

Optional Forms of Payment  
General Information / Explanation Packet &  
Frequently Asked Questions

**Types of Optional Forms of Payment of Monthly Pension Benefits**

- **OPTION 1**                      **NORMAL / DEFAULT**  
  
**Life of Retired Member and 10 Years Certain  
With 65% Continuation to Eligible Surviving Spouse until  
death or remarriage  
and 7.5% to Minor Children (under the age of 18)  
(subject to the limitations of Sections 8 and 9 of the pension  
contract)**
  
- **OPTION 2**                      **LIFE ONLY**  
  
**Life of retired member only, with no continuation**
  
- **OPTION 3**                      **JOINT ANNUITANT**  
  

<b>3a</b>	<b>100%</b>	<b>Continuation</b>
<b>3b</b>	<b>75%</b>	<b>Continuation, Reduces Upon 1<sup>st</sup> Death</b>
<b>3c</b>	<b>66 2/3%</b>	<b>Continuation, Reduces Upon 1<sup>st</sup> Death</b>
<b>3d</b>	<b>50%</b>	<b>Continuation, Reduces Upon 1<sup>st</sup> Death</b>

Note: This information packet is intended for general information only and is not intended to provide personal tax or financial planning advice. If there are any conflicts between this general information package and the pension plan document (pension contract), the terms of the pension contract shall prevail.

One of the most important and sometimes difficult decisions a Tampa F&P Pension Plan member now must make at the time of DROP entry or retirement is selecting a benefit option. You may ask questions like “Should I choose the largest possible monthly pension benefit available to me; or should I choose an option which will provide me with a lower monthly benefit during my lifetime, but will provide my joint annuitant with a continuing benefit and some degree of financial security after my death?”

Option 1, the Normal / Default benefit option, is the traditional benefit option that was the only option available until 2002. Option 1 provides for a monthly pension benefit to the member based upon the appropriate benefit formula [for longevity and DROP: Years of Service (YOS) times Multiplier/Accrual Rate (M%) times Average Final Compensation (AFC)], with a 65% continuation to your eligible surviving spouse until death or remarriage and a 7.5% continuation to each minor

child until they reach age 18 or marry (subject to the limitations of Sections 8 and 9 of the pension contract). Note: There is no remarriage penalty for eligible surviving spouses of members *killed in the line of duty*. This traditional option was enhanced with the addition of a Ten Years Certain provision—a guarantee of 120 payments unreduced (10 years x 12 monthly payments per year = 120 payments) of the base pension benefit. You may select Option 1 even if you do not have a spouse or minor children, and designate a beneficiary(ies) to receive your monthly benefits for the remainder of the ten years certain period.

Option 1 is the normal/default benefit option from which Options 2 and 3 figures are derived, based upon actuarial equivalence. All benefit options are designed to be “actuarially equal”. This means that if you select Option 2 or Option 3, the monthly amount that you receive is actuarially adjusted so that the expected value in today’s dollars to both you and your beneficiary or joint annuitant are the same as Option 1, the normal/default option.

Option 2 – Life Only provides a larger monthly pension benefit for the lifetime of the retired member only. Under Option 2, there is no continuation to anyone once the retired member dies.

### Option 3 – Joint Annuitant Options

For Option 3, you may name any person as your joint annuitant. Your joint annuitant need not be related to you by blood, marriage or adoption. You may select one and only one joint annuitant to participate in the joint annuitant optional forms of payment at one of the four optional levels: 100%, 75%, 66 2/3% or 50%. If you choose options 3b – 75%, 3c – 66 2/3%, or 3d – 50%, the benefit reduces to the selected level upon the first death—whether the retired member’s death or the joint annuitant’s death.

The term “joint annuitant” shall mean the person designated by the employee to participate with the employee in one of the optional forms of benefits (Options 3a, 3b, 3c and 3d). The term “joint annuitant” does not apply to the definition of a spousal beneficiary in the option for normal retirement, Option 1 – Normal / Default.

Options 2, 3a, 3b, 3c and 3d are the actuarial equivalents of the Option 1 – Normal / Default benefit (Option 1 – Normal / Default is life of retired member and ten years certain with 65% continuation to eligible surviving spouse and 7.5% to minor children, subject to the Section 8 and 9 pension contract limitations).

