



DISABILITY PLAN REVIEW

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Disability Plan Review

- Prior to 1998 there was no separate General Employees' Disability Plan Trust Fund
- Disability Plan liability was funded on a “pay as you go basis”
 - Monies required to pay the projected disability expense were annually appropriated as part of the budget process



Disability Plan Review

- Beginning in 1998 the administrative structure of the Disability Plan was revised to model a traditional pension fund
 - Separate trust fund established
 - Periodic actuarial valuations were performed
 - Contributions were determined based on the results of the valuations and deposited to the Trust

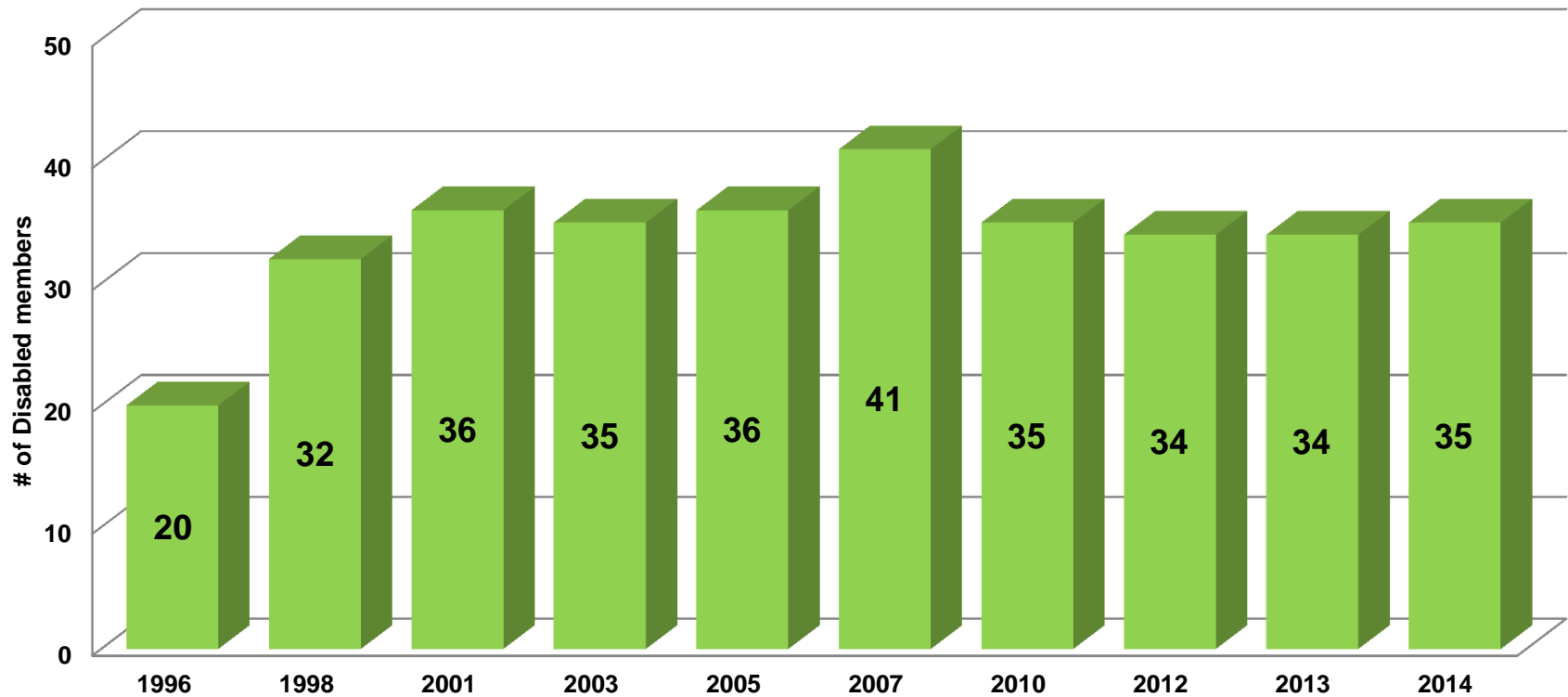


Disability Plan Review

- Equitable benefit levels
- Third party medical determination required
- Aggressive pursuit of Social Security offsets that are provided for in Plan

