

**CITY OF BOCA RATON  
GENERAL EMPLOYEES' PENSION PLAN**

**SUMMARY PLAN DESCRIPTION**

Dated September 30, 2011

# TABLE OF CONTENTS

---

Introduction.....	2
Administration.....	3
Glossary of Terms.....	4
Eligibility & Enrollment.....	5
Contributions & Funding.....	5
Purchase of Prior Service Credits.....	6
Eligibility for Retirement Benefits.....	6
Retirement Benefits.....	7
Early Retirement Benefits.....	7
Benefit Payment Options.....	8
Deferred Vested Benefit.....	8
Transfer to/from Other Plans.....	9
Eligibility for Disability Benefits.....	10
Disability Benefits.....	10
Actively Employed Death Benefits.....	11
Post – Termination Death Benefits.....	11
Cost of Living Adjustments.....	12
Deferred Retirement Option Plan (DROP).....	12
Non – Vested Benefits.....	13
Involuntary Termination & Reinstatement.....	13
Claims by Participants & Beneficiaries.....	14
Plan Amendments or Termination.....	15
Participant Data.....	15
Financial Information and Actuarial Report.....	15

## INTRODUCTION

---

The City of Boca Raton (City) has established and maintains the City of Boca Raton General Employees' 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 Sections 12-81 through 12-106 of the City Code of Ordinances and by Part VII, Chapter 112, Florida Statutes. Article 30 of the City's three year collective bargaining agreement with the Service Employees International/Florida Public Services, CTW, CLC Union effective through September 30, 2013 provides for the pension plan as described in the Plan Ordinance. 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 to rely solely on Social Security and employer provided retirement benefits. To assist in your personal savings, you may wish to take advantage of deferred compensation plans sponsored by the City.

This booklet 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 Pension Office.

Please keep in mind 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 City of Boca Raton Code of Ordinances (or other legal documents under which your participation and benefit rights are determined) and this Summary Plan Description, the legal documents will control. You, your beneficiaries and your personal representatives may examine the Plan and other applicable legal documents in the Pension Office by appointment during regular business hours.

This Summary Plan Description may be changed from time to time. Please be certain that you have the most recent version of the booklet and all amendments thereto called Material Modifications. The Pension Office can verify this for you upon request.

## ADMINISTRATION

---

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 as established by City Ordinance. The Board does not establish benefits. This Board is also responsible for investing the Plan's assets and hiring the Plan's service providers.

The Board consists of eight trustees, each serving a term of three years. Four of the trustees are Plan members who are elected by the other members of the Plan. The other four trustees are appointed by the City Council. All correspondence should be sent to the Trustees in care of the pension office address listed under the Pension Administration section below.

### Elected Trustees

John Reilly (Chairman)  
Municipal Services  
Telephone: 561-416-3374

Daryl Johnson  
Development Services  
Telephone: 561-393-7788

Suzy Pearl  
Financial Services  
Telephone: 561-393-7732

Janice Vassell  
Utility Services  
Telephone: 561-338-7302

### Appointed Trustees

Carol Himes (Vice-Chairman)  
Financial Services  
Telephone: 561-393-7833

Nicole Gasparri  
City Manager's Office  
Telephone: 561-367-7040

Lewis Duberman  
Telephone: 561-998-7987

Lewis Sarrica  
Telephone: 561-994-1243

### Pension Administration

The Pension Office is located at 2333 Glades Road, Boca Raton, FL 33431  
Telephone: 561-544-8520 Fax: 561-392-1254

Lenworth Codner  
Karen Good  
Nadine Josephs  
Debra Sears  
Linda Stein

Pension Accountant	lcodner@ci.boca-raton.fl.us
Pension Benefit Analyst	kgood@ci.boca-raton.fl.us
Pension Financial Analyst	njosephs@ci.boca-raton.fl.us
Chief Executive Officer	dsears@ci.boca-raton.fl.us
Pension Assistant	lstein@ci.boca-raton.fl.us

Legal process with respect to the Plan must be served on the Chairman of the Board. Stephen Cypen serves as legal advisor to the Plan and may be contacted at Cypen & Cypen, 777 Arthur Godfrey Road, Suite 320, Miami Beach, FL 33140.