### **Option Choice Cannot Be Changed After Retirement or DROP Entry**

Once you have received your first pension benefit, whether by check, direct deposit, or DROP accrual, the **option** selected by you cannot be changed. Therefore, it is important that you study your personal circumstances before making your decision. Some factors affecting your option selection could include marital status, the age and general physical condition of both you and your spouse or significant other, the existence of other financial dependents such as children, grandchildren, parents or other persons, the amount of your savings, additional income and other resources, outstanding financial obligations such as mortgages, your lifestyle, and other conditions which could influence your financial situation during retirement. You are urged to

seek your own personal tax and financial planning advice before making such an important decision that will affect you the rest of your life.

### **Beneficiary(ies) vs. Joint Annuitant Terminology**

Options 1 and 2 should have a designated beneficiary(ies) as a backup/contingency.

Option 3 requires that you select a joint annuitant.

Under Option 1, you should select a beneficiary(ies) to receive the balance of the 10 Years Certain (120 payments) of your monthly base pension benefit, should your eligible surviving spouse predecease you and you have no minor children upon your death. If you have selected Option 1, and your eligible surviving spouse predeceases you or you divorce, and you have no minor children under the age of 18 at your death, your designated beneficiary(ies) would receive the balance of the ten years certain payments (120 payments) of your base pension benefit. If there is no eligible surviving spouse, no minor children, and no designated beneficiary, then your estate would be paid the balance of pension benefits due, if any.

Under Option 2, you may select a beneficiary(ies) to receive the balance of benefits due, if any. For example, if you pass away on the 15<sup>th</sup> of the month, you were entitled to receive your monthly benefit for the first 15 days of the month from the 1<sup>st</sup> through the 15<sup>th</sup>, and that partial month's benefit would be paid to your designated beneficiary(ies). If you have not designated a beneficiary(ies), or if your designated beneficiary(ies) predeceases you, that partial month's benefit would be paid to your estate. Remember that under Option 2 – Life Only, the pension benefit is payable for your lifetime only, with no continuing monthly pension benefit to anyone. Upon your death, the monthly benefit will stop, and your designated beneficiary(ies) will receive only the partial month's benefit for the month in which you pass away, if any, and/or a refund of your contributions without interest which are in excess of the amount you received in benefits, if any.

### **Beneficiary(ies) / Joint Annuitants May Be Changed Under Certain Conditions**

Under Options 1 and 2, you may name any person, organization, trust or your estate as beneficiary. You may designate more than one beneficiary, and they may be listed sequentially or jointly. For example, you may choose one primary beneficiary in the event of your death, and three contingent beneficiaries to participate equally should the primary beneficiary predecease you, or any other combination that meets your financial plans and needs. Once you have begun receiving pension benefits, you may change your designated beneficiary(ies) up to two (2) times, and any such change shall be deemed a new election. The consent of the member's designated beneficiary(ies) to any such change shall not be required. The change must be made in writing on a form prescribed by the Board and filed with the Board.

If you named your spouse as your designated beneficiary, and you divorce that spouse, the divorce does not automatically disqualify that spouse as your designated beneficiary. You must change your beneficiary designation in writing on the form prescribed by the Board of Trustees and filed with the Board of Trustees, subject to the beneficiary change conditions in the following paragraph.

If you choose Option 3, you may change your joint annuitant up to two (2) times after retirement or DROP entry, and any such change shall be deemed a new election. The amount of the pension payable to the member upon selection of a new joint annuitant shall be actuarially redetermined, taking into account the age of the former joint annuitant, the new joint annuitant, and the member.

If you named your spouse as your joint annuitant, and you divorce that spouse, the divorce does not automatically disqualify that spouse as your joint annuitant. You must change your joint annuitant in writing on the form prescribed by the Board of Trustees and filed with the Board of Trustees, subject to the conditions in the preceding paragraph. The joint annuitant that you name at DROP entry or retirement remains your joint annuitant unless you make a change in writing to the Board of Trustees on the prescribed form, subject to the conditions in the preceding paragraph.

Again, the designated beneficiary(ies)/joint annuitant that you name at DROP entry or retirement remains your designated beneficiary(ies)/joint annuitant unless you make a change in writing to the Board of Trustees on the prescribed form. Remember that you can only change your designated beneficiary(ies)/joint annuitant up to two (2) times after DROP entry or retirement.

### **Options Available To You At DROP Entry or Retirement and Reasons Why You Might Choose Them**

**Option 1 – Normal / Default** – Life and 10 Years Certain With 65% Continuation to Eligible Surviving Spouse until Death or Remarriage and 7.5% to each Minor Child (under the age of 18) subject to the limitations of Sections 8 and 9 of the pension contract.