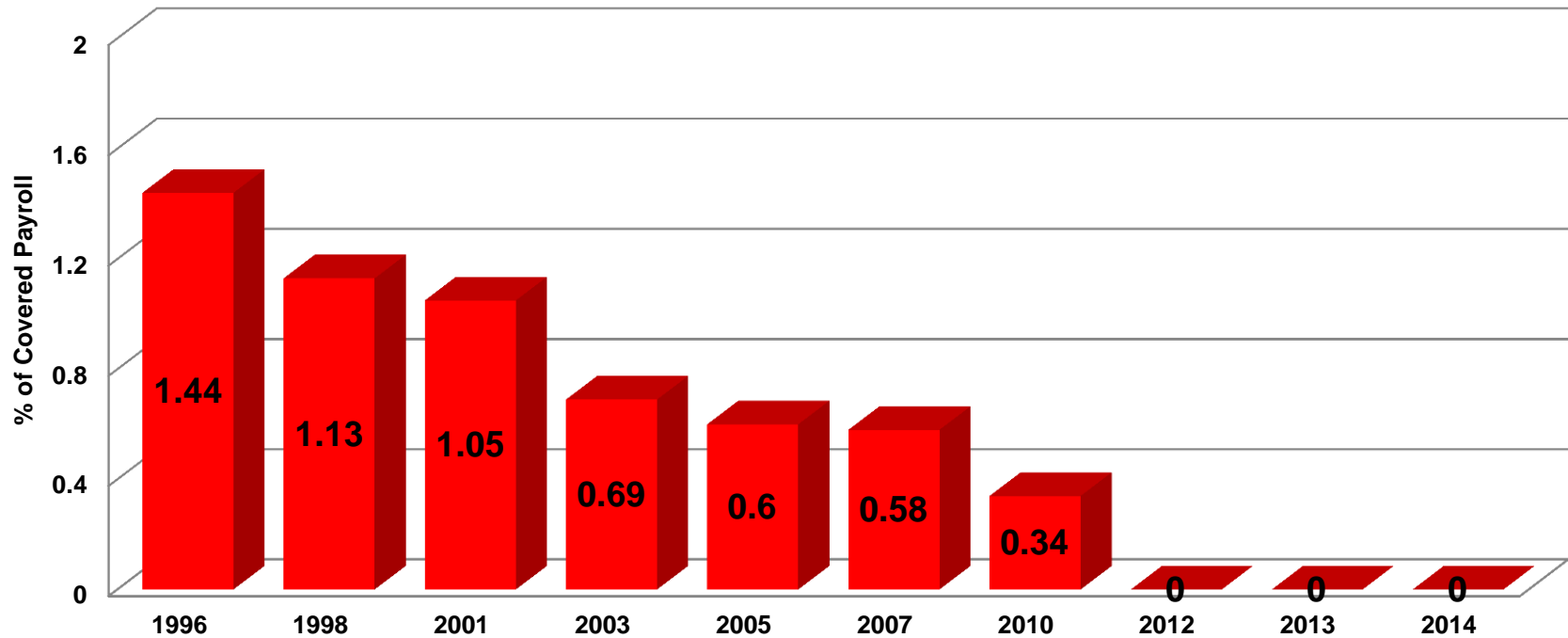


Disability Plan Trend in Disabled Members



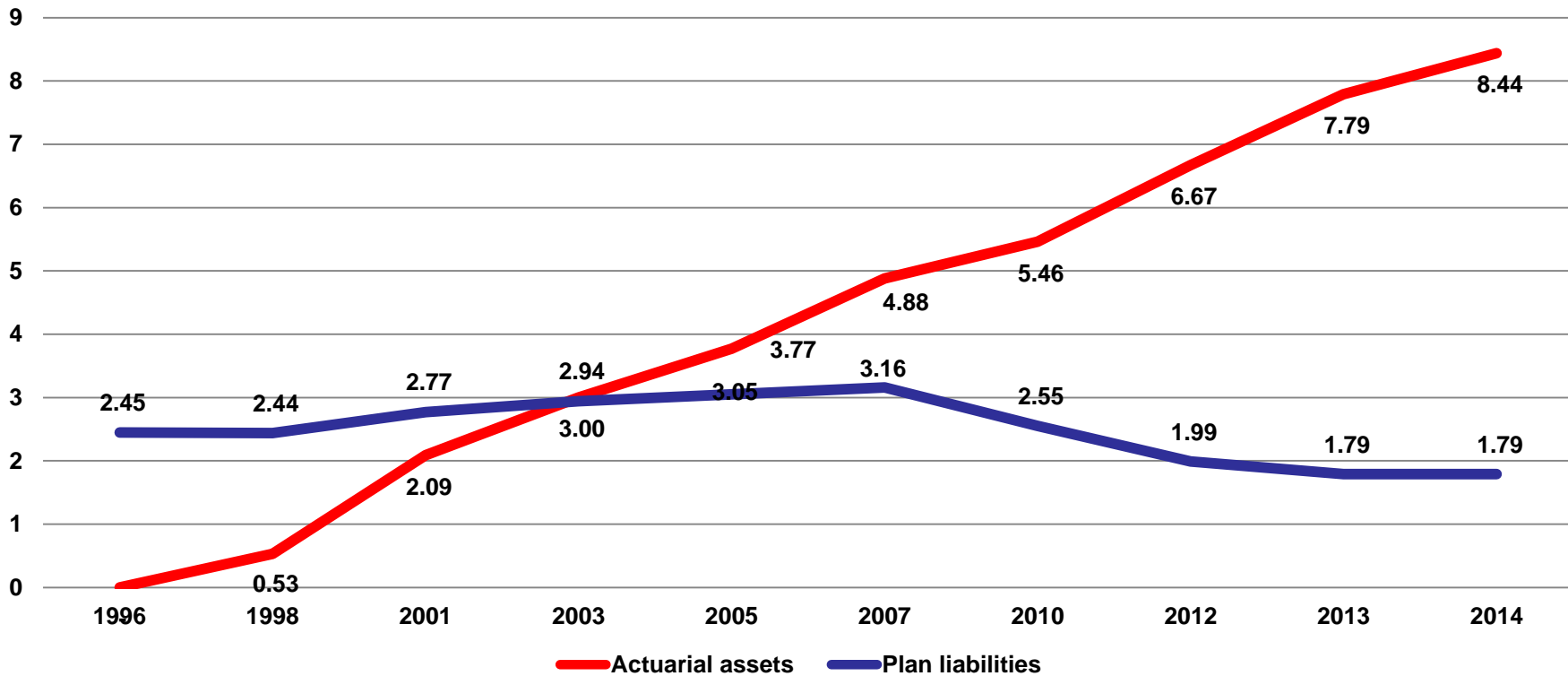


