M E M O R A N D U M

TO: **The City Commission for the City of Key West,**
Albert Childress, City Manager

FROM: **Board of Trustees**
City of Key West Police
Officers and Firefighters Retirement Plan

RE: **Executive Summary Regarding Drop Extension Ordinance**

DATE: **April 11, 2024**

The Board of Trustees ("Board) of the City of Key West Police and Fire Retirement Plan ("Plan") have recommended approval of an ordinance extending the Deferred Retirement Option Plan ("DROP") period for members of the City of Key West Police and Fire Retirement Plan from five to eight years. Current DROP participants would be given the option to elect to extend their DROP period for three years.

Background

The DROP allows current police officers and firefighters of the Plan to participate in the program and defer receipt of retirement benefits while continuing employment with the City. Upon separation from employment, the member receives the accumulated DROP benefits and begins to receive the previously determined normal retirement benefit amounts. Eligible members may currently elect to participate in DROP for a period not to exceed a maximum of five (5) years. A similar extension of the DROP period to eight (8) years was approved by the Florida Legislature in 2022 for law enforcement officers participating in the Florida Retirement System. Since that time several municipalities have followed suit and have adopted ordinances extending the DROP period to eight (8) years for their public safety officers.

Cost

The actuary for the Pension Fund has prepared an actuarial impact statement showing that there would be no cost associated with passage of the ordinance.

Recommendation

The Board of Trustees recommends approval of the ordinance as it would be in the best interests of Plan members and the citizens of Key West. The extension of the DROP would help retain highly qualified police officers and firefighters thereby benefitting the citizenry of the City of Key West. It has become increasingly difficult to attract qualified police officers and firefighters not only in the City of Key West but throughout the country.