



CITY MANAGER'S OFFICE MEMORANDUM

To: City Commission

From: Jim Scholl, City Manager
Mark Finigan, Assistant City Manger
Sandy Gilbert, Human Resources Director

Subject: Police and Fire Pension Plan Ordinance Change

ACTION STATEMENT:

The Board of Trustees of the Police and Fire Pension Plan recommend an ordinance change with regard to the Police and Fire Pension Fund. The ordinance allows for police officers to be reemployed, after retirement, as firefighters; and firefighters to be reemployed, after retirement, as police officers without suspending their pension benefit from the Plan.

BACKGROUND:

Certified police officers and certified firefighters are covered by the same pension plan. The current plan provides if a retiree returns to work in a position covered by the Plan, receipt of pension benefits are suspended for the period of reemployment. Benefits are recommenced when the period of reemployment has ended taking into account the additional credited service and any changes in final compensation

ADVANTAGES/DISADVANTAGES:

The Police and Fire Pension Board of Trustees, through their legal counsel, have recommended adoption of the ordinance to provide the City the opportunity to fill vacancies with established local, qualified individuals with institutional knowledge of City operations without punishing them economically. Under the provisions of the current ordinance a retiree who elects to suspend their pension benefit as a result of being reemployed in a different position, at a lower salary, might experience a reduction in pension benefits.

The City's pension attorney recommends considering the following alternatives, only if the City believes there is some advantage in allowing the ordinance change:

- ◆ Suspend the member's pension during the period of reemployment and allow him/her to accrue additional benefits under the plan for the period of reemployment. This option is currently available under the Plan.
- ◆ Provide members who become reemployed a choice of receiving their current pension benefit and not accruing any new benefits in lieu of suspending pension benefits. Similar to changes made last year to the Florida Retirement System.

FINANCIAL IMPACT:

Adoption of the ordinance would not result in additional costs to the Pension Plan. Reemployed retirees would be considered new hires and would be enrolled in the Plan as a new hire accruing benefits the same as any new hire.

RECOMMENDATION:

Management recommends the adoption of the ordinance.