

Sponsored by: Firefighters' Pension Plan and Trust Fund Board
City Council Public Hearing Dates: October 11, 2005
November 8, 2005
Enactment Date: November 8, 2005

**CITY OF MARATHON, FLORIDA
ORDINANCE 2005-21**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MARATHON, FLORIDA, REPEALING ORDINANCE 2003-27, AS AMENDED BY ORDINANCE 2004-03, WHICH CREATED THE "CITY OF MARATHON FIREFIGHTERS' PENSION PLAN AND TRUST FUND," AS A "CHAPTER PLAN" AS DEFINED BY CHAPTER 175, FLORIDA STATUTES; ESTABLISHING A NEW PENSION PLAN FOR THE CITY'S FIREFIGHTERS TO BE KNOWN AS THE "RETIREMENT PLAN AND TRUST FOR THE FIREFIGHTERS OF THE CITY OF MARATHON," AS A "LOCAL LAW PLAN" AS DEFINED BY CHAPTER 175, FLORIDA STATUTES; PROVIDING FOR THE TRANSFER OF ALL ASSETS AND LIABILITIES OF THE CHAPTER PLAN TO THE LOCAL LAW PLAN

WHEREAS, on January 1, 2004, the City of Marathon, Florida, established the "City of Marathon Firefighters' Pension Plan and Trust Fund," in accordance with Chapter 175, Florida Statutes, in order to provide retirement, death, and disability benefits to the City's firefighters; and

WHEREAS, the City of Marathon Firefighters' Pension Plan and Trust Fund, was established as a "Chapter Plan" as set forth and defined in Chapter 175, Florida Statutes; and

WHEREAS, the City Council desires further to enhance the pension benefits provided to the City's firefighters by terminating the "City of Marathon Firefighters' Pension Plan and Trust Fund" and establishing a "local law plan" as defined in Chapter 175, Florida Statutes, containing the benefits, terms, and conditions set forth in the "Florida Municipal Pension Trust Fund Defined Benefit Plan Document dated November 20, 2003," as amended by the "Adoption Agreement" attached as Exhibit "A" to this Ordinance (collectively "Local Law Plan"); and

WHEREAS, the City Council has reviewed the report of the actuary, attached as Exhibit "B," and finds that enhancement of the pension benefits provided to the City's

firefighters by establishing the Local Law Plan attached as Exhibit "A" to this Ordinance is in the best interest of the City.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MARATHON, FLORIDA, AS FOLLOWS:

Section 1. Recitals. The foregoing recitals are true and correct and incorporated herein by this reference.

Section 2. Repeal of Chapter Plan. That Ordinance 2003-27, as amended by Ordinance 2004-03, is hereby repealed in its entirety as follows:

~~Section 1. The City of Marathon, Florida, hereby establishes a defined benefit plan for the City's full-time and volunteer firefighters to be known as the "City of Marathon Firefighters' Pension Plan and Trust Fund" (the "Plan"). The Plan will be a "chapter plan" and shall provide full-time and volunteer firefighters with the benefits provided in Chapter 175, Florida Statutes.~~

~~Section 2.~~

~~A. Member contribution rate established. In lieu of the member contribution rate of five percent (5%) set forth in Section 175.091, Florida Statutes, members of the Plan shall only be required to contribute one percent (1%) of salary. Member contributions pursuant to Section 414(h) of the Internal Revenue Code. Such designation is contingent upon the contribution being excluded from the member's gross income for Federal Income Tax purposes. For all other purposes of the Plan, such contributions shall be considered to be member contributions.~~

~~B. Election of Fire Chief. The Fire Chief may elect to participate or not to participate in the Plan and shall provide the Pension Board and the City Manager with written notice of the this election within ten days from his/her hire date.~~

Section 3. Establishment of Local Law Plan. The City of Marathon, Florida, hereby establishes a defined benefit plan for the City's full-time firefighters to be known as the "Retirement Plan and Trust for the Firefighters of the City of Marathon, Florida" ("Local Law Plan"), in accordance with Chapter 175, Florida Statutes. The Local Law Plan shall provide retirement, death, and disability benefits as set forth in the "Florida Municipal Pension Trust Fund Defined Benefit Plan Document, dated November 20, 2003" as amended by the "Adoption Agreement," copies of which are attached as Exhibit "A" to this Ordinance. The Mayor is authorized and directed to execute the Adoption Agreement on behalf of the City.

Section 4. Transfer of Assets and Liabilities from Chapter Plan to Local Law Plan. The City Council approves the transfer of all assets and liabilities from the Chapter Plan to the Local Law Plan established by this Ordinance. The City Manager and the Board of Trustees are directed to take all steps necessary to transfer all assets and liabilities.

Section 5. State law. In the event of any conflict between the Local Law Plan established by this Ordinance and either Chapter 112 or Chapter 175, Florida Statutes, the latter shall prevail.


