

Palm Tran/  
ATU Local 1577 Pension Plan



## Pension Workshop




### Disclaimer



This workshop is designed to be educational in nature and is not intended to provide investment, tax, or legal advice.

You should consult with your own tax, legal, accounting professionals or any other advisors for advice on the implementation of any plan of action in your particular situation.





### Pension Workshop

- Overview of Benefits
- Processing of Applications
- Description of Pension Board
- Roles of Service Providers


## Pension Overview



### Pension Benefits

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graph TD
    A[Defined Benefit Plan  
Monthly Pension Benefit] --> B[Based on Eligibility:  
Refund Benefit  
Lump-Sum Benefit  
Medical Supplement]
    A --> C[Retirement Benefit:  
Normal Retirement Benefit  
Optional Forms of Payment]
    C --> D[Disability Retirement]
    C --> E[Survivor Benefits]
  
```



### Benefit Tiers (Member Groups)

Credited Service on first anniversary on or after October 1, 2013:

- Tier 1: Members with 10 or more years credited service
- Tier 2: Members with at least 5 but less than 10 years credited service
- Tier 3: Members with less than 5 years credited service
- Tier 4: Members hired on or after October 1, 2013



### Defined Pension Benefit

- Members include eligible employees of Palm Tran
- Funded according to provisions of Bargaining Agreement
  - Benefits funded first by investment returns on Plan assets
  - Employees contribute 3.0% of payroll
  - Employer contributed \$5.4 million in 2017



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### Service Credit and Vesting

- Service Credits based on hours worked since anniversary date:
  - 0 – 249 Hours: 0 Credits
  - 250 – 499 Hours: 1/4 Credits
  - 500 – 749 Hours: 1/2 Credits
  - 750 – 999 Hours: 3/4 Credits
  - > 1000 Hours: 1 Credit
- Credits based on hours worked during year beginning on anniversary of hire date
- Break in Service: Year <250 hours worked



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### Service: Credited and Vesting

- Vesting: Member becomes entitled to future benefits from the Plan after completion of:
  - If hired before 10/01/13: 5 Years
  - If hired on or after 10/01/13: 8 Years
- One hour counts as one hour
- Overtime above 300 hours not included for earnings but included in Credited and Vesting Service
- Vesting Service determines Vesting & Eligibility, Credited Service determines Benefits



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### Normal Retirement Date

- Tier 1: Age 65 with 5 years of credited service
- Tier 2: Age 65 with 5 years of credited service or 33 years of credited service regardless of age
- Tier 3: Age 65 with 5 years of credited service or 33 years of credited service regardless of age
- Tier 4: Age 65 with 8 years of credited service or 33 years of credited service regardless of age



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### Unreduced & Early Retirement

- Unreduced Early Retirement
  - Tier 1: Age 60 with 10 years credited service
  - Tiers 2, 3, 4: Age 62 with 10 years credited service
  - Rule of 85
- Reduced Early retirement
  - Tier 1: Age 55 with 10 years credited service, reduction 1/2% per month prior age 60
  - Tiers 2, 3, 4: Age 55 with 10 years credited service, reduction 1/2% per month prior age 62



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### Defined Benefit Formula

- Benefit Formula:  
(Final Average Salary) x (Credited Service up to a max of 25 years) x Multiplier
- Maximum Benefit 62.5% of Final Average Salary (for Tiers 2, 3 and 4)
- Minimum benefit:
  - Participant on 01/01/1989 with 10+ years of credited service at retirement: \$5,362
  - Participant (or former participant) with 5 years of credited service on 01/01/1989 and <10 years at retirement: \$4,468



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### Multiplier

- Tier 1: 2.50%
- Tier 2: 2.50% until 1st anniversary after 10/01/13, 2.00% thereafter
- Tier 3: 2.50% until 1st anniversary after 10/01/13, 1.60% thereafter
- Tier 4: 1.60%



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### Final Average Salary & Earnings

- Final Average Salary
  - Tiers 1, 2: Highest 3 calendar year earnings
  - Tier 3: Highest 5 calendar year earnings
  - Tier 4: Highest 8 calendar year earnings
- Definition of Earnings
  - All W-2 earnings EXCEPT:
    - Overtime above 300 hours per calendar year starting 04/20/14
    - Sick and Vacation Hours accrued after 04/20/14



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### Forms of Benefit Payment

- Single Member:
  - Modified Cash Refund Annuity  
(Lifetime benefit with at least refund of contributions through retirement)
- Married Member:
  - 50% Contingent Annuity
    - Offset based on ages of Member & Spouse
    - Spouse must waive benefit
    - Change allowed for death or divorce
- Additional options available to provide continuation to beneficiary



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### Late Retirement

- Member works past Normal Retirement Date (Age 65)
- Benefit increased by 1% for 1st 60 months after Normal Retirement Age, 1.5% for each month thereafter

### Commencement

- Benefits start on 1st of month following retirement date
