

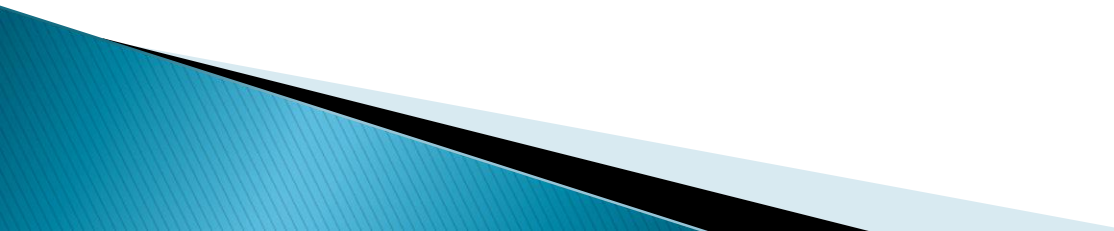
POMPANO BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM EDUCATION WORKSHOP

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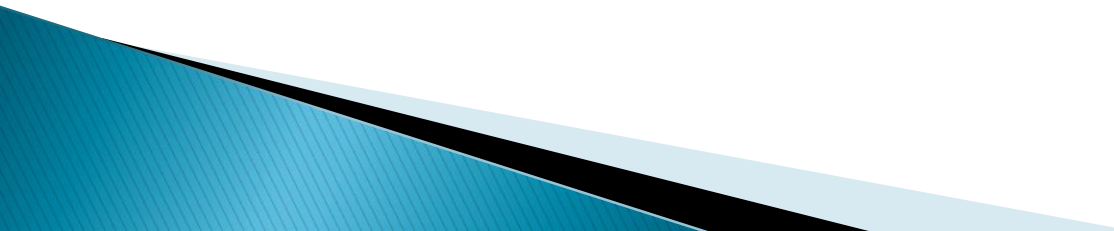
Legal Overview of Plan

- ▶ Article X Section 14 of the Florida Constitution provides: “A governmental unit responsible for any retirement system supported in whole or in part by public funds shall not, after January 1, 1977, provide any increase in the benefits to the members of beneficiaries of such system unless such unit has made or concurrently makes provision for the funding of the increase in benefits on a sound actuarial basis.”
- ▶ Florida Protection of Employee Retirement Benefit Acts: Applies to all governmental plans.
- ▶ Purpose: Ensure retirement plans are managed, administered, operated, and funded so as to maximize the protection of public employees’ retirement benefits.

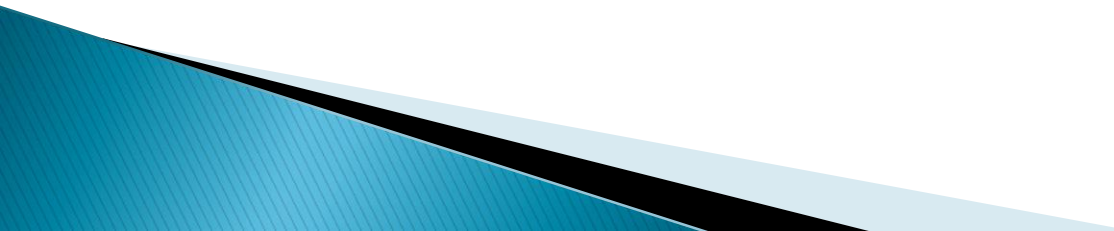
City Ordinance

- ▶ The City sets the terms of the Plan. They are contained in the City Code, Chapter 34, Section 34.010–34.040.
 - ▶ The Ordinance creates a defined benefit plan.
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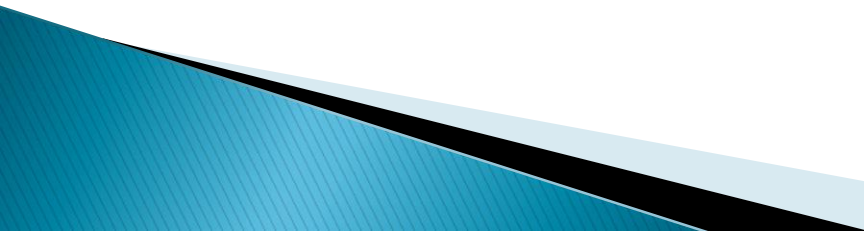
What is a Defined Benefit Plan?

