



The City of Miami General Employees' & Sanitation Employees' Retirement Trust

9th EDITION

2020

SUMMARY PLAN DESCRIPTION



THE CITY OF MIAMI G.E.S.E. RETIREMENT TRUST IS A PENSION TRUST FUND OF THE CITY OF MIAMI

Summary Plan Description



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Appointed by AFSCME/Local 1907

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The History of the City of Miami G.E.S.E Retirement Trust

A defined benefit pension trust for all City employees was instituted by City of Miami Ordinance No. 5624, effective July 1, 1956. Pursuant to the final judgment entered on May 23, 1985, in the matter of Leonard Gates, et al vs. City of Miami (the “Gates Agreement”), the City of Miami General Employees’ and Sanitation Employees’ Retirement Trust was established by Ordinance No. 10002 effective June 13, 1985, to serve permanent employees other than firefighters and police officers. The Gates Agreement separated the GESE Trust from the Firefighters and Police Officers’ Trust and set individual pension Board guidelines and funding requirements. A nine member Board of Trustees, who are considered fiduciaries, govern the Trusts.

The Board meets at least once every two months as required by City ordinance. Trustees are selected as follows: one trustee selected by the City Manager, two trustees selected by the general employees, two trustees selected by the sanitation employees, and four independent trustees selected by the City Commission from a list from each union of six non-employee nominees. As fiduciaries of the Trusts, the Board performs their duties and responsibilities solely in the interest of members of the retirement plan. In order to achieve their goals, the Board has employed the services of support staff including a pension administrator to perform daily functions. Services provided by support staff include accounting and financial reporting, member and employer contributions processing, retiree benefits calculations, and monthly disbursement of benefits to retirees or beneficiaries. The Board employs the services of a consulting actuary, a custodial bank, an investment consultant and several investment managers. An actuarial valuation for each plan is performed by the actuary on an annual basis to determine the amount of the City’s annual contribution.



**Loans
to
participants
are
prohibited
per
Ordinance
Sec 40-258**

Membership

Participation in the GESE Trust is a mandatory condition of employment for all employees except for those employees who are precluded from participation in the Plan pursuant to the City of Miami Code Section 40-351. Employees working in the office of an elected official have the ability to opt out of participation in the Plan.

Pursuant to the City of Miami Code Section 40-249, any regular, permanent, and full-time employee of the City of Miami (the "City") other than a fire fighter or police officer becomes a member upon employment unless he/she is a member of any other pension or retirement system supported wholly or in part by the City.

An employee will cease to be a member if he/she is absent from service for more than three years of any five consecutive year period, withdraws his or her contributions, becomes a member of any other City-sponsored retirement plan or system, or dies.

Membership Service is the service as an employee for which contributions to the GESE Trust are made as required.

Executives are not allowed to join the GESE plan effective October 22, 2009, according to Ordinance # 13112 except those identified by Ordinance # 5434.

Contributions

Plan members contribute ten (10%) percent of compensation to the GESE Trust.

The City contributes the actuarially determined amount necessary to fund the normal cost plus the amortization of the unfunded accrued liability and non-investment expenses of the GESE Trust.

Withdrawal of member contributions allowed under retirement, resignation, termination, or layoff.

**Withdrawal
of member
contributions
constitutes a
full discharge
of all rights
under the
Plan and any
creditable
service is
waived.**

Return of Accumulated Contributions

Accumulated employee contributions is the sum of all amounts deducted from a member's compensation, including paybacks and interest. Contributions returned to the member may be rolled over directly to a qualified individual retirement account or another employer's plan.

A member who terminates employment other than for retirement or death will be paid the accumulated contributions less any mandatory tax withholding upon demand, plus interest at the rate prescribed by the Board which will not be less than one percent per quarter of the contribution balance as of the end of the previous calendar year, including interest.

Key Definitions

Average final compensation shall have a meaning dependent upon the date of hire and the date of separation of service of the member.

Creditable service is the membership credit upon which a member's eligibility to receive benefits under the retirement plan is based or upon which the amount of such benefits is determined. *Creditable Service may be referred in this document as years of service.*

Earnable compensation is an employee's base salary including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation does not include overtime pay, payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave, premium pay for holidays worked, the value of any employment benefits or non-monetary entitlement, or any other form of remuneration.

Member absent from service is when any member who has ceased to be an employee for less than three years in a period of five consecutive years after last becoming a member, and who has not withdrawn the accumulated employee contributions.

Payback is a member's contribution to the Plan for creditable service for which other than regular contributions have been made. Contributions required for paybacks shall not be picked up by the city, but may be deducted from a member's compensation. See page 5

Service Retirement is a member's retirement from service under circumstances permitting payment of a retirement benefit without reduction because of age, length of service, or both and without special qualifications such as disability.

Spouse is the lawful husband or wife of a member or retiree at the time benefits commence, unless a new designation has been made in writing to the Board.

Vesting is ten years of creditable service before the member is entitled to service retirement benefits and non-service disability.

Transfer of Accumulated Leave

Members eligible to receive accumulated sick and vacation leave or any other accumulated leave payable upon retirement or separation may elect, not later than the year prior to the year of retirement, to have the leave transferred to the GESE Trust.