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 OF TERMS**

---

**Average Monthly Earnings** - 1/12th of an employee's average annual earnings for the highest 5 consecutive years during the last 15 years of continuous service.

**Beneficiary** - Any person chosen by a member to receive any benefits which may be payable upon the death of the member. A written beneficiary designation must be filed with the Board.

**Continuous Service** - Uninterrupted service (expressed as years and whole months) as an employee from the most recent, or adjusted, hire date to the date employment terminates or enters the Deferred Retirement Option Plan. Service will be considered to have been interrupted for periods during which an employee is on an unpaid leave of absence for at least six consecutive months. Members who transfer between the City's defined benefit plans will have their continuous service under each plan combined for vesting and eligibility for benefits. Continuous Service does not include any service with the City while a member of the City's defined contribution plan.

**Earnings** - Base wages and longevity pay. Earnings do not include overtime, bonuses, any other extra compensation or payments which exceed the maximum of an employee's respective salary range.

**Employee** - Regular full-time employees of the City, exclusive of certain management positions, police officers and firefighters, but including all civilian personnel of Police Services and Fire-Rescue Services departments.

**Member** - Any Employee who has met the eligibility requirements of the Plan.

## **ELIGIBILITY AND ENROLLMENT**

---

All full-time general employees of the City, who have completed one year of continuous service, are eligible to participate in the Plan. Participation commences on the first day of the month coincident with or following the date the eligibility requirements have been met. Prior to your entry date, the Pension Office will provide you with the necessary forms to properly service your account. These forms must be completed and returned to the Pension Office.

The Plan is divided into three levels of benefit, Plan A, Plan B and Plan C. Employees hired prior to October 1, 1987 are enrolled in Plan A. Employees hired from October 1, 1987 to October 31, 2007 are enrolled in Plan B. Employees hired on or after November 1, 2007 have the option to either enroll in Plan C or electing to opt out of the defined benefit plan to participate in the City's defined contribution plan.

## **CONTRIBUTIONS AND FUNDING**

---

The Plan is funded by the City and participating employee contributions. Additional funding is received from net investment returns.

Plan A and B members are required to contribute 9.65% of their earnings. Plan C members are required to contribute 6% of their earnings. Employee contributions are deducted and paid to the Plan each bi-weekly payroll period. Contributions will cease when you enter the Deferred Retirement Option Plan or leave City employment.

Prior to January 1, 1985, member contributions were made with after-tax dollars. After that date, contributions were made with pre-tax dollars. Since pre-1985 contributions have already been taxed, a portion of the member's benefit will be paid on a tax-free basis if the member made contributions to the plan prior to 1985.

The City's contribution rate is determined at the end of each fiscal year when the Plan is reviewed by an actuary. The contribution is determined as a percent of total payroll and is paid to the Plan at the end of each month. The actuary also compares the actuarial value of assets to the actuarial accrued liability to determine how well the Plan is funded.

The following table illustrates the history of the Plan's funding progress:

<b>FISCAL YEAR</b>	<b>FUNDED RATIO</b>
10/1/10 – 9/30/11	84.75%
10/1/09 – 9/30/10	91.38%
10/1/08 – 9/30/09	95.72%
10/1/07 – 9/30/08	103.87%
10/1/06 – 9/30/07	107.04%
10/1/05 – 9/30/06	108.82%
10/1/04 – 9/30/05	113.13%
10/1/03 – 9/30/04	94.60%
10/1/02 – 9/30/03	102.96%
10/1/01 – 9/30/02	107.30%

All contributions and investment earnings are used for the purpose of providing a benefit to employees upon retirement. City contributions are not allocated to specific individuals. Contributions may not be borrowed against or used for collateral; nor may a member withdraw them while still an active employee.

When an employee transfers between City plans, member contributions plus interest and the City contributions will be transferred from the plan being vacated into the plan being entered.

## **PURCHASE OF PRIOR SERVICE – BUY BACKS**

---

Active members may purchase up to five years of service credit for prior non-vested full-time employment with the federal government (including active service in the U.S. armed forces), state, county or other city government. This service may be used for purpose of calculating the pension benefits but may not be used to determine eligibility for pension benefits. If a member has prior government service during which such member participated in a defined contribution plan, and the member is prohibited by operation of law from purchasing credit for such service, the member may purchase an additional benefit rate (the equivalence of full credit for such past service).

