

**CITY OF HOLLYWOOD
EMPLOYEES' RETIREMENT PLAN**

SUMMARY PLAN DESCRIPTION

**GENERAL FUND MEMBERS
HIRED BEFORE OCTOBER 1, 2011**

OCTOBER 2017

INTRODUCTION

The City of Hollywood (City) has established the City of Hollywood Employees' Retirement Fund (Plan), an IRS tax-qualified defined benefit plan. As a participant in the Plan, you are included in a program of benefits designed to help you meet your financial needs during your retirement, or in the event of your disability or death.

The Plan is contained in Sections 33.025 - 33.031 of the City's Code of Ordinances. The Plan is also governed by Chapter 112, Part VII of the Florida Statutes, Section 112.3173 of the Florida Statutes, and the collective bargaining agreements between the City and AFSCME Local 2432 covering the rank-and-file bargaining unit, supervisory bargaining unit, and professional bargaining unit.

This booklet is called a Summary Plan Description (SPD). This SPD is a brief description of your Plan and your rights, obligations and benefits under the Plan. This SPD does not contain every detail of the Plan. The provisions of the Plan may only be determined accurately by reading the actual Plan document. For complete documentation of the Plan, refer to the City's Code of Ordinances. In the event of a discrepancy between the information in this SPD and the Code and/or Florida law, the Code and/or Florida law shall govern. A copy of the Plan can be obtained at the Retirement Fund website (<http://hollywoodpension.com>) or from the Pension Coordinator in the Pension Office located at:

2600 Hollywood Boulevard
City Hall Annex Building, Room 20
Hollywood, FL 33020
Phone: (954) 921-3333
Fax: (954) 921-3332

IMPORTANT NOTE: This SPD reflects the benefits and other Plan provisions in effect for active City employees who are members of the Plan on the date on the front cover of the SPD. Please know that if you retired or separated from City employment prior to the date on the front cover of this SPD, your benefits, rights and obligations are governed by the terms of the Plan in effect on the date of your retirement/termination of City employment unless specifically provided otherwise in the Plan.

ADMINISTRATION AND GENERAL INFORMATION ABOUT YOUR PLAN

Plan Name: City of Hollywood Employees' Retirement Fund

Employer: City of Hollywood, Florida

Plan Administrator: Board of Trustees of the City of Hollywood Employees' Retirement Fund
City Hall Annex, Room 20
2600 Hollywood Boulevard
Hollywood, FL 33020
(954) 921-3333 (phone)
(954) 921-3332 (fax)

Designated Agent for Service of Legal Process: Board Chair (at above address)

Type of Administration: The Board of Trustees (Board) is responsible for the proper operation and administration of the Plan. This includes determining eligibility of members and their beneficiaries for Plan benefits and the amount of such benefits, and investing the assets of the Plan.

Board of Trustees: The Board consists of seven trustees. Two trustees are residents of the City appointed by the City Commission and serve a three year term. Two trustees, each serving a three year term, are employee members of the Plan and are elected by the employee members of the Plan. One trustee, serving a three year term, is a retiree of the Plan and is elected by Plan retirees. One trustee is the City Manager or his/her designee and has no term limit. One trustee, who has accounting or investment experience and has no term limit, is appointed by the City Manager and is a representative of the employee members whose positions are not included in a collective bargaining unit.

All correspondence for the Trustees should be directed to the Pension Office.

Pension Coordinator: The Board has engaged a Pension Coordinator to assist members and retirees in matters related to their retirement benefits from the Fund. The Pension Coordinator works at the Pension Office and is available during normal business hours.

Plan Year: the Plan Year is comprised of each 12 month period beginning October 1st and ending September 30th. The Plan's fiscal records are maintained on a Plan Year basis.

CLAIM FOR BENEFITS AND REMEDIES FOR DENIAL

You must file a claim for Plan benefits with the Pension Coordinator. If your benefits claim is denied in whole or in part, you may appeal the Board's decision by requesting a formal hearing. A copy of the complete procedure for the adjudication of claims and appeals can be obtained from the Pension Coordinator.