Members may elect one of the following options within 30 days of retirement/separation upon transferring balance. Members failing to elect a distribution option within 30 days of retirement or separation will be deemed to have elected Option 1 below:

Option 1 - Receive a lump sum equal to the transferred leave balance,

Option 2 - Rollover the entire transferred leave balance amount to any eligible retirement plan.,

Option 3 - Purchase additional service credit as permitted by the Code. If the leave balance exceeds the cost of the service credit purchased, the balance shall be paid to the member in a lump sum.

If a member dies after retirement or other separation, but before any distribution is made, the election option is void. In such an event, any person who would have received a death benefit had the member died in service immediately prior to the date of retirement or other separation, will be entitled to receive an amount equal to the transferred leave balance in a lump sum.

**Your
compensation
is the basis of
the
retirement
benefit.**

**Transfer
of accumulated
leave must
be elected
not later than
the year prior
to the year
of retirement
or separation
from
employment.**



Changes in Beneficiary after Retirement

Any member who elects a survivorship option for a spouse may designate a new spousal beneficiary in accordance with procedures established by the Board; provided, that an actuarial valuation will be made following such election, and the benefit for the retiree will be recalculated so that it is the actuarial equivalent of the benefit payable to the original spouse.

Furthermore, the original spouse, at the time of the change in designated beneficiary, must not be entitled to any survivor benefit under the retirement plan by operation of law. It is intended that the Trust will pay only one survivor benefit for any member of the retirement plan and will not incur an increase in benefit costs by reason of change in designated beneficiary.

Cost of Living Allowance (COLA)

Every October 1st, each retiree will receive an annual COLA benefit increase between \$54 minimum and \$400 maximum payable monthly after the retiree's first anniversary of retirement has been reached.

For retirees exercising Option 6(a), each retiree will receive an annual COLA increase between \$27 minimum and \$200 maximum payable monthly.

Re-employment

If a retiree becomes re-employed by the City into a regular permanent full-time position, excluding certain positions, the benefits payable under this plan will be suspended during the period of re-employment. The member will accrue pension service credit while re-employed. Effective, November 1, 2002, this section shall not apply to city commission and mayoral assistants and secretarial staff position. This section also shall not apply to retirees who enter into legal agreement with the city either through written contracts or otherwise for services not defined as full-time, permanent employees of the city.

Upon termination of the period of re-employment with the City, the benefits will be automatically restored on the first day of the month following the termination of re-employment.

Excess Benefit Plan

The Excess benefit plan was established effective October 1, 2000, to fund the excess, if any, of the benefit earned under the GESE Trust without taking into account the Internal Revenue Code (IRC) Section 415 limits.

Membership consists of members of the GESE Trust who exceed the maximum benefit. There are no member contributions or plan assets.

The Excess benefit plan is an unfunded plan with benefits funded from the City's general fund. The City contributes the actuarially determined amount necessary to fund the excess retirement benefits which reduces the normal pension costs by the same amount.

The City contributions are made to the Excess Benefit Plan as benefits become payable.

Paybacks for Membership Credit

A member may receive membership credit in the Plan. If member revokes the payback election, is terminated, resigns, or is otherwise separated from the city before the payback is completed, the member shall only receive credit for the portion paid as of the date of separation.

Restoration of Prior Service for Re-employed Members

The former member may restore previous membership service by repaying the accumulated contributions withdrawn together with a uniform rate of interest as determined by the Board.

Credit for Continuous Service as a Non-member

Any person who is now a member of the Plan who had prior service with the city as a probationary, full-time and part-time, or permanent employee, classified or unclassified, but who at the time of that service was not a member of the plan, may purchase up to four years of that prior non-membership service.

Credit for Military Service Any member who has served *active* military duty, but whose service is not interrupted by that military duty, may purchase up to a maximum of four years of such service. To be eligible for the four-year service credit, the member must:

- (I) Have engaged in wartime service as declared by state or federal statute or executive order of the President;
- (II) Military service under honorable conditions;
- (III) Be vested in this Plan;
- (IV) Make a contribution to the plan equal to the member's rate of earnable compensation at the date membership service first commenced, the member's contribution rate then in effect, together with four percent interest, compounded annually.

Credit for Maternity/Medical Leave

Any member who takes an unpaid leave of absence for maternity/medical purposes may apply to the Board for membership credit up to a maximum of 180 days, or 240 days if the City denies light duty employment. **The payback must be completed within one year.**

Purchase of Additional Service upon retirement

A member in service who has continuous service may, at time of retirement, purchase up to a maximum of three whole creditable years based upon the present value as determined by the actuary for the plan.

Non-Service Buyback

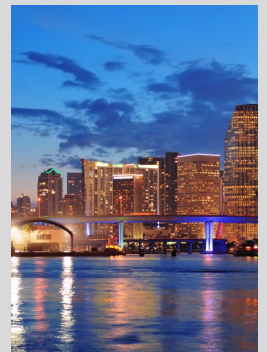
An active member who was separated from service for less than three years and left contributions in the plan is allowed to buyback up to three years of service not worked. Approved on January 31, 2014.

Excess Non-Service Buyback

A member may purchase any years in excess of four (4) years of *Credit Service as a Non-member* by paying the full actuarial cost for such service. Buyback is available upon payment of 4 years of Continuous Service as a Non-member.

