

[Senate Bill 172 / Chapter 2015-039, Laws of Florida](#)

Mutual Consent:

1. **Question:** What does mutual consent mean and how is it demonstrated? Does a normal collective bargaining agreement that has not gone to impasse mean mutual consent, as expressed in SB 172? Do the collective bargaining agreements need to explicitly state that the use of premium tax revenues has been mutually agreed upon in the text of the collective bargaining agreement?

Answer: For non-collectively bargained service, mutual consent requires approval of the terms of the agreement by the plan sponsor and a majority of the police officer or firefighter members of the plan. Members' consent must be determined in a ballot of the members of the plan. For collectively bargained service, mutual consent requires approval of the terms of the agreement by the plan sponsor and the members' collective bargaining representative. In either case, both parties must consent to the terms of the agreement without a contract imposition. The department urges participating plans to explicitly identify the existence of mutual consent and the terms to which the parties have mutually consented in the contract provisions, with signatures of authorized representatives from each contract party attesting specifically to the mutual consent. The annual report will contain a place for the plan board to represent to the department that the plan is, or is not, operating under a mutual consent agreement, and the terms of such agreement. Supporting documents must be submitted to the department upon creation or amendment of mutual consent provisions.

2. **Question:** Can the plan sponsor and members mutually consent to reduce benefits below the chapter minimums?

Answer: No. The statute specifically requires that chapter minimum benefits and standards must be met to engage in a mutual consent agreement, with the exception of plans that did not meet chapter minimums as of October 1, 2012.

3. **Question:** In the "mutual consent" provisions in ss. 175.351(1)(g) and 185.35(1)(g), what is the duration of the mutual consent agreement?

Answer: According to the statute, the "... mutually agreed deviation must continue until modified or revoked by subsequent mutual consent ..." This means the mutual consent agreement, once entered, will remain in place until the parties (the collective bargaining representative or, if none, a majority of the plan members; and the plan sponsor) mutually consent to change or revoke the agreement.

4. **Question:** Can "mutual consent" be entered into retroactively? If a plan does not have a mutual consent agreement in place by October 1, 2015, can the agreement have an earlier effective date (back dated to October 1, 2015 or even earlier)? Can the agreement have an effective date prior to October 1, 2015? July 1, 2015?

Answer: In this initial year of implementation, agreements for mutual consent may be dated retroactively to October 1, 2015, or before; but may not be applied prior to the effective date of the law (July 1, 2015).

Defined Contribution Plans:

5. **Question:** For the defined contribution plans that are required to be established under SB 172, are there any requirements with respect to the method of dividing the premium tax distributions? Are there any requirements with respect to the ways in which these funds must be invested – by the board vs self-directed? Will the plans just be required to establish a “share plan” in the same way all the other share plans have historically been created?

Answer: The statute does not specify the terms or method of creation of the defined contribution plans. “Share plans” have existed for a number of years and the parameters have historically been determined by local negotiation. The methods of allocating state revenues or investing the accounts are a matter of local determination. However, please note that in the case of self-directed share balances, sections 175.071(5) and 185.06(4), Florida Statutes, give the board of trustees the sole and exclusive authority and responsibility to ensure the proper operation of the retirement trust fund. This responsibility includes investing and reinvesting the plan assets in accordance with the statute, local ordinance and investment policy. The board may not delegate ultimate responsibility for this requirement and must continue to monitor such investments for compliance.

6. **Question:** Are there any restrictions on the defined contribution plan provisions with respect to vesting?

Answer: The vesting provisions for the defined contribution plan component of a local law plan should follow the statutory minimum 10 year vesting requirement.

7. **Question:** Can the required defined contribution plans be adopted by the board by uniform administrative rule for purposes of complying with Sections 175.351(6) & 185.35(6)? Special act plans or non-collectively bargained plans may have difficulty meeting the October 1, 2015 deadline.

