

Patricia Cerny

From: Patricia Cerny
Sent: Thursday, April 13, 2017 8:18 AM
To: Patricia Cerny
Subject: FW: Questions re beneficiary ordinance

From: Jennifer V. Kerr [<mailto:jkerr@hollywoodfirepension.com>]
Sent: Tuesday, April 11, 2017 8:41 AM
To: Tammie Hechler
Cc: George Keller
Subject: FW: Questions re beneficiary ordinance

Hi Tammie,

Would you please forward the below response from our attorney and let me know please if this answers all questions posed by commission?

Thanks kindly,

Jennifer V. Kerr, MBA, CPPT
Plan Administrator
HOLLYWOOD FIREFIGHTERS' PENSION FUND
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From: Robert Klausner [<mailto:bob@robertdklausner.com>]
Sent: Saturday, April 08, 2017 3:50 PM
To: Jennifer V. Kerr <jkerr@hollywoodfirepension.com>; Stuart Kaufman <stu@robertdklausner.com>
Cc: Jen Gravelle <jgravelle@hollywoodfirepension.com>
Subject: Questions re beneficiary ordinance

Jenn

I have reviewed the questions provided concerning the pending ordinance to permit the use of a trust for certain limited purposes as a "beneficiary." The trust may only be used for fixed amounts. The regular monthly retirement benefit paid to a member and in many instances to a survivor, cannot be placed in the trust. These annuity payments have a finite existence limited by the natural life of the member or survivor. Only natural persons may be the survivor or beneficiary of a member's annuity payments.

Primarily, the trust device will be used in the case of a return of contributions as a lump sum for the distribution of DROP balances. Both are fixed sums. Once paid, neither the Fund nor the City has any responsibility. The trust would not draw interest in the same manner as DROP

payments because once placed in a trust, the amount is deemed distributed in the same manner as if it had been paid to a natural person. We have had instances in which members or survivors died and there was no beneficiary eligible to receive the balance. Payment into a trust would eliminate the involvement of the Fund in probate proceedings, or if the intended beneficiary was a minor, being involved in guardianship proceedings.

This is a no cost convenience to the member and to the Fund. The trust for these limited purposes has no actuarial cost to the City.

I trust this will answer the questions. Please forward this response to the appropriate City officials.

Bob Klausner

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