

Revised for
Second Reading
January 4, 2005

ORDINANCE NO: 06-01

AN ORDINANCE OF THE CITY OF KEY WEST, FLORIDA, AMENDING CHAPTER 46 OF THE CODE OF ORDINANCES ENTITLED "PENSION AND RETIREMENT PLANS" BY AMENDING SECTION 46-26 TO AMEND THE DEFINITION OF ACTUARIAL EQUIVALENCE TO PROVIDE FOR A CHANGE IN THE MORTALITY TABLE APPLIED BY THE PLAN ACTUARY, AND TO AMEND THE DEFINITION OF FINAL MONTHLY COMPENSATION; BY AMENDING SECTION 46-107 TO PROVIDE FOR AN INCREASED MULTIPLIER AS OF JANUARY 1, 2006, AND FOR A COST OF LIVING ADJUSTMENT FOR RETIREES AND DROP PARTICIPANTS EFFECTIVE JANUARY 1, 2006; BY AMENDING SECTION 46-108 TO DELETE AN INTEREST PAYMENT FOR CERTAIN BUYBACK PARTICIPANTS; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL OF INCONSISTENT PROVISIONS; PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the Board of Trustees of the Retirement System for General Employees has recommended certain amendments to the plan; and

WHEREAS, the Plan actuary has recommended to the Board of Trustees that the mortality table be updated to the 1994 group annuity reserving table; and

WHEREAS, the City Commission finds that the recommendations are in the best interests of the City, the taxpayers, and the plan participants;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF KEY WEST, FLORIDA:

Section 1: That section 46-26 of the Code of Ordinances is hereby amended as follows:*

Sec. 46-26. Definitions.

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Actuarial equivalent shall mean equality in value of the aggregate amount or benefits under different forms of payment based upon the following actuarial assumptions: Where the actuarial equivalent calculation involves the determination of the present value of a benefit or a conversion from one form of periodic payment to another form of payment. Actuarial equivalent amounts will be based upon the ~~1951 Group Annuity Mortality Table projected by Scale C to 1965 with interest at seven percent where the member's age will be set back one year and the beneficiary's age will be set back four years for all calculations~~ 1994 Group Annuity Reserving Table, projected to 2002, based upon a fixed blend of 50% male mortality rates- 50% female mortality rates, per IRS Revenue Ruling 2001-62, set forward five (5) years for disabled lives with interest at 7%, compounded annually.

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Final monthly compensation shall mean a member's average monthly rate of earnable compensation from the city during the best ~~sixty (60)~~ thirty six (36) consecutive months out of the last one hundred ~~twenty~~ months preceding the date of retirement or termination from the Plan; provided that if a member has been employed for fewer than ~~sixty~~ thirty six (36) months, such average shall be taken over the period of actual employment.

*(Coding: Added language is underlined; deleted language is ~~struck through~~.)

Section 2: That section 46-107 of the Code of Ordinances is hereby amended as follows:

Sec. 46-107. Service retirement benefits.

- (a) A member of the retirement Plan may elect to retire on a service retirement upon the attainment of retirement eligibility as defined in this section. An election to retire shall be made upon a written application, prescribed by the Board. Benefits shall be effective on the date the application is approved in accordance with the administrative rules adopted by the Board.
- (b) A member shall be eligible for a service retirement upon the first day of the month coincident with or next following the earlier of:
- (1) the date upon which the member completes twenty (20) years of credited service, regardless of age; or
 - (2) the date upon which the member attains age sixty (60) with five (5) years of credited service for a half benefit and ten (10) years of service for a full benefit.
- (c) There shall be no mandatory retirement age.
- (d) A normal retirement benefit shall be determined by multiplying two and thirty-five hundredths (2.35%) percent of final monthly compensation by the number of years of credited service; except, that the normal retirement benefit for members retiring at age sixty (60) with five (5) years, but less than ten (10) years of service shall be determined by multiplying one and seventeen one-half hundredths (1.175%) percent of final monthly compensation by the number of years of credited service. Normal retirement benefits for members retiring at age sixty (60) with ten (10) years of service shall be based on a multiplier of two and thirty-five hundredths (2.35%) percent of final monthly compensation. Effective January

1, 2006, a normal retirement benefit shall be determined by multiplying two and one-half (2.50%) percent of final monthly compensation by the number of years of credited service; except, that the normal retirement benefit for members retiring at age sixty (60) with five (5) years, but less than ten (10) years of service shall be determined by multiplying one and one-quarter (1.25%) percent of final monthly compensation by the number of years of credited service. Effective January 1, 2006, normal retirement benefits for members retiring at age sixty (60) with ten (10) years of service shall be based on a multiplier of two and one-half (2.50%) percent of final monthly compensation.

- (e) A service retirement benefit shall be payable on the first day of each month. The benefit shall commence on the first day of the month coincident with or next following the member's actual retirement and shall continue until the death of the member. In the event that a member shall retire in the middle of the month, the retirement benefit shall commence on the first day of the following month, but the member shall receive credit for the partial month preceding the actual date that payment commenced.
- (f) Early retirement shall be available to a member on the first day of the month coincident with or next following attainment of age fifty-five (55) and the completion of ten (10) years of credited service.
- (g) The benefit shall be determined by multiplying two and thirty-five one hundredths (2.35%) percent of final monthly compensation by the number of years of credited service. Effective January 1, 2006, the benefit shall be determined by multiplying two and one-half (2.50%) percent of final monthly compensation by the number of years of credited service. This benefit shall be actuarially reduced for the number of actual years and months at which the starting date of the benefit precedes the normal retirement date. The actuarial factor employed shall be a uniform rate established by the Board, with the advice of the actuary.
- (h) The payment of the early retirement income shall be subject

to the same conditions as normal retirement income.