Active members may purchase up to ten years of service credits for prior non-vested full-time employment with the City of Boca Raton. This service may be used for both eligibility for and calculation of pension benefits. Members may purchase prior service under both options up to the stated maximum number of years for each option. Purchase of prior service is not allowed if the member has received, is receiving or will receive a retirement benefit attributable to the prior service.

The full actuarial cost of the service, as determined by the plan actuary, must be made in a lump sum payment. The payment may be made with pre-tax monies by a direct transfer or rollover of an eligible distribution into the plan from another tax-deferred qualified plan. The payment also may be made with after tax dollars. Please contact the Pension Office for more information.

## **ELIGIBILITY FOR RETIREMENT BENEFITS**

---

Members who are actively employed may retire with unreduced benefits whenever they have met one of the following:

### **Normal Benefit Options:**

- Attainment of age 65,
- Attainment of age 55 with 20 years of continuous service,
- Attainment of age 53 with 30 years of continuous service.

### **Alternate Options:**

- **Rule of 68 Option** - When age plus service equals or exceeds 68, age is at least 50 and continuous service is at least 15 years.
- **Alternate Unreduced Early Retirement Option** - Employees who were employed on or before October 1, 2001, may retire after the attainment of age 55 with at least 15 years of continuous service.

There is no mandatory retirement date; employees may work past their retirement dates and continue to accrue additional benefits. Retirement dates are calculated at the time of entry into the Plan but may be adjusted for breaks in service. The dates are always the first day of the month coincident with or following the date the eligibility requirements have been met.

## RETIREMENT BENEFITS

---

There are three components in the calculation of retirement benefits. The factors are the member's continuous service and average monthly earnings, both calculated as of the retirement date, and a multiplier. The multiplier that applies to each plan under each retirement option is shown in the following table:

	<b>Retirement Multiplier</b>		
	<b>Plan A</b>	<b>Plan B</b>	<b>Plan C</b>
<b>Normal Retirement</b>			
Age 65	3.00%	3.00%	1.75%
Age 55 with 20 years service	3.00%	3.00%	1.75%
Age 53 with 30 years service	3.00%	3.00%	1.75%
<b>Alternate Retirement</b>			
Rule of 68	2.50%	1.50%	1.50%
Alternate early – Age 55 with 15 years service	2.00%	2.00%	1.75%

Once these components have been calculated, they are multiplied times each other as follows:

$$\text{Continuous Service} \times \text{Average Monthly Earnings} \times \text{Multiplier} = \text{Monthly Benefit}$$

### *Example Benefit Calculations:*

Example for Plan A & B - If continuous service is 23 years/3 months (23.25 years), average monthly earnings are \$3,000 and the multiplier is 3%, the monthly benefit is:

$$23.25 \times \$3,000 \times 3\% (.03) = \$2,092.50$$

Example for Plan C - If continuous service is 23 years/3 months (23.25 years), average monthly earnings are \$3,000 and the multiplier is 1.75%, the monthly benefit is:

$$23.25 \times \$3,000 \times 1.75\% (.0175) = \$1,220.63$$

## EARLY RETIREMENT BENEFITS

---

When members terminate employment after having attained age 50 with at least 20 years of continuous service, they are eligible for an early retirement benefit.

The early retirement benefit is calculated in the same manner as shown for unreduced benefits, except that there is another component called a "reduction factor". The reduction factor is 5/12<sup>ths</sup> of 1% for each month by which the date of actual commencement of benefits precedes the date the member would attain age 55.

The following table illustrates the percent reduction based on retiring between one and five years early:

<b>Retiring</b>	<b>Reduction</b>	<b>Retiring</b>	<b>Reduction</b>
1 year early	5%	1 year 3 months early	6.25%
2 years early	10%	2 years 6 months early	12.50%
3 years early	15%	3 years 8 months early	18.33%
4 years early	20%	4 years 9 months early	23.75%
5 years early	25%		

**Example Early Benefit Calculation.** Use the same facts as above for a Plan A or B member. Assume that the member's benefit commencement date is three years before the age of 55. The reduction will be 5% for each of the three years for a total reduction of 15%. As a result, the member's benefit will be reduced by \$313.88 (.15 x 2,092.50) and the early retirement benefit will be \$1,778.62.