All paybacks except Military, Additional Years Upon Retirement, and Excess Non-Service Buyback are based at the member's current rate of compensation and contribution.

Most paybacks must be completed within five years from the date of election.



The ordinance for the pension plan is available upon request.

AFSCME LOCAL 1907

Benefits Eligibility (Hired prior to October 1, 2010)



Service Retirement:

The minimum normal service retirement age is 55. Any member in service who is 55 years old & has 10 years of creditable service may elect to retire upon the attainment of normal retirement age.

Rule of 70 Retirement:

A member in service who has ten or more years of creditable service may elect a rule of 70 retirement on the basis of member's combined age and creditable service equaling 70 or more points.

Early Service Retirement Benefit:

A member in service who has 20 or more years of creditable service may elect to retire early with an immediate benefit. The early retirement benefit equals the actuarial equivalent of the basic service retirement benefit that otherwise would have commenced upon the attainment of age 55.

Deferred Vested Retirement Benefit:

A member who ceases to be an employee for reasons other than death or willful misconduct, is not entitled to an immediate benefit, has completed at least ten years of creditable service, and has left his/her accumulated contributions on deposit with the Plan, would be eligible for a deferred vested retirement benefit commencing at age 55.

Compensation / Multiplier

Effective October 1, 2018, the service retirement benefit for members hired prior to October 1, 2010 shall be equal to three percent (3%) of the member's highest one (1) year of compensation. The retirement benefit shall be based on a member's total creditable service and benefit multiplier in effect at the time the service is earned.

Average final compensation is the average annual earnable compensation during the highest one year of service. **Includes 5% "kicker" on highest one year.**

$$\underline{\text{YEARS SERVICE} \times \text{MULTIPLIER} \times \text{AVERAGE FINAL COMPENSATION}}$$

Example: $[25 \times 3.00 \% \times (\$52,500)] \div 12 = \$ 3,281.25 \text{ Monthly}$

**The average
final
compensation is
the highest one
year.**

AFSCME LOCAL 1907

Benefits Eligibility (Hired on or after October 1, 2010)

Service Retirement:

Any member in service may elect to retire at the earlier of age 60 and 10 years of service or age 55 and 30 years of service.

Rule of 80 Retirement:

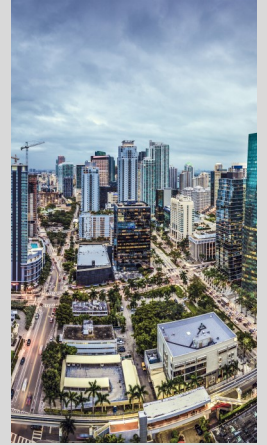
A member in service who has ten or more years of creditable service may elect a rule of 80 retirement on the basis of member's combined age and creditable service equaling 80 or more points.

Early Service Retirement:

A member in service who has 20 or more years of creditable service may elect to retire early with an immediate benefit. The early retirement benefit equals the actuarial equivalent of the basic service retirement benefit that otherwise would have commenced upon the attainment of age 55 or 60.

Deferred Vested Retirement:

A member who ceases to be an employee for reasons other than death or willful misconduct, is not entitled to an immediate benefit, has completed at least ten years of creditable service, and has left his/her accumulated contributions on deposit with the Plan, would be eligible for a deferred vested retirement benefit commencing at age 55 or 60.



Compensation / Multiplier

Effective October 1, 2010, the service retirement benefit for members hired after October 1, 2010 shall be the basic retirement benefit equal to a graduated multiplier rule of :

1 thru 15 years of service	= 2.25%
15 thru 20 years of Service	= 2.50%
20+ thru Retirement	= 2.75%

The retirement benefit shall be based on a member's total creditable service and benefit multiplier in effect at the time the service is earned.

Average final compensation is the average annual earnable compensation during the highest five years in the last 10 years of service. **Includes 5% "kicker" on highest one year.**

YEARS SERVICE × MULTIPLIER × AVERAGE FINAL COMPENSATION

Example:	[1 × 2.25 % × (\$52,500)] ÷ 12	= \$ 98.44
	[14 × 2.25 % × (\$50,000)] ÷ 12	= \$ 1,312.50
	[5 × 2.50 % × (\$50,000)] ÷ 12	= \$ 520.83
	[5 × 2.75 % × (\$50,000)] ÷ 12	= \$ <u>572.92</u>
		= \$ 2,504.69 Monthly

The average final compensation is the highest 5 years in last 10 years of service.

AFSCME LOCAL 871



Benefits Eligibility (Hired prior to October 1, 2010)

Service Retirement:

The minimum normal service retirement age is 55 or 60. Any member in service who has ten or more years of creditable service may elect to retire upon the attainment of normal retirement age.. **

Rule of 70 Retirement:

A member in service who has ten or more years of creditable service may elect a rule of 70 retirement on the basis of member's combined age and creditable service equaling 70 or more points. **

Rule of 80 Retirement:

A member in service who has ten or more years of creditable service may elect a rule of 80 retirement on the basis of member's combined age and creditable service equaling 80 or more points.

Early Service Retirement Benefit:

A member in service who has 20 or more years of creditable service may elect to retire early with an immediate benefit. The early retirement benefit equals the actuarial equivalent of the basic service retirement benefit that otherwise would have commenced upon the attainment of age 55 or 60.