DEFINITIONS

Member is any fulltime City employee currently participating in the Plan in accordance with the provisions of the Plan, and any retiree who participated in the Plan when they were actively employed and covered by this Plan. Certain employees are excluded from Plan membership: active police officers and firefighters, seasonal and part-time employees, elected officials, independent contractors, and the City Manager and City Attorney. The City Manager and City Attorney may participate in the Plan upon approval of the City Commission.

General Fund Member Plan member paid out of the City's general fund.

Non-General Fund Member Plan member paid from one of the City's enterprise funds.

Beneficiary is each person you designate to receive any payments that may become payable by the Plan upon your death. You should designate one or more beneficiaries when you become a Plan member and keep your designation current throughout your City employment. You may change your beneficiary designation at any time upon written notice to the Pension Coordinator. If you designate more than one beneficiary and you elect a joint and survivor option, the age of the youngest beneficiary will be used to determine the amount of your benefit.

Credited Service is granted for each month in which you are employed fulltime for 15 or more days. You may receive additional Credited Service for up to six (6) months in your last year of City employment by paying the Plan the employee contributions you would have paid to the Plan if you had worked the necessary months to complete your final full year of service. The additional Credited Service you purchase may not be used to obtain the minimum service required for vesting or normal retirement. Twelve (12) months constitute a year of service.

If you were a member of the Plan on 6/4/2003 and employed by the City on 1/3/2001, you may purchase Credited Service for prior periods of City employment that were not included in your Credited Service by paying 7% of the compensation received during the prior employment plus a 4% fee on the total purchase amount, provided you are a City employee and member of the Plan at the time you wish to make the purchase. If you have not completed your Credited Service purchase by the time you leave the City's employment, an additional 6.5% fee will be charged on any unpaid amount. You may purchase your prior service in a cash lump sum payment, a direct transfer or rollover from another qualified plan, or through a time payment plan as approved by the City.

Average Final Compensation (AFC) is your average monthly compensation based on your earnings over a set period of time based on your date of hire:

- a) If you were hired before 7/15/2009, your AFC: 1) for Credited Service before 10/1/2011 is your highest 78 consecutive bi-weekly pay periods in all of your Credited Service prior to 10/1/2011; and 2) for Credited Service after 9/30/2011 is the highest 130 consecutive bi-weekly pay periods out of your final 260 bi-weekly pay periods of Credited Service.

- b) If you were hired between 7/14/2009 and 10/1/2011, your AFC: 1) for Credited Service before 10/1/2011 is based on all of your bi-weekly pay periods of Credited Service prior to 10/1/2011 and, 2) for Credited Service after 9/30/2011 is the highest 130 consecutive bi-weekly pay periods out of your final 260 bi-weekly pay periods of Credited Service.

Compensation is your wages received from the City and used in the calculation of your Average Final Compensation. The amount of Compensation used in your AFC is based on your date of hire:

- a) If you were hired before 10/1/2002 (and employed by the City on that date), Compensation for Credited Service before 10/1/2011 is your gross wages which is your regular wages including overtime and payments for accumulated annual leave and accumulated sick leave, with payment for accumulated sick leave not to exceed 100% of the amount of sick leave you had accumulated on 9/30/2002.
- b) If you were hired between 9/30/2002 and 7/15/2009, Compensation for Credited Service before 10/1/2011 is your gross wages including overtime and payment for accumulated annual leave but excluding payment for accumulated sick leave.
- c) If you were hired after 7/14/2009, Compensation is your base pay including longevity but excluding payment for all accumulated leave.

NOTE: for all purposes, Compensation for Credited Service after 9/30/2011 is your base pay including longevity but excluding payment for all accumulated leave after 9/30/2011.

For all members hired prior to 7/15/2009 with Credited Service prior to 10/1/2011: payout of accumulated annual leave is included in Compensation but is limited to 1) 60 hours per year if you retire from a position in the supervisory or professional bargaining unit, or a position not in a bargaining unit, or 2) 125 hours if you retire from any other position.

NORMAL RETIREMENT DATE

Your Normal Retirement Date ("NRD") is the first date you are eligible to receive your retirement benefit. Your specific Normal Retirement Date depends on your date of hire.