Answer: Sections 175.071(5) and 185.06(4), Florida Statutes, state that “... nothing herein shall empower a board of trustees to amend the provisions of a retirement plan without the approval of the municipality [or special fire control district].” Creation of a defined contribution component for a local law plan will require action on the part of the plan sponsor or state legislature, either creating the plan or explicitly delegating authority to the board to create the plan. Failure to comply with all the provisions of the chapter, including the requirement to create a defined contribution plan, could jeopardize receipt of insurance premium tax revenues, until the issue of non-compliance is resolved. Therefore, if the plan complies with this requirement prior to the next premium tax distribution, the moneys will not be withheld.

Chapter Minimums:

8. **Question:** What are the chapter minimum benefits that must be met for each participating plan?

Answer: See attached Exhibit B for a brief summary of chapter minimum benefits. Refer to sections 175.021 – 175.341, 175.361 – 175.401, 185.01 – 185.341, and 185.37 – 185.50, Florida Statutes for a complete list of chapter minimums. If the summary conflicts with the statute, the provisions of the statute will prevail.

9. **Question:** Are all participating plans required to meet all chapter minimum benefits and standards to be eligible for receipt of insurance premium tax revenues? Are there any exceptions?

Answer: All participating plans must meet all chapter minimum benefits and standards prior to receipt of the insurance premium tax revenues. Prior language which allowed compliance with minimums to be deferred until the state revenues become available to incrementally fund the cost of compliance (Naples letter language) has been deleted. There are three exceptions provided in SB 172 that allow benefits or standards below chapter minimums:

- Plans with a benefit accrual rate less than the new chapter minimum of 2.75 percent as of July 1, 2015, may maintain, but not reduce, that level of benefit. All other minimums must be met. This includes plans with a maximum benefit limitation. The benefit accrual rate exception ends if the benefit accrual rate is later increased to at least 2.75 percent.

- Plans operating under a mutual consent agreement for the use of premium tax revenues and that did not meet all chapter minimums as of October 1, 2012, may maintain, but not reduce, that level of benefits. All other minimums must be met. This exception continues as long as the mutual consent agreement is in place.

- Plans which reduced benefits below chapter minimums as a result of a reliance on a Department of Management Services (department) interpretation (Naples letter) between August 14, 2012 and March 3, 2015, may maintain, but not reduce, that level of benefits. The reliance must be evidenced by a written, specific collective bargaining proposal or agreement, or formal correspondence between the sponsor and department dated before March 3, 2015. This exception will expire on the earlier of October 1, 2018 or the effective date of a new collective bargaining agreement that is contrary the changes to the local law plan (i.e., the collective bargaining agreement corrects the benefit(s) that is below chapter minimums).

10. **Question:** For a plan that provides more than one tier of pension benefits, if the plan meets the 2.75 percent minimum multiplier for one tier, but not for the other, does that plan meet the chapter minimum benefit?

Answer: No. Unless each member of the plan is eligible to receive at least the chapter minimum benefit accrual rate for all years of credited service, the plan does not satisfy the chapter minimum. Such plan, if in effect on July 1, 2015, would meet the requirements for the exception to meeting the chapter minimum.

11. **Question:** The chapter minimum benefit accrual rate is defined to be, "... an amount equal to the number of his or her years of credited service multiplied by 2.75 percent of his or her average final compensation ..." To meet this chapter minimum, must the plan provide at least a 2.75 percent multiplier for all years of credited service, or only prospectively from the date of implementation?

Answer: The minimum chapter benefit requires an accrual rate equal to 2.75 percent for *all years* of credited service. The minimum is not met if some members of the plan have less than that benefit for any parts of service, including as the result of a maximum benefit limitation.

12. **Question:** How will plans demonstrate compliance with chapter minimums and allocations of insurance premium tax revenues?

Answer: The annual report will be updated to reflect the changes enacted by SB 172. Among the

representations and disclosures included on the annual report to allow the department to determine compliance will be:

- Does the plan meet all chapter minimums?
- Is the plan operating under the Naples letter interpretation?
- Has the plan established a mutual consent agreement, and if so, how the premium tax moneys are being applied?
- Does the plan operate under a collective bargaining agreement?
- Has the plan entered into a new collective bargaining agreement since July 1, 2015?
- Has the plan established the required defined contribution plan, and its date of creation?

