

MIAMI POLICE RELIEF AND PENSION FUND
(1% FUND)

SUMMARY PLAN DESCRIPTION

JANUARY, 2012

MIAMI POLICE RELIEF & PENSION FUND
169 E. Flagler Street - Suite 816 - Miami, Florida 33131
Telephone: (305) 358-7853 Fax: (305) 358-7859

TRUSTEES:

Douglas Rice
Richard Nazur
Rafael Tapanes
Daniel Kerr
Manuel Orosa

Sarah M. Wong
Administrator

To All Members of the Miami Police Relief & Pension Fund:

Please find enclosed with this letter a copy of a Summary Plan Description. This is a plain language summary of your rights and benefits under the Miami Police Relief & Pension Fund.

The booklet contains valuable information explaining how the Fund was established, how its monies are invested, and how you earn entitlement to benefits. It is hoped that this booklet will educate you about this very important benefit available only to Miami Police Officers.

The benefits you receive from the Miami Police Relief & Pension Fund are entirely separate from the benefits you receive under the Miami Fire and Police Retirement System. You contribute nothing to the Police Relief & Pension Fund; yet receive substantial benefits upon retirement.

If you have any questions after reading the booklet please feel free to contact any member of the Board of Trustees or the Fund Administrator, all of whose names appear in the booklet.

It should be remembered that the booklet is **merely a summary and does not create any specific legal rights**. All rights are determined under the ordinances and statutes, which establish the Fund.

Sincerely,

The Board of Trustees

1/1/12

1. WHAT IS THE OFFICIAL NAME OF THE PLAN?

The official name of the plan is the Miami Police Relief & Pension Fund.

2. WHAT TYPE OF PLAN IS THIS?

This is a defined contribution plan. This means that a specific sum of money is deposited into the plan and is divided into accounts for each member. The amount of money in a member's account at the time of separation from service is the maximum amount which can be received. **There is no guaranteed minimum benefit.**

3. HOW IS THE PLAN ADMINISTERED?

A five member Board of Trustees administers the plan. Three of the Trustees must be actively employed members of the Miami Police Department who are elected for three-year terms. The Chief of Police is the fourth Trustee (designated by City Ordinance). The fifth Trustee is selected by a vote of the other four.

The current Board of Trustees at the time of the publication of this summary are: Douglas Rice, Chairman; Lt. Rafael Tapanes, elected member, Treasurer; Sgt. Richard Nazur, elected member, Secretary; Lt. Daniel Kerr, elected member; and Chief Manuel Orosa, designated member.

In accordance with Florida law, the Chairman is the registered agent for service of process and his business address is: 169 E. Flagler Street, Suite 816, Miami, Florida 33131. In absence of the Chairman, any member of the Board of Trustees is subject to service of process.

A member is eligible to hold office as a trustee while participating in the DROP Plan as the member is still actively employed under the terms of the plan.

4. WHO ADMINISTERS THE PLAN?

The plan employs a full-time Administrator. The current Administrator is Sarah M. Wong, whose office address is: 169 E. Flagler Street, Suite 816, Miami, Florida 33131, and telephone number is: 305-358-7853.

The Administrator is in charge of the day-to-day record keeping and management functions of the plan and is primarily responsible for contact with members concerning questions about features and benefits of the plan.

5. WHAT ARE THE LEGAL DOCUMENTS CREATING THE PLAN?

The plan arises out of Chapter 185, Florida Statutes, which provides a system for the taxation of casualty insurance companies insuring property located within the corporate limits of the City of Miami. The State of Florida rebates .85% of the premium tax on insurance on that property to the City of Miami used to create a

retirement fund exclusively for police officers and their dependents. The City implemented that state statute through the passage of City Ordinance 6558 on February 3, 1960. The plan is also subject to the provisions of Chapter 112, Part VII, Florida Statutes.

The Miami Police Relief & Pension Fund constitutes a prevailing benefit under Article 23 of the Collective Bargaining Agreement between the Fraternal Order of Police and the City of Miami.

The Board of Trustees has adopted Operating Rules and Procedures, as well as an Investment Policy.

6. WHAT IS REQUIRED TO BE ELIGIBLE FOR PARTICIPATION IN THE PLAN?

Membership in the plan is open solely to active police officers of the City of Miami. Membership in the Fund does not begin until permanent civil service status is obtained.

7. HOW ARE MY BENEFITS CALCULATED?

The tax rebate monies received from the State of Florida through the City of Miami are deposited into the plan each year. An individual account is established for each police officer that has permanent civil service status.

State money is credited to each individual's account based on the number of days worked in a month, not to exceed two hundred forty 8 hour duty (or the equivalent in 10 hour days) days performed by the officers in the calendar year preceding the date in which the monies were received. No credit is given on account of seniority, rank, or amount of compensation received from the City. No credit is given for an employee while in an unpaid status.