- (i) If a member elects early retirement, the benefit formula in effect on the early retirement date shall be applicable to the member.
- (j) A member entitled to a normal or early 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. Election of the retirement option shall be on a form prescribed by the board.
 - (1) Joint and last survivor option. A member may elect to receive a reduced benefit for life and to have ~~two-thirds~~ one hundred (100%) percent, seventy-five (75%) percent, sixty-six and two-thirds 66-2/3%) percent, or fifty (50%) percent of such benefit continued after the member's death and during the lifetime of a designated survivor. A designated survivor may be any natural person, but need not be the spouse of the member. In the event that the designated survivor dies before the member's benefit payments begin, this option shall be canceled automatically and a retirement income shall be payable to the member as if the election had never been made.
 - (2) Ten-year certain and life thereafter. A member may elect to receive a reduced life annuity with 120 guaranteed payments. If the member shall die prior to receiving 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.
- (k) Effective January 1, 2006, the monthly benefit currently

being received by every retiree, including disability retirees, DROP participants, joint pensioners or beneficiaries who were receiving benefits on or before January 1, 2006, is increased by two (2%) percent.

Section 3: That section 46-108 of the Code of Ordinances is hereby amended as follows:

Sec. 46-108. Buy-backs/reemployment.

- (a) Any member of the Plan who is employed by the City prior to entry into military service and who takes a leave of absence for the purpose of entering into military service in the Armed Forces of the United States and thereafter re-enters the employ of the City, and is vested, shall be entitled to purchase service credits for the period of absence by contributing the amount that would have been contributed had the member continued in City employment for the period of military service based on the salary in effect on the date of the leave of absence, for each year being purchased.
- (b) A member who is receiving, or will receive a pension benefit for military service in any other pension plan supported by public funds, may not use that service for this Plan. A member who is receiving, or will receive any other pension in which time served in the military was used by the employee in that other pension plan shall not be eligible for military buy-back as provided in this section.
- (c) The contribution for military buy-back required of the employee may be made in one (1) lump sum or may be made by payroll deductions in installments for a period of time which shall not exceed the number of years being purchased. An employee making installment payments shall complete all required payments prior to payment of any benefit under this section. If installment payments are not completed at the time an employee retires, the employee shall not receive military credit for the remaining period for which payments were not made. An employee making installment payments shall pay an interest rate as established by a uniform rule of the Board.

- (d) Any member who has previously separated from service with the City and withdrawn his or her accumulated contributions shall be permitted to buy back all prior service credits as set forth in this section. Employees may purchase all past service credit, including time spent as a full-time employee in the program funded by the Comprehensive Employment and Training Act (CETA) or as a full-time contract employee with the City. No service credit may be purchased for temporary, seasonal or part-time work. The employee shall pay the full cost of the buyback, including the employee contribution, the City contribution, a uniform rate of interest as adopted by the Board, and the actual administrative cost of the buyback, including, but not limited to, actuarial, accounting and legal fees. All buybacks shall be at the current contribution and salary rates as determined by the most recent actuarial valuation adopted by the Board. Employees wishing to exercise the buyback right must do so within one (1) year from the date of reemployment. Any employee who fails to have completed the application process and tender the full amount of the buyback within the time limits provided in this section, shall be deemed to have irrevocably waived the right of the buyback. The buyback under this section shall be made in a single sum payment at the time of application. If an employee who exercises the buyback rights under this section should again leave City employment and withdraw accumulated contributions, the employee shall only be entitled to a return of that portion of the buyback amount which would have represented the regular employee contribution had the employee made that contribution in the regular course of employment, ~~together with interest at the rate of three and one half (3.5) percent.~~ Any monies paid as part of the buyback which represented the City contribution, interest contribution, or the administrative cost shall not be refundable.
- (e) At the time any buyback is made under this section, the member shall consent to a medical examination in a form to be determined by the Board, which examination shall be at the cost of the member, for the purpose of determining the presence of any preexisting medical condition. Any preexisting condition determined to exist at the time of the buyback may not serve as the basis for a subsequent

claim for service or non-service connected disability retirement.

- (f) An employee choosing to exercise a buyback may purchase all or any portion of prior service credit, but said buyback may be exercised only one (1) time by a member.
- (g) Re-employment by the City, other than as a full-time civil servant shall not affect receipt of benefits from the Plan. In the event that a retiree is re-employed as a full time civil service employee in a position covered by this Plan, receipt of benefits shall be suspended for the period of re-employment. Upon ending the period of re-employment, benefits shall be recommended, taking into account, any additional credited service or change in final monthly compensation.

Section 4: If any section, provision, clause, phrase, or application of this Ordinance is held invalid or unconstitutional for any reason by any court of competent jurisdiction, the remaining provisions of this Ordinance shall be deemed severable therefrom and shall be construed as reasonable and necessary to achieve the lawful purposes of this Ordinance.

Section 5: All Ordinances or parts of Ordinances of said City in conflict with the provisions of this Ordinance are hereby superseded to the extent of such conflict.


Section 6: This Ordinance shall go into effect immediately upon its passage and adoption and authentication by the signature of the presiding officer and the Clerk of the Commission.

Read and passed on first reading at a regular meeting held this 6 day of December, 2005.

Read and passed on final reading at a regular meeting held this 4 day of January, 2006.

Authenticated by the presiding officer and Clerk of the Commission on 5 day of January, 2006.

Filed with the Clerk January 5, 2006.


MORGAN McEHERSON, MAYOR

ATTEST:


CHERYL SMITH CITY CLERK