Use of Premium Tax Revenues without Mutual Consent:

13. **Question:** Which distribution is meant by “the revenues received for calendar year 2002 or 2012?”

Answer: The revenues received for the 2002 calendar year were distributed in the summer of 2003 (on or around October 1, 2003 for the firefighters’ supplemental distribution). The revenues received for the 2012 calendar year were distributed in the summer of 2013 (on or around October 1, 2013 for the firefighters’ supplemental distribution).

14. **Question:** Do participating plans created after March 1, 2015 have a “base premium tax revenue”?

Answer: No. Plans created after March 1, 2015, must split the money equally between defined contribution and defined benefit plan benefits, in the absence of a mutual consent agreement to the contrary.

15. **Question:** The statute says the effective date of the changes for the use of premium tax moneys in sections 175.351(1) and 185.35(1), F.S., is October 1, 2015 for non-collectively bargained service, or “upon entering into a collective bargaining agreement on or after July 1, 2015”. Does that mean the date the agreement is enacted (signed) or the effective date?

Answer: The date referenced by “upon entering into a collective bargaining agreement on or after July 1, 2015” is the date on which the terms of the agreement are effective, which may or may not be the date the agreement is signed and could be a prior date.

16. **Question:** Applicability of statutory provisions to various plan types: Are the following plan types required to create a defined contribution plan and comply with the other provisions in sections 175.351 and 185.35?

Answer:

a) “Chapter Plans” - The provisions of sections 175.351 and 185.35 only apply to “local law” plans. “Chapter plans” are not required to create defined contribution plans or adhere to the statutory specifications for use of insurance premium tax revenues.

b) Closed plans - Closed plans are not statutorily exempted from compliance with these provisions.

c) “Deemed to comply plans” - The changes enacted by SB 172 do not appear to have amended the

applicability of this exemption for plans that were created by special act prior to May 27, 1939, that are “deemed to comply” with the provisions of the chapter. However, it should be noted that the bill specifically requires submission of a detailed accounting report and administrative expense budget for such plans.

17. **Question:** How is the “full annual cost” of benefits in excess of minimums discussed in ss. 175.351(1)(c) and 185.35(1)(c) to be determined? How will compliance with this requirement be demonstrated?

Answer: The actuary must provide a calculation of the annual cost of plan benefits that exceed the chapter minimum benefits. This will be provided as a component of the plan’s annual report in the actuary’s confirmation of the use of premium tax revenues. This amount may be calculated directly, or by subtracting the calculated cost of a chapter minimum benefits plan from the total plan funding requirement. Please refer to prior guidance on a possible methodology for calculating a minimum plan’s cost (attached Exhibit A).

18. **Question:** The statute uses two phrases to describe plan benefits above the minimums: “other retirement benefits in excess of the minimum benefits” and “benefits that are not included in the minimum benefits.” What is the difference between these two phrases?

Answer: For purposes of use of the insurance premium tax revenues, the department does not interpret any distinction between the two phrases. Any benefit that is provided by the plan that is in excess of, or in addition to, the chapter minimums satisfies either phrase, including the use of premium taxes to provide a defined contribution benefit that supplements the minimum defined benefit.

19. **Question:** When is the deadline for a plan to achieve a mutual consent agreement, or else be required to use the default premium tax allocation? When is the deadline to establish the defined contribution plan?

Answer:

For non-collectively bargained plans, October 1, 2015.

For collectively bargained plans, the effective date of next collective bargaining agreement after July 1, 2015.

For plans that are in the process of establishing their initial collective bargaining agreement, the earlier of October 1, 2015, or the effective date of the initial collective bargaining agreement.

For special act or supplemental plan municipality plans with an agreement for the use of premium tax revenues, the mutual consent deviation is automatic as of July 1, 2015.

