

ADMINISTRATIVE ORDER

SUBJECT: RETIREMENT BENEFITS

NUMBER: HRXX-

- I. **PURPOSE:** To provide retirement benefits to eligible Civil Service employees and Administrative Officers.
- II. **DESCRIPTION:** The City of Coconut Creek wishes to facilitate its employees' transition into retirement by providing retirement compensation, health insurance continuation options, and a health insurance stipend. This Administrative Order shall outline the general provisions, policies, and procedures for the Retirement Benefits Programs.
- III. **ACTION:**
- A. **RETIREMENT PLAN**
1. Employees hired into full-time positions prior to May 1, 2002 elected to either remain in the ICMA Retirement Corporation's 401(a) Money Purchase Plan or to become a participant in the Florida Retirement System (FRS). This election was irrevocable. Full-time employees hired on or after May 1, 2002, and part-time employees, regardless of hire date, shall be participants of the FRS unless prohibited by state law. All FRS terms and conditions, including the required City contribution and the required employee contribution, if applicable, are as provided by Chapter 121, Florida Statutes and the Florida Administrative Code, as both may be amended from time to time. If any conflict arises between this Policy and State and/or Federal law, the State and/or Federal law shall prevail.
 - a. Employees hired into full-time positions prior to May 1, 2002.
 - i. ICMA Retirement Corporation's 401(a) Money Purchase Plan (ICMA 401(a) Plan) This defined contribution plan is available to those who were employed in full-time positions prior to May 1, 2002 and who elected to remain in the ICMA 401(a) Plan. The City contribution shall be fourteen percent (14%) of the employee's gross wages. Employees shall be required to make a mandatory contribution to the plan. Once each year, on or before the first pay in October, participants remaining in the ICMA 401(a) Plan, based on a majority vote, shall have the right to increase or decrease the percentage of their mandatory contribution into the ICMA 401(a) Plan, provided that the total contribution shall not exceed the limits mandated by the Internal Revenue Code. The retirement age from City service and other plan provisions shall be defined in ICMA Retirement Corporation's 401(a) Money Purchase Plan documents.
 - ii. Florida Retirement System (FRS). For those who were employed in full-time positions prior to May 1, 2002 and who elected to join the FRS, sub-section III.A.1. a. ii.a) below shall apply. Either sub-section III.A.1.a. ii.a) or III.A.1.ii.b) below shall apply only for eligible employees enrolled in the Regular Class or Special Risk Class of FRS, whichever provides the greater employee benefit:

- a) For those who were employed in full-time positions prior to May 1, 2002 and who elected to join the FRS, there may be a Residual Amount, which is defined as the difference between fourteen percent (14%) of their eligible earnings and the percentage of eligible earnings the City is required to contribute to the FRS. The City shall contribute any Residual Amount into the employee's ICMA Retirement Corporation's 457 Deferred Compensation Plan (ICMA 457 Plan). If the amount to be contributed to the FRS as determined by the State of Florida increases to an amount equal to or exceeding fourteen percent (14%) of the employee's eligible earnings, the Residual Amount shall be reduced to zero percent (0%), and there shall be no additional contribution into an employee's ICMA 457 Plan unless the City required FRS contribution subsequently decreases to less than fourteen percent (14%) of the employee's eligible earnings. Employees who effectively retire by entering the FRS Deferred Retirement Option Program (DROP) cease eligibility for any City ICMA 457 Plan contribution.
- b) In the event of a mandatory employee contribution to the FRS, the City shall contribute an equivalent percentage only for eligible employees enrolled in the Regular Class or Special Risk Class of FRS, not to exceed three percent (3%), of eligible earnings to the employee's ICMA 457 Plan. If the City's required FRS contribution exceeds 7.77% for Regular Class or 20.25% for Special Risk Class, the City's ICMA 457 Plan contribution shall be decreased or eliminated so that the combined City payment does not exceed 10.77% or 23.25%, respectively, of eligible earnings. Once the City's ICMA 457 Plan contribution is eliminated, any future reduction to the City's required FRS contribution shall not result in reinstatement of the ICMA 457 Plan contribution.
- b. Employees hired into full-time positions on or after May 1, 2002 but before July 1, 2011 and employees hired into part-time positions before July 1, 2011. There shall be no City contribution to the employee's ICMA 457 Plan, except that in the event of a mandatory employee contribution to the FRS, the City shall contribute an equivalent percentage only for eligible employees enrolled in the Regular Class or Special Risk Class of FRS, not to exceed three percent (3%) of eligible earnings to the employee's ICMA 457 Plan. If the City required FRS contribution exceeds 7.77% for Regular Class or 20.25% for Special Risk Class, the City ICMA 457 Plan contribution shall be decreased or eliminated so that the combined City payment does not exceed 10.77% or 23.25%, respectively, of eligible earnings. Once the City ICMA 457 Plan contribution is eliminated, any future reduction to the city's required FRS contribution shall not result in reinstatement of the ICMA 457 Plan contribution.
- c. Employees hired into full-time or part-time positions on or after July 1, 2011. Such employees shall be participants in the FRS unless participation is prohibited by Florida Statutes. There shall be no City contribution to the employee's ICMA 457 Plan.

