

June 2, 2015

City of Key West  
Mayor and City Commissioners

On tonight's agenda is the first reading of an ordinance to increase the monthly stipend being paid to retirees of the Police/Fire Pension Plan (under the age of 65) to \$3600 per year and to add a new benefit of a 13<sup>th</sup> check each year (minimum amount of \$2000) to all retirees in the Plan.

As you are deliberating the proposed changes to the Police/Fire Pension Plans, I would respectfully request the Commission give the same consideration for a future proposal from the General Employees' Pension Plan providing for a benefit of an annual 13th check. Although this item is not on tonight's agenda, it is important to note General Employees' Pension Plan should be part of the discussion as a future similar ordinance may be forthcoming. Currently there are significant benefit differences between the Plans; General Employees' Pension Plan retirees receive no stipend of any kind. The Police/Fire Pension Plan provides a 3% benefit factor for retirement benefits, while the General Employees' Pension Plan provides a 2.5% benefit factor.

Funding is the most significant factor in determining pension plan benefits and is always a topic of much discussion when additional benefits are being requested. The Plans return on investment, City funding requirements and consistent overall Plan performance are major factors in considering Plan benefits. Overall, the City funding requirements for the General Employees' Pension Plan continue to be significantly less than the Police/Fire Pension Plan.

In the most recent report (using 2013 Plan data) issued on Florida Pensions Plans by the Florida Department of Management Services, the report (based on information provided by each Plan) details City funding requirements as a percentage of payroll for the Police/Fire Pension Plan at 29.6 percent; funding requirements for the General Employees' Pension Plan was 9.9% percent.

The Leroy Collins Institute, a statewide policy organization which studies private and public pensions and provides recommendations on cost savings and containment, issues an annual financial condition report ranking Florida pension plans. The most recent report card issued by the Institute on Florida municipal pension plans (September, 2014), lists the Key West General Employees' Pension Plan among the "Top Performers" in the state. Over several reporting years, the General Employees' Pension Plan consistently received the highest ranking of a Grade A.

Food for thought as you move forward in your discussion.

My best to all of you.



Sandy Gilbert  
Retiree, City of Key West  
Former Board Member and Chairperson, General Employees Pension Plan