

March 19, 2023

Board of Trustees
City of Miami Beach
General Employees' Pension Board

Re: City of Miami Beach Employees' Retirement Plan

Dear Board:

Enclosed is the following material, which has been prepared in support of the proposed changes to the Fund:

1. Three (3) copies of the required Actuarial Impact Statement, which outlines the costs associated with implementing the changes.
2. Draft of transmittal letters to the Bureau of Local Retirement Systems.

It will be necessary for the Chairman to sign each copy of the Actuarial Impact Statement as the Plan Administrator and forward the Impact Statement, along with a copy of the proposed Ordinance, to the Bureau prior to final reading.

If you have any questions concerning the enclosed material, please let us know.

Sincerely,



Sara E. Carlson, ASA, EA, MAAA
SEC/lke

Enclosures

Mr. Keith Brinkman
Bureau of Local Retirement Systems
Division of Retirement
3189 S. Blair Stone Rd.
Tallahassee, FL 32301

Re: Actuarial Impact Statement

Dear Mr. Brinkman:

The City of Miami Beach is considering the implementation of amended retirement benefits for its General Employees. The changes are described in the enclosed material.

Pursuant to Section 22d-1.04 of the Agency Rules, we are enclosing the required Actuarial Impact Statement (AIS) and a copy of the proposed Ordinance for your review.

If you have any questions or if additional information is needed, please contact us.

Sincerely,

CITY OF MIAMI BEACH
EMPLOYEES' RETIREMENT PLAN

ACTUARIAL IMPACT STATEMENT

March 19, 2023

Attached hereto is a comparison of the impact on the Minimum Required Contribution (per Chapter 112, Florida Statutes) and the Required City Contribution, resulting from the implementation of the following changes:

- Effective January 1, 2023, for Members who have served as an Elected Official or Charter Officer and terminate employment, retire, or enter DROP, “Final Average Monthly Earnings” means the average of the best 5 years of earnings.
- For Members who have served as an Elected Official or Charter Officer on and after December 12, 2012, benefits earned as an Elected Official or Charter Officer are determined as 4% of final average monthly earnings multiplied by years of creditable service as an Elected Official or Charter Officer. Benefits for service in other roles are calculated separately based on the benefit multiplier, final average monthly earnings, and creditable service applicable to the service in that role.
- Members who have served as an Elected Official or Charter Officer become 100% vested at 4 years of creditable service.
- For Members who terminated vested under Tier B provisions and were re-hired under Tier C provisions,
 - The benefit for the Tier B service is based on the Tier B benefit multiplier (3.0%) and receives the Tier B COLA (2.5%)
 - The benefit for the Tier C service is based on the Tier C benefit multiplier (2.5%) and receives the Tier C COLA (1.5%).
 - Eligibility for both benefits is based on Tier B provisions (e.g. Normal Retirement Date of age 55 with 5 years of creditable service).
- For Members who terminated non-vested under Tier B provisions, did not receive a refund of contributions, and were re-hired under Tier C provisions,
 - The benefit for the Tier B service is based on the Tier B benefit multiplier (3.0%).
 - The benefit for the Tier C service is based on the Tier C benefit multiplier (2.5%).
 - Eligibility for both benefits is based on Tier C provisions (e.g. Normal Retirement Date of age 55 with 30 years of creditable service or age 62 with 5 years of creditable service) and both benefits are subject to the Tier C COLA (1.5%).

- For Tier C Members who terminate employment and are re-employed, the service from the initial period is included when calculating benefits and the benefit is based on the benefit rate applicable to initial period of service.

The cost impact, determined as of October 1, 2021, applicable to the fiscal year ending September 30, 2023, is as follows, when compared to the contribution requirements under the current benefit structure as calculated in the October 1, 2021 actuarial valuation report prepared by Gabriel, Roeder, Smith & Company (GRS).