2. Employees hired into full-time or part-time positions following Retirement from the FRS shall be required to abide by all reemployment requirements as provided by Chapter 121, Florida Statutes, and the Florida Administrative Code, as both may be amended from time to time, which may prohibit renewed membership in the FRS, in which case the employee would have no City-funded retirement benefit.
3. All full-time and part-time employees shall have the option of establishing and contributing to a 457 Deferred Compensation Plan or other voluntary employee retirement plans offered by the City, as may be amended from time to time.

B. Retirement Health Savings (RHS) Account

The City shall contribute one percent (1%) of Administrative Officers' eligible earnings into a Retirement Health Savings Account, which the employee may use for eligible healthcare expenses upon separation from the City.

C. Retirement Health Insurance Program

1. The Retirement Health Insurance Program provides for a one-time election for eligible full-time employees who were enrolled in the City's group health insurance plan immediately preceding retirement to continue participation in the group insurance plan.
2. Eligibility for continuing participation in the group insurance plan is defined as follows:

<i>Employee Group</i>	Eligibility A – Must be Retired by 9/30/22		Eligibility B – Retired After 9/30/22	
	<i>Age</i>	<i>Years of Service</i>	<i>Age</i>	<i>Years of Service</i>
Civil Service*	55+	10+	60+	15+
Administrative Officers* **	50+	10+	55+	15+
*Additional eligibility for all Civil Service and Administrative Officers	Retirement as defined by Section 112.0801 Florida Statutes, as amended from time to time			
**Additional eligibility for sworn police Administrative Officers	20 years of service, regardless of age		25 years of service, regardless of age	

3. Retirees shall be responsible for paying the prevailing insurance premiums by the due date, and failure to make payments in a timely manner shall be cause for cancellation of participation in the group health insurance plan. Coverage may not be reinstated once it is cancelled for any reason.

D. Retirement Medical Compensation Program

1. Retirement Medical Compensation Program provides deposit of a one-time lump sum stipend into a Retirement Health Savings (RHS) Plan for the benefit of eligible full-time employees upon retirement.
2. The stipend shall be deposited into the RHS Plan for eligible retirees regardless of whether they participate in the City's group insurance program.
3. Eligibility for the Retirement Medical Compensation Program is defined as follows:

<i>Employee Group</i>	Eligibility A – Must be Retired by 9/30/22		Eligibility B – Retired After 9/30/22	
	<i>Age</i>	<i>Years of Service</i>	<i>Age</i>	<i>Years of Service</i>
Civil Service*	55+	10+	60+	15+
Administrative Officers*	50+	10+	55+	15+
*Additional eligibility for sworn police Administrative Officers	20 years of service, regardless of age		25 years of service, regardless of age	

4. The one-time stipend shall be calculated as follows:

	Retirees Meeting Eligibility A Requirements (by 9/30/22)	Retirees Meeting Eligibility B Requirements (regardless of retirement date)
Civil Service	\$150 x # of months between retirement and Age 65*	\$200 x # of months between retirement and Age 65*
Administrative Officers & Police Lieutenants	\$250 x # of months between retirement and Age 65*	\$300 x # of months between retirement and Age 65*

**The number of months used in the stipend calculation excludes the month of retirement and the month of the retiree's 65th birthday.*

IV. REVOCATION: N/A

V. EFFECTIVE: June 22, 2017

AUTHORIZED:

MARY C. BLASI
City Manager