

**St. Petersburg City Council Agenda Item
Meeting of October 15, 2009**

To: **The Honorable Jeff Danner, Chair and Members of City Council**

Subject: Amending Article IV, Division 4 of Section 22, St. Petersburg City Code, concerning the Supplemental Firefighter's Retirement Plan to effect changes negotiated between City administration and the Union providing an annual 2% Cost of Living Increase ("COLA") for members retired on or after October 1, 2008 to be funded solely by available State premium tax funding pursuant to Florida Statutes, Section 175.

Action Being Requested: Council action is being sought to approve amendments to the City Code that pertain to the Supplemental Firefighter's Retirement Plan ("Fire Pension Plan") for the purpose of implementing a COLA.

Summary: The City operates a pension program for firefighters. The Fire Pension Plan was created by Ordinance and it is necessary to modify the City Code when major changes to the pension plan are implemented. The modifications for which approval is being sought at this time require changes to Division Four, the Supplemental Firefighter's Retirement System.

A change to the Fire Pension Plan was negotiated between City administration and the St. Petersburg Association of Firefighters (SPAFF). This change was ratified by the union membership, approved by City Council on July 17, 2008 and is incorporated into the current SPAFF labor agreements.

The change implements an annual COLA in the amount of 2% to be solely funded with available State premium tax funding pursuant to Florida Statutes, Chapter 175. Subject to available State premium tax funding, the COLA will be paid annually in October for benefits being received due to normal or early retirement, service or non-service disability or death or termination of employment with a vested benefit on or after October 1, 2008. The COLA will be added to the monthly pension amount provided the member in whose name the benefit was originally payable would have attained age 60 prior to October 1 of the applicable year. Should State premium tax receipts not be sufficient to fund the 2% COLA in any given year, the amount of the COLA will be reduced to an amount able to be fully funded by the premium tax monies received.

Cost: The most recent actuarial study approved by the Fire Pension Board was conducted as of October 1, 2008. The actuary has provided an impact statement indicating the estimated annual cost is which will be funded as discussed above through funds received by State premium tax receipts under Florida Statute Chapter 175.

Recommendations:

Recommended City Council Action:

1. Conduct second reading and Public Hearing

Attachments (1) Proposed Ordinance
(2) Actuarial Impact Statement as of October 1, 2008

Approvals:


Administration

9-22-09
Date


Budget

9-22-09
Date

ORDINANCE NO. _____

AN ORDINANCE AMENDING DIVISION 4 OF CHAPTER 22, ST. PETERSBURG CITY CODE, RELATING TO THE SUPPLEMENTAL FIREFIGHTER'S RETIREMENT SYSTEM BY (1) AMENDING SECTION 22-191 TO PROVIDE FOR AN ANNUAL COST OF LIVING INCREASE (COLA) FOR PENSION ACCOUNTS ORIGINALLY ESTABLISHED ON OR AFTER OCTOBER 1, 2008; PROVIDING FOR THE PAYMENT OF SUCH ANNUAL COST OF LIVING INCREASE TO PENSION ACCOUNTS IF THE MEMBER FOR WHOM SUCH ACCOUNT WAS ESTABLISHED ATTAINED OR WOULD HAVE ATTAINED AGE 60 PRIOR TO OCTOBER 1 OF THE APPLICABLE YEAR; PROVIDING FOR THE SOLE FUNDING OF SUCH COST OF LIVING INCREASE FROM AVAILABLE STATE PREMIUM TAX FUNDING PURSUANT TO CHAPTER 175, FLORIDA STATUTES; AND PROVIDING AN EFFECTIVE DATE.

Whereas, the City desires to provide pension benefits to its firefighters through the Supplemental Firefighter's Retirement System; and

Whereas, the pension benefits are negotiated by the City and the St. Petersburg Association of Fire Fighters ("SPAFF"); and

Whereas, the benefits negotiated in the collective bargaining agreements dated July 21, 2008 through September 30, 2010 are to implement a Cost of Living Increase funded with available premium tax funding pursuant to Chapter 175, Florida Statutes; and

Whereas, the amendments set forth below effectuate the benefits mutually agreed upon in the collective bargaining agreements.

