



**CITY OF FORT LAUDERDALE**  
**City Commission Agenda Memo**  
**CONFERENCE MEETING**

**#19-0154**

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

**FROM:** Chris Lagerbloom, ICMA-CM, City Manager

**DATE:** February 19, 2019

**TITLE:** City of Fort Lauderdale General Employees Retirement System ("GERS")  
Cost-of-Living-Adjustment ("COLA") Analyses

On October 23, 2018, the City Commission was presented with an actuarial valuation report from GERS's Board of Trustees ("Board") showing the impact of a COLA for the GERS plan retirees and beneficiaries.

The Board recommended 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.

At the Commission's direction, the Board was asked to provide additional options to be considered including issuing a 13th check to all retirees and beneficiaries.

A new valuation report was prepared by GRS Retirement Consulting which includes the calculation of three alternative designs with COLAs (Exhibit 2). The options vary based on the number of years since retirement and result in the same increase in liability as the increase in liability of a flat one-time 2.5%, 2.0%, and 1.5% COLA, which are \$10.3 million, \$8.2 million and \$6.2 million, respectively.

Below are three alternatives that would result in approximately the same liability increase:

| Liability Increase<br>Equivalent to 2.5%<br>COLA (\$10.3 million) |      | Liability Increase<br>Equivalent to 2.0%<br>COLA (\$8.2 million) |      | Liability Increase<br>Equivalent to 1.5%<br>COLA (\$6.2 million) |      |
|---|------|--|------|--|------|
| Years<br>Retired  | COLA | Years<br>Retired   | COLA | Years<br>Retired   | COLA |
| 0 to 4  | 1.0% | 0 to 4   | 0.8% | 0 to 4   | 0.6% |
| 5 to 9  | 2.0  | 5 to 9   | 1.6  | 5 to 9   | 1.2  |
| 10 to 14  | 3.0  | 10 to 14   | 2.4  | 10 to 14   | 1.8  |
| 15 to 19  | 4.0  | 15 to 19   | 3.2  | 15 to 19   | 2.4  |
| 20+   | 5.0  | 20+  | 4.0  | 20+  | 3.0  |

A separate valuation was prepared as to the effects of a COLA payable as a 13th check using the same COLA increases of 2.5%, 2.0%, and 1.5% (Exhibit 3). The increase in liability associated with a flat one-time 2.5%, 2.0% and 1.5% COLA is \$10.3 million, \$8.2 million and \$6.2 million, respectively.

| Liability Increase<br>Equivalent to 2.5%<br>COLA (\$10.3 million) |                           | Liability Increase<br>Equivalent to 2.0%<br>COLA (\$8.2 million) |                           | Liability Increase<br>Equivalent to 1.5%<br>COLA (\$6.2 million) |                           |
|---|---------------------------|--|---------------------------|--|---------------------------|
| Years<br>Retired  | 13 <sup>th</sup><br>Check | Years<br>Retired   | 13 <sup>th</sup><br>Check | Years<br>Retired   | 13 <sup>th</sup><br>Check |
| 0 to 4  | \$4,300                   | 0 to 4   | \$3,400                   | 0 to 4   | \$2,600                   |
| 5 to 9  | 5,800                     | 5 to 9   | 4,650                     | 5 to 9   | 3,500                     |
| 10 to 14  | 7,300                     | 10 to 14   | 5,850                     | 10 to 14   | 4,400                     |
| 15 to 19  | 8,800                     | 15 to 19   | 7,050                     | 15 to 19   | 5,300                     |
| 20+   | 10,300                    | 20+  | 8,250                     | 20+  | 6,200                     |

The calculations are based on census data as of October 1, 2017 and assume the 13th check is payable to all members in pay status (including disabled retirees, beneficiaries of deceased retirees, and DROP participants) as of October 1, 2017.

As an alternative the City conducted its own calculation (Exhibit 1) to offer a 13th check equivalent to an extra monthly pension payment, which is estimated at \$3.3 million. The impact to the General fund is estimated to be \$1.6 million.

The proposed 13th check would be paid in full if adopted and would not affect the plan's funded status, future Actuarially Determined Contributions, or the Unfunded Actuarial Accrued Liability.

### **Attachments**

Exhibit 1 – City of Fort Lauderdale Thirteenth Paycheck Analysis

Exhibit 2 – GRS Cost of Living Adjustment Analyses

Exhibit 3 – GRS Thirteenth Check Analyses

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Prepared by:                      Laura L. Garcia, Finance  
    Linda Blanco, Finance

Department Director:   Kirk W. Buffington, Finance