	<u>Proposed</u> (Foster & Foster)	<u>Current</u> (GRS)
Minimum Required Contribution	\$38,772,056	\$38,258,786
Member Contributions (Est.)	9,152,572	9,155,767
City Required Contribution	\$29,619,484	\$29,103,019

CITY OF MIAMI BEACH
EMPLOYEES' RETIREMENT PLAN
ACTUARIAL IMPACT STATEMENT

March 19, 2023

Unless otherwise noted, all data, assumptions, methods and plan provisions are the same as in the October 1, 2021 actuarial valuation report. It should be noted that changes to retirement benefits could potentially affect participants' retirement or termination behavior. We will monitor and advise of any recommended changes with future experience studies.

Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the analysis, we did not perform an analysis of the potential range of such future measurements.

Please note that contents of this analysis and the October 1, 2021 actuarial valuation report are considered an integral part of the actuarial opinions. In reviewing the results presented in this study, it should be noted that there are risks that may not be inherently apparent to the reader that should be carefully considered. For key risks, please see the Discussion of Risk section of the October 1, 2021 actuarial valuation report.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

The changes presented herein are in compliance with Part VII, Chapter 112, Florida Statutes and Section 14, Article X of the State Constitution. The undersigned is familiar with the immediate and long-term aspects of pension valuations and meets the Qualification Standards of the American Academy of Actuaries necessary to render the opinions contained herein.



Sara E. Carlson, ASA, EA, MAAA
Enrolled Actuary #20-8546

STATEMENT OF PLAN ADMINISTRATOR

The prepared information presented herein reflects the estimated impact of the proposed Ordinance.

Chairman, Board of Trustees

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Benefits <u>10/1/2021</u>	Old Benefits (GRS) <u>10/1/2021</u>
A. Participant Data		
Actives	1,185	1,185
Service Retirees	933	933
DROP Retirees	101	101
Beneficiaries	166	166
Disability Retirees	25	25
Terminated Vested ²	<u>106</u>	<u>110</u>
Total	2,516	2,520
Payroll Under Assumed Ret. Age	88,200,899	88,213,744
Annual Rate of Payments to:		
Service Retirees	46,111,001	46,111,003
DROP Retirees	4,965,559	4,965,560
Beneficiaries	3,732,108	3,732,108
Disability Retirees	878,517	878,516
Terminated Vested ²	2,755,561	2,793,353
B. Assets		
Actuarial Value (AVA) ¹	754,950,350	754,950,350
Market Value (MVA) ¹	831,931,524	831,931,524
C. Liabilities		
Present Value of Benefits		
Actives		
Retirement Benefits	325,524,305	323,637,282
Disability Benefits	14,059,308	8,794,475
Death Benefits	5,355,385	3,563,411
Vested Benefits	30,238,517	36,119,739
Refund of Contributions	1,770,906	1,613,453
Service Retirees, DROP Retirees, and Beneficiaries	674,832,417	674,335,672
Disability Retirees	9,406,855	9,415,122
Terminated Vested ²	<u>27,580,097</u>	<u>27,339,081</u>
Total	1,088,767,790	1,084,818,235

C. Liabilities - (Continued)	New Benefits <u>10/1/2021</u>	Old Benefits (GRS) <u>10/1/2021</u>
Present Value of Future Salaries	788,159,392	791,402,539
Normal Cost (Retirement)	11,635,850	12,039,153
Normal Cost (Disability)	948,547	665,687
Normal Cost (Death)	368,448	220,563
Normal Cost (Vesting)	2,084,419	2,425,862
Normal Cost (Refunds)	675,606	491,183
Total Normal Cost	<u>15,712,870</u>	<u>15,842,448</u>
Present Value of Future Normal Costs	129,088,936	132,904,453
Accrued Liability (Retirement)	230,913,805	N/A
Accrued Liability (Disability)	5,817,641	N/A
Accrued Liability (Death)	2,365,327	N/A
Accrued Liability (Vesting)	7,598,267	N/A
Accrued Liability (Refunds)	1,164,445	N/A
Accrued Liability (Inactives) ^{1 2}	711,819,369	N/A
Total Actuarial Accrued Liability (EAN AL)	<u>959,678,854</u>	951,913,782
Unfunded Actuarial Accrued Liability (UAAL)	204,728,504	196,963,432
Funded Ratio (AVA / EAN AL)	78.7%	79.3%