For supplemental plans in existence on March 1, 2015, the defined contribution plan is automatic as of the effective date of the bill (July 1, 2015).

20. **Question:** For premium taxes received above the base year amount, but less than the amount received for calendar year 2012, that exceed what is required to fund benefits “not included in the minimum benefits”, it must be divided 50/50 as described in ss. 175.351(1)(b) and 185.35(1)(b), F.S. What happens if the base year amount exceeds the amount required to “fund minimum benefits or other retirement benefits in excess of the minimum benefits”?

Answer: Any premium taxes in excess of the amounts allocated to fund minimum benefits and other retirement benefits in excess of the minimums, as determined by the plan sponsor, may be applied at the discretion of the plan sponsor toward current year benefits (either defined benefit or defined contribution), as an immediate reduction of UAL balance, or reserved as a prepaid sponsor contribution toward future required funding.

21. **Question:** The premium tax distributions have been separated into three “pots” of money: the base year amount, the amount between the base amount and the 2012 distribution amount, and the amounts in excess of the 2012 distribution. Once the cost of minimum benefits has been satisfied, is there a prescribed order of application of the pots of funds? In other words, does the entire base amount have to be used for benefits in excess of the minimums before any of the amount between base and 2012 can be applied? If the amount between base and 2012 is applied first, it could result in a remainder of funding in the base amount.

Answer: The order of application of the “pots” of funding is determined by the plan sponsor.

22. **Question:** If a collectively bargained plan does not enter into a new collective bargaining agreement between July 1, 2015 and October 1, 2015, will the bill affect the distribution and allocation of the premium taxes received for calendar year 2014 (distributed in the summer of 2015)?

Answer: No. The bill will not affect this year’s distribution and allocation. The annual report will be updated to reflect the changes implemented by SB 172, but many of the changes will not impact the 2015 Annual Report that will be submitted to the department in March 2016.

If a plan does enter into a new collective bargaining agreement between July 1, 2015 and October 1, 2015, particularly if the agreement occurs between July 1, 2015 and the date of the 2014 distribution (summer 2015), please contact the department to discuss your plan.

23. **Question:** Sections 175.351(1)(f) and 185.35(1)(f), F.S, permits plans with benefits above or not included in the chapter minimums to reduce them, as long as the 2.75 percent minimum accrual rate is met. Premium tax moneys saved by the benefit reduction are divided 50/50 as described in ss. 175.351(1)(b) and 185.35(1)(b), F.S.

How do the exceptions related to supplemental plans work?

Answer:

a) Supplemental plan benefits in effect as of September 30, 2014 may not be reduced or included in this calculation. This means that the formula for allocating funds to the supplemental plan in effect on that date must be maintained.

b) The amount of any additional premium tax revenues distributed to a supplemental plan for the 2012 calendar year may not be reduced or included in this calculation. This establishes a threshold dollar level that can’t be reduced as a result of the benefit reduction.

"Naples letter" Exemption:

24. **Question:** In ss. 175.351(7) and 185.35(7), a plan sponsor that has relied upon a department interpretation (Naples letter) and implemented or proposed a change to a local law plan below chapter minimum benefits between August 14, 2012 and March 3, 2015, may continue to rely upon that interpretation until the earlier of October 1, 2018 or a new collective bargaining agreement after July 1, 2015, that "is contrary to the change to the local law plan." However, the reliance must have been supported by written collective bargaining documents or formal correspondence with the department dated before March 3, 2015.

a) How will a plan demonstrate that it is operating under a reliance on the August 14, 2012, DMS interpretation (Naples letter)?

Answer: A plan that corresponded with the department prior to March 3, 2015, describing the specific changes or proposed changes, will be assumed to qualify for this exception. A plan with a collective bargaining agreement or proposal during the eligible time frame that described the specific changes or proposed changes may identify its reliance on the Naples letter on the actuary's confirmation of the use of premium tax revenues, which demonstrates how the premium tax moneys are being applied. Supporting documents may be requested to confirm eligibility.

b) How long does the exemption from meeting the chapter minimums last and/or under what conditions does the exemption end?

