SUMMARY OF PENSION HEALTH AND FRINGE BENEFITS

Section 504 of the City’s Charter requires that, following a duly noticed public hearing, within six (6) months of ratification of collective bargaining agreements with the respective labor unions, the City Commission shall consider a written report presented by the City Manager or his or her designee, detailing the status and related fiscal impacts of fringe benefits, including pension and health insurance plans.

GENERAL EMPLOYEES’ HEALTH INSURANCE PLANS

The City continues to offer a comprehensive and cost-effective benefits program to its full-time general employees and retirees through a self-funded health plan administered by CIGNA. The City’s self-funded plan currently covers approximately 2,800 employees, retirees, and dependents.

For the fiscal year beginning October 1, 2020, the City continued to offer employees a choice of 3 plans. The plans include one HMO, a traditional PPO and a High Deductible Health Plan (HDHP) with a Health Savings Account. The dental plan is a PPO (employees also have a fully insured DHMO option). No changes were made to the plan designs for the year beginning October 1, 2020. Employees and retirees pay premium amounts that vary by plan and dependent tier.

Florida Statute 112.08 requires self-funded plans sponsored by local governments to submit an annual filing to the Florida Office of Insurance Regulation (“OIR”) documenting plan experience and financial position. The filing must include an actuarial memorandum signed by a certified actuary that attests to the actuarial soundness of the plan. For the 12-month period of October 1, 2019 through September 30, 2020, the City’s actuary concluded that the City’s self-funded health plan is actuarially sound.

For the 2019/20 year, the City’s plan had a gain of $3.1 million. The resulting surplus as of September 30, 2020 was $15.4 million. This equates to 224 days of projected claims, which comfortably exceeds the OIR safe harbor of 60 days.

FOP AND IAFF HEALTH TRUSTS

The City contributes monthly to the FOP and IAFF Health Trust Funds based on an agreed amount and according to terms that are collectively bargained. Future annual increases to the City’s monthly contributions will be made based upon the latest Annual Segal Health Plan Cost Trend Survey. The increases shall be effective January 1 of each year during the contract period. In no event shall the City monthly contributions be less than the prior year, even if the trend rate is negative. Increases to the FOP and IAFF Health Trusts over the past three years have been 7.1% in 2019, 6.8% in 2020, and 7.7% in 2021.

Audited financial disclosure reports are to be presented from the Trust to the City no later than March 1st of each year.

Group Medical Plan Data as of October 1, 2021:

Plan	Member Count	City's Contribution	City's % of Total Premium
General			
Employees	1159	$13,416,931	76.6%
Retirees	440	$3,512,649	54.2%
FOP Health Trust			
Employees	392	$6,988,282	81.7%
Retirees	322	$5,851,474	83.8%
IAFF Health Trust			
Employees	209	$4,016,298	89.6%
Retirees	219	$4,300,580	92.1%

Ancillary Benefits

Additional ancillary benefits subsidized by the City:

- Dental Insurance (City subsidizes at approximately 50% of the premium cost for single coverage)
  - Cigna DHMO Plan
  - Cigna PPO Plan
- EyeMed Vision Plan (included in health insurance premium)
- Life Insurance – the City subsidized 100 percent of the premium for coverage equal to one-year's salary of each employee
- Accidental Death and Dismemberment – the City bears the full cost of the premium, the maximum benefit if $20,000

OTHER FRINGE BENEFITS

- **Earned leave (sick, vacation, compensatory) differences in accruals**

SICK AND VACATION LEAVE ACCRUALS				
	Sick Leave Accruals	Vacation Leave Accruals		
	Constant Annual	0-9.99 years Annual	10-19.99 years Annual	20 + years Annual
FOP	96	96	136	176
IAFF shift	144	144	204	264
IAFF non-shift	96	96	136	176
All Others	96	96	136	176

- **Leave payouts upon separation**

MAXIMUM FINAL LEAVE PAYOUT			
	Sick hours paid out	Vacation hours paid out	Equivalent number of hours paid out at 100% of value
FOP	Maximum of 75% of sick leave hours, up to a maximum of 620	Maximum of 620	1,240
All Others	Half of sick leave hours, up to a maximum of 600	620	1,220
IAFF Non-shift	Combination of both *		820
IAFF Shift	Combination of both *		1,230

* All sick and vacation hours for IAFF employees paid out at 100% of value up to the allowed maximum

- **Sick Leave Sellback (IAFF & FOP)**

    - Employees covered by the IAFF and FOP agreements are eligible to sell back (at 100% of value) sick leave, minus any sick or emergency vacation time used. Family and Medical Leave Act (FMLA) shall not reduce the sick leave sell back.
    - FOP employees may sell back the number of hours accrued, up to a maximum of 136 hours.
    - IAFF Employees with less than fifteen (15) years of service may sell up to ninety-six (96) hours or 144 hours for 24-hour shift employees. Employees with fifteen (15) years of service or more may sell up to 136 hours or 204 hours for 24-hour shift employees.