## **BENEFIT PAYMENT OPTIONS**

---

Retirement benefits will be paid only during the lifetime of the member with a guarantee that benefits will continue for a minimum of five years unless another option is chosen:

- **Five Year Certain and Life Option** - Payments are made during the lifetime of the member, but in no event shall less than 60 monthly payments be made.

Payments made under other options will be adjusted based on the ages of the member and, if applicable, the member's beneficiary. The option cannot be changed once the member has retired. Optional forms of benefit payments include:

- **Joint and Survivor Option** - Monthly payments are made during the lifetime of the member and with all or some portion going to the designated beneficiary. The beneficiary cannot be changed once the member's benefits have commenced, including the Deferred Retirement Option Plan.
- **Ten Year Certain and Life Option** - Payments are made during the lifetime of the member, but in no event shall less than 120 monthly payments be made.
- **Other Actuarial Equivalent Options** – Actuarial equivalent options may be approved by the board limited to the retiring member receiving at least 50 percent of the total present value of payments. **Life of Member Option**, payments made during the lifetime of the member only, would be included in this option category.

## **DEFERRED VESTED BENEFIT**

---

If a member's employment is terminated after having completed at least 10 years of continuous service but before becoming eligible for retirement benefits, the member's benefit is vested (i.e. non-forfeitable). The retirement benefit for deferred vested members will commence at age 65.

Early retirement benefits are available for deferred vested members. Such early retirement benefit is calculated in the same manner as shown for unreduced benefits, except there is a "reduction factor" used,

which is  $5/12^{\text{th}}$  of 1% for each month by which the date of actual commencement of benefits precedes the date the deferred vested member would attain the age of 65.

The benefit for deferred vested members will be calculated based on the member's actual years of service, average monthly earnings and the multiplier in effect on the date the deferred vested members' employment is terminated. A member with at least 15 years of continuous service may elect to defer retirement until eligible for the Rule of 68 option at the multiplier in effect at the time of their termination of employment. The deferred vested member becomes eligible for a Rule of 68 retirement benefit when the sum of his age and years of continuous service equals 68 and he is at least 50 years old.

However, a vested member may elect to take immediate benefits with the 5% per year reduction, as described in the Early Retirement Benefit section. A member who does not meet the service requirement for the age 55 with 20 year service eligibility option will have the immediate benefit reduced from age 65. The reduced benefit is not available for the Rule of 68.

A vested member must make application to the Pension Board not more than 90 days prior to the selected commencement date. Only benefits coming due after submission of the application will be payable. It is the responsibility of the member to keep beneficiary designations current and to notify the Pension Office of any address changes.

## **TRANSFER TO/FROM OTHER PLANS**

---

***Transfer to Defined Contribution Plan.*** Plan A and Plan B members have a one time opportunity during their employment to transfer to the City's defined contribution plan during the annual open enrollment period. The **election to transfer is irrevocable** and once the member makes such an election, the member may only participate in the defined contribution plan. Vested Plan A or Plan B members who elect to transfer to the defined contribution plan may elect to leave their accrued benefit in the defined benefit plan as a deferred vested member until normal retirement. Their future participation would be as a member of the defined contribution plan. Or, the member may elect to transfer the actuarial value of their accrued benefit to the defined contribution plan. Non-vested members who elect to transfer to the defined contribution plan will have the actuarial value of their accrued benefit transferred to the defined contribution plan and their future participation would then be as a member of the defined contribution plan.

***Transfer to Plan C.*** Plan A and Plan B members have a one time opportunity during their employment to transfer to Plan C during the annual open enrollment period. The benefit for vested Plan A or Plan B members who have elected to transfer to Plan C will be calculated in two portions. The first portion will be based on the service prior to the transfer date using the 3% multiplier and the second portion will be based on the service after the transfer date using the appropriate Plan C multiplier in effect at their time of retirement. Non-vested members transferring to Plan C will have their entire service calculated using the Plan C multiplier.

***Transfer from the Police and Firefighters' Plan.*** If a member has transferred from the Police and Firefighters' Retirement System, the multiplier will be applied in two parts. The Police and Firefighters' Retirement System multiplier that was in effect at the time of the transfer will be applied to the period of continuous service the member earned while in the Police & Firefighters' Plan. The General Employees' Pension Plan multiplier that was in effect at the time of retirement will be applied to the period of continuous service the member earned while in the General Employees' Plan.