Answer: If a plan operating under this exemption enters into a new collective bargaining agreement before October 1, 2018, that is "contrary to the changes to the local law plan" (i.e., it corrects the issue of non-compliance with chapter minimums), then the exemption for that benefit ends. If the new collective bargaining agreement maintains the issue of non-compliance with chapter minimums, then the exemption remains in effect. However, in all cases, the exemption will expire at the very latest on October 1, 2018, and any collective bargaining agreement then in effect must recognize that the plan benefits must be amended as of October 1, 2018 to correct the issue of non-compliance with chapter minimums to maintain eligibility for receipt of premium tax revenues.

c) When the issue of non-compliance is corrected, will the correction be applied prospectively only, or retroactively as well to the period of time covered by the non-compliance?

Answer: Returning the plan to compliance with chapter minimums may be effected on a prospective basis for all benefits, except the minimum benefit accrual rate, which requires a 2.75 percent multiplier for all years of credited service.

25. **Question:** If a plan meets all minimum benefits except the 2.75 percent minimum benefit accrual rate based on a reliance on the department's interpretation (Naples letter), does that minimum benefit exception expire on October 1, 2018? If the plan fails to meet several chapter minimums, including the accrual rate, does the exception for all other minimums expire on October 1, 2018, but the accrual rate exception continue on?

Answer: If a plan meets all minimum benefits except the 2.75 percent minimum benefit accrual rate on July 1, 2015, that exception will continue to apply, whether or not the plan relied on a department interpretation (Naples letter). The exception for all other missing minimums will expire on October 1, 2018, at the latest.

Detailed Accounting Report and Administrative Expense Budget:

26. **Question:** Plans are required to prepare a “detailed accounting report” and “administrative expense budget”, and provide copies to the plan sponsor and the department (in the case of the accounting report), as well as make it available to plan members, and post it to the web. The budget must be provided before the beginning of the “fiscal year”. To which “fiscal year” does the bill refer – the sponsor’s or the plan’s? When must the accounting report be submitted?

Answer: The budget must be provided prior to the beginning of the plan’s fiscal year, which will be October 1, in most cases. The accounting report must accompany the plan’s annual report to the division, which is due on March 15 of the following year, to demonstrate compliance with the statutory provision prior to release of the premium tax revenues. No deadline is specified in the statute for submitting the report to the plan sponsor but if the plan has the report available to submit to the state, the plan should also provide a copy to the sponsor at that time.

27. **Question:** In sections 175.061(8)(a) and 185.05(8)(a), Florida Statutes, the “detailed accounting report” is minimally required to include line items for all administrative expenses for “... legal counsel, actuary, plan administrator, and all other consultants, and all travel and other expenses paid to or on behalf of the members of the board of trustees or anyone else on behalf of the plan.” No specific criteria are established for the content of the “administrative expense budget”.

a) Does the administrative expense budget have to be broken out to a specific level of detail, or is one lump sum estimate of administrative expenses for the year sufficient?

Answer: Although the exact format is not specified, the department encourages participating plans to provide a budget that is similar in detail to the requirements specified for the detailed accounting report and which follows the generally accepted accounting principles used for reporting administrative expenses in the plan’s audit or city’s CAFR. This will help to ensure a transparent process for planning and tracking administrative expenses.

b) Are there any requirements in place to ensure the reasonableness of the board’s administrative expense budget?

Answer: The report and budget items are disclosures that are prepared under the board of trustees’ sole and exclusive responsibility to administer the plans. The boards, as fiduciaries to the plan, are required to “... defray reasonable expenses of administering the plan”.

c) Are either the detailed accounting report or the administrative expense budget required to disclose fixed or variable investment manager fees?

Answer: There does not appear to be a requirement regarding disclosures of investment expenses.

d) Is the performance evaluator hired by the boards to evaluate the performance of professional money managers at least on a triennial basis included in the administrative expenses or investment expenses for purposes of the report and budget?