Section 6. Severability. The provisions of this Ordinance are declared to be severable and if any section, sentence, clause or phrase of this Ordinance is held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining sections, sentences, clauses, and phrases of this Ordinance but they shall remain in effect, it being the legislative intent that this Ordinance shall stand notwithstanding the invalidity of any part.

Section 7. It is the intention of the City of Marathon, and it is hereby ordained that the provisions of this Ordinance shall become part of the City of Marathon Ordinances, that the sections of this Ordinance may be renumbered or re-lettered to accomplish such intentions; and that the word "Ordinance" shall be changed to "Section" or other appropriate word.

Section 8. Effective Date. This Ordinance shall take effect retroactive to October 1, 2005.

ENACTED BY THE CITY COUNCIL OF THE CITY OF MARATHON, FLORIDA, this 8th day of November, 2005.


THE CITY OF MARATHON, FLORIDA



John Bartus, Mayor

AYES: Bull, Pinkus, Miller, Mearns, Bartus
NOES: None
ABSENT: None
ABSTAIN: None

ATTEST:




Cindy L. Ecklund

City Clerk

(City Seal)

**APPROVED AS TO FORM AND LEGALITY FOR THE USE AND RELIANCE
OF THE CITY OF MARATHON, FLORIDA ONLY:**



City Attorney

**FLORIDA MUNICIPAL PENSION TRUST FUND
DEFINED BENEFIT PLAN AND TRUST**

ADOPTION AGREEMENT

The undersigned Employer adopts the Florida Municipal Pension Trust Fund Defined Benefit Plan and Trust for those Employees who shall qualify as Participants hereunder, to be known as the Retirement Plan and Trust for the

Firefighters of the City of Marathon

It shall be effective as of the date specified below. The Employer hereby selects the following Plan specifications:

EMPLOYER INFORMATION

Employer:	_____ City of Marathon _____
Contact Name and Title:	_____ Mr. Hans Wagner, Fire Chief _____
Address:	_____ 10045-55 Overseas Highway _____ _____ Marathon, FL 33050 _____
Telephone:	_____ (305) 743-5266 _____
Fax:	_____ _____
E-Mail:	_____ _____

NAME AND ADDRESS OF TRUSTEE:

Florida Municipal Pension Trust Fund
301 S. Bronough St., Suite 300
P.O. Box 1757
Tallahassee, FL 32302-1757
TEL: (850) 222-9684 Fax: (850)222-3806

LOCATION OF EMPLOYER'S PRINCIPAL OFFICE:

The Employer is located in the State of Florida and this Trust shall be enforced and construed under the laws of the State of Florida.

EMPLOYER FISCAL YEAR:

Twelve months commencing on October 1st and ending on September 30th.

A. PLAN INFORMATION

This Adoption Agreement shall establish a Plan and Trust with the following provisions:

ADOPTION AGREEMENT

Retirement Plan and Trust for the Firefighters of the City of Marathon

- A1) **Effective Date:**
Effective Date: October 1, 2005
- A2) **Plan Year (12 consecutive month period):**
Beginning October 1st and Ending September 30th.
- A3) **Plan Anniversary Date (Annual Valuation Date):** October 1st of each year.
- A4) **Name of Plan Administrator:**
Florida League of Cities, Inc.
301 S. Bronough St.
Post Office Box 1757
Tallahassee, Florida 32302-1757
Tel: (850) 222-9684 Fax: (850) 222-3806
- A5) **Florida Municipal Pension Trust Fund I.D. Number:** 59-2961075
- A6) **Florida Municipal Pension Trust Funds' Agent for Legal Process:**
Florida League of Cities, Inc.
301 South Bronough St., P.O. Box 1757
Tallahassee, FL 32302-1757
Tel: (850) 222-9684 Fax: (850) 222-3806

B. **PLAN**

All Full-time Firefighters of the City of Marathon are eligible to participate in the Plan. Volunteer Firefighters are excluded from participating in the Plan.

The Fire Chief may elect to participate or not to participate in the Plan and shall provide the Pension Board and the City Manager with written notice of this election within ten (10) days from his/her hire date.

- C. **ELIGIBILITY** Firefighters are eligible to participate in the plan when hired and upon completion of a medical examination prescribed by the Board.

- D. **SALARY** Means the fixed monthly remuneration paid a Firefighter.

E. **CREDITED SERVICE**

Shall mean the total number of years and fractional parts of years of service as a Participant during which the Participant made required contributions to the Plan, omitting intervening years or fractional parts of years when such Participant is not employed by the City of Marathon as a full-time firefighter.

E1) **Option of Purchasing Prior Credited Service:**

Credited service shall also include credited service purchased by a member in accordance with this section:

- a. Participants who were employed in a position covered by the Plan prior to the effective date of this ordinance, or all new participants hired after the effective date of this ordinance, may purchase up to five (5) additional years of credited service under the Plan for all or a portion of their previous full-time employment with the federal government, including military service, or

ADOPTION AGREEMENT

Retirement Plan and Trust for the Firefighters of the City of Marathon

any state, county, or city government other than the City of Marathon. Service other than Military Service must be as a Firefighter. Any participant who elects, to purchase previous full-time employment with the federal government, including military service, or any state, county, or city government other than the City of Marathon, shall pay the full actuarial cost of such credited service in accordance with subsection (c) below. The calculation of the full actuarial cost shall be made using the assumptions contained in the actuarial valuation performed prior to the purchase of the service credits. The employee salary used as the initial salary for the projected salary shall be the salary for the year preceding the purchase of the service credits. The service credits shall be used for benefit accrual only and will not count toward the required number of years of service for vesting or retirement eligibility.