D. Actuarial Present Value of Accrued Benefits	New Benefits <u>10/1/2021</u>	Old Benefits (GRS) <u>10/1/2021</u>
Vested Accrued Benefits		
Inactives ¹	711,819,369	711,089,875
Actives	113,380,180	120,242,041
Member Contributions	<u>73,651,478</u>	<u>73,651,478</u>
Total	898,851,027	904,983,394
Non-vested Accrued Benefits	<u>188,472</u>	<u>18,683,718</u>
Total Present Value		
Accrued Benefits (PVAB)	899,039,499	923,667,112
Funded Ratio (MVA / PVAB)	92.5%	90.1%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:		
Plan Amendments	430,963	
Benefit Changes	0	
Plan Experience	0	
Benefits Paid	0	
Interest	0	
Other	<u>0</u>	
Total	430,963	

	New Benefits	Old Benefits (GRS)
Valuation Date	10/1/2021	10/1/2021
Applicable to Fiscal Year Ending	<u>9/30/2023</u>	<u>9/30/2023</u>
E. Pension Cost		
Normal Cost ²	\$16,844,197	\$16,983,104
Administrative Expenses ³	807,246	807,246
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 28 years (as of 10/1/2021) ³	21,120,613	20,468,436
Minimum Required Contribution	38,772,056	38,258,786
Expected Member Contributions ^{3 4}	9,152,572	9,155,767
Expected City Contribution	29,619,484	29,103,019

¹ The asset values and liabilities do not include accumulated DROP Plan Balances as of 9/30/2021.

² Headcounts for vested terminated members show a decrease due to the benefit change; benefits for prior periods of service were previously valued under a Vested Terminated record but are now valued under the employee's active record. The extra Vested Terminated records were eliminated.

³ Contributions developed as of 10/1/2021 displayed above have been adjusted to account for assumed interest.

⁴ Utilizes the 9.68% effective Member Contribution Rate provided in the October 1, 2021 actuarial valuation report prepared by GRS.

The following summaries of valuation assumptions, valuation methods, and plan provisions are as shown in the October 1, 2021 actuarial valuation report prepared by Gabriel, Roeder, Smith and Company.

ACTUARIAL ASSUMPTIONS AND COST METHOD

Both the economic and decrement assumptions were established following the Experience Investigation for the Seven Years Ended September 30, 2017. The investment return and salary increase assumptions have been adjusted in accordance with subsequent analyses. The covered group is too small to provide statistically significant experience on which to base the mortality assumption. Mortality is based on a commonly used mortality table and projection scale.

Valuation Methods

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) dollar contributions over a reasonable period of future years.

Actuarial Value of Assets - The Actuarial Value of Assets phase in the difference between the expected actuarial value and actual market value of assets at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section. These assumptions were established following the Experience Investigation for the Seven Years Ended September 30, 2017, dated March 11, 2019. The mortality assumption is mandated by Chapter 112.63, Florida Statutes.

Economic Assumptions

The investment return rate assumed in the valuation is 7.20% per year, compounded annually (net after investment expenses).

The Wage Inflation Rate assumed in this valuation is 2.5% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macroeconomic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The **Price Inflation Rate** assumed this year is 2.5% per year. The Price Inflation Rate is defined to be the long-term rate of annual increases in goods and services.

The assumed **real rate of return** over inflation is defined to be the portion of total investment return that is more than the assumed inflation rate. Considering other economic assumptions, the 7.20% investment return rate translates to an assumed real rate of return over inflation of 4.70%.

