



Retirement Education Workshop



Pompano Beach General Employees' Retirement System

February 18, 2010



Actuaries you can understand

Tonight's Discussion

- Your responsibilities
- Plan benefits



Plan Membership Requirements

- Work for the City
 - Regular Full-Time Employment
 - More than 26 hours per week
 - At least 5 months per year
 - Excludes police & fire



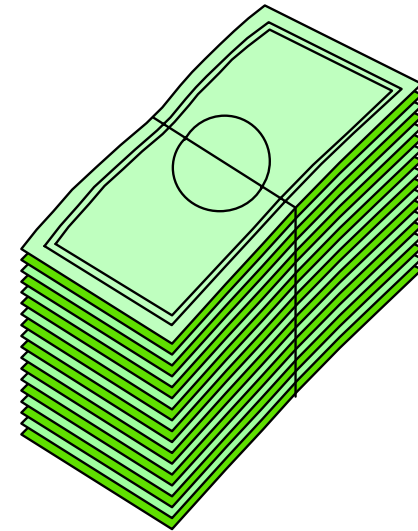
Plan Membership Requirements

- Make contributions to plan
 - 10% of pay
 - City contributions for Elected Officials & Appointees



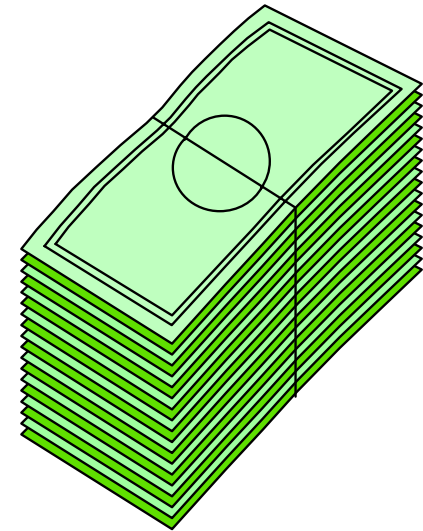
Benefits from Plan

- Retirement
- Disability
- Death
- Termination
- DROP



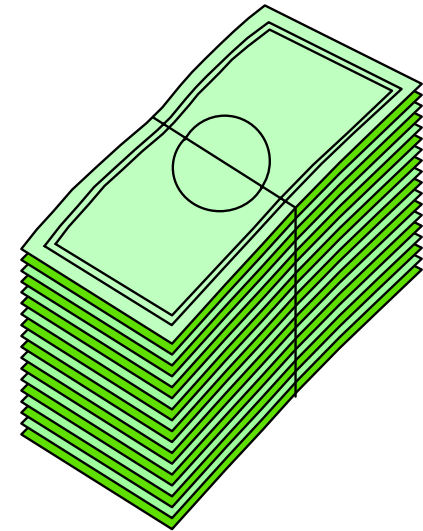
Retirement Benefits

- Normal Retirement
- Early Retirement



Normal Retirement Benefit

- Eligibility
- Benefits
- Payment Form



Eligibility

- Earlier of:
 - Age 55 with 20 years of service
 - Age 62 with 3 years of service
- May decide to retire any time on or after meeting eligibility



Benefit Amount

- Monthly Benefit
2.75% X Service X Average Monthly Salary

Average Monthly Salary

- Monthly average based on highest 78 bi-weekly pay periods

Payment Form

- Payable for the life of the retiree
 - You may choose to take a lesser amount with a benefit paid to your surviving beneficiary after you die
- Annual Cost of Living increases
 - Each October 1
 - After retired at least one year

Optional Payment Forms

- Payment forms you can choose from
 - Joint & last survivor option
 - Ten-Year Certain and Life option
- Total value expected to be paid from Retirement System is the same under all options
 - The more you expect to leave to your beneficiary, the lower your monthly benefit