- b. No additional service credit will be allowed if the participant is receiving or will receive any other retirement benefit based on the prior government service.
- c. Payment for the purchase of credited service authorized in subsection 1 (a) above, shall be made in one of the following manners:
 - a. Cash lump sum payment.
 - b. Direct transfer or rollover of an eligible rollover distribution from a qualified Plan.

Full payment for the purchase of past service credit must be made before separation from City employment.

F. AVERAGE FINAL COMPENSATION

Full-Time Firefighters – one-twelfth of the average annual compensation of the 5 best years of creditable service prior to retirement, termination or death, or the career average of the Firefighter, whichever is greater.

G. BENEFIT AMOUNTS AND ELIGIBILITY

G1) Normal Retirement Date:

A Participant's Normal Retirement Date shall be the first day of the month coincident with or next following the attainment of age 55 and 6 years of credited service or the attainment of 20 years of credited service. In both cases, any years of credited service purchased under Section E1 shall be excluded.

G2) Normal Retirement Benefit:

The monthly normal retirement benefit for Full-time Firefighters shall be the number of years of credited service plus and service purchased under Section E1, multiplied by 3.5% and multiplied by average final compensation.

G3) Early Retirement Date:

ADOPTION AGREEMENT

Retirement Plan and Trust for the Firefighters of the City of Marathon

A Participant may retire on his Early Retirement Date, which shall be the first day of any month coincident with or next following the attainment of age 50 and the completion of 6 years of credited service.

G4) Early Retirement Benefit:

The accrued benefit will be reduced by three percent (3%) for each year by which early retirement precedes normal retirement.

H. DISABILITY BENEFITS

H1) Disability Benefits In-the-Line-of-Duty:

A member determined by the Board of Trustees to be totally and permanently disabled from a service-connected injury or disease, will receive the greater of a monthly pension equal to 65% of average monthly salary or an amount equal to the accrued retirement benefit.

H2) Disability Benefits Off-Duty:

A member determined to be totally and permanently disabled by the Board of Trustees from a non-service connected injury or disease must have completed at least eight (8) years of service. A member who has completed the required years of service will receive the greater of their accrued benefit or 25% of average monthly salary, whichever is greater. A member who has not completed the required years of service will receive a return of accumulated employee contributions.

I. DEATH BENEFITS

I1) Death Prior to Vesting - In-Line-Of-Duty:

If a member dies prior to retirement in-the-line-of-duty, and he is not vested, his beneficiary shall receive a lifetime benefit equal 50% of last monthly salary payable immediately.

I2) Death After Vesting - In-Line-Of-Duty:

If a member dies prior to retirement in-the-line-of-duty, and he is vested, having completed the required years of credited service, his beneficiary shall receive the greater of a lifetime benefit equal 50% of last monthly salary payable immediately or the benefit otherwise payable to the member at the member's early or normal retirement date.

I3) Death Prior to Vesting - Off-Duty:

If a member dies prior to retirement other than in-the-line-of-duty, and he is not vested, his beneficiary shall receive a refund of one hundred percent (100%) of the member's accumulated contributions.

I4) Death After Vesting - Off-Duty:

If a member dies prior to retirement other than in-the-line-of-duty, but he is vested, having completed the required years of credited service, his beneficiary shall receive the benefits otherwise payable to the member at the member's early or normal retirement date.

ADOPTION AGREEMENT
Retirement Plan and Trust for the Firefighters of the City of Marathon

J. TERMINATION OF EMPLOYMENT AND VESTING

J1) If the member has less than six (6) years of credited service upon termination of employment, the member shall be entitled to a refund of his accumulated contributions or the member may leave the accumulated contributions deposited with the Fund.

J2) If the member has six (6) or more years of credited service upon termination of employment, the member shall be entitled to their accrued monthly retirement benefit, starting at the member's otherwise normal or early retirement date, provided he does not elect to withdraw his contributions and provided he survives to his normal or early retirement date. Early and normal retirement dates are based on actual years of credited service.

K. EMPLOYEE CONTRIBUTIONS

Members of the Plan shall be required to make regular contributions of five percent (5%) of salary on a pre-tax basis to the Fund.

L. COST OF LIVING ADJUSTMENT

Retirees are entitled to an annual COLA of three percent (3%) beginning on October 1, 2006, and on October 1st of each plan year thereafter.