- ▶ A defined benefit plan promises a specified benefit at retirement.
 - ▶ It will be paid to you for as long as you live, and can also be paid to a beneficiary following your death, if you so choose.
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Board of Trustees

- ▶ The Board of Trustees operates the Retirement System.
 - ▶ There are seven Trustees:
 - ▶ 3 appointed by the City Commission
 - ▶ 3 elected by the members
 - ▶ One person elected by the other Trustees
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Professional Service Providers

- ▶ The Board of Trustees employs an Executive Director, and an Assistant Administrator.
 - ▶ The Board also engages numerous professionals, including an attorney, accountant, auditor, custodian, investment consultant and eight investment managers. Additional persons are hired when the need arises.
 - ▶ All of these persons are responsible to the Board of Trustees, not the city.
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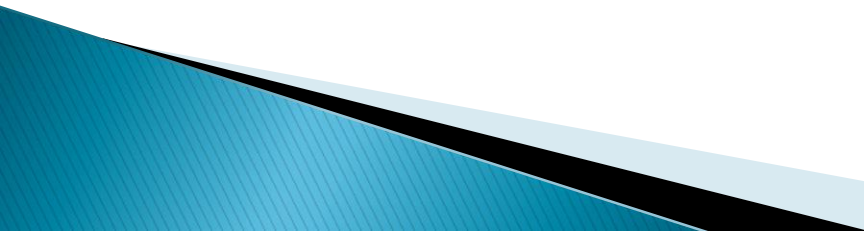
“DROP”

DEFERRED RETIREMENT OPTION PLAN

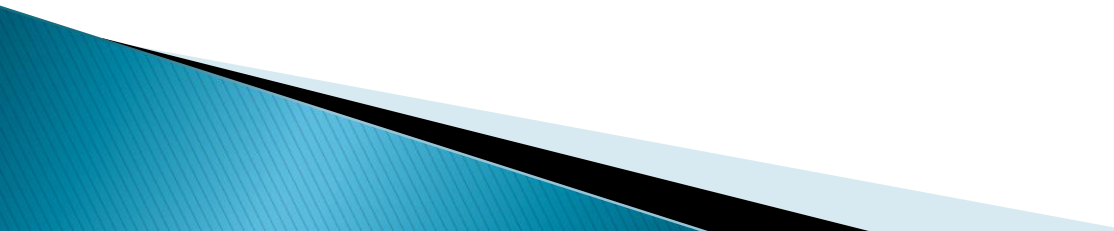
ELIGIBILITY FOR DROP

- ▶ Can enter at Age 55 with 20 years of service; or Age 62 with 3 years of service.
 - ▶ Can enter when you become eligible, or can enter later.
 - ▶ Entry is optional– you do not have to enter the DROP
- ▶ **What is a DROP Plan?**
 - ▶ The best way to conceptualize a DROP is to see it as a retirement option which permits a retiree to take a portion of the monthly benefit as a lump sum. The retirement benefits get credited to a DROP member's account while the DROP member is still working. The employee continues to work for the plan sponsor, but no longer makes contributions to the pension plan.

BASICS OF DROP

- ▶ If you enter the DROP, the amount of your monthly pension benefits will be lowered.
 - ▶ A bookkeeping account will be credited with the amount of your monthly pension benefit. The account will be credited with the System's investment earnings assumption, which is presently 8%.
 - ▶ No cost of living adjustment is included.
 - ▶ When you have a bona fide termination of employment, you can receive the balance in your DROP account.
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Additional Features of DROP

- ▶ The maximum amount of time that you can remain in DROP is 60 months.
 - ▶ You must terminate employment with the City at the end of your DROP period.
 - ▶ You can terminate employment earlier – it is up to you.
 - ▶ If you enter DROP, you lose your eligibility for death and disability benefits.
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TAXABILITY

- ▶ The IRS regulates the different ways that your DROP balance can be distributed to you. The manner in which you receive your distribution can significantly affect your tax liability.

PLEASE SEEK YOUR OWN INDIVIDUAL TAX
ADVICE