- a) If you were hired before 7/15/2009 and had 10 or more years of Credited Service on 10/1/2011, your NRD is the earlier of age 55 with 5 years of Credited Service or 25 years of Credited Service regardless of age.
- b) If you were hired before 7/15/2009 and had less than 10 years of Credited Service on 10/1/2011, your NRD is: 1) same as a) above for benefits accrued before October 1, 2011; and 2) the earlier of age 65 with 7 years of Credited Service, age 62 with 25 years of Credited Service, or 30 years of Credited Service regardless of age for benefits accrued after September 30, 2011.
- c) If you were hired after 7/14/2009 but before 10/1/2011, your NRD is: 1) earlier of age 60 with 7 years of Credited Service, age 57 with 25 years of Credited Service, or 30 years of Credited Service regardless of age for benefits accrued before October 1, 2011; and 2) the earlier of age 65 with 7 years of Credited Service, age 62 with 25 years of Credited Service, or 30 years of Credited Service regardless of age for benefits accrued after September 30, 2011.

NORMAL RETIREMENT BENEFIT

Three components are used in the calculation of your Normal Retirement Benefit: Credited Service, Average Final Compensation (AFC), and the applicable Benefit Multiplier. The three components are multiplied to determine your monthly retirement benefit:

$$\text{Credited Service} \times \text{AFC} \times \text{applicable multiplier} = \text{monthly retirement benefit}$$

Your applicable Benefit Multiplier is based on your date of hire:

- a) If you were hired before 7/15/2009 and reached your Normal Retirement Date before 10/1/2011: 3.0% for all Credited Service (up to a maximum of 81%).
- b) If you were hired before 7/15/2009, did not reach normal retirement before 10/1/2011, and separated from City employment before 3/5/2014: 3% for all Credited Service prior to 10/1/2011 plus 2.0% for all Credited Service 10/1/2011 thru date of employment separation (up to a maximum of 81%).
- c) If you were hired between 7/14/2009 and 10/1/2011 and separated from City employment before 3/5/2014: 2.5% for all Credited Service prior to 10/1/2011 plus 2.0% for all Credited Service 10/1/2011 thru date of employment separation.
- d) If you were hired before 7/15/2009, did not reach normal retirement before 10/1/2011, and separate from City employment after 3/4/2014: 3% for all Credited Service prior to 10/1/2011 plus 2.5% for all Credited Service 10/1/2011 thru date of employment separation (up to a maximum of 81%).
- e) If you were hired between 7/14/2009 and 10/1/2011 and separate from City employment after 3/4/2014: 2.5% for all Credited Service (up to a maximum of 81%).

IMPORTANT NOTE for all members hired before 10/1/2011 who did NOT reach their Normal Retirement Date before 10/1/2011: the benefit you accrued prior to 10/1/2011 is "frozen" and will not change no matter how long you work after 9/30/2011, the number of accrued leave hours you accumulate after 9/30/2011, or the Compensation you receive after 9/30/2011. This benefit is your Frozen Accrued Benefit. The benefit you accrue after 9/30/2011 is based on your Credited Service after 9/30/2011, the applicable Benefit Multiplier in effect after 9/30/2011, and your Average Final Compensation as previously described. This benefit is your New Accrued Benefit. Your Normal Retirement Benefit is equal to your Frozen Accrued Benefit PLUS your New Accrued Benefit and will be paid to you based on your date of hire (see "Payment Date of Normal Retirement Benefit" following).

IMPORTANT NOTE for all members hired before 10/1/2011 who reached their Normal Retirement Date before 10/1/2011: your accrued benefit is not "frozen." Your Normal Retirement Benefit will accrue from your date of hire through your date of retirement and will be based on your total Credited Service, your final Average Final Compensation, and a 3.0% Benefit Multiplier. You will receive your Normal Retirement Benefit starting the first day after your last day of City employment.