M. DEFERRED RETIREMENT OPTION PROGRAM, "DROP"

I. ELIGIBILITY.

A participant who reaches the normal retirement date as a Firefighter for the City of Marathon and is a member of the City of Marathon Firefighters' Pension Plan may enter into a Deferred Retirement Option Plan ("DROP") on the first day of the month following the attainment of normal retirement date as defined in the Plan Adoption Agreement. Participants who attained their normal retirement date prior to the enactment of the "DROP" shall be afforded the option of participating immediately or retroactively to the date that they actually attained their normal retirement date.

II. WRITTEN ELECTION.

An eligible participant electing to participate in the "DROP" must complete and execute the proper forms supplied by the plan and a resignation of employment.

Election into the "DROP" is irrevocable once a participant completes the application to enter the "DROP".

III. LIMITATION AND DISQUALIFICATION FOR OTHER BENEFITS.

A participant may participate in the "DROP" only once. After commencement of participation the employee shall no longer earn or accrue additional vesting credits or credited years of service toward retirement benefits and shall not be eligible for

ADOPTION AGREEMENT

Retirement Plan and Trust for the Firefighters of the City of Marathon

disability or pre-retirement death benefits in the City of Marathon Firefighters' Pension Plan.

IV. CESSATION OR REDUCTION OF CONTRIBUTIONS.

Upon the effective date of a participant's commencement of participation in the "DROP", the participant's contributions to the City of Marathon Firefighters' Pension Plan will be discontinued.

V. BENEFIT CALCULATIONS.

For all City of Marathon Firefighters' Pension Plan purposes, the credited service and vesting credits of a participant participating in the "DROP" shall remain as they existed on the effective date of commencement of participation in the "DROP". The participant shall not earn or be credited with any additional vesting credits or credited service after beginning "DROP" participation. The participant shall be retired for all purposes and service thereafter shall not be recognized by the City of Marathon Firefighters' Pension Plan or used for the calculation or determination of any benefits payable by such Plan.

The average final compensation of the participant shall remain as it existed on the effective date of commencement of participation in the "DROP". Payment for accrued unused leave (vacation, holiday, etc.) shall be made, at the option of the participant, from one of the following choices:

1. when commencing participation in the "DROP", or
2. as the leave is actually used during participation in the "DROP", or
3. when the participant actually terminates employment with the City.

Earnings thereafter shall not be recognized by the Plan or used for the calculation or determination of any benefits payable by the Plan. However, the value of any retirement gift provided by the City shall be based on the date that a participant actually leaves employment with the City including the "DROP" participation period.

VI. PAYMENTS TO DROP ACCOUNT.

The monthly retirement benefits that would have been payable had the member elected to cease employment and receive normal retirement benefits shall be deposited in the participant's "DROP" account.

VII. DROP ACCOUNT EARNINGS.

After each fiscal year quarter, the average daily balance in a participant's deferred retirement option account shall be credited at a rate of six and one-half percent (6.5%) annual interest compounded monthly. The Board of Trustees along with the City shall review the stated rate of return on an annual basis in order to determine the necessity of any adjustment for future "DROP" participants only.

ADOPTION AGREEMENT
Retirement Plan and Trust for the Firefighters of the City of Marathon

VIII. MAXIMUM PARTICIPATION.

A participant may participate in the "DROP" for a maximum of eighty-four (84) months. At the conclusion of the eighty-four (84) months, the participants' covered city employment must terminate pursuant to the resignation submitted by the participant as part of the "DROP" application. The participant may terminate "DROP" participation by advancing their resignation from covered city employment to a date prior to that submitted by the participant as part of the "DROP" application.

IX. PAYOUT.

- A. Upon the termination of a members' covered City employment (for any reason, whether by retirement, resignation, discharge or death), the retirement benefits payable to the participant or the participant's beneficiary (if the participant selected an optional form of retirement benefit which provides for payments to the beneficiary) shall be paid to the member or beneficiary and shall no longer be deposited into the participant's "DROP" account.
- B. Within thirty (30) days after the end of any calendar quarter following the termination of a participant's employment, the balance in the participant's "DROP" account shall be payable at the participant's option:
1. In full in a single lump sum payment, all accrued "DROP" benefits, plus interest, less withholding taxes remitted to the Internal Revenue Services (IRS), paid to the "DROP" participant or surviving beneficiary, or;
 2. As a direct rollover, all accrued "DROP" benefits, plus interest, paid directly from the "DROP" to the custodian of an eligible retirement plan as defined in Section 402(c)(8)(B), Internal Revenue Code (IRC). If benefit is to be paid to a surviving beneficiary, the transfer shall be to an individual retirement account or annuity as described in Section 402(c)(9), IRC.
 3. Partial lump sum – A portion of the accrued "DROP" benefits shall be paid to the participant or surviving beneficiary, less IRS tax, and the remaining "DROP" benefits shall be transferred directly to the custodian of an eligible retirement plan as defined in Section 402 (c)(8)(B), IRC. However, in the case of an eligible rollover distribution to the surviving beneficiary of a deceased participant, an eligible retirement plan is an individual retirement account or annuity as described in Section 402(c)(9), IRC. The "DROP" participant or surviving beneficiary shall specify the proportions.

