



Disclaimer

This seminar is designed to be educational in nature and is not intended to provide investment, tax, or legal advice.

You should consult with your own tax, legal, accounting professionals or any other advisors for advice on the implementation of any plan of action in your particular situation.

Pension Workshop

- *Benefit Changes as of October 1, 2018*
- *Cash Balance Plan Option: Members Hired After 10/01/2010*
- *IBEW Members: No Changes*

***Overview:
Plan Changes***

Pension Benefits

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graph TD
    A[Defined Benefit Plan] --> B[DROP Plan]
    A --> C[Retirement Benefit  
Normal Retirement Benefit  
Optional Forms Payment]
    A --> D[5/5/5  
Cash Balance Plan]
    C --> E[Disability Retirement Benefit]
    C --> F[Survivor Benefit]
  
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Current Defined Pension Benefit

- *Funded by City Contributions + Employee Contributions of 7.8%*
- *Vesting with 10 Years Service*
 - 50% benefit with 10 years service
 - 55% benefit with 11 years service
 - 60% benefit with 12 years service
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 - 95% benefit with 19 years service
 - 100% benefit with 20 years service
- *Vested Deferred Benefits Commence at Age 65 (Age 62 for Benefits Accrued as of 10/01/10)*



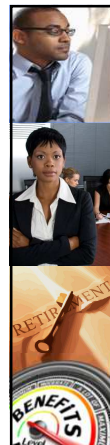
Defined Pension Benefit Changes

- *Contribution Rates Unchanged*
- *Changes to Vesting*
 - Members Hired Prior 10/01/10: 10 Years
 - Members Hired After 10/01/10: Unchanged (50% at 10 Years to 100% at 20 Years)
- *Vested Deferred Benefits Commence Age 65 (Age 62 for Benefits Accrued on 10/01/10)*



Defined Benefit Formula

- *Pension Formula:*
(Final Average Salary) x (Number Years Service) x Multiplier%
- *Final Average Salary:*
 - (Service prior 09/30/10) Average Highest 2 Consecutive Years Compensation in Last 10
 - (Service after 10/01/10) Average Highest 5 Consecutive Years Compensation in Last 10



Current Retirement Benefit

- *Multiplier:*
 - (Service Prior 09/30/10) 3% Per Year Service
 - (Service After 10/01/10) 2% Per Year Service
- *Normal Retirement Age*
 - Age 55 with 30 Years of Service
 - Age 65 with 10 Years of Service
- *Service for Eligibility Only:*
 - 10 Days of Service Rounds to 1 Month
 - 9 Months of Service Rounds to 1 Year



Retirement Benefit Changes

- *Multiplier:*
 - (Service Prior 09/30/10) 3% Per Year Service
 - Members Hired Prior 10/01/10: 2.25% Per Year Service After 10/01/10
 - Members Hired After 10/01/10: Unchanged
- *Normal Retirement Age*
 - Age 55 with 30 Years of Service
 - Age 65 with 10 Years of Service
 - Members Hired Prior 10/01/10: "Rule of 80"
 - Members Hired After 10/01/10: Unchanged



Distribution Options for Defined Benefit

- *Normal Form: Lifetime of Member*
- *Available Optional Forms Include Additional Survivor Options*
 - Joint 100% Survivor
 - Joint 66-2/3% Survivor
 - Joint 50% Survivor
 - 10 Years Certain (120 Payments Guaranteed)
- *Member May Change Joint Annuitant Following Retirement*
- *Deferred Retirement Option Plan (DROP)*



Additional Provisions

- *Purchase of Prior Qualifying Service Credit*
 - Prior City Service Credit: Return of Any Refunded Contributions with Interest
 - Up to 5 years Military Service: Full Actuarial Cost
- *(Retired Prior 10/01/10) Members Receive Annual Adjustment of \$2.50 Each October 1*
- *Non-Vested Members Receive Refund of Contributions Without Interest*



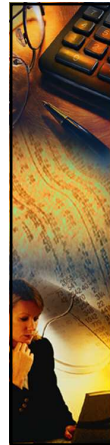
Disability Benefits

- *Duty Disability*
 - Member Must File for Workers Comp and Social Security Disability
 - Member Receives Greater of Accrued Benefit or Benefit Calculated with 20 Years Service
 - Offsets for other income
- *Non-Duty Disability*
 - Available After 10 Years Service
 - Member receives accrued benefit
 - Offsets for other income
- *Benefit Payable For Life*