Deferred Vested Retirement Benefit:

A member who ceases to be an employee for reasons other than death or willful misconduct, is not entitled to an immediate benefit, has completed at least ten years of creditable service, and has left his/her accumulated contributions on deposit with the Plan, would be eligible for a deferred vested retirement benefit commencing at age 55 or 60.

**A member who is not eligible to retire as of 09/30/10, and continues to work, may elect to retire when member reaches Rule of 70 or Service 55 years of age & 10 years of service; however, the benefits paid will be split until member reaches full eligibility age (60 years of age & 10 years of service, or 55 years of age & 30 years of service).

Compensation / Multiplier

Effective October 1, 2017, the service retirement benefit for creditable service on and after October 1, 2010, shall be equal to:

First 20 years of Service = 2.50%

20+ thru Retirement = 2.75%

For creditable service earned on or before 9/30/2010, the multiplier is 3%

The retirement benefit shall be based on a member's total creditable service and benefit multiplier in effect at the time the service is earned.

Average final compensation is the average annual earnable compensation during the highest five years in the last 10 years of service. In no event shall the average final compensation of any member who is employed on September 30, 2010, and retires on or after October 1, 2010, be less than the member's highest two years of compensation of the member service.

YEARS SERVICE × MULTIPLIER × AVERAGE FINAL COMPENSATION

Example:

** [19 × 3.00 % × (\$50,000)] ÷ 12 = \$	2,375.00
[1 × 2.50 % × (\$50,000)] ÷ 12 = \$	104.17
[5 × 2.75 % × (\$50,000)] ÷ 12 = \$	572.92
	\$ 3,052.09 Monthly

** Example includes 19 years of service prior to 9/30/10

The average final compensation (FAC) is the highest 5 yrs in last 10 yrs of service. In no event, shall the FAC of any member who is employed on September 30, 2010, be less than the member's highest two years.

AFSCME LOCAL 871

Benefits Eligibility (Hired on or after October 1, 2010)

Service Retirement:

Any member in service may elect to retire at the earlier of age 60 and 10 years of service or age 55 and 30 years of service.

Rule of 80 Retirement:

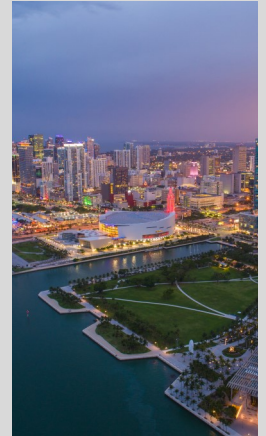
A member in service who has ten or more years of creditable service may elect a rule of 80 retirement on the basis of member's combined age and creditable service equaling 80 or more points.

Early Service Retirement:

A member in service who has 20 or more years of creditable service may elect to retire early with an immediate benefit. The early retirement benefit equals the actuarial equivalent of the basic service retirement benefit that otherwise would have commenced upon the attainment of age 55 or 60.

Deferred Vested Retirement:

A member who ceases to be an employee for reasons other than death or willful misconduct, is not entitled to an immediate benefit, has completed at least ten years of creditable service, and has left his/her accumulated contributions on deposit with the Plan, would be eligible for a deferred vested retirement benefit commencing at age 55 or 60.



Compensation / Multiplier

Effective October 1, 2017, the service retirement benefit for creditable service on and after October 1, 2010, shall be equal to:

First 20 years of Service = 2.50%
20+ thru Retirement = 2.75%

The retirement benefit shall be based on a member's total creditable service and benefit multiplier in effect at the time the service is earned.

Average final compensation is the average annual earnable compensation during the highest five years in the last 10 years of service. Last five years need not to be consecutive.

YEARS SERVICE × MULTIPLIER × AVERAGE FINAL COMPENSATION

Example:

$$\begin{aligned} [20 \times 2.50\% \times (\$50,000)] \div 12 &= \$ 2,083.33 \\ [5 \times 2.75\% \times (\$50,000)] \div 12 &= \$ \underline{572.92} \\ &= \$ 2,656.25 \text{ Monthly} \end{aligned}$$

**The average
final
compensation is
the highest
5 years in last
10 years of
service.**

NON-BARGAINING

Benefits Eligibility (Hired prior to October 1, 2010)



Service Retirement:

Any member in service may elect to retire at the earlier of age 55 and 10 years of service.

Rule of 70 Retirement:

A member in service who has ten or more years of creditable service may elect a rule of 70 retirement on the basis of his or her combined age and creditable service equaling 70 or more points.

Early Service Retirement Benefit:

A member in service who has 20 or more years of creditable service may elect to retire early with an immediate benefit. The early retirement benefit equals the actuarial equivalent of the basic service retirement benefit that otherwise would have commenced upon the attainment of age 55.

Deferred Vested Retirement Benefit:

A member who ceases to be an employee for reasons other than death or willful misconduct, is not entitled to an immediate benefit, has completed at least ten years of creditable service, and has left his/her accumulated contributions on deposit with the Plan, would be eligible for a deferred vested retirement benefit commencing at age 55.

Compensation / Multiplier

Effective October 1, 2018, the service retirement benefit for members hired prior to October 1, 2010 shall be equal to three percent (3%) of the member's highest one (1) year of compensation. The retirement benefit shall be based on a member's total creditable service and benefit multiplier in effect at the time the service is earned.

