

LAKELAND POLICE OFFICERS'
DEFINED BENEFIT RETIREMENT SYSTEM

This proposed plan is a tiered plan consisting of 3 tiers. Members have 45 days from the effective date of the ordinance to make an election. Tier 2 will be the standard tier with the benefit provisions outlined below. All Police Officers hired after the effective date will be in Tier 2. Tier 3 is specifically for Members who are current DROP participants in the City's General Plan and are making contributions to the prior Police Supplemental Plan. For these Tier 3 Members, their benefits will be unchanged by the new plan. Tier 1 Members will freeze the benefits they had accrued under the 2 prior plans and will accrue new benefits in this plan equal to those of the Tier 2 Members.

Many of basic plan provisions are listed below. For further details or more specificity, please refer to the Ordinance.

<u>Eligibility</u>	Full-time employees who are classified as full-time sworn police officers shall participate in the System as a condition of employment.
<u>Credited Service</u>	Total years and fractional parts of years of employment with the City as a Police Officer.
<u>Salary</u>	Total compensation for services rendered as a Police Officer reportable on Form W-2, plus all tax deferred, tax sheltered and tax exempt items of income.
<u>Average Final Compensation</u>	Average Salary for the best 5 years of the last 10 years of credited service preceding retirement or termination.
<u>Member Contributions</u>	
Tier 1	Annually determined amount of sum of rate charged to Tier 2 members and the rate needed to pay for additional liability created by these Tier 1 members who chose Tier 1 over Tier 2.
Tier 2	11.0% of Salary.
Tier 3	Amount annually determined by the board's actuary.

All member contributions are subject to increases/decreases in direct proportion to city contribution increases/decreases above/below 14.95% of payroll.

City and State Contributions

Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Chapter 112, Florida Statutes. City has a floor of 14.95% of payroll (subject to adjustments made pursuant to the actuarial gain sharing account. Additional amounts as may be required from time to time to maintain actuarial soundness shall be allocated to City and Members equally.)

Normal Retirement

Date	Earlier of 1.) Age 55 and 10 years of Credited Service, or 2.) 25 years of Credited Service, regardless of age.
Benefit	3% of Average Final Compensation for each year of Credited Service.
Form of Benefit	Ten Year Certain and Life Annuity (options available).

Early Retirement

Eligibility	Age 50 and 10 Years of Credited Service.
Benefit	Accrued benefit reduced by 3.0% for each year by which retirement precedes age 55.

Vesting

Schedule	100% after 10 years of Credited Service.
Benefit	Member will receive the vested portion of his (her) accrued benefit payable at age 55 or at age 50 (reduced).

Disability

Eligibility

Service Incurred
Non-Service Incurred

Covered from Date of Employment.
10 years of Credited Service.

Benefit

Accrued benefit, with a minimum benefit of 65% of member's final pay for Service Incurred and 40% of member's final pay for Non-Service Incurred.

Duration

Benefit commences upon Board approval and is paid on a 10 year Certain and Life thereafter basis or until recovery if such recovery occurs prior to Normal Retirement Date. Optional forms available

Death Benefits

Pre-Retirement

Non-Vested

Refund of Accumulated Contributions.

Vested

Monthly accrued benefit payable to designated beneficiary for 10 years (actuarially reduced for commencement prior to otherwise Normal or Early Retirement Date). Optional forms available.

Post-Retirement

Benefits payable to beneficiary in accordance with option selected at retirement.

Board of Trustees

- a. Two Commission appointees,
- b. Two Members of the Department elected by the membership, and
- c. Fifth Member elected by other 4 and appointed by Commission.

Deferred Retirement Option Plan (Tier 2)

Eligibility

Eligibility for Normal Retirement.

Participation

Not to exceed 60 months.

Rate of Return

At Member's election:

(1) Actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or

(2) 6.5% per annum compounded monthly.

Form of Distribution

Cash lump sum (options available).

Actuarial Gain Sharing Account

75% of all accumulated actuarial gains (net of losses) shall be used exclusively to provide additional benefit improvements in this system. 25% of all accumulated actuarial gains (net of losses) shall offset the City's and Members' funding requirements in a ratio of 1.0 to 1.0 respectively.