## **ELIGIBILITY FOR DISABILITY BENEFITS**

---

Any active member of the Plan who has a physical or mental condition that is presumably total and permanent, may apply for disability benefits. Participants in the Deferred Retirement Option Plan are not eligible to receive disability benefits from the Plan.

To be total and permanent, the disabling condition must prevent the member from performing all regular duties (or the duties of an equal position with similar responsibilities which may be offered by the City) for a period of at least two years and thereafter prevent the member from engaging in any gainful employment.

Disabling conditions resulting from the following circumstances, shall not qualify for benefits:

- Chronic alcoholism or addiction to narcotics
- Engaging in felonious acts or civil riots
- Serving in the armed forces of the United States for which veteran's disability pension is granted

The disability must be substantiated by medical evidence and is subject to approval by the Board of Trustees.

## **DISABILITY BENEFITS**

---

The monthly disability benefit shall equal 60% of the member's monthly earnings in effect on the date of the disability for a service incurred disability and 50% of the member's monthly earnings in effect on the date of the disability for a non-service incurred disability, reduced by any public disability benefits (Social Security, Workers' Compensation, etc.) for which the member becomes eligible.

Payments shall commence on the first day of the month following the date the disability is approved by the Board; or, if later, the date on which accumulated City leave benefits are paid in full. Disability benefits shall cease if the member recovers, dies or is paid for the maximum disability benefit period. For a member who is less than age 60 at the time the disability pension is granted, the maximum disability benefit period is until age 65. For a member who is at least age 60 at the time the disability pension is granted, the maximum disability benefit period is 60 months.

Member contributions shall be discontinued during the period of disability.

Upon the member's recovery and subsequent return to employment within 30 days, plan participation shall be reinstated and credit for service will be given for the period of disability. Failure to return to work within the given time period shall cause the date the disability ceased to be treated as a termination date and any benefits due the member shall be calculated as of such date. Any benefits to which the member becomes eligible after recovery shall be reduced by the actuarial equivalent of the benefits received during the period of disability.

If a member reaches the end of the maximum disability benefit period before recovering from the disability, the disability benefit shall be converted to a service retirement benefit. The retirement benefit shall be computed using the member's earnings in effect on the date of disability and including the period of disability in the calculation of continuous service.

Should the death of a disabled member occur prior to reinstatement as an active employee or conversion to a retirement benefit, actively employed death benefits shall be paid.

## **ACTIVELY EMPLOYED DEATH BENEFITS**

---

A death benefit will be paid on behalf of any member who dies while actively employed or while receiving a disability benefit prior to retirement. However, beneficiaries of members participating in the Deferred Retirement Option Plan do not qualify for death benefits.

The death benefit is equal to three and one half times the member's annual earnings as of the date the member died or became disabled. An initial payment, equal to the lesser of one half the annual earnings or \$7,500, will be made. The remaining balance will be paid in monthly installments equal to two thirds of the member's monthly earnings until the balance has been paid in full. Interest, at a rate to be determined by the Board at the beginning of each plan year, is credited on the unpaid balance.

If a married member attained age 52 and had at least 10 years of continuous service at the time of death, an additional spouse benefit will be paid only if the spouse is the designated beneficiary, was married to the member for at least one full year immediately preceding the death and was not legally separated from the member at the time of death.

The spouse benefit is equal to 50% of the monthly retirement benefit the member would have received, based on average monthly earnings and continuous service at the time of death. This spouse benefit will commence on the first day of the month following the last payment of the death benefit. It will continue to be paid until the earlier of the death or remarriage of the spouse.

## **POST TERMINATION DEATH BENEFITS**

---

If a terminated member entitled to a deferred vested benefit, dies prior to attainment of age 52, the death benefit shall be a refund of contributions plus interest.

If a terminated member, entitled to a deferred vested benefit, dies after attainment of age 52 but prior to commencement of the pension, the death benefit shall be paid as if the member had retired on the first day of the month following the date of death. The designated beneficiary will receive the benefits for 60 months.

If a member retired after his or her early retirement date and has not commenced receipt of benefits (i.e. deferred them to age 55), the death benefit shall be paid as if the member had retired on the first day of the month following the date of death. The designated beneficiary will receive the benefits for 60 months.