Normal Retirement Benefit – Example 1

Service: 20 years

Age: 55

Average Monthly Salary: \$4,000

Normal Retirement Benefit (monthly)

$$2.75\% \times 20 \text{ years} \times \$4,000 = \$2,200$$

Normal Retirement Benefit – Example 2

Service: 25 years

Age: 60

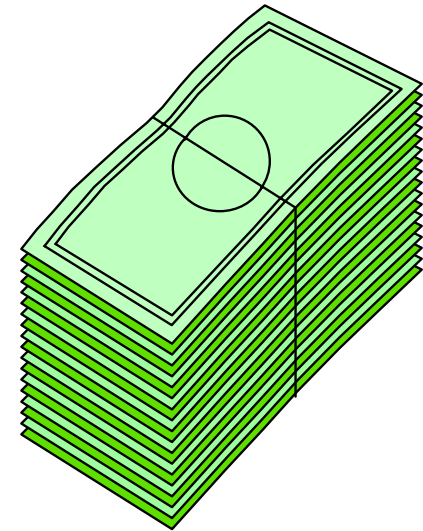
Average Monthly Salary: \$4,800

Normal Retirement Benefit (monthly)

$$2.75\% \times 25 \text{ years} \times \$4,800 = \$3,300$$

Early Retirement Benefit

- Eligibility
- Benefits
- Payment Form



Eligibility

- 20 years of service
- May decide to retire any time on or after meeting eligibility



Benefit Amount

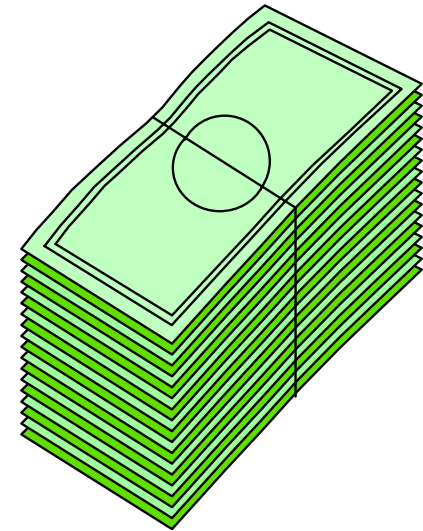
- Monthly Benefit
 - 2.75% X Service X Average Monthly Salary
- Reduced actuarially
 - Younger age at retirement
 - Earlier benefit commencement
 - Total value expected to be paid from Retirement System is the same as if you waited until Normal Retirement

Payment Form

- Payable for the life of the retiree
 - You may choose to take a lesser amount with a benefit paid to your surviving beneficiary after you die
- Annual Cost of Living increases
 - Each October 1
 - After retired at least one year

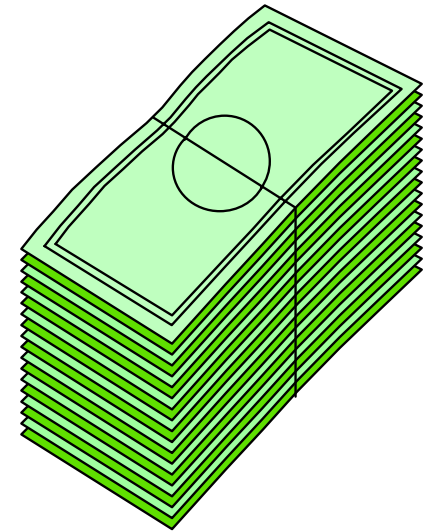
Disability Benefits

- Service Incurred
- Non-Service Incurred



Service Incurred Disability Benefit

- Eligibility
- Benefits
- Payment Form



Eligibility

- Immediately Eligible
- Where disability results from act occurring in the performance of service with City



Eligibility

- Totally and permanently disabled
- Unable to earn at least 75% of regular earnings
- Not yet eligible for full Social Security Old Age benefits



Benefit Amount

- Monthly Benefit

60% X Earnings

Payment Form

- Payable for the life of the retiree
 - You may choose to take a lesser amount with a benefit paid to your surviving beneficiary after you die
- Annual Cost of Living increases
 - Each October 1
 - After retired at least one year

Service Incurred Disability Benefit – Example

Service: 5 years

Age: 30

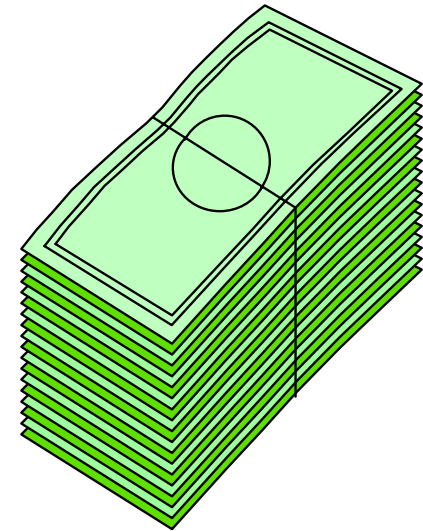
Average Monthly Salary: \$4,000

Service Incurred Disability Benefit
(monthly)

$$60\% \times \$4,000 = \$2,400$$

Non-Service Incurred Disability Benefit

- Eligibility
- Benefits
- Payment Form



Eligibility

- Total and permanent disability
- 10 years of service
- Unable to be gainfully employed
- Not yet eligible for full primary Social Security old age benefits.