- Benefits pay on 1st day of each month



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### Rehired Following Retirement

- Full-time, retired less than 90 days
  - Benefit payments cease and member continues to earn additional benefits
- Full-time, retired more than 90 days
  - Benefit payments continue
  - Member earns new benefit as a new employee
- Terminated Vested Members continue to earn benefits
- Part-time employees (less than 24 hours per week) not subject to limitations



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### Additional Benefits

(Members Retiring Directly From Service)

- Eligibility for additional benefits:
  - Members with at least 10 years of credited service
  - Member must retire directly from active service
- Lump Sum Benefit: Refund of contributions through December 31, 2011 payable without interest
- Medical Supplement: \$200 monthly benefit payable from age 60 to 65 (must retire meeting 60/10 or Rule of 85)



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### Termination Before Retirement

- Non-vested members receive refund of contributions without interest
- Vested Deferred Members
  - Full benefit at Normal Retirement Date
  - Refund benefit available
    - Refund of personal contributions to the Plan (with interest through May 25, 2007)
    - Reduced benefit at Normal Retirement Date
    - Member must leave at least 6 months before Normal Retirement



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### Disability and Survivor Benefits

### Disability Benefits

- Disability benefit available to members with 10 years or more years of credited service
- Member receives Accrued Benefit
- Benefit offsets for any other disability benefits
- Members with a break in service due to a documented disability continue to earn service credit for up to one year



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### Death Benefits

- Beneficiary of non-vested member receives refund of contributions
- Death before retirement:
  - Beneficiary of single member receives refund of contributions with interest through May 25, 2007
  - Spouse of member over age 55 receives 50% survivor benefit as though member retired
  - Spouse of member under 55 receives 50% benefit at otherwise normal retirement date
- Lump-sum Death Benefit
  - Beneficiary of active member with at least 10 years service receives \$5,000
  - Beneficiary of retired member receives \$7,500



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### Retirement Procedures

### Retirement Process

- 30-90 days prior to retirement: Application filed with Administrator
- 30-45 days after retirement: Retiree issued an estimated benefit and refund benefit if eligible
  - Retro payment to Retirement Date if applicable
  - Estimated payment based on last statement
- 60-90 days after retirement: Plan Actuary prepares final calculation after retiree receives final pay. Retiree receives and returns Benefit Election Form with calculation of actual benefits and optional forms.
- 90-120 days after retirement: Final benefit amount applied and difference between estimated and actual benefit paid to member



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**Application Procedures**

- Required Forms
  - o Application for Retirement
  - o Tax Withholding Forms (W-4P & G4-P)
  - o Direct Deposit Form & VOID Check
  - o Copy of Birth Certificate or Driver's License
  - o If married, copy of Marriage Certificate and Spouse's Birth Certificate or Driver's License
  - o Benefit Election Form (arrives to member 60-90 days after retirement)
- Additional Items
  - o Application for Refund of Contributions
  - o Beneficiary Designation



**Retiree Procedures**

- Responsibilities of Retiree
  - o File a completed Application 30 days prior to retirement
  - o File a completed Benefit Election Form within 90 days of receipt
  - o Notify Administrator of changes to address or contact information
  - o Notify Administrator of bank account changes
- Benefit Payer (Salem Trust Company) issues annual Form 1099-R by January 31 each year

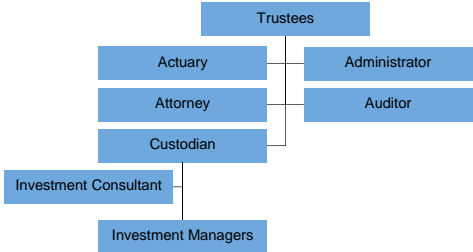


**Trustees: Administer Plan**

- Two Trustees appointed by Union
  - o Dwight Mattingly
  - o Frank Stanzione
- Two Trustees appointed by Employer
  - o Sean Smith
  - o Lisa Pontius
- Plan ADMINISTERED by Trustees



**Pension Board and Service Providers**



**Service Providers**

- Administrator: Strategic Benefits Advisors
- Attorneys: Sugarman & Susskind Bonni Jensen
- Actuary: Freiman Little Actuaries
- Custodian: Salem Trust Company
- Investment Managers
- Investment Consultant: Burgess Chambers & Associates
- Auditor: Cherry Bekaert & Holland



**Virtual Pension Office**

- Palm Tran Pension website:  
[www.publicplans.sba-inc.com/palmtran.html](http://www.publicplans.sba-inc.com/palmtran.html)
  - Pension plan documents
    - Plan Document
    - Summary Plan Description
  - Board approved minutes
  - Forms & applications
  - Recent Plan investment performance
  - Links to other service providers
- Plan email box: [palmtranpension@sba-inc.com](mailto:palmtranpension@sba-inc.com)
- Service Center phone number: 1-844-352-5610



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Questions