Regardless of the option selected by the participant, the Board of Trustees has the right to accelerate payments in order to comply with Section 401 (A)(9) of the Internal Revenue Code and the right to defer payments to comply with Section 415 of the Internal Revenue Code.

ADOPTION AGREEMENT
Retirement Plan and Trust for the Firefighters of the City of Marathon

X. DEATH.

If a "DROP" participant dies before their account balances are paid out in full, the participant's designated beneficiary shall have the same rights as the participant to elect and receive the payout options set forth in paragraph nine (IX) above. "DROP" payments to a beneficiary shall be in addition to any retirement benefits payable to the participant. Participants who are or have been "DROP" participants are not eligible for pre-retirement death or disability benefits.

XI. FORMS.

The forms and notices approved by the City and the Board shall be used in the administration of the "DROP" Plan.

XII. AMENDMENT.

The Board of Trustees, upon approval by the City Council, can amend the "DROP" at any time. Such amendments shall be consistent with the provisions covering deferred retirement option plans set forth in any applicable collective bargaining agreement and shall be binding upon all future "DROP" participants and upon all "DROP" participants who have balances in their accounts. Such amendments may increase the expense, decrease the account earnings, or limit or restrict the payout options.

N. EXCLUDED PROVISIONS.

The following provisions of the Basic Defined Benefit Plan Document, as revised November 20, 2003, shall not apply to the Retirement Plan and Trust for the Firefighters of the City of Marathon, Florida:

1. All provisions relating exclusively to either police officers or public safety officers.
2. All provisions relating to volunteer firefighters.
3. Article 18, Section 18.08, "Domestic Relations Order Submissions."

This Adoption Agreement may be used only in conjunction with the Basic Defined Benefit Plan Document, as revised November 20, 2003.

This Adoption Agreement and the Basic Defined Benefit Plan Document, as amended by the Adoption Agreement, shall together be known as the **Retirement Plan and Trust for the Firefighters of the City of Marathon.**

We understand that the Employer may amend any election in this Adoption Agreement by giving the Trustee written notification of such Amendment as adopted.

The Employer hereby agrees to operate under the provisions of the Master Trust Agreement creating the Florida Municipal Pension Trust Fund, which is incorporated in full into this

ADOPTION AGREEMENT

Retirement Plan and Trust for the Firefighters of the City of Marathon

Agreement and attached hereto as Exhibit A to the Basic Defined Benefit Plan Document and the Adoption Agreement.

IN WITNESS WHEREOF, the Employer and Trustee hereby cause this Agreement to be executed on this _____ day of _____, 2005.

EMPLOYER:
City of Marathon

By: _____ Date: _____

Title: Mayor

The Adoption Agreement and the Basic Defined Benefit Plan Document are furnished for the consideration of the Employer and its legal and financial advisors. The Florida Municipal Pension Trust Fund advises the sponsoring Employer to consult with its own attorney and financial advisors on the legal and tax implications of the Defined Benefit Plan and the Adoption Agreement. Nothing herein should be construed as constituting legal or tax advice.

Murray Cohen, Ph.D., ASA, MSPA, EA

4325 Middle Lake Drive
Tampa, FL 33624
(813) 963-5352

October 5, 2005

MEMORANDUM

TO: Paul Shamoun, Pension Service Manager
Florida League of Cities

FROM: Murray E. Cohen Ph.D., ASA, EA
Consulting Actuary



SUBJECT: Draft Impact Study for the City of Marathon Firefighters Pension
Plan

The following are the results of the cost study undertaken for the City of Marathon Firefighters Pension Plan to determine the impact of a proposed Plan Amendment. After the first reading the formal Impact Cost Study will be presented. The Plan Outline in the Draft Impact Statement has the description of the Plan that we used for our study.

Please call me with any questions.

CITY OF MARATHON, FLORIDA
FIREFIGHTERS PENSION FUND

DRAFT

IMPACT COST CERTIFICATION ORDINANCE XXXXX

As requested, I have determined the costs arising under the City of Marathon, Florida -- Firefighters Pension Fund for the year beginning October 1, 2004 to determine the impact of a proposed Plan Amendment as outlined in the Plan summary.

Calculations have been based on the employees' data and other information furnished by the Florida League of Cities, the plan administrators.

A copy of the costs determined, together with the calculation method and assumptions used, is attached.