THE CITY OF ST. PETERSBURG DOES ORDAIN:

Section 1. That Section 22-191 of the St. Petersburg City Code is amended to read as follows:

Sec. 22-191. Benefits.

(a) *Eligibility for retirement:*

(1) *Normal retirement eligibility.*

a. Effective September 20, 2004, any member in service may retire upon written application to the Board setting forth at which time, not less than 30 days nor more than 90 days subsequent to the execution and filing thereof, that such person desires to be retired, if at the time so specified for retirement from active service such person shall have attained age 50 and shall have completed ten or more years creditable service. Any member separating from the active service after completing 20 years creditable service but prior to the attainment of age 50, shall be entitled to receive a benefit computed pursuant to subsection (b) of this section upon attainment of age 50. Any member with 30 years of creditable service shall be entitled to a benefit computed pursuant to subsection (b) of this section.

(2) *Early retirement eligibility.*

a. Any member in service may retire upon written application to the Board setting forth at which time, not less than 30 days nor more than 90 days subsequent to the execution and filing thereof, that such person desires to be retired, if at the time so specified for retirement from active service such person shall have completed 25 years creditable service and does not meet the criteria established for normal retirement eligibility pursuant to subsection (a) of this section.

A member who meets the early retirement eligibility of this subsection shall be entitled to receive a reduced benefit computed pursuant to subsection (b)(2)(a) of this section.

(3) *Any member attaining age 60 shall be retired forthwith.*

(b) *Computation of retirement benefits.*

(1) *Normal retirement benefits.*

a. Effective September 20, 2004, upon attaining age 50 with ten years of creditable service or retirement from active service if later, the member shall receive a service retirement income which shall consist of the retirement income percent times such person's earnings base, or

b. Effective September 20, 2004, upon attainment of age 50 of a member who separated from active service after completing 20 years creditable service but prior to the attainment of age 50, the member shall receive a service retirement income which shall consist of the retirement income percent times such person's earnings base, or

c. Upon attaining age 53 or retirement from active service if later, the member may elect to receive a service retirement income which shall consist of the retirement income percent times such person's earnings base, or

d. Upon attaining 30 years of creditable service or retirement from active service if later, the member may elect to receive a service retirement income which shall consist of the retirement income percent times such person's earnings base.

(2) *Early retirement benefits.*

a. Upon attaining 25 years of creditable service or retirement from active service if later, and provided the member is not eligible for normal retirement eligibility as provided in subsection (a) of this section, the member may elect to receive a service retirement income which shall consist of the retirement income percent times such person's earnings

base. The retirement income percentage shall be reduced by two percent for each year or portion of a year the member had not attained 30 years of service or age 50, whichever is earlier.

(3) *Normal and optional forms of retirement benefits.* Upon retirement, a member shall receive a retirement income based on the normal form of retirement benefit or one of the actuarially equivalent options elected in lieu of the normal form. If the member's designated beneficiary is his or her spouse at the time of the member's retirement and such spouse survives the member, such spouse is eligible for the normal form of retirement benefit or an actuarially equivalent optional form of retirement benefit, as elected by the member at time of his or her retirement. If the member's designated beneficiary is other than his or her spouse, and such designated beneficiary survives the member, such designated beneficiary is eligible for an actuarially equivalent optional form of retirement benefit, as elected by the member at time of his or her retirement. Option 1 below allows for single or multiple designated beneficiaries. Only one designated beneficiary can be named for Options 2 through 5.

a. *Normal form of retirement benefit.* Upon death, the member's spouse, if such person survives the member and was the member's spouse at the time of the member's retirement, shall receive 50 percent of the member's retirement income, which benefit shall be continued throughout the life of and be paid to such spouse.