Disability Plan Trend in City Contribution



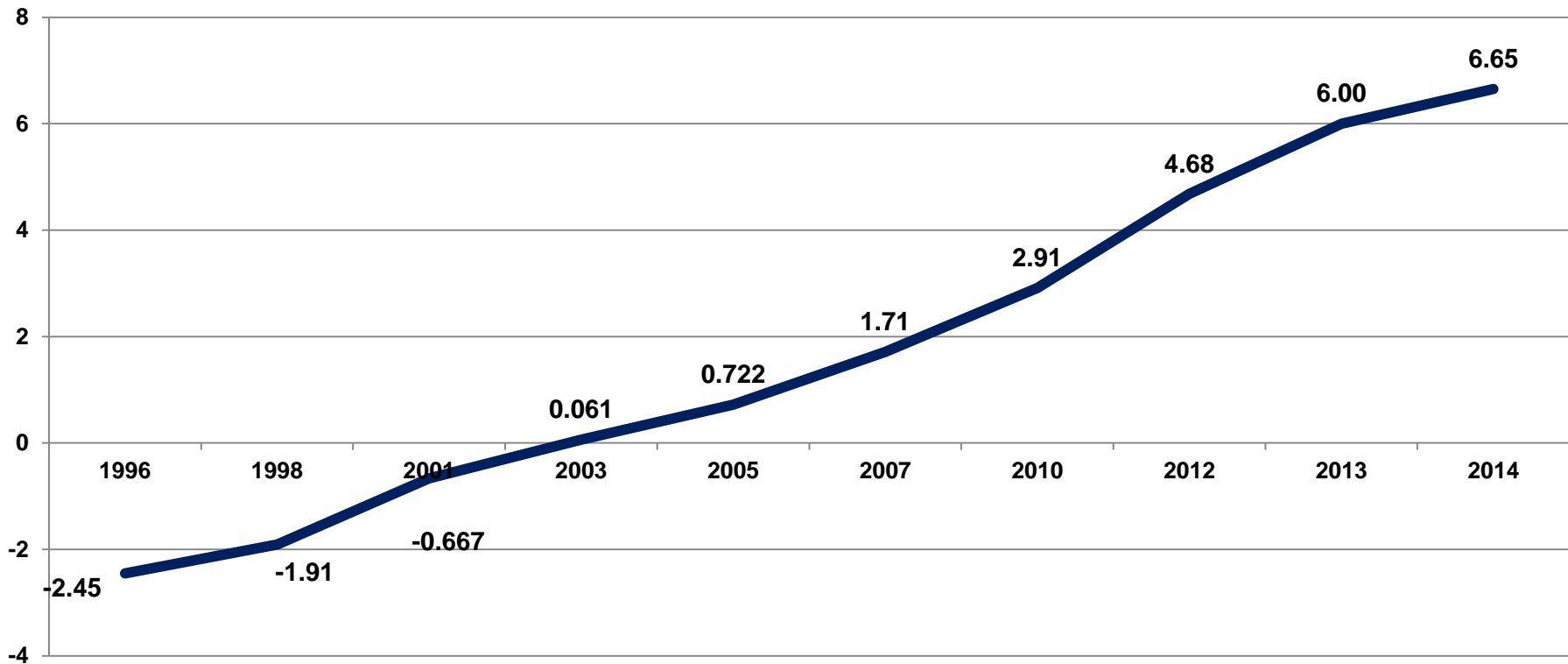


Disability Plan Trend in Assets vs Liabilities (millions)



