfeiture of Pension. If you are convicted of the certain crimes listed in the plan document committed prior to retirement, or if your employment is terminated by reason of your admitted commission, aid or abetment of these crimes, you shall forfeit all rights and benefits under the Plan, except for the return of your contributions as of the date of your termination.

O. Conviction and Forfeiture; False, Misleading or Fraudulent Statements. It is unlawful for you to willfully 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.

If you violate the previous paragraph, you commit a misdemeanor of the first degree, punishable as provided in Section 775.082 or Section 775.083, 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 Board, 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.

P. Claims Procedure Before the Board. You may request, in writing, that the Board review any claim for benefits under the Plan. The Board will review the case and enter a decision as it deems proper within not more than 270 days from the date of the receipt of such written request, or in the case of a disability claim, from receipt of a medical release and completed interrogatories. The time period may be extended if you agree to the extension.

The Board's decision on your claim will be contained in an order which will be in writing and will include:

- (1) The specific reasons for the Board's action;
- (2) A description of any additional information that the Board feels is necessary for you to perfect your claim;
- (3) An explanation of the review procedure next open to you which includes a formal evidentiary hearing.

#### 4. 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 Town, 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 Police Officers' exclusive benefit. In any event, your contributions to the Plan are non-forfeitable.

#### 5. VESTING OF BENEFITS

Your retirement benefits are vested after 10 years of credited service.

#### 6. APPLICABLE LAW

The Plan is governed by certain federal, state and local laws, including, but not limited to the following:

- A. Internal Revenue Code and amendments thereto.
- B. Chapter 185, Florida Statutes, "Municipal Police Officers Retirement Trust Funds".
- C. Part VII, Chapter 112, Florida Statutes, "Actuarial Soundness of Retirement Systems".
- D. Ordinances of the Town of Howey-in-the-Hills.
- E. Administrative rules and regulations adopted by the Board of Trustees.

#### 7. 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.

#### 8. APPLICABLE PROVISIONS OF COLLECTIVE BARGAINING AGREEMENTS

Town. There is no collective bargaining agreement between the Police Officers and the



9. **FINANCIAL AND ACTUARIAL INFORMATION**

- A. A report of pertinent financial and actuarial information on the solvency and actuarial soundness of the Plan is attached as Exhibit "B".
- B. A copy of the detailed accounting report of the plan's expenses for the previous fiscal year is available for review upon request to the Plan Administrator.
- C. A copy of the administrative expense budget for the plan, for each fiscal year is available for review upon request to the Plan Administrator.

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

11. **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 a new Designation of Beneficiary Form (PF-3).

To reconfirm your current joint annuitant/joint pensioner, or to designate a new joint annuitant/joint pensioner (if authorized by the current plan provisions), indicate such change on a Change or Confirmation of Designated Joint Annuitant or Joint Pensioner Form (PF-25). If necessary, the plan administrator will submit the new form to the actuary of the plan for recalculation of your benefit. There may be a charge to you to make this change.

To obtain either of the above forms, or if you have any questions, please contact your plan administrator.

12. **EXCLUSION OF HEALTH INSURANCE PREMIUMS FROM INCOME.**

When you retire because of disability or have worked to the date you are immediately eligible for normal retirement (not early retirement), you can elect to exclude from income, distributions made from your benefit that are used to pay the premiums for accident or health insurance or long-term care insurance. The premium can be for coverage for you, your spouse, or dependents. The distribution must be made directly from the plan to the insurance provider using pension form PF-22 which authorizes the distribution. (This form may be obtained from your plan administrator). Subject to IRS rules, you can exclude from income the smaller of the amount of the insurance premiums or \$3,000.00. You can only make this election for amounts that would otherwise be included in your income.

## **EXHIBIT "A"**

### **BOARD OF TRUSTEES**

The names and addresses of the members of the Board of Trustees are:

Chairman: Rick Thomas  
Howey-in-the-Hills  
Police Department  
111 North Palm Avenue  
Howey-in-the-Hills, Florida 34737

Secretary: William Herrington  
Howey-in-the-Hills  
Police Department  
111 North Palm Avenue  
Howey-in-the-Hills, Florida 34737

Member: John Hamelink  
Howey-in-the-Hills  
Police Department  
111 North Palm Avenue  
Howey-in-the-Hills, Florida 34737

Member: Clay Ormsbee  
Howey-in-the-Hills  
Police Department  
111 North Palm Avenue  
Howey-in-the-Hills, Florida 34737

Member: Trey Purser  
Howey-in-the-Hills  
Police Department  
111 North Palm Avenue  
Howey-in-the-Hills, Florida 34737

### **PLAN ADMINISTRATOR**

Chief Rick Thomas  
Howey-in-the-Hills Police Officers' Retirement System  
111 N. Palm Avenue  
Howey-in-the-Hills, FL 34737