b. *Optional forms of retirement benefit.* For purposes of calculating the optional forms of retirement benefit, the normal form of retirement benefit will be treated as a life annuity. In lieu of the normal form of retirement benefit, a member (or designated beneficiary of a deceased member as provided in this division) may elect one of the following options:

Option 1. If such member dies before such member has received optional monthly retirement income payments for 120 months, the optional monthly payments shall be continued for the balance of the 120 months to such member's designated beneficiary, if such designated beneficiary survives the member. If a member has multiple surviving designated beneficiaries, the optional monthly payments shall be divided equally among the designated beneficiaries that survive such member. If no designated beneficiary survives the member, the optional monthly payment shall be made to the legal representative of such member.

Option 2. Upon death, 100 percent of such member's optional retirement income shall be continued throughout the life of and paid to such member's designated beneficiary, if such designated beneficiary survives the member.

Option 3. Upon death, 75 percent of such member's optional retirement income shall be continued throughout the life of and paid to such member's designated beneficiary, if such designated beneficiary survives the member.

Option 4. Upon death, 66.7 percent of such member's optional retirement income shall be continued throughout the life of and paid to such member's designated beneficiary, if such designated beneficiary survives the member.

Option 5. Upon death, 50 percent of such member's optional retirement income shall be continued throughout the life of and paid to such member's designated beneficiary, if such designated beneficiary survives the member.

c. *Surviving child(ren) benefit.* Upon the death of a member who retired under normal or early retirement eligibility, 7.5 percent of the earnings base for each surviving

unmarried child under the age of 18 who was the child of the member at the time of the member's retirement from active service will be payable to the legal guardian. The total of all benefits payable under this subsection and under the normal form or optional form of retirement benefits shall not exceed the pension the member would have been entitled to receive on the date of death. Should the total of all benefits payable to a designated beneficiary (or designated beneficiaries) and the surviving child(ren) exceed the pension the member would have been entitled to receive as of the date of death, in no case shall the surviving child(ren) benefit be reduced.

(4) *Death benefits when death of member occurs after separation but prior to normal retirement age.*

a. Should a member who has attained 20 years of creditable service and who has separated from active service pursuant to subsection (a)(1)a. of this section die prior to attaining age 50, the following applies: If the member's designated beneficiary is his or her spouse, such spouse, provided such person survives the member and was the member's spouse at the time of the member's death, shall be eligible to receive 50 percent of the member's accrued pension benefit as the normal form of retirement benefit, or an actuarially equivalent optional form of retirement benefit as set forth in subsection (b)(3)b. of this section, as elected by such spouse at the time of the member's death. If the member's designated beneficiary is other than his or her spouse, and such designated beneficiary survives the member, such designated beneficiary shall be eligible for an actuarially equivalent optional form of retirement benefit as set forth in subsection (b)(3)b. of this section, as elected by such designated beneficiary at the time of the member's death. The surviving child(ren) benefit is payable as provided for by subsection (b)(3)c. of this section. The total of all benefits payable shall not exceed the pension the member would have been entitled to receive, and such payment shall begin as of the date of the death of the member. Such benefits shall be reduced by 50 percent of any family social security benefits, but such reduction shall not reduce the benefits to less than 25 percent of what they would have been without the reduction.

b. Should a member who has attained 20 years of creditable service and who has separated from the active service pursuant to subsection (a)(1)a. of this section die after attaining age 50, the following applies: If the member's designated beneficiary is his or her spouse, such spouse, provided such person survives the member and was the member's spouse at the time of the member's death, shall be eligible to receive 50 percent of the member's accrued pension benefit as the normal form of retirement benefit, or an actuarially equivalent optional form of retirement benefit as set forth in subsection (b)(3)b. of this section, as elected by such spouse at the time of the member's death. If the member's designated beneficiary is other than his or her spouse, and such designated beneficiary survives the member, such designated beneficiary shall be eligible for an actuarially equivalent optional form of retirement benefit as set forth in subsection (b)(3)b. of this section, as elected by such designated beneficiary at the time of the member's death. The surviving child(ren) benefit is payable as provided for by subsection (b)(3)c. of this section. The total of all benefits payable shall not exceed the pension the member would have been entitled to receive, and such payment shall begin as of the date of the death of the member.