Rates of salary increases used are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Years of Service	% Increase in Salary		
	Merit and Seniority	Wage Inflation	Total Increase
1 - 5	3.60%	2.5%	6.10%
6 - 10	2.50%	2.5%	5.00%
11 - 15	2.00%	2.5%	4.50%
16 - 20	1.75%	2.5%	4.25%
21+	1.25%	2.5%	3.75%

Demographic Assumptions

The **mortality rates** used in the valuation are based on the PUB-2010 Headcount Weighted Mortality Tables described below, with mortality improvements projected to all future years after 2010 using Scale MP-2018. No mortality improvements are projected for disabled lives:

	Pre-Retirement PUB-2010 Table	Post-Retirement PUB-2010 Table
Female Healthy	Headcount Weighted General Below Median Employee Female Table	Headcount Weighted General Below Median Healthy Retiree Female Table
Male Healthy	Headcount Weighted General Below Median Employee Male Table, set back 1 year	Headcount Weighted General Below Median Healthy Retiree Male Table, set back 1 year
Female Disabled	N/A	Headcount Weighted General Disabled Retiree Female Table, set forward 3 years
Male Disabled	N/A	Headcount Weighted General Disabled Retiree Male Table, set forward 3 years

These are the same rates as used by the Florida Retirement System (FRS) in their July 1, 2021 Actuarial Valuation Report for Regular Class Members (other than K-12 School Instructional Personnel). Florida Statutes Chapter 112.63(1)(f) mandates the use of the same mortality tables from either of the two most recently published actuarial valuation reports of FRS.

The following table presents post-retirement mortality rates and life expectancies at illustrative ages. These assumptions are used to measure the probabilities of each benefit payment being made after retirement:

FRS Healthy Post-Retirement Mortality for Regular Class Members

Sample Attained Ages (in 2021)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.19 %	0.58 %	33.14	36.95
55	0.96	0.58	28.77	32.50
60	1.14	0.60	24.68	27.96
65	1.29	0.69	20.63	23.39
70	1.80	1.09	16.62	18.91
75	2.86	1.89	12.91	14.73
80	4.83	3.41	9.63	10.98

The following table presents pre-retirement mortality rates and life expectancies at illustrative ages. These assumptions are used to measure the probabilities of active members dying prior to retirement (25% of deaths are assumed to be service-connected).

FRS Healthy Pre-Retirement Mortality for Regular Class Members

Sample Attained Ages (in 2021)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.19 %	0.11 %	37.72	40.26
55	0.30	0.17	32.71	35.14
60	0.46	0.26	27.85	30.11
65	0.65	0.37	23.17	25.19
70	0.90	0.56	18.62	20.37
75	1.35	0.93	14.19	15.68
80	2.13	1.58	9.89	11.17

The following table presents disabled post-retirement mortality rates and life expectancies at illustrative ages:

FRS Disabled Mortality for Regular Class Members

Sample Attained Ages (in 2021)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	2.02 %	1.64 %	20.99	23.92
55	2.53	1.91	18.18	20.88
60	3.08	2.27	15.50	17.88
65	3.93	2.83	12.94	14.91
70	5.08	3.79	10.53	12.07
75	6.98	5.46	8.29	9.45
80	10.12	8.31	6.33	7.19

The rates of retirement used to measure the probability of eligible members retiring during the next year are shown in the table below.

Normal Retirement Rates		
Years of Service	Age	Assumed Rate of
5-9	50-54	5.0 %
	55-59	7.0
	60-64	10.0
	65-69	20.0
	70-74	50.0
	75+	100.0
10-14	50-54	5.0
	55-59	10.0
	60-64	20.0
	65-69	20.0
	70-74	50.0
	75+	100.0
15-19	50-54	20.0
	55-59	15.0
	60-64	20.0
	65-69	25.0
	70-74	50.0
	75+	100.0
20-24	50-54	30.0
	55-59	30.0
	60-64	25.0
	65-69	50.0
	70-74	50.0
	75+	100.0
25-29	50-54	70.0
	55-59	60.0
	60-64	50.0
	65-69	50.0
	70-74	50.0
	75+	100.0
30+	50-54	100.0
	55-59	100.0
	60-64	100.0
	65-69	100.0
	70-74	100.0
	75+	100.0

The rate of retirement is 5% for each year of eligibility for early retirement.

It is assumed that 80% of retirees will enter the DROP and those that do will remain in the DROP for 5 years. For this reason, we assume the COLA will be delayed 4 years from retirement.

