PFPF Response to Amended Retirement Reform Agreement

On December 9, 2014, City Council passed an amended version of the tentative 2014 pension agreement reached in June 2014 between the City of Jacksonville (COJ) and Police and Fire Pension Fund (PFPF). On January 5, 2015, the PFPF Board of Trustees completed its consideration of the Council amendments. This chart summarizes the Board's proposed revisions to those amendments, which are now before Council through 2015-54.

I. COUNCIL AMENDMENTS THAT DO NOT IMPACT PENSION BENEFITS

Below is a list of the City Council amendments to the 2014 Agreement and accompanying Ordinance 2014-386 which do **not** impact pension benefits.

COUNCIL AMENDMENT	CHANGES AS A RESULT	PFPF RESPONSE
Amendment #1 (Effective Date Tied to City Funding)	• None of the provisions of this agreement will take effect until the Mayor and City Council have enacted a dedicated funding source to provide for the City's additional funding obligation: ➢ $40 Million/Year for 10 years or until the PFPF reaches 80% funded status; or ➢ The present value equivalent of that amount ($300 Million if paid up front, less the combined balances in the EBA and CBSA)	**PFPF BOARD APPROVED** **NOTE**: PFPF Board requested language stating that if the COJ were to miss a $40 Million payment in any particular fiscal year, that amount would be added to the COJ's Annual Required Contribution (ARC) for the following year. Given questions as to whether that particular provision would be legal, OGC and PFPF counsel agreed to use the language in 2015-54 for purposes of filing legislation. Prior to Council consideration, they will finalize language that both implements the intent of the Board of Trustees and is consistent with state law.
Amendment #2 (Financial Disclosure)	• The PFPF Executive Director will now file Form 1 financial disclosure.	**PFPF BOARD APPROVED**

Amendment #3 (Marriage Definition for Surviving Spouse Benefits)	• In order to receive surviving spouse benefits, a PFPF member and spouse must be "married and living together" at the time of the member's death. • PFPF proposed and Council endorsed a new definition of "married and living together" to include the situation where the PFPF member or spouse has been confined to a nursing home or hospital.	**PFPF BOARD APPROVED**
Amendment #4 (Purchase of Service)	• PFPF expressed concern that former Atlantic Beach and Jacksonville Beach officers who left those agencies, withdrew their pension contributions, and later came to work for the JSO were not permitted to purchase previous service. • Council passed an amendment allowing PFPF members who previously worked for other Duval County governments (Cities of Jacksonville Beach, Neptune Beach, Atlantic Beach, and Town of Baldwin) to purchase their past service.	**PFPF BOARD APPROVED**
Amendment #5 (City-appointed Trustees)	• Amendment does NOT impact Police member, Fire member, or Fifth member. • Going forward, Council appointees must have at least ten years of professional financial experience. • They will not be allowed to serve more than two four year terms or be participants in a COJ pension plan.	**PFPF BOARD APPROVED**

Amendment #6 (Senior Staff Voluntary Pension Plan)	• Removes all references to the PFPF Senior Staff Voluntary Pension Plan	**PFPF BOARD DID NOT APPROVE** **NOTE**: The Board proposed restoring language regarding the Senior Staff Voluntary Pension Plan (as recommended by the Retirement Reform Task Force and included in the original version of 2014-386 and agreement). A single sentence to that effect has been included in 2015-54.
Amendment #7 (Savings Clause)	• If a court finds invalid any provision, the rest of the agreement will remain valid.	**PFPF BOARD APPROVED**
Amendment #8 (Form of Agreement)	• This is a new and stand-alone agreement that supersedes and replaces the "Thirty Year Agreement" • All unchanged provisions from the "Thirty Year Agreement" have been incorporated into the 2014 Agreement.	**PFPF BOARD APPROVED** **NOTE:** PFPF Board approved with the caveat that its legal counsel would work with the Office of General Counsel to modify this language to provide assurances for the seamless transition between agreements. That agreed language between PFPF counsel and OGC is in 2015-54.

Amendment #9 (Benefit Process)	• Pension benefits section of agreement subject to Chapter 447 of Florida Statutes, giving City and collective bargaining agents (FOP, JAFF) have all rights under state law. • Removed language which prevented the City from unilaterally imposing pension benefit changes through the collective bargaining impasse process for ten years.	**PFPF BOARD DID NOT APPROVE** **NOTE**: The Board proposed restoring the language which prevented the City from unilaterally imposing pension benefit changes through the collective bargaining impasse process for 10 years. ***This only applies to current employees, not future employees.***

III. PFPF REVISIONS REGARDING BENEFITS FOR EMPLOYEES WITH < 20 YEARS

Benefit	Original Agreement	City Council Amendment	PFPF Response
COLA	• No change from the current 3%	• No change for employees with 20 or more years of service • Current 3% COLA will apply to benefits earned on service before agreement eff. date. • New COLA applies only to benefits earned on service after agreement effective date. • New COLA is Social Security COLA with a cap of 4%.	**Approved Council amendment but with cap of 6% rather than 4%.**

Benefit	Original Agreement	City Council Amendment	PFPF Response
DROP Net Rate of Return	• No change for employees with 20 or more years of service • For members with less than 20 years, DROP rate of return will be the actual rate of return with a floor of 5% and a cap of 10%	• Still no change for employees with 20 or more years of service • For members with less than 20 years of service, DROP rate of return will be the actual rate of return with a floor of 0% and a cap of 10%	**Approved Council amendment but with range of 2% to 14.4% rather than 0% to 10%.**
Benefit	**Original Agreement**	**City Council Amendment**	**PFPF Response**
Final Average Compensation Period	• No change for employees with 10 or more years of service • For members with less than 10 years, FAC period will decrease from last 24 months of service to last 48 months (but floor of the 24 month amount as of the agreement effective date)	**None**	• **No change for vested employees with 5 or more years of service** • **For members with less than 5 years, FAC period will decrease from last 24 months of service to last 48 months (but floor of the 24 month amount as of agreement effective date)**