Option 1 is the normal/default option that was the only option available in the plan until 2002. The only change to this benefit has been the addition of the Ten Years Certain (10YC) component—a guarantee of at least 120 payments unreduced (10 years x 12 monthly payments per year = 120 payments) of your base pension benefit.

Option 1 provides a monthly pension benefit payable to you for your lifetime, regardless of how long you live. In the event that you die before receiving monthly pension benefits for 10 years (120 payments), the same monthly base pension benefit unreduced will be paid to your eligible surviving spouse, or if none, to your designated beneficiary(ies), until the total number of months that unreduced base pension benefits have been paid to both you and your eligible surviving spouse or designated beneficiary(ies) equals 120. For example, if you receive 70 monthly payments before your death, then your eligible surviving spouse would receive the remaining 50 payments at the same monthly rate unreduced, until 120 unreduced payments of the base pension benefit have been made. In that example, once your spouse received the 120<sup>th</sup> payment unreduced, your eligible surviving spouse's benefit would then reduce to 65% for the remainder of his/her lifetime or until remarriage. [Note: There is no remarriage penalty for eligible surviving spouses of firefighters or police officers that are *killed in the line of duty*.]

Option 1 may be the best choice for those members with traditional families who have an eligible surviving spouse and minor children under the age of 18 that you intend to provide for financially after your death. Option 1 is also the default option, such that in the event an option is not selected upon DROP entry or retirement, this is the option that is automatically selected. An advantage of Option 1 is that it can provide substantial financial security to your eligible surviving spouse until his/her death or remarriage and a lesser benefit to your minor children until they reach the age of 18 or marry, subject to the Section 8 and 9 limits of the pension contract. A disadvantage of Option 1 is that it is geared towards the traditional family makeup of an eligible surviving spouse and minor children. If you have no spouse and no minor children, or are contemplating divorce from your spouse, then Option 1 may not be the best option for you. In addition, if you want to provide more than 7.5% for a minor child under the age of 18, you might want to select that child as your joint annuitant under one of the continuation percentages in Option 3 – Joint Annuitant.

The definition of an eligible surviving spouse under the Tampa F&P pension plan is a two part definition, both conditions of which must be met: (a) the spouse must have been married to the member during some period of the member's employment as a firefighter or police officer prior to the member's entry into DROP or date of retirement; and (b) the same spouse who was married to the member at the time of the member's death. Provided however, the spouse of a retired member who meets the eligibility requirement under P&P 440 – Remarriage/Marriage After Retirement, and the retiree has made such an affirmative election, will be considered an eligible surviving spouse under Option 1.

If both the retired member and the beneficiary(ies) designated by the member die before the full payment has been made under Option 1, which provides for payments for a period certain and life thereafter (Life and 10 Years Certain), the Board may, in its discretion, direct that the commuted value of the remaining payments be paid in a lump sum to the member's estate.

**Option 2 – Life Only** provides the maximum possible monthly benefit payable to you for your lifetime only. There is no continuing monthly pension benefit to anyone. Upon your death, the monthly benefit will stop, and your designated beneficiary(ies) will receive only the partial month's benefit for the month in which you pass away, if any, and/or a refund of your contributions without interest which are in excess of the amount you received in benefits, if any.

For example, if you paid \$75,000 in pension contributions, and you only received \$25,000 in total pension benefits prior to your death, your designated beneficiary(ies) would be entitled to a refund of the remaining \$50,000 in contributions without interest.

As another example, if you paid \$75,000 in pension contributions, and you received \$500,000 in total pension benefits prior to your death, and you passed away on the 15<sup>th</sup> of a month, and your monthly pension benefit was \$3,000, then your designated beneficiary(ies) would be entitled only to the partial month's benefit in which you passed away (one half of \$3,000 monthly benefit = \$1,500) as the total pension benefits paid exceeded your contributions.

The advantage of Option 2 is that it provides the largest monthly amount for which you are eligible. The disadvantage is that it provides no continuing monthly benefit to a significant other,

spouse, or other financial dependent upon your death. You might consider choosing Option 2 if you have no significant other, spouse or other financial dependent, or if your significant other, spouse or other financial dependent are in ill health and are expected to predecease you. Or you may choose Option 2 if your significant other or spouse has an independent source of income and are not in need of additional continuing support from you upon your death, and you have no other financial dependents to support upon your death. You might not want to choose Option 2 if you have a joint annuitant in mind that could participate in the benefit options under Option 3, or if you are in ill health and your physical condition is uncertain.