These actuarial calculations were prepared by me and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There are no benefits or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Enrollment I.D. Number 05-2423

Murray E. Cohen

Date

**CITY OF MARATHON, FLORIDA
FIREFIGHTERS PENSION FUND**

**PRESENT VALUE OF EXPECTED BENEFITS
AS OF OCTOBER 1, 2004**

	Current Plan <u>10/1/2004</u>	Proposed Plan <u>10/1/2004</u>
Participants PV Benefits		
<u>Active Employees</u>		
Retirement	692,326	1,633,859
Vesting & Refunds	43,221	198,012
Disability	99,946	180,704
Death	20,513	65,883
Total Active	856,006	2,078,458
Retired and Separated		
Longevity	0	0
Disability	0	0
Beneficiaries	0	0
Vested Terminated	0	0
Total Retired and Separated	0	0
Total PV Expected Benefits	856,006	2,078,458
Present Value of Future Payrolls	6,489,933	6,114,204
Increase in the Present Value of Accrued Benefits		122,543

**CITY OF MARATHON, FLORIDA
FIREFIGHTERS PENSION FUND**

**NORMAL COST DEVELOPMENT FOR PLAN YEAR
BEGINNING OCTOBER 1, 2004**

Benefit Funding	Current Plan <u>10/1/2004</u>	Proposed Plan <u>10/1/2004</u>
1. Present Value of Future Benefits		
a. Active Participants	856,006	2,078,458
b. Inactive Participants	0	0
c. Total (a. + b.)	856,006	2,078,458
2. Actuarial Value of Assets	189,725	189,725
3. Present Value of Total Future Normal Costs (1.c. - 2.)	666,281	1,888,733
4. Present Value of Future Employee Contribution	64,899	305,710
5. Present Value of City Future Normal Costs	601,382	1,583,023
6. Present Value of Future Payroll	6,489,933	6,114,204
7. City Benefit Normal Cost (Mid-Year)	9.2664%	25.8909%
8. Estimated Expenses	5,000	5,000
9. Valuation Payroll	676,381	676,381
10. Non-Employee Benefit Normal Cost (7)*(9)	62,676	175,121
11. Non-Employee Normal Cost Middle of the Plan Year (8) + (10) Percent of Payroll	67,676 10.01%	180,121 26.63%
12. Increase in Cost for Plan Changes Middle of the Plan Year Percent of Payroll		112,415 16.62%

**CITY OF MARATHON, FLORIDA
FIREFIGHTERS PENSION FUND**

FLORIDA RETIREMENT SYSTEM SPECIAL RISK MODIFIED PENSION PLAN

ACTUARIAL ASSUMPTIONS FOR VALUATION OF LIABILITIES

1. Assumptions Concerning Future Events

Mortality Rate

Before and After Retirement: The 1983 Group Annuity Mortality Table for Males
With a 5 year set-back for females

Sample Values

Age:	25	35	45	55
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Disability Rate

(FRS Special Risk

Total Rates)	Male:	0.00067	0.00119	0.00462	0.0100
	Female:	0.00040	0.00118	0.00435	0.0084

(80% Line of Duty/20% Non Line of Duty)

Withdrawal Rate

(FRS Special Risk Rates)

Ultimate Rates:	Male:	0.0428	0.0312	0.0288	0.0
(After age 45-0.00)	Female:	0.0541	0.0403	0.0367	0.0

Select Rates:	Year:	1	3	5	7	9
	Male:	0.1500	0.0852	0.0600	0.0520	.0430
	Female:	0.1001	0.0852	0.0700	0.0575	0.0475

Salary Scale

This reflects seniority and inflationary pay increases of
1.25% and 3.75% respectively.

Ultimate Rates: 5.00% Per Annum

Select Rates:	Year:	1	2	3	4
		8.0%	7.0%	6.0%	5.5%

**Rate of Death and Recovery
Among Disabled Lives**

The 1983 Group Annuity Table with a five year
set forward for males.

Rate of Normal Retirement

If Normal Retirement Age is less than 55 all members are expected to retire at their normal retirement date and enter DROP

Select Rates: Normal Retirement Age Plus Years: $\frac{0}{70\%}$ $\frac{1}{15\%}$ $\frac{2}{15\%}$ $\frac{3}{100\%}$

Rate of Early Retirement

Earliest Age of Early Retirement is 50

Normal Retirement Age Minus Years: $\frac{01}{.15}$ $\frac{02}{.15}$ $\frac{03}{.15}$
Rate:

Interest Rate

7.5% per Annum

Termination Benefit Assumptions Vested Participants are assumed to elect an immediate benefit until their normal retirement date.

Valuation Payroll Previous Plan Year payroll increased by average expected salary increase.

Expenses None Assumed for Cost Study

Valuation of Assets Market value for equities.
Market value for bonds, cash and cash equivalents.
The valuation of assets is in conformity with Florida Statute 112.

Funding Method

Normal Retirement	Aggregate Actuarial Cost Method
Ancillary Benefits	Aggregate Actuarial Cost Method

**RETIREMENT PLAN AND TRUST FOR THE FIREFIGHTER'S
OF THE CITY OF MARATHON**

Plan Outline for Proposed Plan

Plan

Plan for the Full-Time Firefighters of the City of Marathon, Florida

Plan Anniversary Date

September 30 each year

Plan Year

Twelve month period beginning 10/01 and ending 09/30

Eligibility

All full-time firefighters when hired shall become a participant after the effective date.

Salary:

Firefighter - Compensation means the fixed monthly compensation paid a firefighter.