The death benefit of a member who dies after commencement of retirement benefits shall be the continuation of payments as determined by the payment option previously selected by the member at the time of the member's retirement.

In no event will total benefits paid be less than an amount equal to the member's contributions plus interest, as determined on the date of retirement.

## **COST-OF-LIVING ADJUSTMENTS**

---

In June of each odd numbered year, the City Council shall review the retirement and disability benefits provided for in the Plan to determine whether they have been seriously eroded by increases in the cost of living. This provision does not require that a cost of living increase be granted each review.

## **DEFERRED RETIREMENT OPTION PLAN (DROP)**

---

The Deferred Retirement Option Plan (DROP) allows a member to retire from the Plan while continuing to work for the City for up to an additional five years. The member's retirement benefit will be calculated as of the date the member retires from the Plan and enters the DROP. The member's retirement benefit payments will be paid into the member's DROP account until such time as the member actually leaves the employment of the City. When the member terminates employment, the member will begin receiving pension benefits each month and, in addition, will receive the balance in the member's DROP account.

In order to be eligible to participate in the DROP, a member must be actively employed and be eligible for one of the three following retirement options:

- Unreduced retirement with the attainment of age 55 with at least 20 years of continuous service,
- unreduced retirement with the attainment of age 53 with at least 30 years of continuous service,
- or reduced early retirement with the attainment of age 50 with at least 20 years of continuous service.

The member must submit a written application at least 30 days before the date the member's DROP participation is to begin. Along with the application, the member must submit an irrevocable, unconditional letter of resignation, which must be immediately effective and specifies termination date that is no later than the end of the 60th month after the member's DROP participation commences.

The member's pension benefit will be calculated as if the member has retired, using the member's continuous service and average monthly earnings calculated as of the date the member's participation in the DROP begins. This benefit will be frozen and the member will not receive pension credits for any additional years of service or for future wages. In addition, because the member is retired, disability and actively employed death benefits will no longer be available. Once a member elects to participate in the DROP, contributions to the Plan from both the employee and the City cease.

Upon entry into the DROP, members must choose between the two investment options shown below. The selected option will remain in effect during the member's entire period of DROP participation. Interest under both options will be posted monthly.

- ***Performance Option*** - The rate of return that is posted to the DROP accounts is the same as the rate of return for the total pension fund. Since the fund is invested primarily in marketable securities, the investments are subject to the market volatility. As a result, the balances in the DROP accounts can decrease as well as increase.

- **Safe-Harbor Option** - The rate of return that is posted is equal to the Federal Funds Target Rate, as in effect on the last day of each month, but cannot exceed the actuarial rate of return for the plan. This rate of return cannot be negative so the DROP account will not be less than what was deposited.

When the employment of the member ends, the balance in the DROP account will be distributed within 30 days, or as soon as reasonable thereafter. All payments or distributions will be subject to the rules and regulations of the Internal Revenue Code.

If the member dies while in the DROP, the distribution will be made to the member's designated beneficiaries.

Participation in the DROP is no guarantee of future employment. Members are subject to the same City rules and employment policies as members not in the DROP.

Only one DROP member at a time may serve as a trustee on the Board. If another member is on the Board when he or she elects to participate in the DROP, he or she will be considered to have resigned from the Board. The DROP member serving as trustee may not continue upon termination of employment.

If a member refuses to terminate City employment at the end of the maximum DROP period, the member's DROP account will no longer be credited with investment earnings and the member's pension benefit, during the period of continued employment, will be forfeited. In addition, the member will not accrue additional service credits and will not be eligible for disability or actively employed death benefits.

## **NON-VESTED BENEFITS**

---

Members terminating their employment prior to completing ten years of continuous service or attaining the age of 65, who do not qualify for disability benefits, are entitled to a refund of member contributions with accumulated interest.

Refunds of after-tax contributions are tax free but refunds of pre-tax contributions and interest are taxable income in the year paid and are subject to a 10% excise tax if paid before attainment of age 59½, unless the member terminates employment after age 55. However, the refunded monies can retain their tax deferred status if they are transferred directly to an Individual Retirement Account (IRA) or another qualified retirement entity (such as an IRC 401(k) plan, an IRC 457 or an IRC 403(b) plan). If the member chooses not to transfer the monies to an IRA or another plan, 20% of the taxable refunded amount will be withheld for the taxes.