(c) *Eligibility for nonservice-connected disability benefits.* Effective September 20, 2004, upon the written application of a member in service or of the head of the member's

department, any member who shall have become permanently disabled when the disability was unconnected with the performance of such member's duty as a firefighter and not caused by the member's own willful intent, may be retired by the Board on a nonservice-connected disability retirement income. The Board-appointed physician or other physicians designated by the Board shall certify to the Board that the member is mentally or physically totally incapacitated from rendering useful and efficient service as a firefighter, that such incapacity is likely to be permanent and that the member should be retired.

(1) A firefighter will not be entitled to receive any disability retirement income if the disability is a result of:

- a. Excessive and habitual use by the firefighter of drugs, intoxicants or narcotics;
- b. Injury or disease sustained by the firefighter while willfully and illegally participating in fights, riots, or civil insurrections or while committing a crime;
- c. Injury or disease sustained by the firefighter while serving in any armed forces;
- d. Injury or disease sustained by the firefighter after employment has terminated.

(d) *Computation of nonservice-connected disability benefits.* Effective September 20, 2004, upon retirement for a nonservice-connected disability, a member shall receive a disability retirement income which shall consist of a monthly income during the continuance of the disability which shall be equal to 25 percent of the member's earnings base or the member's accrued pension benefit, whichever is greater, as the normal form of retirement benefit, or an actuarially equivalent optional form of retirement benefit as set forth in subsection (b)(3)b. of this section, as elected by the member at the time of his or her retirement, plus 7.5 percent of the earnings base for each unmarried child under the age of 18.

(e) *Eligibility for service-connected benefits.* Effective September 20, 2004, upon the written application of a member in service or of the head of such member's department, any member who has been totally and permanently incapacitated for duty as a natural and proximate result of an accident sustained in service as a member and occurring while in the actual performance of duty at some definite time and place, without willful negligence on such member's part, may be retired by the Board on a service-connected disability retirement income, if the Board-appointed physician or other physicians designated by the Board shall certify to the Board that the member is mentally or physically totally incapacitated from rendering useful and efficient service as a firefighter, that the incapacity is likely to be permanent and that the member should be retired.

(1) A firefighter will not be entitled to receive any disability retirement income if the disability is a result of:

- a. Excessive and habitual use by the firefighter of drugs, intoxicants or narcotics;
- b. Injury or disease sustained by the firefighter while willfully and illegally participating in fights, riots, or civil insurrections or while committing a crime;
- c. Injury or disease sustained by the firefighter while serving in any armed forces;
- d. Injury or disease sustained by the firefighter after employment has terminated.

(f) *Computation of service-connected disability benefits.* Upon retirement for service-connected disability, a member shall receive a disability retirement income which shall consist of: A monthly income during the continuance of such disability of 60 percent of the earnings base or the accrued pension benefit, whichever is greater, as the normal form

of retirement benefit, or an actuarially equivalent optional form of retirement benefit as set forth in subsection (b)(3)b. of this section, as elected by the member at the time of his or her retirement.

(g) *Time of taking effect of other benefits.* Any retirement or other benefits provided for under this division, when approved by the Pension Board, shall be effective on the first day immediately following the final termination of the member's employment and the first payment shall be prorated for the portion of the month remaining.

(h) *Nonservice-connected death benefits.* Should a member cease to be an employee by death from causes unconnected with the performance of such person's duties, the following applies: If the member's designated beneficiary is his or her spouse, such spouse, provided such person survives the member and was the member's spouse at the time of the member's death, shall be eligible to receive 50 percent of the member's accrued pension benefit as the normal form of retirement benefit, or an actuarially equivalent optional form of retirement benefit as set forth in subsection (b)(3)b. of this section, as elected by such spouse at the time of the member's death. If the member's designated beneficiary is other than his or her spouse, and such designated beneficiary survives the member, such designated beneficiary shall be eligible for an actuarially equivalent optional form of retirement benefit as set forth in subsection (b)(3)b. of this section, as elected by such designated beneficiary at the time of the member's death. Surviving child(ren) benefit is payable as provided for by subsection (b)(3)c. of this section.

