



Interoffice Memorandum

City of Fort Pierce
Retirement and Benefit System

TO: Mayor and Commissioners
THROUGH: Robert Bradshaw, City Manager
FROM: Gloria J. Johnson, Finance Director
RE: Retirement Workshops Report
DATE: April 23, 2014

The Retirement Board was tasked to recommend benefit option changes to the retirement system that would generate cost savings to our citizens; maintain a viable and cost effective pension for the City employees and retirees while ensuring the health of the system. Workshops and meetings were scheduled and held to discuss various options and the effects on both the system and the employees.

The retirement workshops produced several options; the results were delivered by Brad Armstrong the Retirement Board's actuary. The first challenge was to define meaningful reform. The committee agreed to use as a bench mark the Citizen's Budget Committee recommendation of reducing the City's pension cost by \$700,000. After a very lengthy and intense workshop; the committee unanimously agreed to recommend the following options to the City Commission:

- 1. Recommendation #1: Increase the final average period to eight years with a three year phase-in.**
- 2. Recommendation #2: Decrease the multiplier to 2.5%; and allow for a buy-up option at the employees expense.**
- 3. Recommendation #3: Not to institute a defined contribution plan.**
- 4. Recommendation #4: No retroactivity for any option considered.**

During the City Commission Conference Agenda meeting on April 14, 2014 the above and other options were discussed. From these discussions the report is being amended to include the following options.

- 1. Recommendation #1: Increase the final average period to eight years with a three year phase-in.**

- 2. Recommendation #2: Not to institute a defined contribution plan.**
- 3. Recommendation #3: No retroactivity for any option considered.**
- 4. Recommendation #4: Add a Cost of Living Adjustment (COLA) as a benefit payment choice.**

Thanks to the City Commission, City Manager, Deputy City Manager, Police Chief, Utilities Authority Director and everyone else who participated for their input and assistance in helping to formulate the above benefit options.

CITY OF FORT PIERCE RETIREMENT AND BENEFIT SYSTEM
 CURRENT AND PROPOSED BENEFIT PROVISIONS
 SUMMARY OF PROJECTIONS

FY 2014

FY 2015

30 Year Averages

Option	Detail Page #	Current Benefits Provisions			Proposed Benefits Provisions			Change			General Average Annual Savings %/\$	UA Average Annual Savings %/\$	Police Average Annual Savings %/\$
		General	UA	Police	General	UA	Police	General	UA	Police			
Increase Member Contribution Rates for Current Members and New Hires by 2%	1												
Total Adj. Contrib. Require. Members portion		19.77	22.97	18.92	19.87	23.09	18.98	0.10	0.12	0.06	1.77%	1.75%	1.85%
Employer portion		5.16	6.16	5.16	7.16	8.16	7.16	2.00	2.00	2.00			
Employer portion		14.61	16.81	13.76	12.71	14.93	11.82	(1.90)	(1.88)	(1.94)			
Employer portion		1,238,918	2,117,334	886,424	1,077,799	1,880,535	761,449	(161,119)	(236,799)	(124,975)	150,490	220,970	119,285
Decrease the Benefit Multiplier to 2.75 for New Hires	5												
Total Adj. Contrib. Require. Members portion		19.77	22.97	18.92	19.77	22.97	18.92	0.00	0.00	0.00	0.55%	0.46%	0.26%
Employer portion		5.16	6.16	5.16	5.16	6.16	5.16	0.00	0.00	0.00			
Employer portion		14.61	16.81	13.76	14.61	16.81	13.76	0.00	0.00	0.00			
Employer portion		1,238,918	2,117,334	886,424	1,238,918	2,117,334	886,424	0	0	0	46,498	58,234	16,857
Decrease the Benefit Multiplier to 2.75 for Future Service Current Members and New Hires	9												
Total Adj. Contrib. Require. Members portion		19.77	22.97	18.92	18.80	22.23	18.14	(0.97)	(0.74)	(0.78)	1.01%	0.83%	0.70%
Employer portion		5.16	6.16	5.16	5.16	6.16	5.16	0.00	0.00	0.00			
Employer portion		14.61	16.81	13.76	13.64	16.07	12.98	(0.97)	(0.74)	(0.78)			
Employer portion		1,238,918	2,117,334	886,424	1,156,662	2,024,126	836,176	(82,256)	(93,208)	(50,248)	85,845	104,712	45,094
Decrease the Benefit Multiplier to 2.50% for New Hires	13												
Total Adj. Contrib. Require. Members portion		19.77	22.97	18.92	19.77	22.97	18.92	0.00	0.00	0.00	1.18%	0.98%	0.55%
Employer portion		5.16	6.16	5.16	5.16	6.16	5.16	0.00	0.00	0.00			
Employer portion		14.61	16.81	13.76	14.61	16.81	13.76	0.00	0.00	0.00			
Employer portion		1,238,918	2,117,334	886,424	1,238,918	2,117,334	886,424	0	0	0	100,261	123,102	35,195

