

STORAGE NAME: h1719a.go

DATE: April 17, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
GOVERNMENTAL OPERATIONS
ANALYSIS - LOCAL LEGISLATION**

BILL #: HB 1719

RELATING TO: General Pension & Retirement Fund (Escambia Co.)

SPONSOR(S): Representative J. Miller and others

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) GOVERNMENTAL OPERATIONS YEAS 4 NAYS 0
 - (2) COMMUNITY AFFAIRS
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

This is a local bill amending the General Pension and Retirement Fund of The City of Pensacola, Escambia County. It further defines those items of cash compensation that are not pensionable; clarifies fund membership; clarifies rollover distributions; provides for reemployment and fund membership for former fund members and nonmembers and repayment of previously withdrawn employee contributions; provides for normal retirement after 30 years of service; deletes age requirement for early retirement; changes early retirement reduction factors; requires members to separate from service to collect benefits; provides an increase in one of the benefit determination provisions; provides for refund of a deceased member's contributions; permits members to elect to participate in other defined benefit pension plans subject to certain conditions; and permits the City of Pensacola to increase benefits by ordinance.

This bill increases the city contribution rate to 14.24% from 12.51% (an increase of \$268,000 for fiscal year 1999-2000) according to the February 18, 2000, actuarial cost impact statement.

This bill provides an effective date of upon becoming a law.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Currently, certain items of cash remuneration are not explicitly excluded from salary used to determine pensions; the plan in which city employees may participate is not well defined; upon reemployment of a prior Fund member or nonmember, no provisions exist to transfer to this Fund any funds from other city plans or other qualified retirement plans; normal retirement is provided only upon attaining age 55 and completion of 20 years of service; early retirement is available only upon attaining age 45 and completion of 25 years of service; provides no requirement to terminate city service to collect pension benefit; and in the event of death of a member eligible for benefits, only the beneficiary is entitled to a refund of deceased member's contributions.

C. EFFECT OF PROPOSED CHANGES:

This bill limits those items of cash remuneration that are pensionable; clarifies which city plan a city employee participates in; permits reemployed former Fund members and nonmembers the option to transfer to the Fund any funds from other city plans or other qualified retirement plans; permits normal retirement upon completion of 30 years of service; permits early retirement upon completion of 25 years of service; requires members to separate from service to collect pension benefits; provides an increase in one of the alternatives for determining the pension benefit; refunds deceased member's contributions to member's beneficiary if there is no surviving spouse or eligible dependent children; permits members to elect to participate in another of the city's defined pension plans subject to certain requirements; benefit improvements hereafter can be enacted by city ordinance.

D. SECTION-BY-SECTION ANALYSIS:

All section-by-section changes are to Chapter 99-474, L.O.F.

Section 1. Amends subsection (29) of section 2 to explicitly state those items of cash remuneration excluded from the definition of salary (and thus excluded in the determination of pension benefits).

Section 2. Amends section 7 to exclude from membership in this Fund: any employee hired after 10/17/99 who is eligible for membership in another of the city's defined benefit (DB) pension plans; and all employees who participate in

another of the city's (DB) pension plans except employees hired prior to 10/01/79 who have continuously participated in this Fund and the Police Officer's Retirement Fund.

Additionally, it deletes a provision for crediting prior years of city service in another city pension fund which required the transfer of funds to the Fund from the other city plan(s) of an amount determined by the plan administrator to be sufficient to cover such prior service years, which also required the approval of the plan from which such funds were transferred. (This provision was added to accommodate employees who elected to transfer to the Fund when it was reopened in 1997. Effectively, it no longer serves any purpose.)

- Section 3. Amends section 10 clarifying language regarding rollover distributions.
- Section 4. Amends subsections (1) and (2) of section 13 to permit reemployed prior Fund members and nonmembers to repay previously withdrawn member contributions or to have such amounts transferred to the Fund from plans sponsored by the city in which the employee previously participated or other qualified retirement plans provided the plan from which such funds are transferred permits the transfer.
- Section 5. Amends section 17 to permit normal retirement upon completion of 30 years of service regardless of age, effective October 1, 1999; provides for members who retire after July 1, 2000, one of the elements for determining the pension benefit is increased to 2.1% from 2.0%; and providing the member must be separated from city service to collect pension benefits.
- Section 7. Amends section 19 providing that members who complete at least 10 years of service (and, thus, are vested) must separate from city service to collect benefits.
- Section 8. Amends subsection (1) of section 21 to provide the 2.1% benefit accrual rate for in-line-of-duty disability.
- Section 9. Amends section 23 to provide the 2.1% benefit accrual rate for not-in-line-of-duty disability.
- Section 10. Amends paragraph (b) of subsection (2) of section 24 providing, in the event of death of a member eligible for benefits, the refund of deceased member's contributions to the member's beneficiary if there is no surviving spouse or eligible dependent children.
- Section 11. Creates section 31 to permit members to elect to participate in other city DB pension plans after October 17, 1999. In such event, contributions to this Fund cease and nonvested members receive a refund of their contributions. Electing vested members may receive a refund of their contributions in lieu of future pension benefits from the Fund or leave their contributions in the Fund with their pension commencing at a later date, as otherwise provided. Such pension amount is determined at the time contributions cease and no future benefits accrue. Fund members who remain in the city's employ and who again become eligible to participate in the Fund are entitled to benefits as provided in section 13. (See Bill Section 4 above.)

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Section 12. Creates section 37 to provide that the city may increase Fund members' benefits by ordinance.

Section 13. Provides that all laws or parts thereof in conflict with the foregoing are repealed.

Section 14. Provides an effective date of upon becoming a law.

III. NOTICE/REFERENDUM AND OTHER REQUIREMENTS:

A. NOTICE PUBLISHED? Yes [x] No []

IF YES, WHEN? January 29,2000

WHERE? Pensacola News Journal, Pensacola, Escambia County, Florida

B. REFERENDUM(S) REQUIRED? Yes [] No [x]

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached [x] No []

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached [x] No []

IV. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

The city contribution rate increases to 14.24% from 12.51%, according to the actuarial cost impact statement dated February 18,2000. The Fiscal Year 1990-2000 contribution is increased by \$268,000.

V. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

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VI. SIGNATURES:

COMMITTEE ON GOVERNMENTAL OPERATIONS:

Prepared by:

Staff Director:

Russell J. Cyphers Jr.

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