Twenty 8 hour days (or sixteen 10 hour days) work in a calendar month shall be counted as a full month. If a participant works less than twenty days in a calendar month, the participant is credited with a fractional month. For example, if an employee works twelve days out of a month, the employee would receive a 12/20ths share for that month. The assets of the Fund are invested in stocks, bonds and other income producing investments. Expenses for the management of the Plan are deducted from investment income. The remaining income is credited to individual accounts on the basis of the account balances for that year. Once an individual leaves the employment of the City of Miami Police Department, no additional earnings or interest are credited to that person's account, even if the funds are not withdrawn.

8. WHAT BENEFITS DO I RECEIVE FROM THIS FUND?

At the time of separation from service, an employee is eligible to receive payment of the balance in their account. If a member leaves prior to completing nine years

of service with the Police Department, the benefit is determined on the following schedule:

- A. Less than three years and one day of service - 25% of the accrued amount;
- B. Less than six years and one day of service - 50% of the accrued amount;
- C. Less than nine years and one day of service - 75% of the accrued amount;
- D. More than nine years of service - 100% of the balance.

A member must be employed (on the payroll) on the last day of the quarter (March 31, June 30, September 30 or December 31) in order to qualify for the distribution for that quarter.

If a member dies while employed as a Police Officer, the entire amount of credit, as of the date of death, shall be paid to the beneficiary of record. If there is no beneficiary of record, the entire amount of credit is paid to the member's estate.

If a member separates from the Department on a disability retirement, the member receives the full amount credited to their account. The amount of monies, which an individual will receive, depends upon the number of years in the Plan and the earnings of the Plan through the deposit of premium tax monies and income from investments. There is no guaranteed minimum amount. Benefits received from the plan may be taken in a lump sum, "rolled over" (transferred) into a qualified retirement plan, or in annual payments over a period not to exceed five years. (Your

questions regarding which option to choose can best be answered by your accountant or tax advisor.)

A member continues to receive credits to his/her individual account while participating in the DROP Plan.

9. IS THIS A QUALIFIED PENSION PLAN?

Yes, at this time this plan is qualified under the rules of the Internal Revenue Service. This means that monies can be “rolled over” (transferred) to a qualified retirement plan. If a member opts for cash payment, benefits are taxable on receipt as ordinary income. There could also be a 10% penalty for early withdrawal if the member separates from service prior to age 50 and does not elect a rollover.

10. ARE BENEFITS IN THIS PLAN FORFEITABLE?

Benefits are forfeitable pursuant to the provisions of Section 112.3173, Florida Statutes, which provide for the forfeiture of retirement benefits of persons convicted of specified offenses.

Additionally, forfeiture may also occur pursuant to Section 185.185, Florida Statutes, upon a criminal conviction for fraudulent and/or false acts or statements related to obtaining a benefit from the plan. The Board of Trustees may defer

acting on a retirement application if criminal charges are pending against a member at the time of retirement.

11. ON WHAT BASIS ARE PLAN RECORDS KEPT?

Plan records are kept in accordance with the provisions of Chapter 112, Chapter 185, Ordinance 6558, and the Internal Revenue Code. All records of the plan are kept at the Fund office. The plan operates on a calendar year.

12. IF I FEEL THAT I HAVE NOT BEEN PAID THE PROPER BENEFIT, HOW DO I APPEAL?

Applications for retirement are acted on by the Board of Trustees, following review by the attorney for the Fund. Any disputes concerning eligibility may be appealed by an appearance before the Board of Trustees. A request for appeal must be submitted in writing to the Administrator to be placed on the agenda for the next meeting of the Board. The decision of the Board with regard to benefits is final, subject only to review by the courts.

13. WHAT IF I HAVE FURTHER QUESTIONS OR INQUIRIES REGARDING MY BENEFITS?

Please direct questions and all other inquiries in writing to: Sarah M. Wong, Administrator of the Fund, at 169 E. Flagler Street, Suite 816, Miami, Florida 33131.

(THE 1% FUND)

ANSWERS TO YOUR MOST FREQUENTLY ASKED QUESTIONS

While the Summary Plan Description explains the origination and structure of the Fund, it does not cover common questions and procedures. The following information should answer most of the questions you may still have.

HOW DO I CHANGE MY NAME OR ADDRESS?

NO changes can be made by telephone. You may obtain Change of Name or Address forms from any Board member. Forms must be filed with the Administrator at: 169 E. Flagler Street, Suite 816, Miami, Florida 33131.

IF I AM, OR SHOULD BECOME DIVORCED, WHAT DO I NEED TO DO?

You may wish to make any necessary address or beneficiary changes at this time. The member must pay any expense for legal counsel by the Fund's Attorney regarding distribution of monies from the Fund, or any other matters in regard to the divorce, directly affecting the Fund. (The expense cannot be deducted from your share of the Fund, pursuant to City Ordinance #6558). According to Florida law, a QDRO may not be used to force direct payment of Fund assets to a spouse in a divorce proceeding. However, alternative Orders may be entered by the Court to accomplish the distribution. A sample Order Distributing Fund Assets may be obtained from Fund counsel.

