



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CONFERENCE MEETING

#18-1048

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Lee R. Feldman, ICMA-CM, City Manager

DATE: October 23, 2018

TITLE: Discussion of Proposed Cost of Living Adjustment for the General
Employees Retirement System

The City of Fort Lauderdale General Employees Retirement System ("GERS") Board of Trustees ("Board") provided information to GRS Retirement Consulting, for an actuarial valuation report showing the impact of a cost of living adjustment ("COLA") for the GERS plan retirees and beneficiaries.

As outlined in the letter from the Board to the City Commission dated July 12, 2018, current retirees receiving benefits have not received a COLA since July 1, 2001. The Consumer Price Index has increased 35.7% since the last time a COLA was approved, compromising retiree purchasing power and the ability to maintain a certain standard of living.

Two criteria must be satisfied for the implementation of a COLA increase. In the past, these criteria have not been met or if met, the City Commission did not approve the COLA.

The first criteria is provided in Section 20-110(h), Code of Ordinances, governing the provisions of the retirement system:

"(h) Cost of living adjustment. The Board may, with the advice of the Plan's actuary and the approval of the City Commission, adjust the Pensions of retired Members, including those receiving the Member's duration and survivor benefits under section 20-110(a)(2), annually to reflect the change in the cost of living as measured by the Consumer Price Index or such other index approved by the Board, provided that such adjustments may only be made from investment return of the Fund in excess of that required to satisfy the actuarial interest assumption used in the most recent actuarial valuation of the Plan. If similar adjustments in the three (3) previous Plan Years were less than the increase for those years in the index being used, such difference may be applied in addition to the current year's adjustment, subject to a total additional adjustment in any Plan Year of four (4) percent. The procedures and methods to be followed in the determination of any adjustments shall be established from time to time by the Board."

The second criteria is governed by Section 112.61, Florida Statutes, which states that the

“[a]ctuarial experience may be used to fund additional benefits, provided that the present value of such benefits does not exceed the net actuarial experience accumulated from all sources of gains and losses.”

Key Items to Note:

- As of September 30, 2017, GERS has met both of the criteria to request a COLA from the City.
- The Board is recommending a 2.5% increase to all retirees and beneficiaries receiving benefits as of September 30, 2017.
- If fully funded, the cost will be \$10,304,000 or if amortized over a five-year period the payment would be \$2,365,000 annually.

Attachments

Exhibit 1 – GERS Letter

Exhibit 2 – GERS Cumulative Experience Gains / (Losses)

Exhibit 3 – GERS COLA Study Letter

Exhibit 4 – GERS COLA History

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