

## FREQUENT QUESTIONS ON ORDINANCE 2015-304 WITH ANSWERS

General questions applicable to current Members.

Q 1 - Employee contribution after a raise. Right now we pay 7%, the chapter money covers 1%. The 2% raises bring us to 10% but I can't find language that explains the 1% being covered by the chapter money. Is it still covered by the chapter money?

***After the effective date of the Ordinance, the City will receive 50% of the Chapter Funds, until the requirements in Section 121.118 are fulfilled. Remaining 50% are controlled by the Board.***

Q 2- The COLA calculation. This is a subject of mass confusion. I would like an explanation broken down as simple as possible because some Member think the language is ambiguous.

***No impact on Members with over 20 years of service. Assume for discussion a Member has 10 years of service, and 10 years from now the Member elects to retire. When the COLA for this Member becomes effective, the COLA will have 3 numbers. In this example, the first 10 years of the pension base will receive a 3% COLA, the other 10 years will receive the Social Security benefit, not to exceed 6%. Example: \$ 1000.00 pension base, \$ 500 x 3% COLA = \$ 15.00, \$ 500 receives Social Security COLA, maximum of 6%. \$ 500 x the COLA for that year = \$ X. Add both numbers together. The result will be the COLA for that year. Repeat each year.***

Q 3 - Does an employee with 20 years on but not on the DROP still have to pay the new 10% rate?

***Member contributions increase to 8% on the effective date of the Ordinance. The remaining 2% will be applied following the full restoration of the wage reduction. DROP Members will continue to pay 2%.***

Q 4 – On P 5 Line 17-22: 7 years only covers Group I guys but there is no mention of new guys which leads to speculation that the city could negotiate another deal with them whenever they wanted.

***Future benefits are subject to Collective Bargaining. The City shall not unilaterally alter the pension benefits of current employees for 7 years.***

Q 5 – On P 7 Line 7: Does this include federal firefighters or police officers?

***No. Applies to Members who worked for another Florida governmental agency that required the Member to be either a Florida certified fire fighter or police officer as a condition of employment.***

Q 6 – On P8 L 5: relates to the 1% / 175 money.

***Deduction increases to 8% from Members salary on the effective date of the Ordinance.***

Q 7 – On P9 L9-11: A 2% increase then (2010) doesn't equal a 2% increase now due to promotions, step raises, etc.

***Upon receiving a general wage increase of 2% for Fire and 3% for Police, after the effective date of Ordinance 2015-304, the pension contribution will increase to 10%.***

Q 8 – On P12 L26: “subject to” – this does not mandate the city make any payments. The members are having the most problem with this.

***Correct, City is not mandated to make additional payments to reduce the Unfunded Liability. However, in any year the City Council does not appropriate the amount scheduled on page 14 for the excess contribution to reduce the Unfunded Actuarial Liability, that years payment from the Unfunded Actuarial Liability Payment Account will be transferred directly into the Member share accounts.***

Q 9 - P13 L4-6: What is the actual number, as of today, we are transferring into the account?

***From the City Budget Stabilization Account \$ 40,908,495 and from the Enhanced Benefit Account \$ 33,183,866.***

Q 10 - P15 L11-13: We are paying part of the city's ARC with this money and not its unfunded liability. Isn't this the same as what the city did when it took reserves to pay its ARC?

***50% of the chapter Funds are pledged to pay for current enhanced benefits, the Member contribution. No, the money remains under control of the Board, restricted to make the payments of the additional contribution beyond the ARC.***

Q 11 - P15 L19-20: “or” is limiting, shouldn't it be “and/or” in order for the money to be put in both each year?

***The Board has the option. Use of “or” simply identifies permissible uses.***

Q 12 - P 16 L9-10: “or” again.

***See answer to Q 11 above.***

Q 13 - P27 L5 /P28: Having two sets of parameters for current members is causing people to be upset.

***Pension calculations will be determined by the pension membership date of the Member.***

Q 14 - P32 L1-8: COLA benefit explanation again. It really needs to be clarified.

**See answer to Q 2 above.**

Q 15 - P42 L16-26: Please clarify.

**This is the current law; change is the reference for Group I and Group II, no other change.**

Q 16 - P45 L22-23: "money weighted"...what is this and what is the difference in what we have now?

**Return calculated from the time the money is received based on market movement either up or down.**

Q 17 - P52 L23(b)/ L29-31: " shall not select " is once again language that dictates what the board must do before making a decision.

**This section was recommended by the Citizens Pension Reform Task Force as part of their "good governance recommendations", requires selection and deselection to be reviewed by the new Financial Investment and Advisory Committee. The Board is the decision maker in every case.**

Q 18 - P53 L8-12: Conflicts with above lines giving trustees ability to make a choice to prevent "losing money". Why have any of this?

**See Q 17 above. The Board has and will continue to have the authority to make this type of decision immediately, if necessary.**

Q 19 - P56 L16: "with advice" ...once again, infringing on the boards rights.

**See Q -17 above. The Board has and will continue to have the authority to make this type of decision.**

Q 20 - P59 L4-24: "and accepted". Once again restricting language on the boards autonomy.

**All of our investment and professional advisory staff are required to comply with various written codes and policies adopted by their professional regulatory oversight authority. This provision demonstrates good business policies and practices of the Board.**

Q 21 - P61L12-21: Limits the options of the board.

**Continues the long established practice of the selected 5th Trustee is a person with the following experience: professional financial; public pension experience; governance; institutional investment; or comparable professional experience. All are good traits and were possessed by our all former and the current 5<sup>th</sup> Trustee.**