

FIREFIGHTER DROP MEMBERS

Q. When are Board meetings held and where is the Agenda and Board minutes?

The meeting schedule, agendas and minutes are under “Administration” “Meeting Schedule.”

Q. Where does the money to pay for the Plan come from?

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|--------------------|---------------------|
| Your Contributions | City Contributions |
| State Funding | Investment Earnings |

Q. How do I know if I am making the right decision to retire?

Discuss it with your tax advisor and financial planner. The pension staff cannot and will not give any tax advice.

Q. When can I Retire and enter the Deferred Retirement Option Plan (DROP)?

Upon reaching Normal Retirement as follows:

Normal retirement for those hired BEFORE March 15, 2012 is age 55; 25 years of credited service at 85%; and 28 years at 100%.

Normal Retirement for those hired on or AFTER March 15, 2012 is age 55 and 10 years of credited service; and 25 years of credited years of service, regardless of age. The maximum benefit shall be 90%.

Members must reach normal retirement before they can enter the DROP.

Q. How do I apply for Retirement and DROP?

Call (321) 724-8877 to make an appointment with the pension staff about two (2) months before your tentative retirement date. Some of the documents you need to bring with you are a certified copy of your birth

certificate; a certified copy of your marriage license (if applicable); and a certified copy of your beneficiary's birth certificate.

Q. What is the DROP process?

The process takes about 6-12 weeks.

Choose a date for retirement and file the paperwork

After pension staff receives your final contribution from the City, they create a 10-year spreadsheet which is a review of your pension compensation and contributions. A package is sent to the Board's actuary which takes about two (2) weeks. Upon receipt of your Benefits Election Form, you meet with pension staff and are then advised to take the election form to your financial, tax, and or legal advisor.

You review your Benefits Election Form and select an option. You must return the election form to the pension office within two (2) weeks.

Your DROP payments are credited to an individual DROP account in your name. Funds remain invested in the over-all Plan until termination from employment and all distribution eligibility has been met. Returns, positive or negative, are applied to your account on a quarterly basis and are net of fees.

Once the date of your retirement in the DROP has passed, you may not change your election form or your opportunity to withdraw from retirement.

Q. Once I am retired, can I be rehired by the City of Palm Bay?

In-service distributions are when a retiree, receiving a monthly pension distribution from the Plan, is rehired by the City of Palm Bay in any capacity within a year of retirement and separation from City employment and receives income from both the Plan and the City. In-service distributions are not allowed by the Plan. If you plan to be rehired by the City, you must contact the pension office.

Q. How is my Benefit for Average Final Compensation Calculated?

One-twelfth (1/12) of the average annual compensation of the best five (5) years of the last ten (10) years of credited service prior to retirement, termination or death.

A year shall be twelve (12) consecutive months or such other consecutive period of time as is used and consistently applied.

Please note the Pension Ordinance lists the highest five (5) years out of the last ten (10) years. When calculating the compensation, the Board's actuary looks at each pay period to determine the highest one, and then they must go forward for that year in a consecutive twelve (12) month period, as per Ordinance. For example, if a member's highest pay period in a given year is September 7, 2016, they count that pay period as one of the first years of the five (5) highest consecutively to August 22, 2017. The following year (second year) could be December 8, 2017 through November 27, 2018 especially if that person has some type of pay at the end of each year boosting that pay period to the highest within that calendar year.

Whatever compensation is used, the data for the five (5) year period is included in your Benefits Election Form in the top right-hand corner.

Q. The Share Plan

The Fire Share Plan is funded exclusively with available premium tax revenue received from the State of Florida. An individual share account shall be established for each active firefighter member, including DROP participants. In the event a Fire Share Plan member separates from City employment without having become a vested Share Plan Member, the member shall forfeit his or her share account balance and the forfeited account balance shall be added to the available funds for that year. A member who separates from City employment on or after being granted an early, normal, or non-disability pension and has attained a minimum of ten (10) years of credited service, or has been granted an in-line-of-duty disability pension shall be entitled to a vested Share balance. Distributions shall only be available for members that meet certain criteria. Members

with a share account will receive an annual statement. See Ordinance 55.30 regarding the Share Plan details.

Q. What is my supplemental monthly retirement pay and when does it end?

If you terminate while vested or reach normal retirement or early retirement on or after October 1, 2007, you will receive a supplemental benefit of \$25.00 per month for each year of credited service earned prior to March 15, 2012.

Effective March 15, 2012, members who have not attained age 55 with 10 or more years of credited service or 25 years of credited service regardless of age on that date, who either terminate while vested or terminate upon reaching normal or early retirement shall receive a supplemental benefit of \$12.00 per month for each year of credited service earned on or after March 15, 2012.

This benefit shall only be paid for the life of the member and is not paid to disabled members who are being retained on the City's insurance at the expense of the City. However, this benefit shall cease when the member attains the age of Medicare eligibility. As of October 12, 2021, the age of Medicare is sixty-five (65).

A supplemental monthly retirement benefit of \$458.00 will be paid to retirees. This supplemental benefit shall only be paid for the life of the member.

These benefits commence upon entry into the DROP or upon receipt of a retirement benefit and separation from the City.

Q. When does my COLA start?

Firefighters' Cost-of-Living Allowance (COLA) is in the sixth (6th) year of retirement. They are processed each October as a group. This means if you have a retirement date between October 2nd and September 1st you will receive a pro-rated amount for the number of months that fall between your initial retirement date and September 30th. Then the COLA increase

will start with the following October 1st payment. For example, if your retirement date is November 15, 2019, with your first pension check due December 1, 2019 then your COLA will start October 1, 2026. Plus, you will receive a one-time pro-rated amount for the payments between December 2025 and September 2026.