Answer: For questions regarding classification of plan expenses, please consult with your plan auditor or follow prior practices (e.g., Where have they historically been classified? Have the performance consultant fees typically been subtracted when computing investment earnings, net of investment

expenses?

e) What constitutes making the report and budget available to plan members? Would the requirement be satisfied if the documents were available at the board of trustees' office or the city finance office?

Answer: The board is required to provide a copy of the report and budget to the plan sponsor, but is only required to make them available to the plan members. This may be accomplished in a variety of ways, including circulating the documents in common areas frequented by plan members, placing them on the board's website, if one exists, and making them available to plan members on request.

28. **Question:** Sections 175.061(8)(a)2 and 185.05(8)(a)2, F.S., require that the board provide a copy of the updated budget, if it is amended by the board. Under what circumstances must the revised budget be provided?

Answer: The board, as the sole and exclusive administrator of the pension fund, must determine when or if the budget requires revision. The board may wish to request guidance on this issue from its advisors.

House Bill 1309 / Chapter 2015-157, Laws of Florida

1. **Question:** Section 112.63(1)(f), Florida Statutes, requires that plans must use the mortality tables and methodology employed by the Florida Retirement System (FRS) in one of its two most recently published actuarial valuation reports, effective January 1, 2016. How does the department interpret the effective date of this requirement?

Answer: Plans are required to use the prescribed mortality tables and methodology for all actuarial reports with a valuation date on or after January 1, 2016. For most plans, this will mean that the valuation report as of October 1, 2016, will be the first report to which this requirement applies.

2. **Question:** The FRS valuation report for June 30 plan year end is usually published in December. How does the department interpret which FRS reports constitute “either of the two most recently published actuarial valuation reports...”?

Answer: This means either of the two most recently published FRS actuarial valuation reports as of the local plan valuation date. Therefore, when preparing the actuarial valuation report as of October 1, 2016, the two most recently published actuarial valuation reports of the FRS would be the reports that were published in December 2015 (as of June 30, 2015) and December 2014 (as of June 30, 2014).

3. **Question:** How will the plan actuaries know which mortality tables and methodology the FRS has used in its two most recently published reports?

Answer: The department will make the FRS actuarial valuation reports available and disclose the mortality tables and methodology used on its website.

4. **Question:** How often does the FRS update its mortality tables and methodology?

Answer: The FRS has historically updated its mortality assumptions once every five years. The assumptions were last updated as of the June 30, 2014 valuation report that was published in December 2014.

5. **Question:** What impact, if any, does the date change in section 112.664(1), F.S. have to the additional actuarial disclosures that were initially introduced in the 2013 Senate Bill 534?

Answer: *Effective January 1, 2016*, the provisions of section 112.664(1), F.S., were amended to require submission of the disclosures “within 60 days after receipt of the certified actuarial report submitted after the close of the plan year that ends on or after December 31, 2015 ...” Since the revised language does not go into effect until after the date change is already applicable, the amendments to this section do not have any impact on the disclosures that are required to be submitted in the original language introduced by Senate Bill 534. These disclosures are required to be submitted within 60 days of receipt of the specified actuarial valuations or April 29, 2015, whichever occurs later, as further clarified in chapter 60T-1.0035, Florida Administrative Code.

EXHIBIT A – Sample calculation of cost of a minimum benefits plan

When calculating the cost required to fund a chapter minimum benefit plan, the following method is acceptable, but it is not necessarily the only acceptable way. Other methods will be considered on a case-by-case basis to ensure compliance with applicable statutes and rules.