(i) *Service-connected death benefits.* Should a member cease to be an employee by death in the performance of such person's duties, or as a direct result thereof, the following applies: If the member's designated beneficiary is his or her spouse, such spouse, provided such person survives the member and was the member's spouse at the time of the member's death, shall be eligible to receive 30 percent of the earnings base or 50 percent of the accrued pension benefit, whichever is greater, as the normal form of retirement benefit, or an actuarially equivalent optional form of retirement benefit as set forth in subsection (b)(3)b. of this section, as elected by such spouse at the time of the member's death. If the member's designated beneficiary is other than his or her spouse, and such designated beneficiary survives the member, such designated beneficiary shall be eligible for an actuarially equivalent optional form of retirement benefit as set forth in subsection (b)(3)b. of this section, as elected by such designated beneficiary at the time of the member's death. Surviving child(ren) benefit is payable as provided for by subsection (b)(3)c. of this section.

(j) *Death of member receiving disability benefits.* Should a member receiving a disability retirement income die, benefits will be payable in accordance with subsection (b)(3) of this section under the normal form of retirement or an actuarially equivalent optional form of retirement benefits, as elected by the member at the time of his or her retirement.

(k) *Death of member receiving retirement benefits.* Effective September 20, 2004, should a member receiving a retirement income die, benefits will be payable in accordance with subsection (b)(3) of this section under the normal form of retirement or an actuarially equivalent optional form of retirement benefits, as elected by the member at the time of his or her retirement.

(l) *Designated beneficiary election of option.* When a member who is currently eligible to receive immediate retirement benefits retires and elects a retirement benefit available under subsection (b)(3) of this section but dies prior to the first payment becoming normally due, the designated beneficiary may, with the approval of the Board, elect to receive a different retirement benefit available to such designated beneficiary under subsection (b)(3), to the extent provided in this division.

(m) *Termination of surviving child(ren) benefits.* Any pension being paid to a surviving child(ren) under this division shall cease upon such person's death, marriage or attainment of age 18. In the event that all children are not in the custody of the same person, the children's benefits shall be prorated.

(n) *Adjustments.*

1. Any pension being paid under this division may be adjusted upon the recommendation of the Mayor and approval of the City Council by adopted index tables.

2. Any pension paid under this division for benefits payable on account of normal retirement, early retirement, service-connected disability or death, nonservice-connected disability or death or termination of employment on or after October 1, 2008 will be eligible for a Cost of Living Adjustment (COLA) as described in subsection (n)(2)(a)-(e) of this section payable annually effective October 1.

- a. The COLA will be solely funded with available State premium tax funding pursuant to Chapter 175, Florida Statutes. Available funds shall be those premium tax funds received in excess of the 1998 base or "frozen" amount and those funds previously committed to incrementally fund existing benefits to meet minimum benefits and extra benefits as defined under Chapter 175, Florida Statutes. As of September 30, 2007, the total of the 1998 base amount and the amount previously committed to incrementally fund existing benefits to meet minimum benefits and extra benefits as defined under Chapter 175, Florida Statutes was \$1,210,916 and the accumulated balance (i.e., available funds to fund the COLA as provided herein) was \$1,422,103.
- b. The COLA will be established at a maximum level of 2% percent annually provided sufficient State premium tax funding is available pursuant to Chapter 175, Florida Statutes, as determined by an actuarial valuation performed by the Pension Board's actuaries.
- c. If in any year the State premium tax funding available pursuant to Chapter 175, Florida Statutes, is not sufficient, based on an actuarial valuation performed by the Pension Board's actuaries, to fund a 2% COLA, the COLA for that year will be adjusted to a percentage that can be fully funded with the available State premium tax funding, as determined by an actuarial valuation performed by the Pension Board's actuaries.
- d. As of October 1 of each year, the COLA, if any, shall be added to the monthly pension amount provided the member in whose name the benefit

was originally payable has or would have attained age 60 prior to October 1 of that year.