Survivor Benefits

- *Duty Death*
 - Beneficiary Receives Refund of Contributions
 - Surviving Spouse Receives 2/3 of Final Compensation or Joint 100% Survivor Amount
 - Surviving Children Receive Additional Benefit
- *Non-Duty Death*
 - Beneficiary Receives Refund of Contributions
 - Surviving Spouse of Vested Member Receives Joint 100% Survivor Amount of Accrued Benefit



DROP Plan



DROP Plan

- *Members Eligible for Normal Retirement Can DROP for up to 5 Years*
- *Members Sign Irrevocable Letter of Resignation on Entry to DROP*
- *Options for Investment*
 - Actual Net Return on Plan Assets
 - One Time Election for Fixed Rate Equal to LIBOR + 1% Reset Each September 30




DROP Plan

- *Plan Considers DROP Members Retired (NO Pre-retire Death or Disability)*
- *7.8% Contributions Stop or Deposit to DROP Account*
- *Member Must Provide 30 Notice to City Prior to Separating from Service*
- *DROP Accounts Do Not Earn Interest Following Separation*



5/5/5 Cash Balance Plan Option

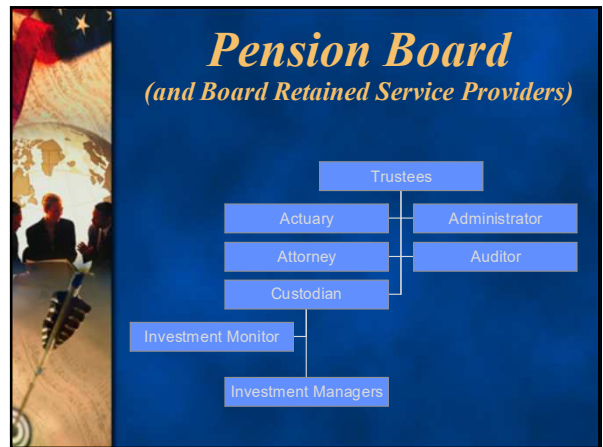
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- ## 5/5/5 Cash Balance Plan
- Option for Members Hired AFTER 09/30/10
 - Irrevocable Election By 09/30/18
 - Funded by City Contributions + Employee Contributions of 5%
 - All Benefits Immediately 100% Vested
 - Accrued Defined Benefit Frozen as of 09/30/18
 - Cash Balance Plan Starts on 10/01/18

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- ## 5/5/5 Retirement Benefit
- Normal Retirement Age
 - Age 55 with 30 Years of Service
 - Age 65 with 10 Years of Service
 - 10 Days = 1 Month, 9 Months = 1 Year
 - Eligibility: Retirement, Termination, Death, or Disability
 - 5/5/5 Cash Balance
 - 5% Member Contribution
 - 5% City Contribution
 - 5% Annual Interest (1.2273% Quarterly)

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- ## 5/5/5 Distribution Options
- Lump Sum Payment
 - Normal Form: Lifetime of Member
 - Available Optional Forms Include Additional Survivor Options
 - Joint 100% Survivor
 - Joint 66-2/3% Survivor
 - Joint 50% Survivor
 - 10 Years Certain (120 Payments Guaranteed)
 - Spousal Consent Required for Any Distribution with No Spousal Benefit



Pension Board and Service Providers





Trustees: Plan Administrator

- Two Trustees Elected by Members
 - Evanna Stephenson
 - Phillip Johnson
- Two Trustees by Ordinance
 - Pam Triolo, Mayor
 - Bruce Miller, Finance Director
- One Resident Appointed by City Commission
 - Richard Collier




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Virtual Pension Office

- Pension Plan Documents
 - Plan Document
 - Summary Plan Description
- Board Approved Minutes
- Forms & Applications
- Recent Plan Investment Performance
- Links to Other Service Providers
- Plan Email Box:
LakeWorth@ResourceCenters.com
- Online Benefit Calculation and Account Inquiry Systems



Online Benefit Calculation System



Select City of Lake Worth General EE
Click on the "Benefit Calculator" Icon
For Pension Benefit Projections

Select City of Lake Worth General EE
Click on the "Benefit Calculator" Icon
For Pension Benefit Projections