Business: 352-324-2030  
rthomas@howey.org



# EXHIBIT B

City/District Name: Howey-In-The-Hills

Employee group(s) covered: Police

Current actuarial valuation date: 10/1/2018

Date prepared: 2/03/2020

<b>Number of plan participants:</b>	10	<b>GASB 67 Reporting</b>	
<b>Actuarial Value of Plan Assets (AVA):</b>	\$1,630,604	<b>Discount Rate</b>	7.00%
<b>Actuarial Accrued Liability (AAL):</b>	\$1,448,865	<b>Total Pension Liability</b>	1,713,842
<b>Unfunded Accrued Liability (UAL):</b>	\$181,739	<b>Market Value of Plan Assets</b>	1,630,604
<b>Market Value of Plan Assets (MVA):</b>	\$1,630,604	<b>Net Pension Liability</b>	83,238
<b>MVA Funded Ratio (5-year history):</b>		<b>GASB 67 Funded Ratio</b>	95.14%
Current valuation	112.54%	<b>Averages for all plans with 2018 current actuarial valuation date</b>	
1 year prior	N/A	89.37%	*
2 years prior	85.10%	86.29%	*
3 years prior	N/A	82.97%	*
4 years prior	85.10%	82.44%	*
		87.08%	*
<b>Rate of Return:</b> Actuarial Value, Actual (2018 Plan Year)	7.41%	7.49%	
Market Value, Actual	7.40%	8.62%	
Assumed	7.00%	7.27%	
<b>Funding requirement as percentage of payroll:</b>	22.00%	68.19%	**
<b>Percentage of payroll contributed by employee:</b>	5.00%	6.44%	**

**Benefit Formula Description:** 3.00% X AFC X SC

**AFC Averaging Period (years):** 5

**Employees covered by Social Security?** Yes

Additional actuarial disclosures required by section 112.664, Florida Statutes:

Florida Statute Chapter	Discount Rate	Pension Liability	Market Value of Plan Assets	Net Pension Liability	Years assets sustain benefit payments	Total Dollar Contribution	Total % of Pay Contribution
112.664(1)(a)	7.00%	1,448,865	1,630,604	181,739	25.79	74,701	22.60
112.664(1)(b)	5.00%	1,834,227	1,630,604	203,623	19.72	165,595	50.11
Valuation Basis	7.00%	N/A	N/A	N/A	25.79	74,701	22.60

Link to annual financial statements: <https://frs.fl.gov/forms/LOC5340333PDF10012018N1.pdf>

\*Adjusted by excluding plans from average whose Funded Ratios were not within two standard deviations from the mean

\*\*Excludes plans with zero payroll

{For explanation of terms, see glossary on page 2}

## **Actuarial Summary Fact Sheet - Glossary of Terms**

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<b>Actuarial Value of Plan Assets (AVA):</b>	<b>Assets</b> calculated under an asset valuation method smoothing the effects of volatility in market value of assets. Used to determine employer contribution.
<b>Actuarial Accrued Liability (AAL):</b>	Portion of Present Value of Fully Projected Benefits attributable to service credit earned as of the current actuarial valuation date.
<b>Unfunded Accrued Liability (UAL):</b>	The difference between the actuarial accrued liability and the actuarial value of assets accumulated to finance the obligation.
<b>Market Value of Plan Assets (MVA):</b>	The fair market value of assets, including DROP accounts.
<b>MVA Funded Ratio:</b>	Market Value of Plan Assets divided by Actuarial Accrued Liability (GASB)
<b>Rate of Return (Assumed):</b>	Assumed long-term rate of return on the pension fund assets.
<b>Funding requirement as percentage of payroll:</b>	Total Required Contribution (employer and employee) divided by total payroll of active participants
<b>AFC:</b>	Average Final Compensation or some variant of compensation (e.g., AME [Average Monthly Earnings], FAC [Final Average Compensation], FMC [Final Monthly Compensation] etc.)
<b>SC:</b>	Service Credit

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## **Section 12.664-Glossary of Terms**

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<b>Florida Statute Chapter:</b>	112.664(1)(a) - uses mortality tables used in either of the two most recently published FRS valuation reports, with projection scale for mortality improvement  112.664(1)(b) - uses same mortality assumption as 112.664(1)(a) but using an assumed discount rate equal to 200 basis points (2.00%) less than plan's assumed rate of return.  Valuation Basis - uses all the assumptions in the plan's valuation as of the current actuarial valuation date.
<b>Discount Rate:</b>	Rate used to discount the liabilities. Typically the same as assumed rate of return on assets.
<b>Total Pension Liability:</b>	Actuarial Accrued Liability measured using the appropriate assumptions as specified above and the Traditional Individual Entry Age Normal Cost
<b>Net Pension Liability:</b>	Total Pension Liability minus Market Value of Plan Assets.
<b>Years assets sustain benefit payments:</b>	Assuming no future contributions from any source, the number of years the market value of assets will sustain payment of expected retirement benefits. The number of years will vary based on the Florida Statute Chapter assumption.
<b>Total Dollar Contribution:</b>	Required contribution from all sources (i.e., employee and sponsor). Contribution will vary based on the Florida Statute Chapter assumption.
<b>Total % of Pay Contribution:</b>	Total Dollar Contribution divided by total payroll of active participants
<b>Annual financial statements:</b>	A report issued which covers a local government retirement system or plan to satisfy the financial reporting requirements of section 112.664(1), F.S.