

MEMORANDUM

June 5, 2020

TO: Honorable Mayor & City Commission

VIA: James Slaton, Interim City Manager

FROM: Sandra D. Davis, Human Resources Director

SUBJECT: Ordinance 2020-07 Amending Chapter 16, Pension & Retirement – General Employees’ Pension Plan – Second Reading & Public Hearing

SYNOPSIS: The City Commission will consider adopting Ordinance 2020-07 to allow for the purchase of prior municipal service by the City Manager.

RECOMMENDATION

It is recommended that the City Commission adopt Ordinance 2020-07 on Second Reading & Public Hearing.

BACKGROUND

The City sponsors multiple retirement systems, including a Defined Benefit Plan and a Defined Contribution plan. Ordinance 2020-07 is being presented to allow for purchase of prior City service by the City Manager.

The proposed change will allow a city manager who has full-time City of Lake Wales service or other full-time governmental service in Florida prior to membership in this Plan, to purchase up to five years of prior service. The full actuarial cost of this buyback must be paid by the member. The cost of the service buyback will be made by lump sum payment, including rollover from another qualified plan.

The City’s defined benefit plans currently allow members to purchase up to five (5) years of military service entirely at the employee’s cost and the Florida Retirement System which covers school district and County employees, including the Sheriff’s Office, allows members to purchase some type of prior government service as is provided for in this ordinance.

FISCAL IMPACT

Foster & Foster, Inc. the General Employees’ Pension Board’s Actuarial Consultants, have determined that the purchase of prior City service by the City Manager will have no impact on the assumptions used in determining the funding requirements of the plan, because the cost will be paid by the City Manager.