### **Option 3 – Joint Annuitant Options**

**Option 3a – Joint Annuitant 100%** Option 3a provides for a reduced monthly pension benefit payable at the same amount for you and your joint annuitant until both of your deaths. Option 3a produces an actuarial equivalent monthly pension benefit paid regardless of the first death—whether the retired member or the joint annuitant. Under Option 3a, the monthly benefit amount does not change upon the first death. However, there is an actuarial equivalence calculation that is based upon your age and the age of your joint annuitant upon your retirement—the younger your joint annuitant, the longer they will likely draw benefits; therefore, the larger the actuarial equivalence reduction. Option 3a is actuarially equivalent to Option 1, the normal/default benefit. No further benefits are payable after both you and your joint annuitant are deceased.

**Option 3b – Joint Annuitant 75%** Option 3b provides for a reduced monthly pension benefit paid at 100% of the actuarial equivalent benefit calculation until the first death—whether the retired member or joint annuitant—at which point it is reduced to 75% for the remainder of the survivor's lifetime (whether the retired member or joint annuitant). No further benefits are payable after both you and your joint annuitant are deceased.

**Option 3c – Joint Annuitant 66 2/3%** Option 3c provides for a reduced monthly pension benefit paid at 100% of the actuarial equivalent benefit calculation until the first death—whether the retired member or joint annuitant—at which point it is reduced to 66 2/3% for the remainder of the survivor's lifetime (whether the retired member or joint annuitant). No further benefits are payable after both you and your joint annuitant are deceased.

**Option 3d – Joint Annuitant 50%** Option 3d provides for a reduced monthly pension benefit paid at 100% of the actuarial equivalence benefit calculation until the first death—whether the retired member or joint annuitant—at which point it is reduced to 50% for the remainder of the survivor's lifetime (whether the retired member or joint annuitant). No further benefits are payable after both you and your joint annuitant are deceased.

Upon choosing Option 3 and selecting a joint annuitant, it is your responsibility to notify the pension office in a timely manner upon the death of your joint annuitant, if your joint annuitant predeceases you. It is the responsibility of the joint annuitant to notify the pension office in a timely manner upon your death. The pension office staff will conduct periodic pension verification questionnaires that require your notarized signature on an affidavit that both you and your joint annuitant are alive and eligible for pension benefits. The name, date of birth and social security number of all joint annuitants will also be compared periodically to a national database to determine if a joint annuitant has died and a reduction is due under options 3b, 3c or 3d. Under the pension contract, the Board of Trustees has the power to examine the facts upon

which any pension has been granted and ascertain if any pension has been granted or obtained erroneously, fraudulently, or illegally for any reason. The Board is empowered to purge the pension rolls of any person granted a pension if found to be erroneous, fraudulent or illegal for any reason and to reclassify any pensioner who has been erroneously, improperly or illegally classified.

If you anticipate the need for a larger monthly benefit while **both** you and your joint annuitant are living, and a smaller benefit when only one of you survives, one of the following options may be an appropriate choice for you: Option 3b – 75%, Option 3c – 66 2/3%, or Option 3d – 50%.

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**Examples – For Illustrative Purposes Only**

**Scenario 1** - I am 46 years old when my retirement benefits start. I am married, and my spouse is age 40. What would the different optional forms of payment be under that scenario?

Benefit Commencement Date	1/1/2005	Age @ Benefit Commencement
Participant Date of Birth	1/1/1959	46
Spouse/Joint Annuitant DOB	1/1/1965	40
Marital Status (S or M)	M	
	Actuarial Equivalence Conversion Factor	Monthly Benefit in Dollars (rounded to nearest dollar)
Option 1 – Normal/Default	1.0000	\$3,000
Option 2 – Life Only	1.0336	\$3,101
Option 3a – Jt Ann 100%	0.9858	\$2,957
Option 3b – Jt Ann 75%	1.0031	\$3,009
Option 3c – Jt Ann 66 2/3%	1.0090	\$3,027
Option 3d – Jt Ann 50%	1.0211	\$3,063

**Scenario 2** - I am 46 years old when my retirement benefits start. I am married, but I want to designate my 20-year-old nephew as my joint annuitant. What would the different optional forms of payment be under that scenario?

