



Town Council Agenda Report

SUBJECT: Ordinance

CONTACT PERSON/NUMBER: Chris Wallace, 797-1050

TITLE OF AGENDA ITEM:

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA, AMENDING THE TOWN OF DAVIE FIREFIGHTERS PENSION TRUST FUND TO CONFORM WITH CHAPTER 175, FLORIDA STATUTES; AMENDING SECTION FOUR OF THE PLAN TO REQUIRE TOWN CONTRIBUTIONS AT LEAST QUARTERLY, PROVIDING THAT STATE CONTRIBUTIONS SHALL BE DEPOSITED INTO THE FUND IMMEDIATELY UPON RECEIPT, AND PROVIDING THAT MEMBER CONTRIBUTIONS SHALL BE DEPOSITED INTO THE FUND IMMEDIATELY AFTER EACH PAY PERIOD; AMENDING SECTION SIX OF THE PLAN TO PROVIDE FOR AN UNREDUCED TEN YEAR CERTAIN AND LIFE ANNUITY AS THE NORMAL FORM OF RETIREMENT; PROVIDING FOR OPTIONAL JOINT AND SURVIVOR ANNUITIES OF 50%, 66 2/3%, 75% AND 100%; PROVIDING FOR EARLY RETIREMENT WITH TEN YEARS OF SERVICE; AMENDING SECTION EIGHT OF THE PLAN TO PROVIDE FOR OPTIONAL FORMS OF PAYMENT TO DISABLED RETIREES; AMENDING SECTION TEN OF THE PLAN TO PROVIDE FOR A MINIMUM NON-SERVICE CONNECTED DEATH BENEFIT FOR VESTED MEMBERS EQUAL TO THE MEMBER'S ACCRUED BENEFIT PAYABLE AT NORMAL OR EARLY RETIREMENT AGE; PROVIDING FOR PROSPECTIVE ADJUSTMENT OF BENEFITS BASED ON THE RECEIPT OF CHAPTER MONIES; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER; AND PROVIDING FOR AN EFFECTIVE DATE.

REPORT IN BRIEF:

Changes in State Law require amendments to this plan in order to preserve state funding. The law requires the Town to provide extra unbargained pension benefits which will be funded by the increase in the money received from the state.

PREVIOUS ACTIONS:

Several pension plan amendments have been enacted over the years.

CONCURRENCES:

The pension board's attorney has represented that the pension board agrees to this change.

FISCAL IMPACT:

Has request been budgeted? Not Applicable

Additional Comments: Funding for these additional benefits will purportedly come from increases in state funding; however, if funding from the state is insufficient, the plan will have to be amended prospectively.

RECOMMENDATION(S):

Motion to approve the ordinance at first reading, and recommend approval by second meeting only if agreed to in writing by the employee union.

Attachment(s):

Ordinance

Item No.

ORDINANCE NO.

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA, AMENDING THE TOWN OF DAVIE FIREFIGHTERS PENSION TRUST FUND TO CONFORM WITH CHAPTER 175, FLORIDA STATUTES; AMENDING SECTION FOUR OF THE PLAN TO REQUIRE TOWN CONTRIBUTIONS AT LEAST QUARTERLY, PROVIDING THAT STATE CONTRIBUTIONS SHALL BE DEPOSITED INTO THE FUND IMMEDIATELY UPON RECEIPT, AND PROVIDING THAT MEMBER CONTRIBUTIONS SHALL BE DEPOSITED INTO THE FUND IMMEDIATELY AFTER EACH PAY PERIOD; AMENDING SECTION SIX OF THE PLAN TO PROVIDE FOR AN UNREDUCED TEN YEAR CERTAIN AND LIFE ANNUITY AS THE NORMAL FORM OF RETIREMENT; PROVIDING FOR OPTIONAL JOINT AND SURVIVOR ANNUITIES OF 50%, 66 2/3%, 75% AND 100%; PROVIDING FOR EARLY RETIREMENT WITH TEN YEARS OF SERVICE; AMENDING SECTION EIGHT OF THE PLAN TO PROVIDE FOR OPTIONAL FORMS OF PAYMENT TO DISABLED RETIREES; AMENDING SECTION TEN OF THE PLAN TO PROVIDE FOR A MINIMUM NON-SERVICE CONNECTED DEATH BENEFIT FOR VESTED MEMBERS EQUAL TO THE MEMBER'S ACCRUED BENEFIT PAYABLE AT NORMAL OR EARLY RETIREMENT AGE; PROVIDING FOR PROSPECTIVE ADJUSTMENT OF BENEFITS BASED ON THE RECEIPT OF CHAPTER MONIES; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Florida Legislature has revised the requirements for firefighter pension funds receiving state monies under Chapter 175, Florida Statutes; and

WHEREAS, the Town of Davie Firefighter Pension Plan receives Chapter 175 monies and is governed by the recent amendments to Chapter 175; and

WHEREAS, the Town of Davie Firefighter Pension Plan received \$253,679 in Chapter money for the 1998 fiscal year, constituting an increase of \$12,776 over the Chapter money received for the 1997 fiscal year; and

WHEREAS, the benefit improvements set forth herein do not exceed the \$12,776 in Chapter money available for the purchase of new benefits; and

WHEREAS, the Town of Davie Firefighter Pension Plan and the Town of Davie will, on a continuing basis, evaluate Chapter money received to ensure continued compliance with Chapter 175, Florida Statutes.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF

DAVIE, FLORIDA:

Section 1: Section Four of the Town of Davie Firefighters Pension Trust Fund is hereby amended to read as follows:

SECTION FOUR. CONTRIBUTIONS.