- **Holidays (13 legal holidays; 4 floating holidays)**

- **Injury Service Connected (ISC) supplemental leave pay**
    - Differences in duration
        - 16 weeks (general employees)
        - 32 weeks (IAFF & FOP)

- **Bereavement Leave with pay**
    - Unclassified/Others - 2 days
    - CWA – 4 days
    - FOP – 4 days, with 2 additional days of own time
    - IAFF - 4 days, with 1 additional week of own time

- **Jury Duty Leave with pay**

- **Union Leave with pay** (varies for each bargaining group)

- **Tuition Reimbursement**

  The City's Tuition Assistance Program was revised in 2015 per Resolution 2015-28891 to provide an updated benefit to eligible employees voluntarily participating in training or educational programs from accredited institutions of higher learning designed to improve their effectiveness which directly benefits City operations; provide professional development; and help prepare employees for other opportunities within the City's service.

Voluntary Benefits (no City subsidy):

- Pet Insurance
- Disability Insurance (Short-term and Long-term)
- Supplemental Life
- Preferred Legal Plan
- LifeLock (Identity Theft)
- 457 (b) Retirement Accounts
- Roth IRA
- Colonial Life Products
    - Accident Insurance
    - Whole Life Insurance
    - Cancer Insurance
    - Critical Illness Insurance
    - Hospital Confinement Insurance

Non-payroll related benefits:

- Take-home vehicles (primarily Police)
- Work uniforms and shoes
- Employee Assistance Program (EAP)
- Free parking in City facilities
- Free gym use (IAFF and FOP)

Emergency COVID Leave:

As of January 2022, the City approved emergency COVID leave for employees who were positive with COVID or close contacts to a positive person at an approximate value of $3 million. On September 1, 2022 this benefit ceased.

PENSION PLANS

There are two plans, and they are in good shape, according to annual Valuation reports. They each are governed by a Board and Executive Director. The soundness of the plans is ensured through good governance, careful investment policy, and long-term pension reform and associated plan changes based on the City Commission adopted resolution 2013-28290 accepting the recommendations of the Finance and Citywide Projects Committee ("Committee") to adopt the Budget Advisory Committee ("BAC") proposed policies and guidelines to ensure long-term pension reform. The policies and guidelines address four perspectives: (1) Affordability and Sustainability, (2) Appropriate Benefits to Employees, (3) Recruitment and Retention, and (4) Management of Risk/Risk Sharing.

Each Plan has an actuary valuation report prepared annually by Gabriel, Roeder, Smith & Company to (GRS) to measure the Plan's funding progress, to determine the employer's contribution rate for the fiscal year ending, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) No. 67.

Fire & Police - as of 10/1/2021:

Active Members	488
Terminated Vested (including dormants)	21
Receiving Benefits (including DROPs)	808

Miami Beach Employees Retirement Plan ("MBERP") - as of 10/1/2021:

Active Members	1185
Drop Members	101
Retirees & Beneficiaries	1099
Disability Members	25
Terminated Vested Members	110

Current CMB Defined Contribution Retirement Accounts:

- 401(a) [legacy retirement account]
- Firefighters' Pension Relief Fund ("175 share plan")*
- Police Officers' Pension Relief Fund ("185 share plan")*

*This is funded by rebate of excise tax on property and casualty insurance premiums. These funds must be used exclusively for firefighter and police pensions.

Note: A limited number of employees (management team) also have 457(b) deferred retirement accounts in which an amount is funded by the City.

MBERP (Unclassified and Others) Pension Summary of Benefits:

Tier A

- 401a Retirement Plan
- Eligible retirement age 50
- 3% multiplier for first 15 years; 4% multiplier for each year in excess of 15 years
- Maximum benefit is 90% of Final Average Monthly Earnings (FAME)
- Hire effective date prior to 10/18/1992
- There are no active employees remaining in this group

Tier B

- Employment effective date 10/18/1992 (with pension and retiree health contribution reform effective 3/18/2006 – Ordinance 2006-3504 and 3505)
- Eligible retirement age 55 with 5-year vesting criteria
- 3% multiplier; Maximum of 80% of FAME
- Health benefits for retirees hired before 3/18/2006 determined each year as part of the budget process, currently approximately 50% of premium
- Health benefits for retirees hired on or after 3/18/2006 is a stipend of $10 for each creditable year of service, up to maximum of $250 a month for under age 65; $5 for each creditable year of service, up to maximum of $125 a month for 65 and older