Credited Service:

Shall mean the total number of years and fractional parts of years of service as a Participant during which the Participant made required contributions to the Plan, omitting intervening years or fractional parts of years when such Participant is not employed by the City of Marathon as a full-time firefighter.

Credited service shall also include credited service purchased by a member in accordance with the Plan.

The purchased service credits shall be used for benefit accrual only and will not count toward the required number of years of service for vesting or retirement eligibility.

Average Final Compensation:

Full-Time Firefighters – one-twelfth of the average annual compensation of the 5 best years of creditable service prior to retirement, termination or death, or the career average of the Firefighter, whichever is greater.

Accrued benefit:

Means a fraction of the benefit to which a participant would be entitled at their Normal Retirement Date. The numerator of the fraction is the years of participation completed to date and the denominator is the years of participation in the Plan that would have been earned if the Participant continued employment until their Normal Retirement Date.

Normal Form of Benefit:

The normal form of benefit is a ten (10) year certain and life annuity.

Normal Retirement Date:

A Participant's Normal Retirement Date shall be the first day of the month coincident with or next following the attainment of age 55 and 6 years of credited service or the attainment of 20 years of credited service. Calculation of the normal retirement date is calculated excluding any years of service purchased.

Normal Retirement Benefit:

The monthly normal retirement benefit for Full-time Firefighters shall be the number of years of credited service plus and service purchased under Section E1 of the Plan, multiplied by 3.5% and multiplied by average final compensation.

Early Retirement:

A Participant may retire on his Early Retirement Date, which shall be the first day of any month coincident with or next following the attainment of age 50 and the completion of 6 years of credited service. Calculation of the early retirement date is calculated excluding any years of service purchased.

Early Retirement Benefit:

The accrued benefit will be reduced by three percent (3%) for each year by which early retirement precedes normal retirement.

Termination of Service Benefit:

If the member has less than six (6) years of credited service upon termination of employment, the member shall be entitled to a refund of his accumulated contributions or the member may leave the accumulated contributions deposited with the Fund.

If the member has six (6) or more years of credited service upon termination of employment, the member shall be entitled to their accrued monthly retirement benefit, starting at the member's otherwise normal or early retirement date, provided he does not elect to withdraw his contributions and provided he survives to his normal or early retirement date. Early and normal retirement dates are based on actual years of credited service. Calculation of the vesting date is calculated excluding any years of service purchased.

Disability - (On-Duty):

A member determined by the Board of Trustees to be totally and permanently disabled from a service-connected injury or disease, will receive the greater of a monthly pension equal to 65% of average monthly salary or an amount equal to the accrued retirement benefit.

Disability - (Off-Duty):

A member determined to be totally and permanently disabled by the Board of Trustees from a non-service connected injury or disease must have completed at least **eight** years of service. A member who has completed the required years of service will receive the greater of their accrued benefit or 25% of average monthly salary, whichever is greater. A member who has not completed the required years of service will receive a return of accumulated employee contributions. Calculation of the disability eligibility date is calculated excluding any years of service purchased.

Death Prior to Vesting - In-Line-Of-Duty:

If a member dies prior to retirement in-the-line-of-duty, and he is not vested, his beneficiary shall receive a lifetime benefit equal 50% of last monthly salary payable immediately.

Death After Vesting - In-Line-Of-Duty:

If a member dies prior to retirement in-the-line-of-duty, and he is vested, having completed the required years of credited service, his beneficiary shall receive the greater of a lifetime benefit equal 50% of last monthly salary payable immediately or the benefit otherwise payable to the member at the member's early or normal retirement date.

Death Prior to Vesting - Off-Duty:

If a member dies prior to retirement other than in-the-line-of-duty, and he is not vested, his beneficiary shall receive a refund of one hundred percent (100%) of the member's accumulated contributions.

Death After Vesting - Off-Duty:

If a member dies prior to retirement other than in-the-line-of-duty, but he is vested, having completed the required years of credited service, his beneficiary shall receive the benefits otherwise payable to the member at the member's early or normal retirement date.

Employee Contributions:

Members of the Plan shall be required to make regular contributions of five percent (5%) of salary on a pre-tax basis to the Fund.

COLA

Retirees are entitled to an annual COLA of three percent (3%) increasing October 1 of each plan year after the benefit payment has been in place for 12 months.

DROP

A participant who reaches the normal retirement date as a Firefighter for the City of Marathon and is a member of the City of Marathon Firefighters' Pension Plan may enter into a Deferred Retirement Option Plan ("DROP") on the first day of the month following the attainment of normal retirement date as defined in the Plan Adoption Agreement. A participant may participate in the "DROP" for a maximum of eighty-four (84) months. After each fiscal year quarter, the average daily balance in a participant's deferred retirement option account shall be credited at a rate of six and one-half percent (6.5%) annual interest compounded monthly.