Benefit Commencement Date	1/1/2005	Age @ Benefit Commencement
Participant Date of Birth	1/1/1959	46
Joint Annuitant DOB	1/1/1985	20
Marital Status (S or M)	M	
	Actuarial Equivalence Conversion Factor	Monthly Benefit in Dollars (rounded to nearest dollar)
Option 1 – Normal/Default	1.0000	\$3,000
Option 2 – Life Only	1.0336	\$3,101
Option 3a – Jt Ann 100%	0.9726	\$2,918
Option 3b – Jt Ann 75%	0.9883	\$2,965
Option 3c – Jt Ann 66 2/3%	0.9936	\$2,981
Option 3d – Jt Ann 50%	1.0044	\$3,013

**Scenario 3** - I am 46 years old when my retirement benefits start. I am single, and I want to designate my 6 year old grandchild as my joint annuitant. What would the different optional forms of payment be under that scenario?

Benefit Commencement Date	1/1/2005	Age @ Benefit Commencement
Participant Date of Birth	1/1/1959	46
Joint Annuitant DOB	1/1/1999	6
Marital Status (S or M)	S	
	Actuarial Equivalence Conversion Factor	Monthly Benefit in Dollars (rounded to nearest dollar)
Option 1 – Normal/Default	1.0000	\$3,000
Option 2 – Life Only	1.0058	\$3,017
Option 3a – Jt Ann 100%	0.9434	\$2,830
Option 3b – Jt Ann 75%	0.9588	\$2,876
Option 3c – Jt Ann 66 2/3%	0.9641	\$2,892
Option 3d – Jt Ann 50%	0.9748	\$2,924

**Scenario 4** - I am 46 years old when my retirement benefits start. I am single, and I want to designate my 90 year old grandmother as my joint annuitant. What would the different optional forms of payment be under that scenario?

Benefit Commencement Date	1/1/2005	Age @ Benefit Commencement
Participant Date of Birth	1/1/1959	46
Joint Annuitant DOB	1/1/1915	90
Marital Status (S or M)	S	
	Actuarial Equivalence Conversion Factor	Monthly Benefit in Dollars (rounded to nearest dollar)
Option 1 – Normal/Default	1.0000	\$3,000
Option 2 – Life Only	1.0058	\$3,017
Option 3a – Jt Ann 100%	1.0035	\$3,011
Option 3b – Jt Ann 75%	1.1858	\$3,557
Option 3c – Jt Ann 66 2/3%	1.2622	\$3,787
Option 3d – Jt Ann 50%	1.4490	\$4,347

As you can see from these examples, the different optional forms of payment are highly individualized and will vary from scenario to scenario and fact set to fact set. Therefore, each optional form of payment calculation is strictly individualized and must be calculated on an individual basis. While general trend information may be drawn from these examples, your specific set of calculations will by necessity be different and based upon your specific, individual facts. These calculations are performed using computer-based actuarial equivalence software developed by the fund’s actuary based upon IRS mortality tables.

Optional Forms of Payment  
Frequently Asked Questions (FAQ)

**Q1: Can I go ahead and select my optional form of payment and designated beneficiary(ies) or joint annuitant before I enter DROP or actually retire and/or separate from service?**

A1: Yes.

**Q2: Can I change my election on the optional forms of payment while I am still actively working before I enter DROP or actually retire and/or separate from service?**

A2: Yes. However, once you have received your first monthly pension benefit, whether by check, direct deposit, or DROP accrual, you may not change your option election.

**Q3: What if my designated beneficiary(ies) or joint annuitant dies before I enter DROP or actually retire and/or separate from service?**

A3: If the designated beneficiary(ies) or joint annuitant dies before the member's entry into DROP or retirement and/or separation from service, the option elected will be cancelled automatically and a pension as provided for pursuant to Section 7(A) - longevity, Section 7(B) – line of duty disability or Section 7(C) – non-line-of-duty disability, of the pension contract, will be payable to the member upon retirement as if the election had not been made, unless a new election is made in accordance with the provision of the pension contract or a new beneficiary is designated by the member prior to retirement and within 90 days after the death of the beneficiary(ies) or joint annuitant.

**Q4: What if I work past normal retirement (10 years of service and age 46, or 20 & out regardless of age) and I die from causes not attributable to active duties (non-line-of-duty) prior to my entry into DROP or actual retirement and separation from service, and I have already made my benefit option election, what happens?**

A4: Monthly pension payments will be made under your selected option to the designated beneficiary(ies) if Option 1 or Option 2 was selected, or to your selected joint annuitant if Option 3 was selected, in the amount computed as if you had retired under that option on the date of your death.

