



Legislation Text

File #: 19-0255, Version: 1

Summary

To: Town Commission
From: Stefan Massol, Director of Support Services
Date: 9/17/2019

Subject:

Update on FOP Negotiations and Pension Cost Scenarios

Summary:

Staff will provide a general update on the status of FOP negotiations

Background/Problem Discussion: Staff has held multiple meetings with the Fraternal Order of Police representative and their attorney to develop a new three-year agreement between the union and the Town of Belleair. Negotiations had been temporarily delayed as the Town awaited actuarial analysis of various scenarios for future pension plan participants, however this past week the town received the analysis requested.

Changes considered include raising the minimum years for eligibility to ten years by removing the 55 and 5 option for new participants. Additionally, reduction of the percentage benefit accrual rate from 3.5% to 2.75% was studied, as well as increase of the member contribution rate from 6% to 10%. Because these changes would affect new members as existing members reach retirement, the Town’s annual pension payment savings would be gradually realized over the coming years. Possible savings are listed below.

Other issues to be resolved in this upcoming contract will be a simplification of the calculation for shift differential as well as additional health insurance options for those officers requesting spouse or dependent health insurance coverage.

Financial Implications: Staff is reviewing the savings for each pension scenario in comparison to offerings by other departments so that the Town continues to recruit qualified officers while improving the sustainability of future pension costs.

	2021	2022	2023	2024	2025	2026	2027
<i>55 & 10 Normal Retirement</i>	19,055	27,869	33,315	41,536	43,933	46,468	55,185
<i>3% Benefit Accrual Rate</i>	16,514	23,273	27,422	33,146	35,058	37,081	47,737
<i>2.75% Benefit Accrual Rate</i>	24,769	34,908	41,131	49,717	52,585	55,620	71,604
<i>8% Member Contribution Rate</i>	8,372	11,806	14,035	16,462	17,412	18,416	23,149
<i>10% Member Contribution Rate</i>	16,743	23,612	28,070	32,923	34,823	36,832	46,298
<i>Max Savings</i>	60,567	86,389	102,516	124,176	131,341	138,920	173,087
<i>3%&8%</i>	43,941	62,948	74,772	91,144	96,403	101,965	126,071

Recommendation: None, this item is for discussion purposes only.

Proposed Motion: None, this item is for discussion purposes only.