## **INVOLUNTARY TERMINATION AND REINSTATEMENT**

---

Members who are involuntarily terminated on or after September 15, 2000, who withdraw their contributions and are subsequently reinstated to their position, shall be reinstated to the plan upon the date of reinstatement or upon such other date as may be provided in the lawful order of reinstatement.

Such members will be allowed to receive credit for continuous service earned prior to the termination if the contributions and interest that were withdrawn are fully repaid, with interest, to the pension fund. Such repayment period shall be the earlier of the following: (1) twice the length of time of the suspension, (2) three years from date of reinstatement or (3) the member's retirement date. Interest will be calculated, at the assumed actuarial rate of return, from the date of withdrawal to the date of repayment. There shall be no partial service credits given for partial payment. Partial payments will be refunded to the member.

The member may also receive service credit for the period of suspension if the award of back pay covered such suspension and the appropriate member contributions for the period of suspension are made to the Plan. If a back pay award is given and the amount is sufficient to cover the amount of the member contributions, such contributions shall be deducted and service credit for the period of suspension shall be awarded. If the back pay award is not sufficient to cover the member contributions, the member shall have the option to buy back the service credit for the period of suspension by paying the appropriate amount of member contributions to the pension fund within six months following the date of reinstatement.

## **CLAIMS BY PARTICIPANTS AND BENEFICIARIES**

---

All claims for benefits must be made in writing and submitted to the Board at the Pension Office. No payment will be made until at least 15 days after being approved by the Board. If the City Manager contests the Board's approval within the 15 day period, then the approval will be reconsidered by the Board. If, after being reconsidered, the Board does not change its ruling, the City Manager may ask the City Council to review the matter and make the final determination.

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

Disability applications must be submitted within three months of the termination date. Full and fair consideration will be given by the Board based on the evidence presented to it.

Claims for death benefits will be paid in accordance with the terms of the Plan and the most recent Designation of Beneficiary form on file in the Pension Office. It is the responsibility of the member to keep this form current. A certified copy of the death certificate must be submitted with any claim for death benefits.

If any claim for benefits is denied, the reasons for denial will be submitted in writing to the claimant. If the claimant wishes to contest the Board's decision, a formal hearing may be requested and additional evidence may be presented.

Claims made by spouses for a member's benefit as a result of 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. All orders from a court will be submitted to the Board's attorney for an opinion on their legality.

The Board has the power to reexamine the facts upon which any pension has been granted. The pension rolls may purge of any person granted a pension under this plan, if it is found to be erroneous, fraudulent or illegal.

Pension benefits shall be forfeited, under state law, if a member admits to, or is found guilty of, committing certain crimes, such as (but not limited to) embezzlement, bribery or misuse of his or her public position. The City will notify the Board when benefits may be subject to forfeiture. A member will have the right to a full hearing prior to forfeiture of benefits.

If the member is determined by the Board to be incompetent, or if a deceased member's beneficiary is a minor, payment for benefits may be made to a duly appointed guardian, or to such person's spouse, children or other person who has incurred expenses or assumed responsibility for such expenses. Any payment so made from the Plan shall be a complete discharge of any liability under the Plan.

## **PLAN AMENDMENTS OR TERMINATION**

---

The City reserves the right to amend the Plan. However, all ordinances proposing changes to Plan provisions must be referred to the Board for review. The Board has 45 days to review the ordinance and submit its recommendations to the City Council.

Upon termination of the Plan or complete discontinuance of contributions to the Plan, each employee will become vested in the benefits that have accrued. All City contributions will remain in the plan for the benefit of the members and beneficiaries.

## **PARTICIPANT DATA**

---

The table below illustrates the number of plan members as of September 30<sup>th</sup> for each year shown:

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Active Members Plan A	45	60	71	83	100
Active Members Plan B	502	538	573	583	550
Active Members Plan C	53	42	18	2	
Retirees	316	319	305	295	288
DROP	65	48	41	36	20
Disabilities	13	14	16	16	18
Beneficiaries	46	44	45	42	43
Deferred Vested	35	29	29	31	37

## **FINANCIAL INFORMATION AND ACTUARIAL REPORT**

---

The following represents the Plan's comparative financial information for the most recent two fiscal years ended September 30, 2011 and 2010. The Statements of Plan Net Assets are located on page 16 and the Statements of Changes in Plan Net Assets are located on page 17.