Average final compensation is the average annual earnable compensation during the highest one year of service. **Includes 5% "kicker" on highest one year.**

$$\text{YEARS SERVICE} \times \text{MULTIPLIER} \times \text{AVERAGE FINAL COMPENSATION}$$

Example: $[25 \times 3.00 \% \times (\$52,500)] \div 12 = \$ 3,281.25 \text{ Monthly}$

*The average
final
compensation is
the highest one
year.*

NON-BARGAINING

Benefits Eligibility (Hired on or after October 1, 2010)

Service Retirement:

Any member in service may elect to retire at the earlier of age 60 and 10 years of service or age 55 and 30 years of service.

Rule of 80 Retirement:

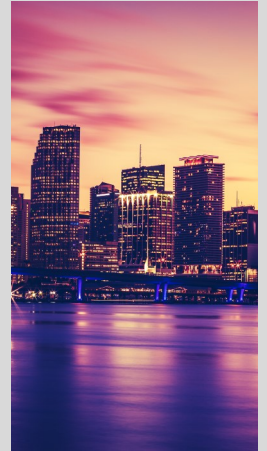
A member in service who has ten or more years of creditable service may elect a rule of 80 retirement on the basis of his or her combined age and creditable service equaling 80 or more points.

Early Service Retirement:

A member in service who has 20 or more years of creditable service may elect to retire early with an immediate benefit. The early retirement benefit equals the actuarial equivalent of the basic service retirement benefit that otherwise would have commenced upon the attainment of age 55 or 60.

Deferred Vested Retirement:

A member who ceases to be an employee for reasons other than death or willful misconduct, is not entitled to an immediate benefit, has completed at least ten years of creditable service, and has left his/her accumulated contributions on deposit with the Plan, would be eligible for a deferred vested retirement benefit commencing at age 55 or 60.



Compensation / Multiplier

Effective October 1, 2010, the service retirement benefit for members hired after October 1, 2010 shall be the basic retirement benefit equals to a graduated multiplier rule of :

1 thru 15 years of service	= 2.25%
15 thru 20 years of Service	= 2.50%
20+ thru Retirement	= 2.75%

The retirement benefit shall be based on a member's total creditable service and benefit multiplier in effect at the time the service is earned.

Average final compensation is the average annual earnable compensation during the highest five years in the last 10 years of service. **Includes 5% “kicker” on highest one year.**

YEARS SERVICE × MULTIPLIER × AVERAGE FINAL COMPENSATION

Example:	[1 × 2.25 % × (\$52,500)] ÷ 12 = \$	98.44
	[14 × 2.25 % × (\$50,000)] ÷ 12 = \$	1,312.50
	[5 × 2.50 % × (\$50,000)] ÷ 12 = \$	520.83
	[5 × 2.75 % × (\$50,000)] ÷ 12 = \$	<u>572.92</u>
	= \$	2,504.69 Monthly

The average final compensation is the highest 5 years in last 10 years of service.

Retirement Payment Options—(ALL MEMBERS)

A member will receive retirement benefits in accordance with options permitted under the plan.

Option Normal Form Life Annuity:

A member may elect to receive an unreduced normal monthly service retirement allowance for the life of the member with no survivorship benefit. In the event of the death of the member prior to receiving twelve (12) monthly retirement allowance payments there shall be paid to a named beneficiary a lump sum benefit equal to the sum of the twelve monthly retirement allowance payments less the payments made.

Option 2: Equal payment survivor annuity

A member may receive a reduced retirement allowance throughout his or her life with an equal sum being paid to the member's designated beneficiary at the death of the member. If any person other than a surviving spouse is chosen as the beneficiary, the reduction shall be based on the actuarially equivalent sum. **

Option 3: One-half payment survivor annuity

A member may receive a reduced retirement allowance payable for the life of the member with one-half of the member's benefit being paid to a designated beneficiary at the death of the member. If any person other than a surviving spouse is chosen as the beneficiary, the reduction shall be based on the actuarially equivalent sum. **

Option 6(a): One-half payment retiree refund

A member may elect to withdraw the sum of his or her accumulated contributions credited as of the member's date of retirement, excluding all amounts picked up from the member's earnable compensation and credited to the COLA fund, between June 23, 1985, and September 30, 1993. Under this option, the member shall also receive a monthly service retirement allowance of one-half of the amount to which the member would have been entitled under this plan. This option has no survivorship benefit.

Option 6(b): Life annuity

A member may elect to receive his or her normal monthly service retirement allowance plus an additional five percent of such service retirement allowance for the life of the member, with no survivorship benefit. This option is only available for members eligible to retire as of September 30, 2010.

Option 6(c) Surviving spouse annuity

A member may elect to receive an unreduced normal monthly service retirement allowance and at the member's death, 40 percent of the member's monthly normal retirement allowance shall be paid to his or her surviving spouse designated by him or her at the time of retirement. Such benefit will be payable during the lifetime of such spouse. **

**** An actuarial reduction will be applied when choosing an option with survivorship benefit.**

**** The IRS may limit several payment options for non-spouse beneficiary(ies).**

Selection of an option affects a member's monthly retirement benefit.

Maximum Benefit

The maximum annual benefit you may receive is \$80,000 divided in twelve equal monthly payments.