PAYMENT DATE OF NORMAL RETIREMENT BENEFIT

The Plan has established different payment dates of your Normal Retirement Benefit based on your specific circumstances on 9/30/2011:

- a) If you reached your Normal Retirement Date before 10/1/2011, you will receive your retirement benefit starting the first day after your last day of City employment.
- b) If you had 10 or more years of Credited Service before 10/1/2011, you will receive both your Frozen Accrued Benefit and New Accrued Benefit on the later of 1) your Normal Retirement Date based on Plan provisions for normal retirement age in effect before 10/1/2011, or 2) the first day after your last day of City employment.
- c) If you were hired before 7/15/2009 and did not have 10 or more years of Credited Service before 10/1/2011, you will receive your Frozen Accrued Benefit on the later of 1) your Normal Retirement Date based on Plan provisions for normal retirement age in effect before 10/1/2011, or 2) the first day after your last day of City employment. You will receive your New Accrued Benefit on the later of 1) your Normal Retirement Date based on Plan provisions for normal retirement age after 9/30/2011, or 2) the first day after your last day of City employment.
- d) If you were hired between 7/14/2009 and 10/1/2011, you will receive your Frozen Accrued Benefit on the later of 1) your Normal Retirement Date based on Plan provisions for normal retirement age in effect 7/15/2009 through 9/30/2011, or 2) the first day after your last day of City employment. You will receive your New Accrued Benefit on the later of 1) your Normal Retirement Date based on Plan provisions for normal retirement age after 9/30/2011, or 2) the first day after your last day of City employment.

BENEFIT PAYMENT OPTIONS

The retirement benefit payable to you every month for the rest of your life but ceasing the first of the month following your death is a Life Annuity. This benefit will be paid to you unless you elect prior to your retirement to receive your benefit as one of the following options:

- a) 5 years certain and life thereafter - if you die within 5 years (60 months) of your retirement, the monthly benefit you were receiving will be paid to your designated beneficiary (or your estate if your designated beneficiary(ies) predecease you) for the remainder of the 5 years (60 months). If you are living after the first 5 years of receiving your monthly benefit, the benefit will continue to be paid to you for the rest of your life but will cease the first of the month following your death.
- b) 10 years certain and life thereafter - if you die within 10 years (120 months) of your retirement, the monthly benefit you were receiving will be paid to your designated beneficiary (or your estate if your designated beneficiary(ies) predecease you) for the remainder of the 10 years (120 months). If you are living after the first 10 years of receiving your payment, the benefit will continue to be paid to you for the rest of your life but will cease the first of the month following your death.
- c) 20 years certain and life thereafter - if you die within 20 years (240 months) of your retirement, the monthly benefit you were receiving will be paid to your designated beneficiary (or your estate if your designated beneficiary(ies) predecease you) for the remainder of the 20 years (240 months). If you are living after the first 20 years of receiving your payment, the benefit will continue to be paid to you for the rest of your life but will cease the first of the month following your death.

- d) Joint and survivor, equal – following your death, the monthly benefit you were receiving will be paid to your designated beneficiary for the rest of their life ceasing the first of the month following their death. If your designated beneficiary predeceases you, your benefit will continue to you for the rest of your life but you may designate a new beneficiary if you so choose (at which point your monthly benefit will be adjusted to reflect the new beneficiary).
- e) Joint and survivor, half – following your death, one-half of the monthly benefit you were receiving will be paid to your designated beneficiary for the rest of their life ceasing the first of the month following their death. If your designated beneficiary predeceases you, your benefit will continue to you for the rest of your life but you may designate a new beneficiary if you so choose (at which point your monthly benefit will be adjusted to reflect the new beneficiary).

If you choose any of the preceding options, your monthly benefit will be reduced in order to be actuarially equivalent to the Life Annuity you would otherwise receive.

DEFERRED VESTED RETIREMENT

If you are vested and separate from City employment prior to reaching your Normal Retirement Date (and you do not elect to receive a refund of the contributions you made to the Plan), you are eligible for deferred vested retirement benefits as follows:

- a) If you were hired before 7/15/2009 and had 5 or more years of Credited Service before 10/1/2011, you will receive retirement benefits beginning at age 55 for your Credited Service prior to 10/1/2011 based on the benefit formula in effect immediately prior to 10/1/2011 **plus** you will receive retirement benefits beginning at age 65 for your Credited Service after 9/30/2011 based on the benefit formula in effect on your date of separation.
- b) If you were hired between 7/14/2009 and 10/1/2011 and have at least 7 years of Credited Service when you separate, you will receive your retirement benefits beginning at age 60 for your Credited Service prior to 10/1/2011 based on the benefit formula in effect immediately prior to 10/1/2011 **plus** you will receive retirement benefits beginning at age 65 for your Credited Service after 9/30/2011 based on the benefit formula in effect on your date of separation.