Tier C

- Employment effective date 9/30/2010
- Eligible retirement age 62 with 5-year vesting criteria
- 2.5% multiplier; Maximum of 80% of FAME
- Health benefits for retirees hired before 3/18/2006 determined each year as part of the budget process, currently approximately 50% of premium
- Health benefits for retirees hired on or after 3/18/2006 is a stipend of $10 for each creditable year of service, up to maximum of $250 a month for under age 65; $5 for each creditable year of service, up to maximum of $125 a month for 65 and older

FIRE Pension Summary of Benefits:

Hired before July 14, 2010:

- Multiplier 3% for first 20 years of creditable service, then 4% -
- Normal retirement date of age 50 as provided in current pension plan, except that a member must attain the age of 47 to be eligible for "Rule of 70" (years of service plus age) or reach 85% of benefit cap regardless of age
- Three (3) highest or last paid years of creditable services for FAME
- 2.5% COLA
- Maximum benefit of 85% of pensionable income (except those who attained an 85% benefit as of September 30, 2013, retain a maximum benefit of 90% of pensionable income)
- Vested after 5 years of creditable service
- 10% employee pension contribution

Hired on or after July 14, 2010, but prior to September 30, 2013, everything in the previous tier except:

- Normal retirement date of age 50 as provided in current pension plan, except that a member must attain the age of 48 to be eligible for "Rule of 70" (years of service plus age) or reach 85% of benefit cap regardless of age
- 1.5% COLA
- Maximum pension benefit is 85% of pensionable income
- Employees who become retirees as of July 14, 2010 receive same contribution towards health insurance as active employees
- Employees hired after July 14, 2010, shall receive a monthly stipend of $29.77 for each year of service, subject to annual CPI increase

Hired on or after September 30, 2013, **but prior to June 8, 2016,** everything in the previous tier except:

- Five (5) highest or last paid years of creditable services for FAME
- 10.5% employee pension contribution

Hired after June 8, 2016, but prior to May 8, 2019, everything in the previous tier except:

- Normal retirement age shall be 52; however, under the "Rule of 70" retirement, a member must attain a minimum age of 48 or reach the 85% of benefit cap regardless of age

Hired after May 8, 2019, everything in the previous tier except:

- Vested after 10 years of creditable service
- Shall not receive credit for prior creditable time in Miami Beach General Employee Pension Plan

Deferred Retirement Option Plan (DROP)

- 8-year (96 months) DROP available

PEHP (Post Employee Health Plan):

- FIRE members contribute $50 bi-weekly
- Upon separation or DROP, employees contribute 10% of total accrued leave to PEHP

POLICE Pension Summary of Benefits:

Hired before July 14, 2010:

- Multiplier 3% for first 20 years of creditable service, then 4%
- Normal retirement date of age 50 as provided in current pension plan, except that a member must attain the age of 47 to be eligible for "Rule of 70" (years of service plus age) or reach 85% of benefit cap regardless of age
- Three (3) highest or last paid years of creditable services for FAME
- 2.5% COLA
- Maximum pension benefit is 85% of pensionable income
- Vested after 5 years of creditable service
- 10% employee pension contribution

Hired on or after July 14, 2010, **but prior to September 30, 2013,** everything in the previous tier except:

- Normal retirement date of age 50 as provided in current pension plan, except that a member must attain the age of 48 to be eligible for "Rule of 70" (years of service plus age) or reach 85% of benefit cap regardless of age
- 1.5% COLA
- Employees who become retirees as of July 14, 2010 receive same contribution towards health insurance as active employees
- Employees hired after July 14, 2010, shall receive a monthly stipend of $29.77 for each year of service, subject to annual CPI increase

Hired on or after September 30, 2013, but prior to July 20, 2016, everything in the previous tier except:

- Five (5) highest or last paid years of creditable services for FAME
- 10.5% employee pension contribution

Hired on or after July 20, 2016, but prior to July 31, 2019, everything in the previous tier except:

- Normal retirement date shall be 52; however, under "Rule of 70" retirement, a member must attain a minimum age of 48 or reach 85% of benefit cap regardless of age

Hired after July 31, 2019, everything in the previous tier except:

- Vested after 10 years of creditable service
- Shall not receive credit for prior creditable time in Miami Beach General Employee Pension Plan

Deferred Retirement Option Plan (DROP)

- 8-year (96 months) DROP available

PEHP (Post Employee Health Plan):

- FOP members contribute $25 bi-weekly
- Upon separation or DROP, employees contribute 10% of total accrued leave to PEHP