

City of Boca Raton Police & Firefighters' Retirement System

Policy Regarding Service Purchases

Effective Date: 7/25/19

I. Ordinance No. 4922 adopted April 25, 2006 and amended by Ordinance No. 5459 adopted July 24, 2018, allows a member to purchase service credits according to the following rules:

- A. Up to five (5) years of service may be purchased for a like period of past full-time employment in the active service of the U.S. armed forces or as a full-time police officer or firefighter with another employer. For this purpose, past service as a firefighter includes service, prior to employment by the City of Boca Raton, as a municipal, district, county, or state firefighter, in the State of Florida, or, if the service is recognized by the State of Florida Division of State Fire Marshal, in any other State, the Federal government or the Seminole Tribe. Past service as a police officer includes federal, other state, municipal or county service as a police officer or deputy sheriff prior to employment by the City of Boca Raton, if the service is recognized by the State of Florida Criminal Justice Standards and Training Commission within the Florida Department of Law Enforcement. This service may be used for purposes of calculating the pension benefits but may not be used to determine eligibility for pension benefits.
- B. Members who participated in a defined contribution plan during prior qualified employment, and whose prior service is determined to be ineligible for purchase as a result of Section 112.65(2) Florida Statutes may, in accordance with Ordinance No. 4922, Section 12-154 (2), be entitled to purchase an additional benefit percentage equivalent to the period of such prior employment, up to five (5) years. Payment of the "minimum cost of purchase," as defined below, must be made within six (6) months of the commencement of the member's participation in the plan.
- C. The member must pay the "minimum cost of purchase" of such service as provided herein. The payment must be made in a lump sum payment and may be made in cash or transferred into the plan from another qualified plan. Payment of the minimum cost of purchase of an additional benefit percentage must first be made by transfer from the defined contribution retirement plan of the sum accrued during the years for which the equivalent additional benefit percentage is being purchased. If and only if, the sum thus accrued is insufficient, then the remaining amount due may be paid by lump sum or transfer from another qualified plan.
- D. Each member may purchase previous service as stated in A or an additional benefit percentage as stated in B. The purchase of prior service under A and the additional benefit percentage under B singularly or combined may not exceed five (5) years or its equivalent.

II. In connection with the adoption of Ordinance No. 4922 and amended by Ordinance No. 5459, the following administrative procedures have been established pursuant to the authority of the Board of Trustees for the City of Boca Raton Police & Firefighters' Retirement System, as provided in City Code Section 12-134(11) (d).

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- A. The Pension Administration will provide the member with the Service Purchase Application and Declaration Form and the Verification of Eligible Non-Military Pension Service Credits or, Military Service Credits, to complete and return to the Pension Office. It is the responsibility of the member to provide all the information on the form, including the name, address and phone number of the previous employer and the beginning and ending service dates. Verification of military service requires a copy of discharge form DD-214.
- B. Once verification of prior employment is received Pension Administration will determine the "minimum cost of purchase," which shall be the greater of (A) and (B), where (A) is the amount obtained by multiplying the member's contribution rate on the date of purchase of past service credit by his or her earnings on the date of purchase of past service credit, and then multiplying the result by the number of year(s) of past service to be purchased, and (B) is the actuarial cost of the past service credit as determined by the plan actuary, reflecting the difference in actuarial present value of projected benefits (based on service and compensation at normal retirement date, and using all service, including purchased service or the equivalent of purchased service, to calculate the probability of retirement), with, as compared to without additional service credits and/or an additional benefit percentage. The Plan will pay the Actuary for one calculation per rolling 12-month period and any additional calculation within the rolling 12-month period is to be paid by the member prior to the calculation, to be held in escrow and if the member purchases the time resulted in the calculation, the fee will be reimbursed to the member. If the member decides not to proceed with the purchase the fee will be utilized for the payment to the actuary.
- C. Calculations prepared by the Actuary will be performed using the member's "age nearest birthday" and quoted amounts will be valid for 60 days. If payment is not received with 60 days, then a new amount will be calculated.
- D. Members are not required to purchase all the available service at one time and may make purchases, as re-calculated, at any time prior to their retirement.
- E. Neither past service nor any additional benefit percentage will be credited to a member until the full payment therefor has been received.
- F. A member who purchases past service or an additional benefit percentage and leaves City employment prior to becoming eligible for retirement benefits will be entitled to a full refund of all payments made, along with any interest that has been credited.
- G. Payments that are made as "direct transfers" from qualified tax-exempt accounts will maintain their tax-deferred status and will be treated as pre-tax contributions. All other payments will be treated as post-tax contributions.
- H. This policy is intended to be an administrative tool. Where the policy conflicts with the actual provisions of the Pension Code, the code provisions will prevail. The policy is subject to revision by the Board of Trustees for the City of Boca Raton Police & Firefighters' Retirement System.