



Legislation Text

File #: 120060., **Version:** 0

Elected Official's Retirement Benefit Options (NB)

During Fiscal Year 2001-2002, the City Commission made a policy decision to provide access to a retirement system for City Commissioners. The result of this decision was to pass a resolution making City Commissioners members of the Florida Retirement System (FRS) on February 11, 2002. Every City Commissioner since that date has participated in the Florida Retirement System in either the Elected Officials Class or, if dually employed by another FRS participant, the general employee class, and had employer contributions made to FRS on their behalf except one. An issue that was not anticipated to impact this policy decision arose when FRS notified staff that their rules prevented individuals from participating in two different retirement systems administered by the State. The State University System also has a supplemental retirement plan administered by the State. This system, State University System Optional Retirement Program (SUSORP) provided a defined contribution retirement option for University Administrators and Faculty that allowed for portability of the benefit that FRS did not offer at the time. Therefore, if an individual who was participating in the SUSORP is an elected official, they would not have the same access to the retirement benefit as other elected officials unless they withdraw from the SUSORP and enter FRS. FRS has added a defined contribution plan option since that allows for portability of a member's employer contributions after one year for those who prefer portability over the longer vesting and non-portability of the traditional defined benefit program. This has become the choice for non-dually employed elected officials as the City has term limits that would prevent elected officials from vesting in the current FRS, which has an eight year vesting period.

To correct the inequity created by the rules that don't allow individuals to participate in two retirement plans administered by the State, staff suggests providing a retro-active "catch up" contribution for the former elected officials via a deferred compensation program already in existence. The lost value of those contributions is \$16,611.70. To ensure the inequity does not occur in the future, staff recommends amending to the City's current 401(a) to include elected officials not eligible to participate in FRS.

Funds of \$16,611.70 necessary for catch up contributions were previously budgeted and are currently available in the General Fund.

The City Commission: 1) approve the "catch up" contribution payment of \$16,611.70; and 2) authorize the City Manager or his designee to amend the 401(a) to include elected officials as eligible members, subject to the approval of the City Attorney as to form and legality.