



# MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. LTC # 012-2013

## LETTER TO COMMISSION

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Kathie G. Brooks, Interim City Manager

DATE: January 14, 2013

**SUBJECT: Miami Beach Employees' Pension Plan (MBERP) and Fire and Police Pension Plan Comparison and Proposed Changes**

Attached, please find a chart comparing the current Miami Beach Employees' Pension Plan (MBERP) benefits and the current Fire and Police Pension Plan benefits, as well as the proposed changes to both plans. The status of both plans as of October 1, 2011, is also provided.

It is important to note that the investment returns of both plans for FY 2011/12 significantly exceeded returns (representing returns of approximately twenty percent each). However, both plans are still recognizing the significant losses in recent years (most significantly FY 2007/08), which will likely result in continued contribution increases for FY 2013/14. We will provide the valuation reports as of October 1, 2012, as soon as they become available. We anticipate receiving these reports from each of the respective plans in March or April.

Carla Gomez will be reaching out to each of you to schedule individual briefings to review the benefits for both of the City's pension plans.

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

Thank you.

KGB:CMG

Attachment

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**City of Miami Beach  
Pension Plan Comparison**

Benefit	Miami Beach Employees' Pension Plan (MBERP)			Fire and Police Pension Plan		
	Current Employees	Employees Hired on or after 10/1/2010	Proposed Change	Current Employees	Employees Hired on or after 7/14/2010	Proposed Change
<b>Benefit Multiplier</b>	Tier A = 3% for each year of service up to 15 years; 4% thereafter Tier B = 3% per year	2.5% for each year of service	N/A	3% for each year of service up to 15 years; 4% thereafter up to 90%	3% for each year of service up to 20 years; 4% thereafter up to 90%	2% for each year of service
<b>Vesting Years</b>	5 Years	5 Years	N/A	10 Years	10 Years	N/A
<b>DROP Years</b>	3 Years	5 Years	N/A	5 Years (no COLA for years 3 and 4 of DROP)	5 Years after 9/1/2012 (no COLA for years 3 and 4 of DROP)	N/A
<b>Final Average Monthly Earning (FAME)</b>	Average of 5 highest years (based on age, some grandfathered into 2-3-4 highest year average)	Average of 5 highest years	N/A	Average of 2 highest years	Average of 3 highest years	Average of 5 highest years of last 10 years of service
<b>Retiree COLA</b>	2.5% Deferred to 1 Year after retirement (DROP counts toward retirement)	1.5% Deferred to 1 Year after retirement (DROP counts toward retirement)	N/A	2.5% Annually	1.5% Annually	0%; the City Commission may periodically adjust the COLA up to 1.5% compounded for a given year, and COLA resets to 0% for following year unless Commission votes to increase above 0% for the next fiscal year.
<b>Normal Retirement Date</b>	Tier A = Age 50 Tier B = Age 55	Age 62 with 5 Years of creditable service or Age 55 with 30 Years of creditable service; Rule of 75	N/A	Age 50 or Rule of 70	Age 50 years or Rule of 70 (must attain age 48)	Age 55 with 10 years of creditable service or age 52 with 25 years of creditable service
<b>Employee contribution to Defined Benefit (DB) Plan</b>	Tier A = 12% of salary Tier B = 10% of salary	10% of salary	N/A	10% of salary	10% of salary	5% of salary
<b>Employee contribution to Defined Contribution (DC) Plan</b>	N/A	N/A	N/A	N/A	N/A	5% of salary
<b>City contribution to DC Plan</b>	N/A	N/A	N/A	N/A	N/A	Employer contribution of 11% to Defined Contribution Plan only
<b>Beneficiaries</b>	Automatic 50% continuation to qualifying spouse or dependent	Joint and survivorship options	N/A	Service Connected: 85%; Non-Service Connected: 75% joint and survivor with 10 years certain and 100% first year	Service Connected: 85%; Non-Service Connected: 75% joint and survivor with 10 years certain and 100% first year	N/A
<b>Share Plan</b>	N/A	N/A	N/A	Yes	Yes	100% of future share plan monies go toward offsetting the cost of benefits provided by Defined Benefit Pension Plan

**City of Miami Beach  
Pension Plan Comparison**

Benefit	Miami Beach Employees Pension Plan (MBERP)		Fire and Police Pension Plan	
	Current Employees	Employees Hired on or after 10/1/2010	Current Employees	Employees Hired on or after 11/30/2010
<b>Salary Pensionable</b>	Base and Incentive Pays	Base and Incentive Pays	Base, Allowances and Overtime and Off-Duty Leave Payments are NOT pensionable	Base, Allowances and Overtime and Off-Duty Leave Payments are NOT pensionable
<b>Overtime, Off-Duty and Accrued Leave</b>	Only Tier A, Maximum of 10%	No	Police: Overtime, off duty and accrued leave are pensionable in order to reach 70% of next highest rank; Fire: Overtime, off duty and accrued leave are pensionable, however not to exceed 11% of salary at time of retirement	Police: Overtime, off duty and accrued leave are pensionable in order to reach 70% of next highest rank; Fire: Overtime, off duty and accrued leave are pensionable, however not to exceed 11% of salary at time of retirement
<b>Additional Creditable Service</b>	N/A	N/A	When vested may purchase up to 2 years additional creditable public safety service, up to 4 years additional creditable military employment, and up to an additional 6% multiplier (maximum 12%)	When vested may purchase up to 2 years additional creditable public safety service, up to 4 years additional creditable military employment, and up to an additional 6% multiplier (maximum 12%)
<b>Miami Beach Employee Retirement Plan (MBERP)</b>	All years of creditable service from MBERP are transferable to Fire and Police Pension	All years of creditable service from MBERP are transferable to Fire and Police Pension	All years of creditable service from MBERP are transferable to Fire and Police Pension	All years of creditable service from MBERP are transferable to Fire and Police Pension

<b>10/1/2011</b>	
<b>Unfunded Liability</b>	\$176,796,453
<b>% Funded Liability</b>	70.70%
<b>% of Payroll</b>	31.99%

<b>10/1/2011</b>	
<b>Unfunded Liability</b>	\$339,297,448
<b>% Funded Liability</b>	61.10%
<b>% of Payroll</b>	80.04%