For example, if a member has 31 years of credited service and is still working without having entered DROP, then the Option 1 - Normal/Default pension benefit would be calculated as of the date of death ( $YOS \times M\% \times AFC$ ), and the actuarial equivalence conversion factors would be determined as the derivation from the Normal/Default benefit to whatever optional form of payment that you selected. For example, if your Normal/Default benefit based upon 31 years of credited service is \$6,000 per month, and you have selected Option 3d – Joint Annuitant with 50% continuation, then the actuarial equivalence factor would be computed for your joint annuitant under Option 3d based

upon the age of you and your joint annuitant on the date of death, just as if you had retired on that date instead and begun receiving pension benefits.

**Q5: Can I change my designation of beneficiary(ies) once I have retired (begun receiving monthly pension benefits or DROP accruals) under Option 1 or Option 2?**

A5: Yes, up to two (2) times provided that you make the change in writing on a form prescribed by the Board of Trustees and file it with the Board of Trustees.

**Q6: Can I change my joint annuitant once I have retired (begun receiving monthly pension benefits or DROP accruals) under Option 3?**

A6: Yes, up to two (2) times; however, such change shall be deemed a new election, and the amount of the pension payable to you upon selection of a new joint annuitant shall be actuarially redetermined taking into account your age and the new joint annuitant's age.

**Q7: Do I have to have the consent of my joint annuitant or beneficiary(ies) if I choose to change them?**

A7: No.

**Q8: I've chosen Option 1 – Normal / Default benefit, and I've already started drawing my pension. What happens to the benefit when I die?**

A8: The first step would be to determine if you had already received 120 payments (10 Years Certain) of your monthly base pension benefit.

If you have already received the guaranteed 120 payments—

then your eligible surviving spouse would receive a 65% continuation of the pension benefit that you had earned, including base and COLA, for the rest of his/her life or until remarriage.

Each minor child under the age of 18 would receive 7.5% of your final year's earnings until they reach 18 or marry.

The combination of eligible surviving spouse and minor children benefits cannot exceed 50% of your final salary (Section 9 limit).

If you have not already received 120 payments (10 Years Certain) of your monthly base pension benefit before your death---

then your eligible surviving spouse would receive the remainder of the 120 payments of your monthly base pension benefit, unreduced. After the 120<sup>th</sup> payment of your unreduced monthly base pension benefit has been made, then your eligible surviving spouse would begin receiving the 65% continuation for the rest of his/her life or until remarriage. If you did not have an eligible surviving

spouse, your designated beneficiary(ies) would receive the remainder of the 120 monthly payments.

Each minor child's benefit would be unaffected at 7.5%, subject to the Section 9 pension contract limitations, whether or not you and your eligible surviving spouse have drawn 120 unreduced payments (10 Years Certain) of your monthly base pension benefit.

**Q9: I have already retired and started receiving my pension, and I selected Option 2 – Life Only. What happens when I die?**

A9: Upon your death, the monthly benefit will stop. There is no ongoing monthly continuation to anyone under Option 2 – Life Only.

Then, we would look at the contributions that you made to the fund—

If you have received more in monthly pension benefits (including DROP accruals) than your contributions, then your designated beneficiary(ies) would be entitled to the partial month's benefits that you earned in the month that you died. If you have not designated a beneficiary(ies), then that partial month's benefit would be paid to your estate.

For example, if you paid \$75,000 in pension contributions, and you drew \$500,000 in total pension benefits prior to your death, and you passed away on the 15<sup>th</sup> of a month, and your monthly pension benefit was \$3,000, then your designated beneficiary(ies) would be entitled only to the partial month's benefit in which you passed away (one half of \$3,000 monthly benefit = \$1,500) as the benefits paid out exceeded your contributions.

If you have not received more in monthly pension benefits (including DROP accruals) than the contributions that you paid into the fund, then your designated beneficiary(ies) is entitled to receive the partial month's benefit for the month in which you pass away, if any, and/or a refund of your contributions without interest which are in excess of the amount you received in total pension benefits, if any.

For example, if you paid \$75,000 in pension contributions, and you only collected \$25,000 in total pension benefits prior to your death, your designated beneficiary(ies) would be entitled to a refund of the remaining \$50,000 in contributions without interest and/or the partial month's benefit for the month in which you pass away, if any.