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating Within Next Year
ALL	0	12.50 %
	1	12.00
	2	10.00
	3	8.50
	4	6.00
20	5 & Over	6.75
25		6.75
30		4.75
35		4.75
40		3.25
45		2.50
50		2.50
55		2.50

Rates of disability among active members are shown in the table below (50% of disabilities are assumed to be service connected).

Sample Ages	% Becoming Disabled Within Next Year
25	0.03 %
30	0.03
35	0.05
40	0.07
45	0.11
50	0.17
55	0.23
60	0.37
65	0.56

Changes Since Previous Valuation

- The investment return assumption was lowered from 7.4% to 7.2%.
- Effective October 1, 2021, the period over which changes to the Unfunded Actuarial Accrued Liability (UAAL) was reduced from 29 years to 28 years.

Miscellaneous and Technical Assumptions

<i>Administrative & Investment Expenses</i>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be the average of non-investment related expenses averaged over the last two years. Assumed administrative expenses are added to the Normal Cost.
<i>Benefit Service</i>	Service rounded to the nearest month is used to determine the amount of benefit payable.
<i>Decrement Operation</i>	Disability and mortality decrements operate during retirement eligibility.
<i>Decrement Timing</i>	Decrements of all types are assumed to occur at the beginning of the year.
<i>Eligibility Testing</i>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<i>Forfeitures</i>	For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
<i>Incidence of Contributions</i>	Employer contributions are assumed to be made in full on the first day of the fiscal year. Member contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
<i>Marriage Assumption</i>	85% of males and 85% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<i>Normal Form of Benefit</i>	50% joint and survivor annuity; life annuity for members hired after September 30, 2010.
<i>Pay Increase Timing</i>	Middle of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
<i>Cost of Living Increase</i>	2.5% per year for Tier A and Tier B members; 1.5% per year for Tier C members. Increases are assumed to begin 4 years after retirement. This assumption reflects the COLA delay for DROP members.
<i>Maximum Benefits</i>	The maximum accrued benefit payable as a life annuity reflects the 415(b) limit (\$230,000 for 2021 for ages 62 through 65). The limitation is projected to increase by 3% per year and is adjusted for other commencement ages based on IRS regulations.

SUMMARY OF PLAN PROVISIONS

Effective Date

September 30, 2010 under Ordinance No. 2010-3693 and Ordinance No. 2010-3706. Most recent amendments were Ordinance No. 2021-4423 effective July 3, 2021 and Ordinance No. 2015-3946 effective June 10, 2015.

Eligibility

Each general employee who works more than 30 hours per week is eligible for membership on his date of employment

Creditable Service

Service credited under the predecessor system plus service after such date with respect to which member contributions are made.

Tiers of Employees

Tier C – All members hired on or after September 30, 2010 (October 27, 2010 for members of CWA)

Tier B – Members of AFSCME hired on or after April 30, 1993; members classified as GSA or "Other" hired on or after August 1, 1993; members of CWA hired on or after February 21, 1994; and Unclassified members hired on or after October 18, 1992.

Tier A – All other members

Earnings

For Tier B and C members, base pay including longevity, but excluding overtime, shift differential or extra compensation allowances. For Tier A members, actual salary or wages received. Earnings do not include lump sum payments of unused sick or vacation time. Overtime pay for Classified Tier A members is limited to 10% of regular pay.

Final Average Monthly Earnings (FAME)

One-twelfth of average annual Earnings during the two highest paid years of Creditable Service, not less than the average monthly earnings for the 12 months as of March 8, 2006 for Unclassified Tier A members

Effective September 30, 2010 averaging period is five years except for members who are less than five years away from normal retirement eligibility. Members who are eligible for normal retirement within two years or less as of September 30, 2010 will have average earnings of two years. Members who are eligible for normal retirement in within three years as of September 30, 2010 will have average earnings of three years. Members who are eligible for normal retirement within four years as of September 30, 2010 will have average earnings of four years.