D. Town contributions shall be deposited into the Pension Plan at least quarterly. Any monies received or receivable by reason of laws of the state for the express purpose of funding and paying for retirement benefits for firefighters of the city shall be deposited in the Pension Plan immediately, and under no circumstances more than five (5) days after receipt by the City. Member contributions shall be deposited in the Pension Plan immediately after each pay period.

Section 2: Section Six of the Town of Davie Firefighters Pension Trust Fund is hereby amended to read as follows:

SECTION SIX. SERVICE RETIREMENT BENEFITS; EARLY RETIREMENT BENEFITS; COST OF LIVING ADJUSTMENTS.

B. A normal retirement benefit shall be determined by multiplying three (3%) of final monthly compensation by the number of years of credited service for the first twenty (20) years of credited service and two (2%) percent for each additional year of credited service, up to a maximum of 30 years of service. The normal form of retirement benefit shall be an unreduced life annuity with one hundred twenty (120) guaranteed payments. If the member shall die prior to receiving one hundred twenty (120) payments, the remaining benefits shall be paid to the beneficiary designated by the member. In the event that no beneficiary has been designated, the member's estate shall be the recipient of the remaining balance of payments.

D. A member entitled to a normal retirement benefit shall have the right at any time prior to the date upon which the first payment is received to elect to have the benefit payable under one of the options provided in this Plan. A member shall be permitted to revoke any such election and to elect a new option at any time prior to the receipt of the first payment. Each retirement option shall be the actuarial equivalent of the other retirement options available. The present value of payments to a retiring member must be equal to at least fifty (50%) percent of the total value of payments to a retiring member and designated beneficiary. Election of the retirement option shall be on a form prescribed by the Board.

a. Ten (10) Year Certain and Life Thereafter.
A member may elect to receive an unreduced life annuity with one hundred twenty (120) guaranteed payments. If the member shall die prior to receiving one hundred twenty (120) payments, the remaining benefits shall be paid to the beneficiary designated by the member. In the event that no beneficiary has been designated, the member's estate shall be the recipient of the remaining balance of payments. Unless the

member has selected an optional form of payment, the ten year certain and life thereafter benefit shall be the normal retirement benefit.

5. Other Joint and Survivor Annuity Forms.

A member may select a joint and survivor annuity, as a reduced monthly benefit beginning on the member's benefit commencement date and payable throughout the member's lifetime, with either 50 percent, 66-2/3 percent, 75 percent or 100 percent of that monthly amount continuing for life to the member's surviving beneficiary, beginning on the first day of the month following the member's date of death.

- F. Early Retirement Date. The Participant's Early Retirement Date is the first day of the month the Participant has completed 10 Years of Service. The Participant's Early Retirement Date will be the first day of the month on or after his or her Earliest Retirement Date and before his or her Normal Retirement Date, when he or she actually retires. Early retirement reductions shall be no more than 3% per year.

Section 3: Section Eight of the Town of Davie Firefighters Pension Trust Fund is hereby amended to read as follows:

SECTION EIGHT. DISABILITY

- a. A disabled participant receiving a disability pension may elect to receive any optional form of payment available under Section Six.

Section 4: Section Ten of the Town of Davie Firefighters Pension Trust Fund is hereby amended to read as follows:

SECTION TEN. DEATH BENEFITS.

- A. In the event of the death of a member with less than five (5) years of service from non-duty related causes, the member's designated beneficiary shall be paid from the Fund an amount equal to the member's accumulated contributions plus six (6%) percent interest or \$2,500, whichever is greater. In the event of a member's death from non-duty related causes of a member with more than five (5) years of credited service, the member's designated beneficiary shall receive a \$2,500 lump sum payment. In addition, the member's surviving spouse shall receive fifty (50%) percent of the member's accrued pension with a minimum payment of twenty (20%) percent of average final compensation, plus each child under the age of eighteen (18) years, or twenty-two (22) years if enrolled as a full-time student, shall receive five (5%) percent of the member's average monthly earnings, with an aggregate benefit for spouse and children of fifty (50%) percent, or thirty-five (35%) percent for children only. The minimum non-service connected death benefit for a member with at least ten (10) years of credited service shall be equal to the member's accrued benefit payable at normal or early retirement age.

Section 5: The benefit improvements provided for in Sections 2 and 4 of this ordinance have been determined to have an actuarial cost to the Plan. In accordance with Florida Statutes, Chapter 175, the cost of these benefits is to be funded exclusively from the increase in Chapter 175 insurance premium tax rebates over and above the level for the 1997 year. In the event that future Chapter 175 revenues are inadequate to maintain these benefits without an increase in the Town's contribution, the Town may, consistent with Florida law, prospectively amend the Plan to reduce these particular benefits. No such prospective reduction shall have the effect of divesting members or retirees of any rights accrued prior to such reduction. The Board of Trustees shall certify to the Town on an annual basis whether the Chapter 175 money is sufficient to maintain the benefits without an increase in the Town's contribution.

Section 6: If any clause, section, or other part or application of this Ordinance shall be held in any court of competent jurisdiction to be unconstitutional or invalid, such unconstitutional or invalid part or application shall be considered as eliminated and shall not affect the validity of the remaining portions or applications which shall remain in full force and effect.

Section 7: All ordinances or parts of ordinances, resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 8: This Ordinance shall become effective as of December 31, 1999.

PASSED ON FIRST READING THIS ____ DAY OF _____, 2000.

PASSED ON SECOND READING THIS ____ DAY OF _____, 2000.

MAYOR/COUNCILMEMBER

ATTEST:

TOWN CLERK

APPROVED THIS ____ DAY OF _____, 2000.