Effective September 30, 2010, the maximum annual benefit at retirement is the lesser of 100% of average final compensation benefit or \$100,000 per year or \$8,333.33 per month. Any member who has accrued a benefit in excess of the maximum benefit as of September 30, 2010, will retain that benefit but will not accrue any additional benefit.

Effective September 30, 2012, the maximum annual benefit at retirement is \$80,000 or \$6,666.66 per month. Any member who has accrued a benefit in excess of the maximum benefit as of September 30, 2012 will retain that benefit but will not accrue any additional benefit.

In no event, shall the benefit limitation be less than the lesser of 100% of the member's Average Final Compensation or the member's accrued benefit on September 30, 2012, based on the normal form of benefit.

Deferred Retirement Option Program (“DROP”)

Any member eligible to retire as of September 30, 2010, continues to be eligible for DROP. A member who is eligible to retire as of January 1, 2013 (Service 55 years of age and 30 years of service, Service 60 years of age and 10 years of service, or Rule of 80) or vested as of October 1, 2010, is eligible to participate in DROP.

Upon election of participation, a member's creditable service, accrued benefits, and compensation calculation are frozen. The member's contribution to the retirement plan for that member ceases as no further service credit is earned. The member may continue City employment for up to a maximum of 48 months. Once the maximum participation has been achieved, the participant must terminate employment.

There are two DROP programs, the Forward DROP and the BACDROP. A member can participate in both programs simultaneously. The *Forward DROP* is a DROP benefit equal to the regular retirement benefit the member would have received had the member separated from service and commenced the receipt of benefits from the plan. The Trust will deposit monthly retirement benefits into the participant's DROP account established at ICMA-RC. The *BACDROP* is a DROP benefit actuarially calculated. A member may elect to BACDROP to a date, no further back than the date of the member's retirement eligibility date. The BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 12 months.

An individual account is created for each participant. The Board of Trustees has established, by administrative rule, a series of investment vehicles which may be chosen by the participant. Any losses incurred on account of the option selected by the participant will not be made up by the City or the GESE Trust, and will be borne by the participant only. All interest will be credited to the member's DROP account.

Upon termination of employment, a participant may receive payment from the DROP account in a lump sum distribution; or periodic payments. A participant may elect to rollover the balance to another qualified retirement plan, IRA, an Internal Revenue Code Section 457 Plan, or an annuity. A participant may defer payment until the latest date authorized by Section 401(a)(9) of the IRS Code. DROP participation will not affect any other death or disability benefit provided under law or applicable collective bargaining agreement.

If a participant dies before the account balances are paid out in full, the designated beneficiary will receive the remaining balance.



A member who is eligible to retire as of January 1, 2013, (Rule of 80, Service 55/30, Service 60/10) or a member who is vested (10 or more years of service) as of Sept. 30, 2010 may participate in DROP.

BACKDROP Option

BACKDROP Option is effective January 1, 2013. Generally, the BACKDROP Option replaces the DROP program. Employees who have not attained Normal Retirement eligibility as of January 1, 2013, or were not vested by October 1, 2010, and all employees hired on or after January 1, 2013, will be eligible for the BACKDROP option, but not eligible for DROP. Any member eligible for the forward DROP remains eligible for the BACKDROP option upon attaining age 60 and 10 years of creditable service, age 55 and 30 years of service or Rule of 80 (age plus years equal 80, with minimum 10 years of creditable service). A member must work one year beyond eligibility date to elect the BACKDROP option.

An eligible member who elects the BACKDROP option shall receive a monthly retirement benefit payable on the employee's actual retirement date (date of retirement & separation from employment) based on the benefit the employee would have received if he/she had left city employment and retired on an earlier date after attaining normal retirement eligibility.

The BACKDROP option provides for a lump sum payment equal to the retirement benefit that the member would have received during the period following BACKDROP through the actual retirement date, plus interest of three percent per year, compounded annually. All or portion of the lump sum payment under the BACKDROP option may be rolled over to an IRA in accordance with federal law. The eligible member may elect a minimum BACKDROP period of one year and maximum BACKDROP period of up to seven years.

The BACKDROP option must be selected within ten years of becoming eligible to retire. Eligible members who wish to elect the BACKDROP option must provide written notification to the department director and human resources director.

DROP Participants

MissionSquare
RETIREMENT

Formerly known
as ICMA-RC

Phone:
1 (800) 669-7400

Fax:
202-962-4601

WWW.ICMARC.ORG

Death Benefits

Ordinary Death Benefit:

Upon receipt by the Board of proper proofs of the death of a member in service who has three or more years of creditable service, there shall be paid a benefit equal to a lump-sum payment of 50 percent of the earnable compensation received by the member during the year immediately preceding the member's death plus the member's accumulated contributions with interest to such person, if any, as the member shall have nominated by written designation duly executed and filed with the Board. Otherwise said benefit payment will be paid to the member's estate.

In the event a member who has become eligible for Service, Early Service, Rule of 70, or Rule of 80 Retirement benefits dies before retirement, the member will be considered to have been retired on the date of death. In such event, the member's nominated spouse will have the option of:

- (I) Receive the sum of the member's accumulated contributions together with interest to the date of payment; OR
- (II) Payment of 40 percent of the member's monthly retirement allowance which would have been payable to the member if he or she had attained normal retirement age. **

In the event of the death of a member with less than three years of service, the member's contributions with interest shall be paid to the member's nominated beneficiary or to the estate.