**Q10: I've already retired and started receiving my pension benefits. I have chosen Option 3a – Joint Annuitant 100%. What happens when I die?**

A10: The monthly pension benefit that you have been receiving is then paid monthly to your joint annuitant for his/her life regardless of marital status, with no reduction, since the continuation rate that you chose is 100%.

**Q11: I've already retired and started receiving my pension benefits. I have chosen Option 3b – Joint Annuitant 75%. What happens when I die?**

A11: The monthly benefit that you have been receiving reduces to 75% and is paid to your joint annuitant for the remainder of his/her life regardless of marital status.

**Q12: I've already retired and started receiving my pension benefits. I have chosen Option 3c – Joint Annuitant 66 2/3%. What happens when I die?**

A12: The monthly benefit that you have been receiving reduces to 66 2/3% and is paid to your joint annuitant for the remainder of his/her life regardless of marital status.

**Q13: I've already retired and started receiving my pension benefits. I have chosen Option 3d – Joint Annuitant 50%. What happens when I die?**

A13: The monthly benefit that you have been receiving reduces to 50% and is paid to your joint annuitant for the remainder of his/her life regardless of marital status.

**Q14: What if my joint annuitant dies before me under Option 3b? (Joint Annuitant – 75%)**

A14: Then the monthly benefit that you have been receiving reduces to 75% and is paid to you for the remainder of your life regardless of your marital status.

**Q15: What if my joint annuitant dies before me under Option 3c? (Joint Annuitant – 66 2/3%)**

A15: Then the monthly benefit that you have been receiving reduces to 66 2/3% and is paid to you for the remainder of your life regardless of your marital status.

**Q16: What if my joint annuitant dies before me under Option 3d? (Joint Annuitant – 50%)**

A16: Then the monthly benefit that you have been receiving reduces to 50% and is paid to you for the remainder of your life regardless of your marital status.

**Q17: If I've already been drawing my pension benefits under Option 3 – Joint Annuitant (3a, 3b, 3c or 3d), and my joint annuitant dies before me, can I just pick another joint annuitant?**

A17: Yes.

However, if you selected option 3b – 75%, 3c – 66 2/3% or 3d – 50%, the benefit reduces upon the first death (your previous joint annuitant's death) to the selected continuation level of 75%, 66 2/3% or 50%. Then the amount of the reduced pension payable to you upon selection of a new joint annuitant shall be actuarially redetermined taking into account your age, the age of the joint annuitant being removed, and the new joint annuitant's age.

**Q18: I've already retired and started receiving pension benefits. If I have chosen a joint annuitant option under Option 3 – Joint Annuitant, how long can my joint annuitant draw benefits after I die?**

A18: For the remainder of the joint annuitant's life, at whatever continuation level that you chose. There is no remarriage penalty or age restriction (like minor children turning 18) on joint annuitants.

**Q19: I am a deferred retiree. I had ten years of credited service, but I haven't turned 46 years old yet, so I haven't started receiving my pension benefits yet. Can I change my optional form of payment?**

A19: Yes. You may change it up until you cash or deposit your first pension benefit, whether by check or direct deposit. Once you have cashed or deposited your first benefit, including direct deposit, you may not change the option. Therefore, changes to your optional forms of payment selection must be made before your 46<sup>th</sup> birthday.

**Q20: If I die while I'm still active and not in DROP, can my eligible surviving spouse or minor children elect any of the optional forms of payment?**

A20: No. The selection of optional forms of payment is only available to the plan member.

**Q21: If I apply for and am granted a line of duty or non-line of duty disability pension by the Board of Trustees, may I select one of the optional forms of payment?**

A21: Yes.

**Q22: I am a DROP participant. Am I considered to be a retired member under the pension contract, policies and procedures, rules and regulations, etc.?**

A22: Yes.

**Q23: What are the pension benefit limits in Sections 8 and Section 9 of the pension contract when there are both an eligible surviving spouse and minor child/children under Option 1 – the Normal/Default Benefit?**

**A 23: Member Death While Active – Line of Duty**

Eligible surviving spouse receives	50% of member's <i>final year's earnings</i>	Section 8A
Minor children (< 18 years old)	7.5% of member's <i>final year's earnings</i>	Section 8B
<hr/>		
Total benefit paid cannot exceed	65% of member's <i>final yearly earnings</i>	

