

# *City of Dade City*

## **MEMO**

**To:** Honorable Mayor and Members of the City Commission  
**From:** James D. Class, City Clerk / Finance Director *JC*  
**Subject:** Proposed ordinance - Partial lump-sum option for fire pension plan  
**Date:** February 17, 2009

It is requested that the City Commission consider the following information and recommendations:

### **BACKGROUND:**

Dade City continues to operate the Firefighters' Pension Fund for those members who chose to remain in the plan when Pasco County took over the fire suppression service. The Board of Trustees of the Fund has requested that the City Commission consider adopting an ordinance allowing the addition of a partial lump-sum option.

### **ISSUES:**

The proposed ordinance allows a retiring member to choose a percentage from 5% to 25% to receive as a lump sum upon retirement with the remaining percentage paid out as a regular retirement benefit. Any ordinance that amends the plan requires a statement explaining the actuarial impact of the proposed amendment. A letter from the plan's actuary indicates that a formal impact statement will not be necessary because there will not be an actuarial impact on the plan requiring additional funding by the City.

### **ALTERNATIVES:**

1. Approve the introduction and advertisement of this ordinance.
2. Amend the ordinance and approve the introduction and advertisement of the ordinance as amended.
3. Do not approve the introduction and advertisement of this ordinance.

### **RECOMMENDATION:**

Staff recommends approval of the introduction of this ordinance and advertisement for a public hearing on March 10, 2009.

### **FUNDING:**

The actuary has indicated that approval of this ordinance would not have a financial impact on the City's funding requirements for the plan.

Please contact me if you have any questions or need additional information.

AN ORDINANCE OF THE CITY OF DADE CITY, AMENDING THE CITY OF DADE CITY FIREFIGHTERS' RELIEF AND PENSION FUND AS ADOPTED PURSUANT TO ORDINANCE NO. 2003-0820; AS SUBSEQUENTLY AMENDED; AMENDING SECTION 10, OPTIONAL FORMS OF BENEFITS; PROVIDING FOR CODIFICATION; REPEALING ALL ORDINANCES IN CONFLICT HERewith AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF DADE CITY, FLORIDA;

**SECTION 1:** That the City of Dade City Firefighters' Relief and Pension Fund as adopted pursuant to Ordinance No. 2003-0820, as subsequently amended, is hereby further amended by amending Section 10, Optional Forms of Benefits, subsection 1., to read as follows:

**SECTION 10. OPTIONAL FORMS OF BENEFITS.**

1. In lieu of the amount and form of retirement income payable in the event of normal or early retirement as specified herein, a Member, upon written request to the Board, may elect to receive a retirement income or benefit of equivalent actuarial value payable in accordance with one (1) of the following options:

- A. A retirement income of a monthly amount payable to the Retiree for his lifetime only.
- B. A retirement income of a modified monthly amount, payable to the Retiree during the lifetime of the Retiree and following the death of the Retiree, one hundred percent (100%), seventy-five percent (75%), sixty-six and two-thirds percent (66 2/3%) or fifty percent (50%) of such monthly amount payable to a joint pensioner for his lifetime. Except where the Retiree's joint pensioner is his spouse, the payments to the joint pensioner as a percentage of the payments to the Retiree shall not exceed the applicable percentage provided for in the applicable table in the Treasury regulations.
- C. If a Member retires prior to the time at which social security benefits are payable, he may elect to receive an increased retirement benefit until such time as social security benefits shall be assumed to commence and a reduced

benefit thereafter in order to provide, to as great an extent as possible, a more level retirement allowance during the entire period of Retirement. The amounts payable shall be as recommended by the actuaries for the System, based upon the social security law in effect at the time of the Member's Retirement.

D. All current and future terminated vested Members, may elect a percentage of benefit in a lump sum as follows:

- (1) Five percent (5%) of the total value of the benefit paid as a lump sum with the remaining ninety-five percent (95%) paid under the normal form or as per A, B or C above.
- (2) Ten percent (10%) of the total value of the benefit paid as a lump sum with the remaining ninety percent (90%) paid under the normal form or as per A, B or C above.
- (3) Fifteen percent (15%) of the total value of the benefit paid as a lump sum with the remaining eighty-five percent (85%) paid under the normal form or as per A, B or C above.
- (4) Twenty percent (20%) of the total value of the benefit paid as a lump sum with the remaining eighty percent (80%) paid under the normal form or as per A, B or C above.
- (5) Twenty-five percent (25%) of the total value of the benefit paid as a lump sum with the remaining seventy-five percent (75%) paid under the normal form or as per A, B or C above.

...

SECTION 2: Specific authority is hereby granted to codify and incorporate this Ordinance in the existing Code of Ordinances of the City of Dade City.

SECTION 3: All Ordinances or parts of Ordinances in conflict herewith be and the same are hereby repealed.

SECTION 4: That this Ordinance shall become effective upon its adoption.

PASSED ON FIRST READING, this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

PASSED AND ADOPTED ON SECOND READING, this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

Approved as to form:

\_\_\_\_\_  
CITY ATTORNEY

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Law Offices

**Christiansen & Dehner, P.A.**

63 Sarasota Center Blvd. Suite 107 Sarasota, Florida 34240 • 941-377-2200 • Fax 941-377-4848

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January 26, 2009

Mr. James D. Class  
Dade City Firefighters' Relief and Pension Fund  
P. O. Box 1355  
Dade City, FL 33526-1355

Re: Partial Lump-sum Option Plan (PLOP)


Dear Jim:

As requested by the Board at its last meeting, enclosed please find a proposed ordinance amending the Firefighters' Relief and Pension Fund by adding a Partial Lump-Sum Option Plan (PLOP). This provision would allow a member to elect a percentage of benefit from 5% to 25% to be paid in a lump sum. Please take the necessary steps to have this ordinance adopted by the City.

By copy of this letter to the Board's actuary, Foster & Foster, Inc., I am requesting the to prepare the appropriate actuarial analysis and forward it to you.

If you have any questions regarding the enclosed, please feel free to give me a call.

Yours very truly,



H. Lee Dehner

HLD/noc  
enclosure

February 7, 2009

Mr. James Class  
City of Dade City  
Firefighters' Pension Board  
P.O. Box 1355  
Dade City, FL 33526-1355

Re: City of Dade City  
Firefighters' Retirement Trust Fund

Dear Jim:

In response to the letter from H. Lee Dehner dated January 26, 2009, we have reviewed the proposed Ordinance (identified on page 3 as noc/dade/fire/1-26-09.ord) amending the plan to include the Partial-Lump-Sum Option Plan (PLOP), and have determined that its adoption will have no impact on the assumptions used in determining the funding requirements of the program.

Because the changes do not result in a change in the valuation results, it is our opinion that a formal Actuarial Impact Statement is not required in support of its adoption. However, since the Division of Retirement must be aware of the current provisions of all public pension programs, it is recommended that you send a copy of this letter and a copy of the fully executed Ordinance to each of the following offices:

Mr. Charles Slavin  
Bureau of Local Retirement Systems  
Division of Retirement  
P. O. Box 9000  
Tallahassee, FL 32315-9000

Patricia Shoemaker  
Municipal Police and Fire  
Pension Trust Funds  
Division of Retirement  
P.O. Box 3010  
Tallahassee, FL 32315-3010

If you have any questions, please let me know.

Sincerely,



Patrick T. Donlan

PTD/dmt