

Ordinance 23-060

Amendments to Pension System

Proposed Change 1 – Amendment to Deferred Retirement Option Plan (DROP) from 5 years to 8 years

Current Allowance - DROP ends after 5 years

Proposed Allowance - Extend DROP from 5 years to 8 years

Retirement Board Recommendation - Extend DROP from 5 years to 6 years

The board considered both the employers prevailing issues with attracting competent applicants to succeed employees currently in the DROP and the potential financial implications the extension could have for the employers, and though the change is de minimis (no cost) to the Retirement System, the extension will affect the employer's contribution rate.

Therefore, the board recommends the extension of 1 year, from 5 years to 6 years.

Proposed Change 2 – Amending the Maximum Annual Pension Benefit for Employees hired after 2012 from \$100,000 to \$115,000, Not to Exceed 75% of Final Average Salary

Current Allowance - For Employees hired after October 1, 2012, Maximum Annual Pension Benefit \$100,000, not to exceed 75% of Final Average Salary

Proposed Allowance - For Employees hired after October 1, 2012, Maximum Annual Pension Benefit \$115,000, not to exceed 75% of Final Average Salary

Retirement Board Recommendation - For Employees hired after October 1, 2012, Maximum Annual Pension Benefit \$115,000, not to exceed 100% of Final Average Salary

After discussion and reviewing the impact statements, the board recommends not only changing the maximum benefit to \$115,000, but to also change the final average salary maximum to 100%.

75% of Final Average Salary, \$115,000 Maximum

Impacts	City	FPUA	Police
2024 Contribution Increase	\$ 23,455	\$ 48,048	\$ 95,868
Funded Ratio Change	84.42% to 84.34%	84.44% to 84.28%	89.16% to 88.55%
Unfunded Accrued Liability Increase	\$ 77,596	\$ 224,793	\$ 454,797

100% Final Average Salary, \$115,000 Maximum

Impacts	City	FPUA	Police
2024 Contribution Increase	\$ 39,092	\$ 66,647	\$ 95,868
Funded Ratio Change	84.42% to 84.26%	84.44% to 84.21%	89.16% to 88.55%
Unfunded Accrued Liability Increase	\$ 159,176	\$ 322,455	\$ 460,976

The total cost for the 75% change is \$119,323 for the City and \$48,048 for FPUA.

The total cost for the 100% change is \$134,960 for the City and \$66,647 for FPUA.

The difference between the final average percentage changes is **\$15,637** for the City and **\$18,599** for FPUA, which is minimal to the employee benefit gained, which is why the board makes the recommendation.