Benefit Amount

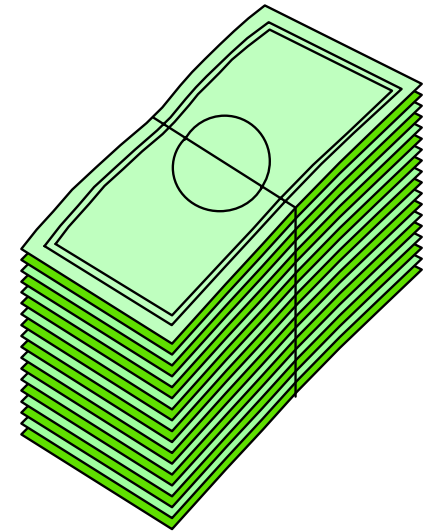
- Monthly Benefit is greater of:
2.75% X Service X Average Monthly Salary
Or
25% of Earnings

Payment Form

- Payable for the life of the retiree
 - You may choose to take a lesser amount with a benefit paid to your surviving beneficiary after you die
- Annual Cost of Living increases
 - Each October 1
 - After retired at least one year

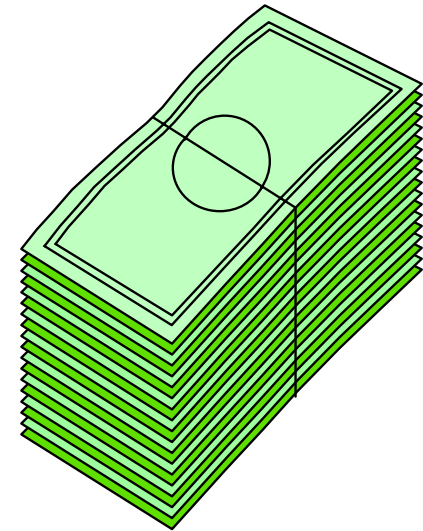
Death Benefits

- Vested
- Not yet vested



Vested Death Benefit

- Eligibility
- Benefits
- Payment Form



Eligibility

- Earlier of:
 - 10 years of service
 - Age 62 with 3 years of service



Benefit Amount

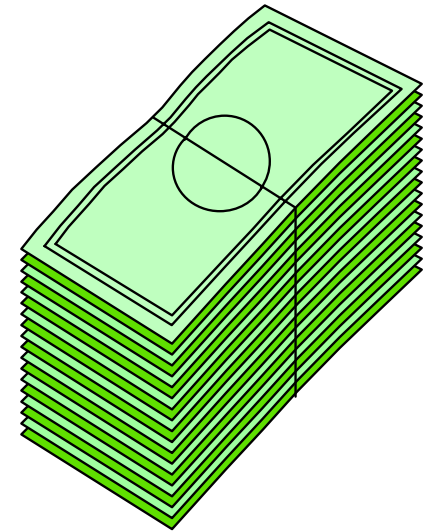
- Monthly Benefit
 - 2.75% X Service X Average Monthly Salary
- Reduced actuarially
 - As though retirement occurred on date of death
 - 10 year Certain and Life option selected
 - No reduction for earlier benefit commencement

Payment Form

- Payable for 10 Years
- Annual Cost of Living increases
 - Each October 1
 - After deceased at least one year

Non-Vested Death Benefit

- Eligibility
- Benefits
- Payment Form



Eligibility

- Prior to earlier of:
 - 10 years of service
 - Age 62 with 3 years of service



Benefit Amount

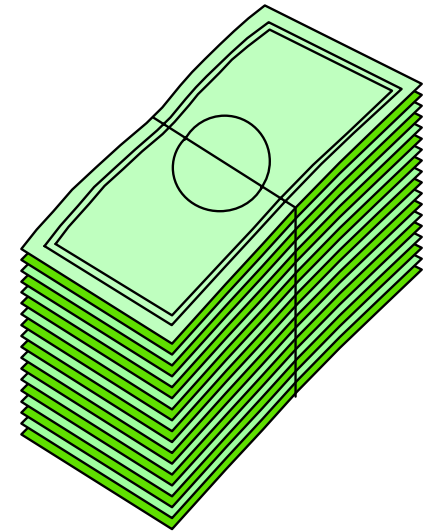
- 1 X Annual Earnings, plus
- Refund of Employee Contributions with interest