Normal Retirement

Eligibility	Age 50 and five years of Creditable Service for those in Tier A Age 55 and five years of Creditable Service for those in Tier B Age 55 with 30 years of service or age 62 with 5 years of service for those in Tier C
Benefit	3% of FAME multiplied years of Creditable Service with the total not to exceed 80% of FAME. There is a 90% cap for certain Tier A members. 4% of FAME multiplied years of Creditable Service with the total not to exceed 80% of FAME for the City Clerk. 2.5% of FAME multiplied years of Creditable Service with the total not to exceed 80% of FAME for Tier C members.
Form of Benefit	50% joint and survivor annuity payable only to the spouse or, if no spouse, to the surviving children until age 21; other options are also available. Spouse's benefits cease upon remarriage. Life annuity for Tier C members
COLA	2.5% for Tier A and Tier B members; 1.5% for Tier C members

Early Retirement

Eligibility	Tier B members of the General Plan whose total of age plus service is 75, not earlier than age 50 Tier C members whose total of age plus service is 75, not earlier than age 55
Benefit	Accrued pension actuarially reduced for number of years by which Early Retirement Date precedes Normal Retirement Date.
Form of Benefit	50% joint and survivor annuity payable only to the spouse or, if no spouse, to the surviving children until age 21; other options are also available. Spouse's benefits cease upon remarriage. Life annuity for Tier C members
COLA	2.5% for Tier A and Tier B members; 1.5% for Tier C members

Delayed Retirement

Eligibility	Any time after the Normal Retirement Date.
Benefit	Calculated in the same manner as the Normal Retirement Benefit but using the FAME and Creditable Service as of the actual retirement date.

Form of Benefit 50% joint and survivor annuity payable only to the spouse or, if no spouse, to the surviving children until age 21; other options are also available. Spouse's benefits cease upon remarriage.

Life annuity for Tier C members

COLA 2.5% for Tier A and Tier B members; 1.5% for Tier C members

Disability Benefits

Eligibility A total and permanent disability which renders a member incapacitated for the further performance of duty. Five years of Creditable Service is also required unless the disability is service-connected.

Benefit Ordinary Disability: Accrued retirement benefit, without reduction, with a minimum of 35% of FAME.
Service-Connected Disability: Accrued retirement benefit without reduction, with a minimum of 65% of FAME; 75% of FAME minimum for General Tier A members.

Such amounts are reduced by workers' compensation benefits and, in certain cases, earned income will be considered in offsetting the benefit. The period of disability shall be included in Creditable Service for purposes of computing normal retirement benefits when a disability retiree reaches normal retirement age.

Form of Benefit 50% joint and survivor annuity payable only to the spouse or, if no spouse, to the surviving children until age 21; other options are also available. Spouse's benefits cease upon remarriage.

Life annuity for Tier C members

COLA 2.5% for Tier A and Tier B members; 1.5% for Tier C members

Preretirement Death Benefits

For a member who has at least three years of Creditable Service but who dies before commencement of retirement benefits, a monthly benefit is payable to the spouse or, if no spouse, to the children until age 21. The benefit is equal to 50% of the accrued normal retirement benefit without reduction with the result being a minimum of 30% of FAME and a maximum of 40% of FAME for General members.

Termination Benefits

Any member who terminates employment and does not request a refund of his own contributions and has completed at least five years of Creditable Service will be eligible to receive his accrued benefit upon reaching his normal retirement age.

Contributions

Tier A Members 12% of Earnings.

Tier B and Tier C Members 10% of Earnings.

Employees who have reached the applicable benefit accrual cap (90% for General Tier A employees and 80% for all others) but have not yet reached retirement age will continue to contribute to the pension Plan, but only on the amount by which pay increases after reaching the cap

From the City The amount necessary to fund the Plan properly according to the Plan's actuary.

Deferred Retirement Option Plan (DROP)

Eligibility Members who are eligible for Normal Retirement

Benefit The member's Credited Service and AFC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AFC.

Maximum DROP Period 60 months

Interest Credited The investment return is determined by the self-directed investments.

Normal Form of Benefit Lump Sum

COLA None

Changes Since Last Valuation

Under Ordinance No. 2021-4423, the City Clerk's pension accrual rate and pensionable earnings were increased from 3% to 4% and from base pay to W-2 earnings, respectively.