

## **Miramar Firefighters' Retirement Plan**

### **STATEMENT OF POLICY REGARDING PURCHASE OF PERMISSIVE SERVICE**

WHEREAS, the CITY OF MIRAMAR FIREFIGHTERS' RETIREMENT PLAN ("Plan") provides that vested members may purchase permissive service credit;

WHEREAS, the purchase of service is limited to 5 years of service from all sources (permissive, military, and past firefighter service);

WHEREAS, the Plan does not explain how each year of service is calculated;

WHEREAS, the Trustees desire to explain how the years of service are calculated, provide examples of how purchases of permissive service credits are calculated, and explain the purchase process;

WHEREAS, the Trustees desire to adopt a Statement of Policy regarding the purchase of permissive service credit;

NOW, THEREFORE, it is hereby resolved that the following Statement of Policy Regarding Purchase of Permissive Service Credit is hereby adopted:

- I. Permissive Service Credit Expressed as Enhanced Multiplier
  - A. Vested members may make an irrevocable purchase of permissive service credit, applied as an increase multiplier.
  - B. The multiplier may be purchased in one (1) percent increments, in an amount not to exceed twenty (20) percent of average monthly earnings.
- II. Permissive Service Credit Expressed as an Earlier Retirement Date
  - A. Vested members may purchase permissive service credit expressed as an earlier retirement date. Members selecting this option will not accrue a

higher multiplier, but will be permitted to begin receiving an unreduced benefit with fewer years of actual service.

B. Members may purchase a retirement date which is up to 5 years earlier.

III. Permissive Service Credit Expressed as an Earlier Retirement Date and as an Enhanced Multiplier

A. Vested members may purchase permissive service credit expressed as both an earlier retirement date and an enhanced multiplier.

B. For purposes of determining the maximum years of permissive service which may be purchased, one (1) year of permissive service credit equates to one (1) year of earlier retirement plus a three (3) percent increase in retirement benefits.

1. For purposes of calculation of the limit, 1 year of earlier retirement credit equates to 1 unit and 3% increase in retirement benefits equates to 1 units. The maximum total number of units available for purchase is 10 units.

2. The maximum permissive service credit available for purchase is five (5) years of earlier retirement and an additional fifteen (15) percent added to the benefit multiplier.

3. For example:

a. A member may purchase 5 years of earlier retirement which is 5 units.

b. A member may purchase 2 years of earlier retirement and 6% increase in retirement benefits which is 4 units:

- 2 (years) x 1 (unit per year ) = 2 units

- 3% (1 units) + 3% (1 units) = 2 units

- c. A member may purchase 9% increase in benefits which is 3 units.

#### IV. Payment for Purchase

- A. Permissive service credit will not be granted until the member has paid the full actuarial cost of purchase to the fund, as determined by the Plan actuary.
1. The cost shall be determined as the increase in the actuarial present value of the member's benefits before and after the purchase.
  2. The total benefits paid from the plan to the member or their beneficiaries after purchase shall be guaranteed not to be less than the total amount of contributions made by the member, including permissive service credit contributions.
- B. A member may pay for the cost of the purchase of time with any of the following sources, if available.
1. Out of pocket, either deducted from the bi-weekly payment or lump sum (these payments are post tax);
  2. Rollovers from other qualified plans;
  3. Section 457, Deferred Compensation Plans.
- C. Payment may be made in one (1) lump sum or may be made by payroll deductions in installments for a period not to exceed five (5) years.
- D. A member electing to make installment payments shall be charged interest based on the Plan's actuarially assumed rate of return.

ADOPTED by the Board of Trustees of the Miramar Firefighters' Retirement Plan  
this \_\_\_\_ day of \_\_\_\_\_, 2018.

TRUSTEES

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WITNESS: \_\_\_\_\_