THE INVOLVEMENT OF THE FUND IN DIVORCE CASES HAS RESULTED IN SUBSTANTIAL COST, WHICH ULTIMATELY DIMINISHES THE SHARE OF ALL MEMBERS. FOR THIS REASON, THE FUND HAS ADOPTED AN ADMINISTRATIVE RULE, WHICH PROVIDES THAT ANY COSTS INCURRED BY THE FUND RESULTING FROM ANY ASPECT OF A DIVORCE PROCEEDING MUST BE REIMBURSED PRIOR TO DISTRIBUTION OF BENEFITS BEING MADE.

MEMBERS SHOULD ALSO BE AWARE THAT IN ANY SUIT AGAINST THE FUND, THE PREVAILING PARTY WILL BE ENTITLED TO ATTORNEY'S FEES UNDER CHAPTER 185, FLORIDA STATUTES.

HOW DO I VERIFY OR CHANGE MY BENEFICIARIES?

Verifications should be made in person. Change of Beneficiary forms can be obtained from any Board member or the Administrator who will mail one to you at **the address appearing on our records**. (If you have moved you must first submit a change of address in writing.)

HOW MUCH MONEY DO I HAVE IN THE FUND?

Amounts cannot be given by telephone. The Fund issues statements each quarter advising members of their earnings and balance. **(Be sure to notify the Fund of any change in your address, as members for whom we do not have addresses will not receive statements)**

HOW MUCH MONEY WILL I RECEIVE IF I LEAVE TODAY?

Vesting is based on years of service as PERMANENT Police Officers. YOU DO NOT BECOME A MEMBER OF THIS FUND UNTIL YOU OBTAIN YOUR PERMANENT APPOINTMENT (go off probation). THIS DATE APPEARS ON EVERY STATEMENT AS YOUR "ENTRY DATE." If this date does **not** match your personnel records please notify this office, IN WRITING, immediately. Full vesting occurs nine years and one day from your date of entry. (See your SPD for more detailed information regarding vesting.)

HOW AND WHEN CAN I TAKE MY MONEY?

Benefits may be "rolled over," taken in full, or divided into equal annual installments over a period not to exceed five (5) years. Notice of election to receive anything other than full payment **MUST** be made at time of application and is irrevocable. Benefits will be paid upon completed application to the Fund after separation from service, subject to IRS regulations, and final approval by the Board of Trustees.

IF I DO NOT CHOOSE TO TAKE FULL PAYMENT OF MY BENEFITS, WILL I CONTINUE TO EARN INTEREST ON THE MONIES LEFT IN THE FUND?

NO. The day you cease to be an ACTIVE police officer, you are no longer entitled to earnings on your account pursuant to City Ordinance 6558.

IF I LEAVE DURING A QUARTER, WILL I RECEIVE ANY INTEREST ON INVESTMENTS FOR THAT QUARTER?

NO. You must be on payroll on the last day of the quarter (March 31, June 30, September 30 or December 31) in order to receive any earnings for that quarter.

WILL I ALSO LOSE MY STATE CONTRIBUTION?

NO. The annual contribution from the State of Florida is based on the number of days worked in the prior year, with a full year being 240 days. You will receive credit for each day you are on payroll, up to 20 days per month.

HOW DO I OBTAIN MY FUNDS UPON RETIREMENT OR RESIGNATION?

To make application to the Fund, **you must first sign out with Personnel**. When you have done so, they will issue you an Employment Verification Form that will become part of your application package. When you receive this form, call the office to set up an appointment to complete the application.

WILL I BE ENTITLED TO BENEFITS IF I AM INVOLUNTARILY DISMISSED?

The answer will depend solely on the reason(s) for your dismissal and whether or not you are facing any criminal charges. If you intend to appeal your dismissal, the Fund cannot accept your application until you have exhausted all appeals. **PLEASE NOTIFY THIS OFFICE IMMEDIATELY UPON THE COMPLETION OF YOUR APPEAL PROCESS. YOU**

WILL BE REQUIRED TO FILE WITH THE FUND ADMINISTRATOR ANY ORDERS OR JUDGMENTS OVERTURNING THE DISMISSAL.

If you have been reinstated, this will allow us to put you back in the active group and restore all monies to which you are entitled. If you lose your appeal, and there are no criminal charges involved, you may complete an application for payment. If you are dismissed, you will be required to complete an affidavit at the time you file your application acknowledging that you are not appealing your dismissal.

HOW DO I REPORT THIS MONEY ON MY TAX RETURN?

THE FUND IS A QUALIFIED PLAN AT THIS TIME. Please check with your accountant or tax adviser. Also see attached Tax Notice regarding plan payment.

AFTER THE BOARD HAS APPROVED MY APPLICATION, HOW DO I GET MY CHECK?

Your check will be mailed via certified mail to the address on your application. However, since you have 30 days in which to reconsider election of your payment option, it will be 30-90 days before payment is made.

Should you have questions not covered in this packet, or do not understand the answer to a question, please contact the office between 9:00 a.m. and 3:00 p.m., Monday - Friday.

Sincerely,

The Board of Trustees