The actuary's report on the solvency and actuarial soundness of the plan is located on page 18.

**CITY OF BOCA RATON  
GENERAL EMPLOYEES' PENSION PLAN**

**STATEMENTS OF PLAN NET ASSETS**

**SEPTEMBER 30, 2011 AND 2010**

	2011	2010
<b>Assets</b>		
Cash and short-term investments	\$ 2,670,633	\$ 1,962,641
Investments, at fair value		
Common stock	59,486,083	58,936,502
Commingled funds	26,790,317	33,983,935
U.S. government securities	31,297,032	27,348,383
Corporate bonds and debentures	24,463,575	27,894,158
Real estate investment trust	7,323,674	4,405,508
Total Investments	149,360,681	152,568,486
Interest and dividends receivable	480,182	496,841
Unsettled trades receivable	510,560	246,750
Other assets	561,734	30,939
<b>Total Assets</b>	153,583,790	155,305,657
<b>Liabilities</b>		
Accounts payable and accrued expenses	175,537	196,420
Unsettled trades payable	928,836	247,859
<b>Total Liabilities</b>	1,104,373	444,279
<b>Net Assets Held in Trust for Pension Benefits</b>	\$ 152,479,417	\$ 154,861,378

**CITY OF BOCA RATON  
GENERAL EMPLOYEES' PENSION PLAN**

**STATEMENTS OF CHANGES IN PLAN NET ASSETS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>Additions</b>		
<b>Contributions</b>		
City	\$ 3,333,945	\$ 2,503,965
Employee	<u>2,818,560</u>	<u>2,848,034</u>
<b>Total Contributions</b>	<u>6,152,505</u>	<u>5,351,999</u>
<b>Investment (Loss) Income</b>		
Net (depreciation) appreciation in fair value of investments	(4,092,940)	11,387,808
Interest	2,698,871	2,332,971
Dividends	1,416,885	1,507,404
Other income	<u>25</u>	<u>5,196</u>
Total investment income	22,841	15,233,379
Less investment expenses	<u>(708,721)</u>	<u>(667,614)</u>
<b>Net Investment (Loss) Income</b>	<u>(685,880)</u>	<u>14,565,765</u>
<b>Total Additions</b>	<u>5,466,625</u>	<u>19,917,764</u>
<b>Deductions</b>		
Benefit payments		
Retirement	5,915,055	5,610,339
Disability	138,281	113,195
Death	534,436	441,844
Deferred retirement option plan	333,870	1,276,484
Termination refunds	299,805	123,233
Transfers to other retirement plans		
Executive employees' retirement plan	262,364	28,339
Defined contribution plan	--	6,528
Administrative expenses	<u>364,775</u>	<u>295,805</u>
<b>Total Deductions</b>	<u>7,848,586</u>	<u>7,895,767</u>
<b>Net (Decrease) Increase</b>	(2,381,961)	12,021,997
<b>Net Assets Held in Trust for Pension Benefits</b>		
<b>Beginning of Year</b>	<u>154,861,378</u>	<u>142,839,381</u>
<b>End of Year</b>	<u>\$ 152,479,417</u>	<u>\$ 154,861,378</u>



Board of Trustees  
March 1, 2012

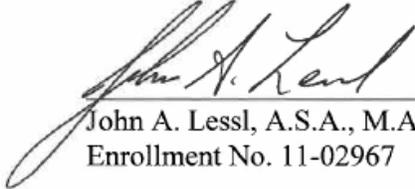
**Summary**

In our opinion the benefits provided for under the current Plan will be sufficiently funded through the payment of the amount as indicated in this and future Actuarial Valuation reports. We will continue to update you on the future payment requirements for the Plan through our actuarial reports. These reports will also continue to monitor the future experience of the Plan. If after the review of this Actuarial Valuation report you have any questions, please do not hesitate to contact us.

The undersigned is a Member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which current liabilities or current costs have not been established or otherwise provided for in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Sincerely,

  
\_\_\_\_\_  
John A. Lessl, A.S.A., M.A.A.A., E.A.  
Enrollment No. 11-02967

3-1-12  
\_\_\_\_\_  
Date