**Member Death While Active – Non-Line of Duty**

Eligible surviving spouse receives	65% of member's <i>pension benefit earned</i>	Section 9A
Minor children (<18 years old)	7.5% of member's <i>final year's earnings</i>	Section 9B
<hr/>		
Total benefit paid cannot exceed	50% of member's <i>final salary</i>	

**Member is Already Retired and Dies**

Eligible surviving spouse receives	65% of member's <i>pension</i>	Section 9A
Minor children (< 18 years old)	7.5% of member's <i>final year's earnings</i>	Section 9B
<hr/>		
Total benefit paid cannot exceed	50% of member's <i>final salary</i>	

**Q24: What are the minimum and maximum pension benefits?**

A24: The minimum pension benefits are:

- Benefits to Equal Contributions – for all optional forms of payment.
- Poverty Level – for retirees and eligible surviving spouses – benefit is determined by federal government
- 10 Years Certain = 120 payments of the retired member's base pension benefit under Option 1

The maximum pension benefits are:

- 100% at 31.75 years of service. 31 years and 9 months of credited pensionable service times a 3.15% multiplier/accrual rate = 100% of AFC maximum.
- Section 8 – LOD Death Benefits [See A23: previous question]
- Section 9 – NLD Death Benefits (Active or Retired) [See A23: previous question]
- Internal Revenue Code Limits.

**Q25: What does being a “tax qualified plan” mean?**

A25: The pension plan is operated as a “qualified plan” under the Internal Revenue Code. Maintaining tax qualification of the pension fund is essential, because it provides the following benefits: 1) not having to pay income taxes on capital gains, dividends or income; 2) allowing for pension contributions to be made pre-tax; and 3) allowing for trustee to trustee rollovers of tax deferred accruals, such as in DROP. The plan has been

submitted twice in the past ten years to the Internal Revenue Service for tax qualification and has received two favorable letters of determination. In order to maintain tax qualification status, the plan must be operated in compliance with the Internal Revenue Code as amended from time to time, including any applicable benefit limits.

**Q26: How does the Board of Trustees keep the plan “tax qualified” and in compliance with the Internal Revenue Code?**

A26: The Board of Trustees engages the services of local, regional and national pension professionals who are knowledgeable or expert in that area, including an international actuarial firm, a general board attorney, national special tax counsel, special external counsel, and an external CPA firm—all of whom are highly skilled in their respective fields and all of whom must continuously undergo continuing professional education to maintain their professional qualifications and certifications.

In addition, Section 7(I) of the pension contract states:

“The Board shall make such rules as are necessary for the effective and efficient administration of Sections 7, 8, and 9, provided that such rules are not inconsistent with the terms of any collective bargaining agreement entered into by the City and the certified bargaining agents for firefighters and police officers. Notwithstanding any other provision of this section to the contrary, any provision of this section shall be construed and administered in such manner that the fund will qualify as a qualified governmental pension plan under existing or hereafter enacted provisions of the Internal Revenue Code of the United States, and the Board may adopt any rule to accomplish the purpose of this section as is necessary to retain tax qualification, which rules shall have the force of law and shall be considered part of this contract.”

**Q27: This is too much new information for me to digest at one time. What should I do?**

A27: Remember that neither trustees nor staff nor professionals working for the fund may provide personal tax or financial planning advice. You should determine the optional form of payment that best fits your financial needs and the needs of your loved ones that you intend to provide for. For some plan members, that may mean talking to and/or meeting with a financial planner.

**Q28: Can the pension office or trustees or professionals working for the Board refer me to a financial planner?**

A28: No. The Board of Trustees, staff and professionals working for the Board may not endorse or recommend any financial institution or individual for tax or financial planning advice.

Because the benefit options are quite complex and completely individualized, you should plan to make an appointment with the pension office in advance so that you may receive the individualized, one-on-one attention that you deserve. While this document and staff can provide general information, there is no substitute for a comprehensive review of your options,

and the calculations of what the different benefit levels would be based upon your selection. The actuarial equivalence calculations are computer-generated, based upon IRS mortality tables, and require specific dates of birth for you and your joint annuitant and your marital status at retirement; therefore, a private, sit-down personal appointment at the pension office is best.

If you have any questions regarding the information contained in this document, please contact the Tampa F&P Pension Office at 813/274-8550 or 888/335-8550 – toll free.

Note: This information packet is intended for general information only and is not intended to provide personal tax or financial planning advice. If there are any conflicts between this general information package and the pension plan document (pension contract), the terms of the pension contract shall prevail.

Tampa Fire & Police Pension Fund

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