Payment Form

- The refund of employee contributions is paid in a one-time single sum payment
- The other amount is paid in 48 monthly installments that together equal 1 year of earnings

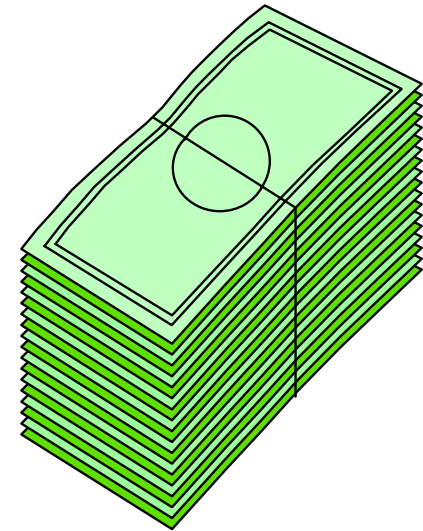
Termination Benefits

- Not yet vested
- Vested



Non-Vested Death Benefit

- Eligibility
- Benefits
- Payment Form



Eligibility

- Prior to 10 years of service
- Elected Officials and Appointees are not eligible prior to vesting



Benefit Amount

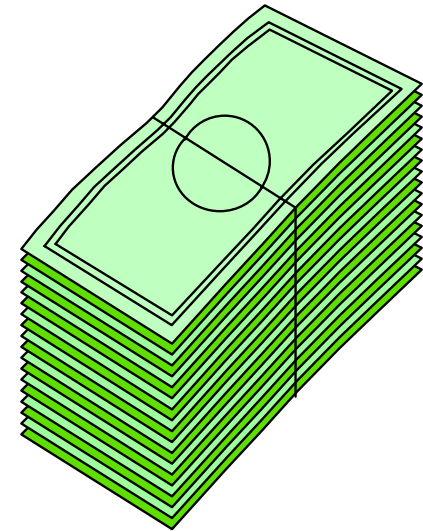
- Refund of Employee Contributions with interest
- Interest credited at 3% per year

Payment Form

- One-time single sum payment

Vested Termination Benefit

- Eligibility
- Benefits
- Payment Form



Eligibility

- 10 years of service
- Five years of service for Elected Officials and Appointees



Benefit Amount

- Monthly Benefit beginning at Normal Retirement Date
 $2.75\% \times \text{Service} \times \text{Average Monthly Salary}$
Or:
- Refund of employee contributions
(Elected Officials and Appointees cannot select a refund of employee contributions)

Payment Form

- Payable for the life of the beneficiary beginning at Normal Retirement Date
- Annual Cost of Living increases
 - Each October 1
 - After retired at least one year

Deferred Retirement Option Plan (DROP)

- Eligibility
- Benefits
- Deciding to Enroll



DROP Eligibility

- Earlier of:
 - Age 55 with 20 years of service
 - Age 62 with 3 years of service
- May decide to enter any time on or after meeting eligibility

Benefits

- Monthly Benefit
- DROP Account

DROP Monthly Benefit

- DROP Monthly Benefit
 - 2.75% X Service X Average Monthly Salary
- Frozen at time you enter DROP
 - Service
 - Average Monthly Salary
 - Plan Provisions
 - Form of Benefit

DROP Monthly Benefit – Example

Service: 20 years

Age: 55

Average Monthly Salary: \$4,000

DROP Monthly Benefit

$$2.75\% \times 20 \text{ years} \times \$4,000 = \$2,200$$

DROP Monthly Benefit

- Payments stop when you die
- You may elect to receive a lesser amount during your life with a benefit paid to your surviving beneficiary after you die.

DROP Account

- DROP Monthly Benefit
- Interest at Valuation Interest Rate
- No Cost of Living included
- Bookkeeping account

DROP Account – Example 1

DROP Monthly Benefit: \$2,200

Valuation Interest Rate: 8.0% per year

DROP Period: 1 years

DROP Account Balance: \$27,354.55

DROP Account – Example 2

DROP Monthly Benefit: \$2,200

Valuation Interest Rate: 8.0% per year

DROP Period: 5 years

DROP Account Balance: \$160,478.23

DROP Period

- Months that you are in DROP
- May remain up to 60 months

Termination Requirement

- At end of DROP Period, you **MUST** terminate employment with the City.
- You **MAY** leave sooner if you want to.