Sponsor Cost of a minimum benefit plan

To demonstrate compliance with 175.351(2) and 185.35(2), F.S., the plan actuary should value the plan using the minimum chapter benefits and standards, including a 2.75 percent accrual rate, 10-year-certain form of benefit, etc. Employee contributions should be included at the current rate, subject to a 5 percent minimum employee contribution rate. Inactive participants should be valued assuming their benefits as determined by the chapter minimums, with the exception of the benefit commencement date. The benefit commencement date for inactive participants should use the actual date of benefit commencement based on plan provisions. The normal cost (NC_{min}) and accrued liability (AL_{min}) shall be determined using the individual entry age normal funding method. The assumptions used should be the same as those used in the most recent actuarial valuation.

Plan assets used to determine the unfunded liability in the calculation shall be based on the actuarial value of Plan assets (AV) used to determine the minimum funding costs of the Plan multiplied by an adjustment factor. The adjustment factor shall equal the AL_{min} divided by the total plan accrued liability (AL) using the traditional entry age normal funding method. In cases where there has been an improvement in plan benefits within the last three (3) plan years, the AL for purposes of this adjustment shall be based on the AL using the plan provisions prior to the benefit improvement.

$$AV_{min} = AV * (AL_{min}/AL)$$

$$UAL_{min} = AL_{min} - AV_{min}$$

The sum of the normal cost (NC_{min}) and the 30-year amortization of the unfunded actuarial accrued liability (UAL_{min}) shall be defined as the cost of a minimum benefit plan. Any companion plans, such as a defined contribution plan, should be ignored in determining the cost of this minimum benefit plan.

Exhibit B – Brief summary of chapter minimum benefits

BENEFIT ELEMENT	Chapter 175 - Firefighters Minimum Benefits	Chapter 185- Police Officers Minimum Benefits
A. NORMAL RETIREMENT		
1. Eligibility:		
Age	Age 55 w/10; or 52 w/25 years' service	Same
Military Service	5 year limit, must return within 1 year. No contribution required.	Same
2. Amount of Benefit:		
	2.75% per year of service.	Same
3. Average Final Compensation:		
	For full-time, the best 5 of the last 10 years; for volunteers, the greater of the average of the 10 best years or the career average.	Best 5 of last 10 years.
4. Compensation:		
	Fixed monthly remuneration	Total cash remuneration
5. Vesting Rights:		
	10 years.	Same
6. Normal Form		
Payment Options:	1. Life Annuity	Same
	2. Joint & Survivor	Same
	3. Other, at discretion of Board of Trustees.	Same
7. Relation to Social Security:		
	None	Same
B. EARLY RETIREMENT		
	Age 50 with 10 years' service. Adjusted, reduced 3% for each year member's age at retirement is under member's normal retirement age.	Same
C. DEFERRED RETIREMENT OPTION PROGRAM (DROP)		
	None	Same
Compulsory Retirement:	None	Same
Relation to Social Security:	None	Same
D. DISABILITY BENEFITS		
1. In-Line-Of-Duty:		
a. Eligibility:	Day one coverage.	Same

b. Type of Disability:	Total & Permanent: cannot render useful service as a firefighter.	Total & Permanent; cannot render useful service as a police officer.
c. Type of Benefit:		
(1) Amount:	2% per year of AFC	Same
(2) Minimum:	Not less than 42% of AMC	Same
(3) Maximum:	Accrued benefit, if more than 42%.	Same
(4) Duration:	Life with 120 months certain, or member may choose optional forms.	Same
(5) Survivor Benefits:	1. Balance, if any, of 120 payments.	Same
	2. If optional form selected by retiree, then payments continue to beneficiary for their lifetime.	Same
2. Non-Line-Of-Duty:		
a. Eligibility:	10 years of contributing service.	Same
b. Type of Disability:	Total and permanent; cannot render useful service as a firefighter.	Total and permanent; cannot render useful service as a police officer.
c. Type of Benefit:		
(1) Amount	Same as "In-Line-Of-Duty"	Same
(2) Minimum	Not less than 25% of AMC.	Same
(3) Maximum	Accrued benefit, if more than 25% of AMC.	Same
(4) Duration	Same as "In-Line-Of-Duty"	Same
(5) Survivor Benefits:	Same as "In-Line-Of-Duty"	Same