****The benefit payable to the surviving spouse is actuarially reduced if member was not eligible to retire as September 30, 2010.**

Service-Incurred Death Benefit:

If it can be determined that a member's death was the result of an accident in the performance of duty and not caused by willful negligence on the part of the member based on proof that the death was the natural and proximate result of an accident occurring at some definite time and place while the member was in the actual performance of duty, the member is eligible for a service-incurred death benefit.

The amount paid is equal to the member's accumulated contributions with interest payable in a lump sum plus an annuity equal to one-half of the member's average final compensation paid yearly in monthly installments to the member's nominated spouse.

If there is no spouse, or if the spouse dies before the youngest child of the deceased member has attained the age of 18, then the benefit is paid to the children under such age divided in equal shares until they reach 18 years of age or die.

If there are no children under the age of 18, then the benefit is paid to the dependent father or dependent mother for life. If there are no such beneficiaries, the amount which otherwise would have been paid as an ordinary death benefit will be paid to the member's estate.

Minimum Retiree Death Benefit:

If a retired member dies prior to having received 12 monthly retirement payments and prior to having an optional allowance become effective, the designated beneficiary will be paid a lump sum benefit equal to the remaining 12 monthly retirement allowance payments.



Ordinary death benefits are available for members with at least three years of creditable service.

Death benefits are available as a result of an accident on the job.

Disability Retirement

Ordinary Disability Retirement Benefit:

Any member in service who has ten or more years of creditable service may be retired by the Board on an ordinary disability retirement allowance; provided, that the physician retained by the Board after a medical examination of such member, shall certify that such a member is mentally or physically totally incapacitated for the further performance of duty not as a result of an accident in the actual performance of duty and is likely to be permanent, and that such member should be retired.

Upon retirement, for an *ordinary disability*, a member is entitled to receive a retirement allowance paid in monthly installments of the greater of:

- (I) 90 percent of the member's accrued benefit at the time of disability; OR
- (II) 30 percent of the member's average final compensation.

The ordinary disability is not eligible for a return of accumulated contributions, optional allowances or survivorship benefits.

A disability is the permanent and total incapacity to perform useful and efficient service as an employee of the City.

Service-Incurred Disability Benefit:

Any member who becomes totally and permanently incapacitated for duty as a result of tuberculosis, hypertension, or heart disease (which was not an existing condition at the time of employment) would be eligible for an immediate benefit payable for his/her lifetime.

Upon retirement for a service-incurred disability, a member shall be entitled to receive a retirement allowance paid in monthly installments of the greater of:

- (I) 90 percent of the member's accrued benefit at the time of disability; OR
- (II) 40 percent of the member's average final compensation.

This disability is not eligible for a return of accumulated contributions, optional allowances or survivorship benefits.



Disability benefits continue for the life of the member. The Board can require a disabled member to submit to a medical examination. If the exam reveals the member is no longer entitled to receive disability benefits, the benefits will cease.

Accidental Disability Benefit:

A member in service who has become totally and permanently incapacitated for duty as a result of an accident occurring while in the performance of his/her duty would be eligible for an immediate benefit payable for his/her lifetime.

Upon retirement for accidental disability, a member is entitled to receive a pension which is equal to 66^{2/3} percent of the greater of the member's average final compensation or the compensation in the year immediately preceding the disability. This disability is not eligible for a return of accumulated contributions or optional allowances. Upon death, 40% percent of that benefit would continue to be paid to the surviving spouse for the lifetime of such spouse.

The fiscal year ends on **September 30**. The Statements of Net Position and Changes in Plan Net Position reflects two years of comparative information.

You may download the full report by visiting the GESE Trust website at **WWW.GESE.ORG**

GESE Trust Statement of Net Position

	<u>2020</u> (in thousands)		<u>2019</u> (in thousands)	
Cash	\$ 633	\$ 337		
Receivables:				
Securities sold	659	1,002		
Interest & dividends	1,400	1,535		
Contributions & other	<u>1,582</u>	<u>1,203</u>		
Total receivables	<u>3,641</u>	<u>3,740</u>		
Investments				
Fixed income	206,958	200,602		
Equity securities	<u>564,756</u>	<u>531,483</u>		
Total	<u>771,714</u>	<u>732,085</u>		
Capital Assets	<u>1,830</u>	<u>1,380</u>		
Total Assets	<u>777,818</u>	<u>737,541</u>		
Liabilities:				
Securities purchased	2,485	2,801		
Other liabilities	<u>899</u>	<u>876</u>		
Total Liabilities	<u>3,384</u>	<u>3,677</u>		
Net assets held in Trust for Pension Benefits	<u>\$ 774,434</u>	<u>\$ 733,864</u>		

A net increase of \$40.6 million in plan net assets (or 5%) was primarily a result of the fiscal year investment activity.