ELIGIBILITY FOR DISABILITY BENEFITS

If you become totally and permanently disabled by reason of injuries sustained in the performance of duties as a City employee, resulting in your inability to perform the specific duties of your position, you may apply for duty disability benefits.

If you become totally and permanently disabled from causes other than the performance of duties as a City employee, resulting in your inability to perform the specific duties of your position, you may apply for non-duty disability benefits based on the date you were hired:

- a) If you were hired before 7/15/2009, you must have at least 5 years of Credited Service on your date of disability.
- b) If you were hired after 7/14/2009, you must have at least 7 years of Credited Service on your date of disability.

DISABILITY BENEFITS

DUTY-RELATED DISABILITY

The duty disability benefit is equal to 75% of your salary. This amount, however, will be reduced to the extent the sum of this benefit and your workers' compensation benefits exceed your average weekly wages on the date of your disability retirement.

NON-DUTY DISABILITY

The non-duty disability benefit is the same amount as your normal service retirement benefit, but not less than 20% of your AFC. NOTE: your normal service retirement benefit is the sum of 1) the benefit based on your Credited Service before 10/1/2011 plus 2) the benefit based on your Credited Service after 9/30/2011.

The amount of your disability benefit will be reduced by the amount of salary and net earnings you receive from self-employment.

DEATH BENEFITS

- a) If you are actively employed and vested, but die before reaching your Normal Retirement Date, your beneficiary may elect to receive either 1) a refund of the contributions you made to the Plan plus 4% simple interest, or 2) monthly benefit payments until their death equal to the benefit payment you would have received had you retired on your date of death and selected the joint and survivor, equal benefit payment option.
- b) If you are actively employed, but not vested and you die before reaching your Normal Retirement Date, your beneficiary will receive a refund of the contributions you made to the Plan plus 4% simple interest.
- c) If you are a retiree and you selected an optional form of benefit that continues to a beneficiary after your death, your designated beneficiary, if still living, will receive the survivor benefit following your death.

COST-OF-LIVING ADJUSTMENTS ("COLA")

- a) If you were eligible for normal retirement before 10/1/2011 and you retire after 8/16/2009 without entering the Deferred Retirement Option Plan ("DROP"), your retirement benefit will receive a 2% COLA each year commencing on the 3rd anniversary of your retirement date.
- b) If you were hired before 7/15/2009 but were not eligible for normal retirement before 10/1/2011, your Frozen Accrued Benefit will receive a 2% COLA each year commencing on the 3rd anniversary of your retirement date, but your New Accrued Benefit will not receive a COLA.
- c) If you were hired after 7/14/2009, your retirement benefit will not receive a COLA.
- d) If you entered the DROP after 8/16/2009, the retirement benefits deposited to the DROP account will not receive a COLA. If you participate in the DROP for 24 months or less, your retirement benefit will receive a 2% COLA each year commencing on the 3rd anniversary of your first day of DROP participation. If you participate in the DROP for 24 - 60 months, your retirement benefit will receive a 2% COLA each year commencing on the 1st anniversary of the date you start receiving your monthly retirement benefit.

SUPPLEMENTAL PENSION DISTRIBUTION ("13th CHECK")

If you were 1) employed by the City on 10/1/2002, or 2) receiving Plan benefits on 10/1/2002, the Plan provides for a supplemental distribution (commonly referred to as a "13th check") in the year following the Plan Year in which the net market rate of return on Plan assets exceeds the assumed rate of return by 4.5% or more.

DEFERRED RETIREMENT OPTION PLAN ("DROP")

The DROP allows a City employee eligible for normal retirement to "retire" for Plan purposes while continuing to work for the City. If you entered the DROP, your retirement benefit was calculated as of the date you entered the DROP. Your monthly retirement benefit payments are credited to your DROP account until you separate from City employment. Your DROP account earns interest at the same rate as the Plan's net rate of investment return on assets, but not less than 0%. When you separate from City employment, you will receive the payout of your DROP account balance and you will start receiving your monthly retirement benefits.

If you did not enter the DROP before 10/1/2011, you are not eligible to participate in it.

