

MEMORANDUM

TO: Patti McLaughlin, City Manager
City of Key West

FROM: Board of Trustees
City of Key West Employees' Retirement Plan

RE: Executive Summary Regarding Military Buyback Ordinance

DATE: November 30, 2022

The Board of Trustees of the City of Key West Employees' Retirement Plan have recommended approval of an ordinance allowing members to purchase credited service for time served in the military prior to employment with the City of Key West. The ordinance would allow for up to five (5) years of service to be purchased with the member being required to pay the full actuarial cost of the buyback.

Military Service Purchase Introduction

The vast majority of public pension plans in the State of Florida contain a provision allowing for the purchase of preemployment military service. The Police and Fire Retirement Plan currently allows for the purchase of military service in Section 46-323 of the City Code.

The Board of Trustees will adopt an administrative rule to govern the administration of the military buyback process.

With regard to the purchase of military service, presentation to the Board of Trustees of satisfactory evidence of honorable discharge from the United States military will be provided with regard to the military service being purchased. Only military service in the United States Armed Forces (Army, Navy, Air Force, Marines), Coast Guard, or National Oceanic and Atmospheric Administration shall be allowed to be purchased.

The following documents, after being reviewed by the Board of Trustees to determine their legitimacy, may constitute acceptable proof of military service for the purpose of granting creditable service in CERS:

- A. Form DD-214;
- B. NGB Form 23 ;
- C. Form 249-2-E;
- D. Any diploma or certificate containing language to the effect that the member has been honorably discharged;
- E. Any other form prepared by a military unit of the United States of America which is used to document retirement points in the military which the Board finds acceptable.

Payment for the service being purchased may be made by rollover from another qualified retirement plan, or other method(s) to be determined by the Board of Trustees..

Financial Impact

The actuary for the Pension Fund has prepared an actuarial impact statement showing the cost of the military service ordinance. The actuary has determined that passage of the ordinance would result in no increase in the annual City contribution to the Plan.

Recommendation

The Board of Trustees recommends approval of the ordinance as it would be in the best interests of the members of the Plan..