If you select a Social Security Option as a form of retirement payment, then when you reach the age listed on your election form, your payment and COLA will reduce. Your COLA will be recalculated as though you had the reduced pension amount from the beginning of your actual COLA start date.

Q. When do I contact Palm Bay Police and Firefighters' Pension Fund after entering the DROP?

To change your address

To change your beneficiary, retirees may change their beneficiary up to two (2) times after retirement.

When your beneficiary dies

When you are suspended with or without pay

When you are demoted

When the City intends on terminating your employment

If you plan to leave employment with the City of Palm Bay

At least three (3) months prior to reaching your "end of DROP" date.

Q. How will I receive documents by email?

Click the Firefighter Patch on this website.

Open and Print the Email Authorization Form listing a personal email. To rescind or change the email address, complete the additional section on the form.

The original completed form may be hand-delivered or mailed to the pension office or give it to any of the Board of Trustees for delivery to the pension office. Do not email it as we do not have a secured site.

Q. What documents will I receive by email and how often?

Quarterly DROP Statement

Annual Affidavits are sent out around June of each year.

Mortgage Statement or Income Verification Letters upon request

Q. What is a forfeiture?

If you are convicted of the offenses listed in Pension Ordinance 55.22 prior to retirement, or your employment is terminated by reason of your admitted commission, aid, or abetment of those listed offenses, you shall forfeit or give up all rights and benefits under the Plan, except that you will receive the return of your accumulated contributions as of the date of termination. If it is determined that you might meet these guidelines, a Forfeiture Hearing may be held to determine your benefits, if any. Also pertinent to any Plan member is Pension Ordinance 55.23 Conviction and Forfeiture; False, Misleading or Fraudulent Statements.

DROP participants shall be subject to the forfeiture of all retirement benefits, including DROP benefits.

Q. Tax Cuts and Jobs Act Alters Tax Rules for Alimony

Effective January 1, 2019, changes in the Federal Income Tax Laws have eliminated tax deductions for alimony if the marriage was dissolved or a property settlement was made on or after January 1, 2019. This also includes any modification to an existing order or agreement if the

modification is made on or after January 1, 2019. This means that income deduction orders which require alimony payments to a former spouse will be income to the member. Dissolutions of marriage orders or separation agreements entered on or before December 31, 2018 will remain under the prior rule. Members who are involved in a dissolution of marriage proceeding are strongly encouraged to consult a qualified tax advisor concerning the impact of both alimony and equitable division of marital property on the member's Federal Income Tax obligations. The Pension Fund Board of Trustees and staff CANNOT provide individual tax advice. We recommend you meet with your tax advisor on any tax issues.

Q. Can I select a different beneficiary for my DROP and my regular monthly retirement pension payment?

Yes, however, beneficiaries must be selected upon application for the DROP and Retirement. Once completed, you may only change your retirement beneficiary up to two (2) times after retirement. DROP beneficiaries may be changed at any time after retirement.

Q. How do I change my beneficiary form?

Call the pension office staff at (321) 724-8877. Do not use the form on the website. You may change your beneficiary up to two (2) times after retirement; however, there is an actuarial fee that you are responsible to pay in advance to calculate your new benefit which may then reduce your monthly retirement benefit. You must provide a certified copy of your new beneficiary's birth certificate for the analysis to be conducted.

Q. How do I change my address?

Fill out a Change of Address Form located on the "Retiree" page of the website. The original completed form may be hand-delivered or mailed to the pension office (address listed on the website). If you mail it, please call the pension office for confirmation of receipt.

Q. How is the DROP rate of return determined and where can I find it?

DROP rate of return is the rate of the return for the Fund, net of investment fees on those investments under management.

DROP returns are adopted by the Board of Trustees at their quarterly meetings held in February, May, August, and November.

Once the return is posted to your individual account, you will be sent a DROP Statement.

DROP returns are posted on the website under menu item "Retirees."

Q. When I exit the DROP what options do I have for withdrawing my DROP funds?

You have a few choices that are only available at the time of exiting DROP. For details and limitations, talk to pension staff.

Firefighters may withdraw up to 75% as an initial withdraw at the time of exiting the DROP, leaving 25% in the Fund until the final interest, positive or negative, has been posted.

Leave the money in the Plan and receive annual installments, which are processed on December 1st of each year until your DROP funds have been depleted.

Rollover the balance to another qualified plan. Rollovers can only be done every 12 months.

Request the balance in cash to be deposited to your account of choice. Our bank will withhold 20% for Federal Withholding as required by the Internal Revenue Service (IRS).

Or a combination of any or all the above.

Q. When must I receive monthly distributions?

Upon reaching the end of the sixty (60) months DROP period.

According to the IRS, you must take distributions upon reaching 72 years old. If you are a DROP member, you will be required to terminate DROP and have distributions begin at age 72 if you have not yet met the sixty (60) month maximum time in the DROP.

Q. Once I retire or go into the DROP, can I change my Benefits Election Option?

No.

Q. How do I allow my spouse, significant other or beneficiary to obtain information on my retirement?

Click on the Fire Patch on the website. Print and complete an Authorization for Release of Member Pension Information Form. You may mail it, fax it, or hand-deliver it to the pension office. It will be placed in your pension file that will allow pension staff to talk to your designated contact person about all information related to your retirement with the Plan to include, but not limited to payment, election option, benefits, etc. Any change to this consent must be made in writing to the pension office.

Q. What must my family do if I die?

Call (321) 724-8877 immediately to notify pension staff. As soon as it is available provide a certified copy of the death certificate to the pension office.

Q. What do I do if my beneficiary dies?

Call (321) 724-8877 immediately to notify pension staff. As soon as it is available provide a certified copy of the death certificate to the pension office.