If you entered the DROP, at the time you entered it, you had to specify your resignation date such that the sum of Credited Service prior to DROP entry and your service while in the DROP did not exceed 32 years. Your total DROP participation cannot exceed 5.0 years. If you are not required to separate from City employment at the end of the maximum DROP period, please note that your DROP account is not credited with earnings or monthly retirement benefits after your last day of DROP participation.

If you die while participating in the DROP, the balance of your DROP account will be paid to your designated beneficiary or, in the absence of a designated beneficiary, your estate. If you become disabled while participating in the DROP, the balance of your DROP account will be paid to you and you will receive, at your election, your Normal Retirement Benefit or a disability retirement benefit based on compensation and Credited Service on the date you entered the DROP.

PLANNED RETIREMENT BENEFIT

If you were hired before 7/15/2009 and remained a member of the Plan through and including 3/5/2014, you may, by written election, participate in the Planned Retirement Benefit (PRB) starting any time on or after your Normal Retirement Date. You may participate in the PRB for up to a maximum of five years. If you reached your Normal Retirement Date before March 5, 2014, you may elect to participate in the PRB retroactively to the later of October 1, 2011 or your Normal Retirement Date. During your participation in the PRB, you will continue to make employee contributions to the Plan. If you participate in the PRB you may not elect to receive a Partial Lump Sum Distribution.

At the time of separation of City employment, you will receive a benefit based on the number of years of participation in the PRB in one of the following forms:

- i. a lump sum payment based on your months and years of participation in PRB;
- ii. an increased monthly benefit, based on your months and years of participation in PRB; or
- iii. any combination of lump sum and monthly benefit increase.

The lump sum payment is calculated based on the amount of your accrued benefit, plus net investment earnings (or losses) earned on such amount during your participation in the PRB, depending on Plan funding levels.

PARTIAL LUMP SUM DISTRIBUTION BENEFIT

You may elect to receive a Partial Lump Sum Distribution benefit if you reach your Normal Retirement Date after 3/4/2014 and you do not participate in the Planned Retirement Benefit. Under the Partial Lump Sum Distribution, you may elect to receive a fixed percentage (up to 25%) of your Normal Retirement Benefit as a lump sum payment. The remaining balance of your Normal Retirement Benefit is paid to you as a monthly benefit payment.

REFUND OF MEMBER CONTRIBUTIONS

When you separate from City employment, you may elect to receive a refund of the employee contributions you paid into the Plan plus 4% simple interest per year. If you take a refund of your member contributions, you forfeit your right to any and all future monthly retirement benefits you were otherwise entitled to receive.

If you reenter City employment and work 3 or more years in a fulltime position, you may elect to repay the previously refunded contributions (including the interest paid) plus 4% interest per year for each year of your absence to the Plan. After you have repaid the refunded contribution, the Credited Service you previously forfeited by taking the refund will be fully restored.

FORFEITURE OF BENEFITS

As required by state law, if, prior to your retirement, you are convicted of a specified offense or you admit to the commission of one of the specified offenses, you shall forfeit all rights and benefits under the Plan, except for the return of your accumulated contributions.

PLAN BENEFITS SUBJECT TO THE MAXIMUM LIMIT IN INTERNAL REVENUE CODE SECTION 415

As a qualified plan under the U.S. Internal Revenue Code, the Plan is subject to the maximum benefit limit contained in Section 415 of the Code. Section 415 currently limits the annual benefit provided to members of a defined benefit pension plan to a maximum of \$215,000 at age 62. If benefits commence before age 62, the maximum benefit limit is actuarially reduced.

A lump sum benefit (DROP or partial lump sum) is considered part of the participant's accrued benefit. The lump sum must be converted to an annuity and counted toward the Section 415 benefit limit.

A Section 415 calculation will be done at the time a member applies for retirement benefits and the member will be notified if their benefit will be affected by the Section 415 benefit limits.

CONTRIBUTIONS AND FUNDING

The Plan is funded by City contributions, participating employee contributions and investment returns.

All employee members contribute 8% of compensation to the Plan. Employee contributions are made with pre-tax dollars.

The City contribution is the amount necessary to fund the Plan on a sound actuarial basis and is determined by the Plan actuary at the end of each Plan Year, based on state law.

FINANCIAL AND ACTUARIAL INFORMATION

Financial and actuarial information concerning the Plan is available at the Plan's website: <http://hollywoodpension.com>