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ACTUARIAL ASSUMPTIONS FOR VALUATION OF LIABILITIES FOR CURRENT PLAN

1. Assumptions Concerning Future Events

Mortality Rate

Before and After Retirement:

The 1983 Group Annuity Mortality Table for Males
With a 5 year set-back for females

	<u>Sample Values</u>			
Age:	<u>25</u>	<u>35</u>	<u>45</u>	<u>55</u>

Disability Rate

Male:	0.00067	0.00119	0.00462	0.0100
Female:	0.00040	0.00118	0.00435	0.0084

Withdrawal Rate

Male:	0.0428	0.0312	0.0288	0.0
Female:	0.0541	0.0403	0.0367	0.0

Select Rates:

Year:	<u>1</u>	<u>3</u>	<u>5</u>	<u>7</u>	<u>9</u>
Male:	0.1500	0.0852	0.0600	0.0520	0.0430
Female:	0.1001	0.0852	0.0700	0.0575	0.0475

Salary Scale

This reflects seniority and inflationary pay increases of 1.25% and 3.75% respectively.

Ultimate Rates:

5.00% Per Annum

Select Rates:

Year:	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
	8.0%	7.0%	6.0%	5.5%

Rate of Death and Recovery Among Disabled Lives

The 1983 Group Annuity Table with a five year set forward for males.

Rate of Normal and Early Retirement

Select Rates: Age : 50 51 52 53 54 55
 15% 15% 15% 15% 15% 100%

For Employees whose earliest retirement age is 52 through 54, the select rate is 40% for the initial age.

Interest Rate

7.5% Per Annum (Net)

Termination Benefit Assumptions

Vested Participants are assumed to elect a deferred benefit

Valuation Payroll

Previous Plan Year payroll increased by average expected salary increase.

Valuation of Assets

Market value for equities.

Market value for bonds, cash and cash equivalents.

The valuation of assets is in conformity with Florida Statute 112.

Funding Method

Normal Retirement
Ancillary Benefits

Aggregate Actuarial Cost Method
Aggregate Actuarial Cost Method

**RETIREMENT PLAN AND TRUST FOR
THE FIREFIGHTERS of THE CITY OF MARATHON**

PLAN OUTLINE CURRENT PLAN

Plan Plan representing the Chapter 175 Municipal Firefighters Trust Fund of the City of Marathon for Full-Time Firefighters.

Plan Anniversary Date September 30 each year

Plan Year Twelve month period beginning 10/01 and ending 09/30

Eligibility

All full-time Firefighters when hired, shall become a participant after the effective date.

Salary:

Compensation means the fixed monthly compensation paid a firefighter.

Credited Service:

Total number of years and fractional parts of years of service measured from the date of employment.

Final Monthly Compensation:

One-twelfth of the highest average earnings during the five best years out of the last ten years of creditable service prior to separation as an active member or the career average, whichever is greater.

Accrued benefit:

Means a fraction of the normal retirement benefit to which a participant would be entitled at their Normal Retirement Date based on final monthly compensation. The numerator of the fraction is the years of participation at the time of severance and the denominator is the years of participation in the Plan that would have accrued at their Normal Retirement Date.

Normal Form of Benefit:

The normal form of benefit is a ten (10) year certain and life.

Normal Retirement Date:

The first day of the month coincident with or next following attainment of age 55 and 10 years of service or earlier attainment of 52 and 25 years of service.

Normal Retirement Benefit:

The monthly retirement benefit shall be equal to the number of years of credited service multiplied by 2% and multiplied by final monthly compensation.

Normal Form of Benefit:

The normal form of benefit is a ten (10) year certain and life annuity.

Early Retirement Date:

A member shall retire on his early retirement date which shall be the first day of any month coincident with or next following the later of the attainment of age 50 and the completion of 10 years of service.

Early Retirement Benefit:

The amount of accrued benefits will be reduced a maximum of 3% for each year before the Normal Retirement Age.

Termination of Service Benefit:

If a member terminates before completing 10 years of credited service all employee contributions are returned. After the completion of 10 years of credited service, any member who elects to leave their employee contributions in the fund will receive their accrued benefit at their normal retirement date.

Disability - (On-Duty):

A member deemed to be totally and permanently disabled from a service connected injury or disease will receive the greater of monthly pension equal to 42% of average monthly compensation as of the disability retirement date, or an amount equal to the accrued retirement benefit.

Disability - (Off-Duty):

After ten years of service, a member deemed to be totally and permanently disabled from a non-service connected injury or disease will receive the greater of monthly pension equal to 25% of average monthly compensation as of his disability retirement date or an amount equal to the accrued retirement benefit.

Before ten years of service, a member deemed to be totally and permanently disabled from non-service connected injury or disease will receive a return of employee contributions only.

Death Benefit prior to Vesting:

If a member dies prior to retirement and he is not vested, his beneficiary shall receive a refund of one hundred percent (100%) of the members accumulated contributions.

Death Benefit after Vesting:

If a member dies prior to retirement and he is vested, his beneficiary shall receive benefits otherwise payable to the member at the early or normal retirement date.

Employee Contributions:

All participants contribute 1% of salary.

Cost of Living Increase: None

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