- e. The accumulated available Chapter 175 premium tax revenue will be held in a separate account of the Firefighter's Pension Trust Fund until the funds are paid out to cover the annual cost of the COLA. The investment of the separate account will be directed by the Pension Board. Any investment earnings of the separate account will be used solely to fund the annual cost of the COLA.

(o) *Vested benefits.* Effective September 20, 2004, should a member cease to be an employee, except for death or retirement and after completing seven or more years of creditable service, such member shall acquire, pursuant to the following vesting schedule, benefits payable on a monthly life annuity basis, provided such member has a vested interest at time of separation from employment. Upon attaining age 50, the member may elect to receive the vested benefit accrued as calculated in Section 22-191(b)(1), using the following vesting schedule in the benefit computation.

TABLE INSET:

Completed Years of Creditable Service	Annual Vested Increment in Accrued Benefit	Cumulative Vested Interest in Accrued Benefit (%)
Less than 7	0	0
7	20	20
8	8	28
9	8	36
10	8	100

A member may elect in lieu of the life annuity, the normal form of retirement benefit or an actuarially equivalent optional form of retirement benefit as provided under subsection (b)(3) of this section. Vesting shall pertain only to future retirement benefits payable as provided under this section and do not relate to employee contributions and other allowances.

(p) *Termination of employment.* Should a member cease to be an employee, except for death or retirement, or is not otherwise entitled to a retirement income as provided in this division, such person shall have no claim for any amount deducted from salary as contributions to the retirement system, but the amount shall be credited to the benefit of the retirement system, except as specifically provided in Section 22-189.

(q) *Reexamination of recipients of disability benefits.* Once each year during the first five years following the retirement of a member on a disability retirement income and once in every three-year period thereafter, the Board may, and upon such person's application shall, require any disability beneficiary to undergo a medical examination; however, this requirement shall terminate when the combined total of creditable service

and years on disability retirement shall equal 25 years. The examination shall be conducted by the Board-appointed physician or designated physicians, who shall submit a written report of their findings to the Board. The disability beneficiary shall be advised of the examination upon 30 days' written notice, and should the beneficiary fail to submit to the examination within the indicated period, such person's retirement income shall be suspended until such time as the pensioner shall establish to the Board eligibility to receive disability retirement income. Should the disability beneficiary fail within one year to respond to the notice for examination, it shall be conclusively deemed that the beneficiary is not entitled to disability retirement income and it shall be revoked and set aside.

(r) *Return of disability benefits recipient to active duty.* Should it appear from a medical examination that a disability beneficiary is capable of return to duty in the Department in a limited duty or full duty capacity, the beneficiary shall be ordered to return to active duty in the Department with the consent of the Departmental Chief and the Mayor and shall be restored to the active membership. Any member so returning to service from retirement due to a nonservice-connected disability shall receive credit only for service actually rendered in the Department in computing such person's creditable service. Any member so returning to service from a retirement due to a service-connected disability shall receive credit for the time spent on pension in addition to service actually rendered in the Department in computing creditable service. Any beneficiary so restored to the active membership shall return to the classification, title or rank held at the time of retirement and to the pay grade held at the time of retirement regardless of the capacity to which the member is restored and shall be eligible for all benefits provided by this division. The retirement income of any such beneficiary shall cease upon restoration to the active membership and such person shall contribute at the current contribution rate for active members.

(s) *Calculation of service-connected disability retirement benefit.* Should a member who has applied for service-connected disability retirement as provided in subsection (e) of this section be certified by the Board-appointed physician or other physicians designated by the Board as not mentally or physically totally incapacitated from rendering useful and efficient service as a firefighter, and, provided other employment is not available in the Fire Department at the discretion of the department head, and provided further that the member is transferred to other employment within the City, such member's retirement income percentum then accrued under this division shall be retained in the retirement system and the member shall receive a benefit pursuant to subsection (b) of this section.