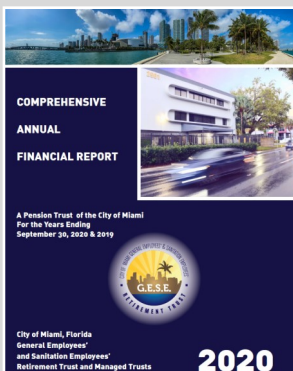
GESE Trust Statement of Changes in Net Position

	<u>2020</u> (in thousands)		<u>2019</u> (in thousands)	
Additions:				
Contributions				
Employer	\$ 49,923	\$ 43,527		
Member	<u>14,458</u>	<u>13,095</u>		
Total contributions	<u>64,381</u>	<u>56,622</u>		
Reimbursement income	2,624	2,551		
Net investment income	<u>50,887</u>	<u>47,382</u>		
Total additions	<u>117,892</u>	<u>106,555</u>		
Deductions:				
Benefits	73,337	72,811		
Refunds	1,457	1,798		
Administrative	<u>2,528</u>	<u>2,612</u>		
Total deductions	<u>77,322</u>	<u>77,221</u>		
Change in net assets	<u>40,570</u>	<u>29,334</u>		
Net assets held in Trust for Pension Benefits:				
Beginning of year	<u>733,864</u>	<u>704,530</u>		
End of year	<u>\$ 774,434</u>	<u>\$ 733,864</u>		

Employer contributions increased by \$6.4 million (or 14.7%) and member contributions increased by \$1.3 million in fiscal year 2020. The amount of employer contributions vary from year to year based on an actuarially determined requirement, while member contributions are equal to 10% of payroll. The investment portfolio had a net investment income of \$51 million in fiscal year 2020. In 2020, benefit payments and refunds of contributions increased by \$185 thousand or (0.25%).

Select Financial Information

The above financial information is summarized for the GESE Trust and does not include notes or detail. Audited financial statements for the year end September 30, 2020 are included in the Comprehensive Annual Financial Report (CAFR).



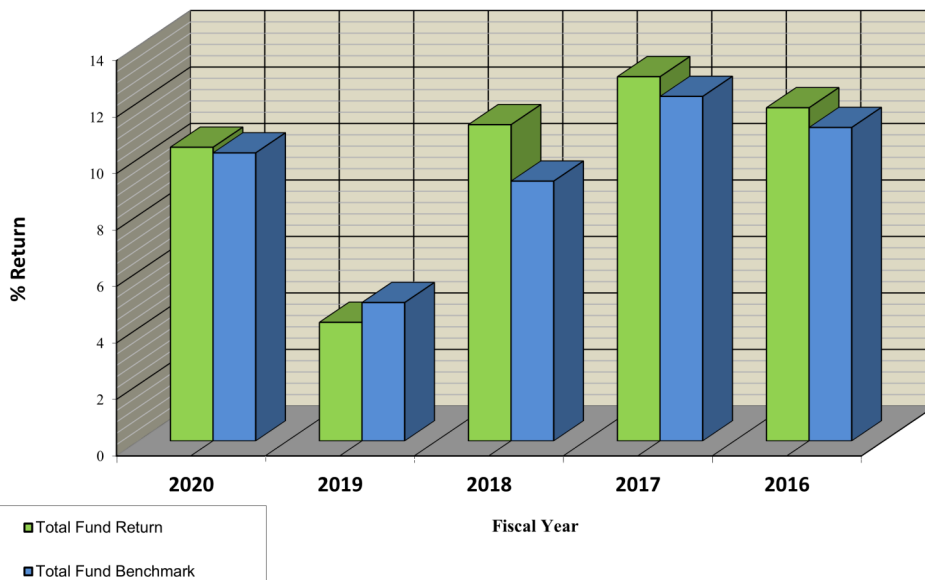

Summary of GESE Trust Investment Returns as of Sept. 30, 2020

	Annualized Return (%)		
	<u>2020</u>	<u>3 Years</u>	<u>5 Years</u>
		<u>2018-2020</u>	<u>2016-2020</u>
Equities			
Fund Return - Domestic Equities	7.6	9.4	12.3
Fund Return - International Equities	7.0	3.5	6.9
S&P 500	15.2	12.3	14.2
Dow Jones	3.2	7.4	11.3
Russell 2500 Mid-Cap	2.2	4.5	9.0
Russell 2000 - Small Stock	0.4	1.8	8.0
MSCI EAFE - Non US Stocks	0.5	0.6	5.3
Fixed Income			
Fund Return - Fixed Income	7.4	5.3	4.2
Barclays U.S. - Aggregate	7.0	5.2	4.2
Barclays - Mortgage Backed	4.4	3.7	3.0
Barclays Intermediate - Govt/Credit	6.3	4.4	3.4
T-Bills - 91 Days	1.0	1.7	1.2
Real Estate			
Fund Return - Real Estate	N/A	N/A	N/A
FR NCREIF Index	2.0	5.1	6.3
NAREIT	-13.3	2.6	6.2
Total Fund Return	7.3	7.9	9.5
Total Fund Benchmark	11.0	8.4	9.8

For the year ended September 30, 2020, the fund earned an annual return of 7.3%.

The City of Miami GESE Retirement Trust received for fiscal year 2019, the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

5 Year Fund Performance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Miami General Employees' & Sanitation Employees' Retirement Trust Florida

For its Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2019

Christy L. P. Merrill
Executive Director/CEO

Summary Plan Description as of Sept. 30, 2020



VISIT
US
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WEB

WWW.GESE.ORG

City of Miami G.E.S.E. Retirement Trust
2901 Bridgeport Avenue
Coconut Grove, FL 33133