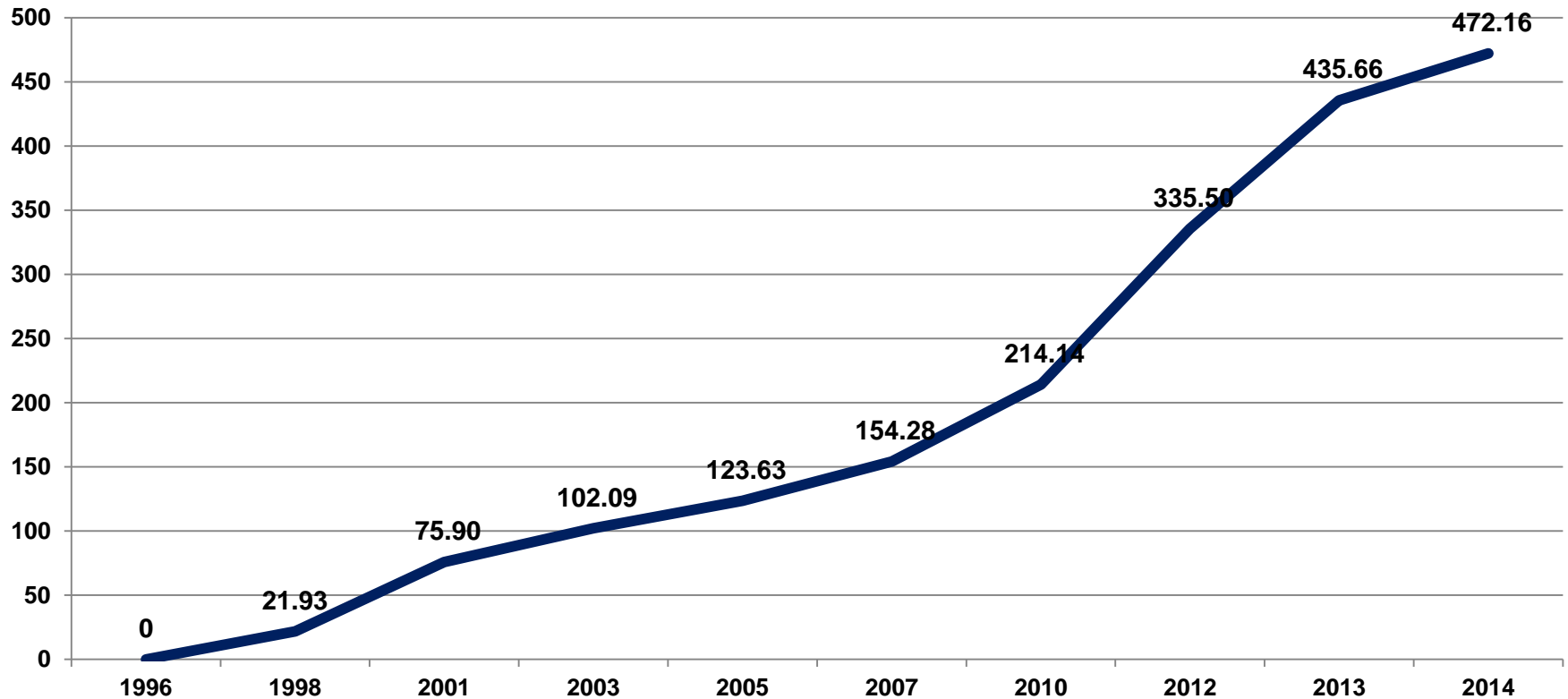


Disability Plan Excess of Actual Assets Over Required Assets (millions)





Disability Plan Trend in Funded Ratio (% funded)





Disability Plan Review

- Source of the Disability Plan assets is all City contributions and earnings on these contributions
 - No employee money in this trust
 - Plan has never required an employee contribution
- As long as the Trust exists, assets in the Trust can be used only to pay Plan liabilities and associated costs
- \$6.65 million in assets tied up that will likely never be put into use



Disability Plan Review

- Transfer liabilities and requisite level of assets from the Disability Plan Trust to the General Employees Pension Plan Trust
- Freeze eligibility in the Disability Plan
- Enact the Disability Benefits in the General Plan ordinance
- Terminate the Disability Plan Trust and have the excess assets revert to the City
- Benefits will not be impacted for current or future members



Disability Plan Review

- Recommendation:
 - City Commission direct the City Attorney to draft and the Clerk to advertise necessary amendments to the General Employees' Pension Plan ordinance