E. DEATH BENEFITS

1. Before Retirement:		
a. In-line-of-duty:		
(1) Lump Sum:	(a) 100% refund of employee contribution without interest.	Same
	(b) If insurance purchased, larger of employees contributions or policy death benefits.	Same
(2) Survivor Benefits	If a member has at least 10 years of contributing service, the beneficiary is entitled to the benefits otherwise payable to the officer at the early or normal retirement date.	Same
b. Non-service-incurred:		
(1) Lump Sum:		

	(a) 100% refund of employee contribution without interest.	Same
	(b) If insurance purchased, larger of employee contribution or policy death benefits.	Same
(2) Survivor Benefit:	If a member has at least 10 years of contributing service, the beneficiary is entitled to the benefits otherwise payable to the officer at the early or normal retirement date.	Same
2. After Retirement:		
a. Lump Sum	None	Same
b. Survivor's Benefit		
	i. Balance, if any, of 120 payments to beneficiary under normal form.	Same
	ii. In accordance with option, if elected, for the lifetime of the beneficiary.	Same
<hr/>		
F. COST OF LIVING INCREASE	None	Same
<hr/>		
G. HEALTH INSURANCE SUBSIDY	Trust funds may be established by payment to the fund of an amount equivalent to one-half of the net increase over the previous tax year in the premium tax funds	Same
<hr/>		
H. SEPARATION (OR WITHDRAWAL) BENEFITS		
	1. 100% refund of employee's contribution, without interest, less any benefits paid. No further benefits payable.	Same
	2. After 10 years' service, may leave accrued contributions in fund and upon attaining age 50, may retire at the actuarial equivalent of amount of such retirement income.	Same
	3. May leave contributions in fund for up to five years pending rehire. Will receive credit for all years of service.	Same
<hr/>		
I. NON-PARTICIPATION	Mandatory. Chiefs may be allowed to opt-out by local ordinance.	Same
<hr/>		

J. CONTRIBUTIONS TO RETIREMENT FUND

- | | | |
|-----------------|--|---|
| 1. By Employee: | 5% of Salary. (Minimum of 1/2 of 1%). | Same |
| 2. By Employer | By city, or other sources, an amount necessary to pay the normal cost and fund the actuarial deficiency over a 40 year basis. | Same |
| 3. By Others | <ul style="list-style-type: none"> a. The State contributes 1.85% of gross premiums collected on property insurance covering property within the corporate limits of the municipality or boundaries of the fire control district. b. Fine and forfeitures. c. Gifts, bequest and devises. d. All accretions to the fund. | <ul style="list-style-type: none"> a. The State contributes 0.85% of gross premiums collected on automobile, burglary and theft, glass, and fidelity bonds covering property within the corporate limits of the municipality or boundaries of the fire control district. Same Same Same |

K. INVESTMENT RIGHTS OF BOARD

- | | |
|--|--|
| 1. Annuity and life Insurance. | Same |
| <ul style="list-style-type: none"> a. Purchase annuity of life insurance contracts in amounts sufficient to provide, in whole or in part, the benefits to which all participants shall be entitled. | Same |
| 2. Bonds | |
| <ul style="list-style-type: none"> a. Any obligation guarantee by U.S. Government. b. Bonds issued by the State of Israel. c. Up to 25% of plan assets in foreign securities. | <ul style="list-style-type: none"> Same Same |
| 3. Banks: | Same |
| <ul style="list-style-type: none"> a. Time & savings accounts of a national bank, or b. State bank insured by the Bank Insurance Fund, or; c. Any savings & loan association insured by the Savings Association Insurance Fund administered by the FDIC or chartered Credit Union, insured by the National Credit Union Share Insurance Fund. | <ul style="list-style-type: none"> Same Same Same |

d. Corporate bonds, stocks or other evidences of indebtedness up to a maximum of 50% of assets of the fund, but not more than 5% of the fund assets in the common stock or capital stock of one issuing company. Same

L. ADMINISTRATION

Board of Trustees

Same