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FY 2014

FY 2015

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		General	UA	Police	General	UA	Police	General	UA	Police			
Decrease the Benefit Multiplier to 2.50% for Future Service for Current Members and New Hires	17												
		Total Adj. Contrib. Require.	19.77	22.97	18.92	17.82	21.47	17.26	(1.95)	(1.50)	(1.66)		
		Members portion	5.16	6.16	5.16	5.16	6.16	5.16	0.00	0.00	0.00		
		Employer portion	14.61	16.81	13.76	12.66	15.31	12.10	(1.95)	(1.50)	(1.66)		
		Employer portion	1,238,918	2,117,334	886,424	1,073,559	1,928,398	779,487	(165,359)	(188,936)	(106,937)	2.12%	1.74%
Final Average Salary Period to 8 Years for New Hires	21												
Total Adj. Contrib. Require.		19.77	22.97	18.92	19.77	22.97	18.92	0.00	0.00	0.00			
Members portion		5.16	6.16	5.16	5.16	6.16	5.16	0.00	0.00	0.00			
Employer portion		14.61	16.81	13.76	14.61	16.81	13.76	0.00	0.00	0.00			
Employer portion		1,238,918	2,117,334	886,424	1,238,918	2,117,334	886,424	0	0	0	0.47%	0.38%	0.25%
Final Average Salary Period to 8 Years for Current Members and New Hires	25												
Total Adj. Contrib. Require.		19.77	22.97	18.92	17.66	21.09	16.31	(2.11)	(1.88)	(2.61)			
Members portion		5.16	6.16	5.16	5.16	6.16	5.16	0.00	0.00	0.00			
Employer portion		14.61	16.81	13.76	12.50	14.93	11.15	(2.11)	(1.88)	(2.61)			
Employer portion		1,238,918	2,117,334	886,424	1,059,991	1,880,535	718,287	(178,927)	(236,799)	(168,137)	1.51%	1.41%	1.86%
Final Average Salary Period to 10 Years for New Hires	29												
Total Adj. Contrib. Require.		19.77	22.97	18.92	19.77	22.97	18.92	0.00	0.00	0.00			
Members portion		5.16	6.16	5.16	5.16	6.16	5.16	0.00	0.00	0.00			
Employer portion		14.61	16.81	13.76	14.61	16.81	13.76	0.00	0.00	0.00			
Employer portion		1,238,918	2,117,334	886,424	1,238,918	2,117,334	886,424	0	0	0	0.75%	0.61%	0.40%
Employer portion											63,713	77,296	25,661

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FY 2015

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		General	UA	Police	General	UA	Police	General	UA	Police			
Final Average Salary Period to 10 Years for Current Members and New Hires	33	19.77	22.97	18.92	16.35	19.93	14.59	(3.42)	(3.04)	(4.33)	2.45%	2.30%	3.06%
Total Adj. Contrib. Require. Members portion		5.16	6.16	5.16	5.16	6.16	5.16	0.00	0.00	0.00			
Employer portion		14.61	16.81	13.76	11.19	13.77	9.43	(3.42)	(3.04)	(4.33)			
Employer portion		1,238,918	2,117,334	886,424	948,904	1,734,425	607,484	(290,014)	(382,909)	(278,940)	207,787	290,037	197,362
Increase Normal Retirement Eligibility for New Hires	37	19.77	22.97	18.92	19.77	22.97	18.92	0.00	0.00	0.00			
Total Adj. Contrib. Require. Members portion		5.16	6.16	5.16	5.16	6.16	5.16	0.00	0.00	0.00			
Employer portion		14.61	16.81	13.76	14.61	16.81	13.76	0.00	0.00	0.00			
Employer portion		1,238,918	2,117,334	886,424	1,238,918	2,117,334	886,424	0	0	0	127,369	184,569	170,263
Increase Normal Retirement Eligibility for Current Members and New Hires	41	19.77	22.97	18.92	15.04	18.39	9.42	(4.73)	(4.58)	(9.50)			
Total Adj. Contrib. Require. Members portion		5.16	6.16	5.16	5.16	6.16	5.16	0.00	0.00	0.00			
Employer portion		14.61	16.81	13.76	9.88	12.23	4.26	(4.73)	(4.58)	(9.50)			
Employer portion		1,238,918	2,117,334	886,424	837,817	1,540,451	274,431	(401,101)	(576,883)	(611,993)	321,729	486,403	483,217
											3.79%	3.86%	7.50%