Such benefit shall be computed irrespective of the vesting schedule set forth in subsection (o) of this section, and shall be payable upon the date retirement benefits may commence as provided by such other City retirement system as may be applicable, or upon the member's separation from City employment, whichever occurs earliest, but in no event shall the benefit be paid prior to the member's attainment of age 50. The benefit shall be calculated on the number of years that the person was a contributing member.

(t) *Reduction in benefits due to amounts payable under other laws.* Any amounts which may be paid or payable under the provisions of any workers' compensation or similar law to a member or to the dependents of a member on account of any service-connected disability shall, in such manner as the Board shall approve, be offset and payable in lieu

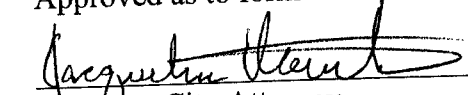
of any benefits payable under the provisions of the retirement system on account of the same service-connected disability. Any reduction of benefits pursuant to this subsection shall not reduce the payment of benefits, including the offset of any other payments as provided by this section, to less than 25 percent of what they would have been without the reduction.

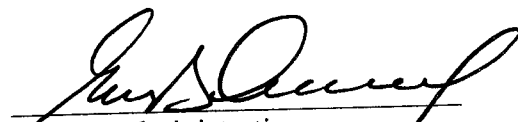
(u) *Limitations.* Benefits payable pursuant to this division shall be limited as specified by F.S. 112.65.

Section 2. Language which is ~~struck through~~ indicates deletions, and language which is underlined indicates additions.

Section 3. *Effective Date.* In the event this ordinance is not vetoed by the Mayor in accordance with the City Charter, it shall become effective upon the fifth business day after adoption unless the Mayor notifies the City Council through written notice filed with the City Clerk that the Mayor will not veto the ordinance, in which case the ordinance shall take effect immediately upon filing such written notice with the City Clerk. In the event this ordinance is vetoed by the Mayor in accordance with the City Charter, it shall not become effective unless and until the City Council overrides the veto in accordance with the City Charter, in which case it shall become effective immediately upon a successful vote to override the veto.

Approved as to form and content:


Assistant City Attorney
Jacqueline Kovilaritch


Administration



September 10, 2009

Ms. Vicki Grant
Manager, Benefits; Human Resources
City of St. Petersburg
P.O. Box 2842
St. Petersburg, FL 33731-2842

Re: Actuarial Impact Statement for the Firefighters' Retirement System

Dear Vicki:

This letter provides the process for determining the actuarial impact of a proposed change to the City of St. Petersburg Firefighters' Retirement System.

Summary of Proposed Change

For firefighters who retire on or after October 1, 2008, a cost of living adjustment ("COLA") will be added to monthly pension amounts on each October 1 if at least age 60. The COLA will be a maximum of 2.0% and will be solely funded by the accumulated balance of the State premium tax revenue under Chapter 175. To the extent that the accumulated balance is not sufficient to fund a 2.0% COLA, the percentage will be reduced to a percentage that can be funded by the existing balance.

Process for Determining the Actuarial Impact

Since the COLA is contingent on the available balance of State premium tax revenue and the ages and pensions of eligible firefighters who retire beginning in fiscal 2009, there is no current actuarial impact for the proposed change. For the October 1, 2009 actuarial valuation, the present value of benefits attributable to the 2009 and 2010 COLAs will be determined for retired members as of September 30, 2009. The accumulated balance of State premium tax revenue will be reduced by this present value, which will be reported as a "one-time use" on page 6a of the annual report for fiscal 2009 and subsequent years.

If you have any questions regarding this impact statement, please do not hesitate to contact me.

Sincerely,

Andrew C. Stratton, FSA, EA, MAAA
Principal, Consulting Actuary

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