

Q: Should I retire before July 1, 2011?

A: The timing of your retirement is not affected by bill. The bill allows annual leave earned by July 1, 2011 to be included in pension calculations regardless of when retirement and the accompanying payout occur. Retiring before July 1, 2011 will not affect the amount of unused leave included in your retirement calculation. Additionally, all other aspects of earning, using, accruing, and pay for unused leave remain unchanged; and are covered in City Administrative Policy 708.03

Q: Are police and fire exempt from the leave limitations in the bill?

A: We believed that language in Chapters 175 and 185 exempted fire and police from the limitation; however, the Florida Division of Retirement's preliminary response would not exempt fire and police employees. They believe Chapter 112 (which covers all pension plans) supersedes 175/185; therefore, leave payouts would be limited to 6-weeks for inclusion in retirement benefit calculations. Note that July 1, 2011 is used as a cutoff date in answers below; however, the date for fire is September 30, 2011 and for police is September 30, 2013, as these are the end dates for existing collective bargaining agreements.

Q: Is it truly the case that the terms of our pension plan can be changed by the Legislature even though we do not participate in FRS and do not contribute to it?

A: Yes. Certain portions of state statutes control FRS. Others (Chapters, Sections 112, 175, 185) provide guidelines for local plans.

Q: Why were we not notified until May 13th of the impact of this bill?

A: There were numerous changes to proposed legislation affecting both the FRS and local government plans. Senate Bill 1128 was not passed until May 4th. While the bill was initially proposed in March, the final version was substantially different than the original bill.

Q: Am I going to be penalized for using earned leave before July 1st?

A: Yes. City pension policy allows for the inclusion of annual leave payout in salary for purposes of calculating pension. The maximum includable by policy is 6-weeks (240 hours for general employees). The State Legislative action further limits the maximum to annual leave earned as of July 1, 2011. Any annual leave balance below 240 hours at that date is penalized by that action; using leave prior to July 1, would obviously limit your ability to maintain 6-weeks (240 hours for general employees) as of July 1, 2011.

Q: How do I know how this affects me? I know there is a cost to using vacation before July 1, 2011, but how can I estimate the cost?

A: Talgov.com includes a page for Retirement Services. There, you can estimate your pension benefit using the Retirement Calculator. The calculator includes the impact of annual leave payouts so you can calculate your benefit with different leave payout amounts. The calculator can be found at: http://www.talgov.com/retirement/pdf/pension_calculator.pdf.

Q: How does this affect employees in DROP?

A: There is no impact on those in DROP as they have already “retired” for purposes of pension.

Q: Has the City considered the possibility of allowing employees a one-time opportunity to transfer sick or catastrophic leave to personal leave so employees have an opportunity to bring their personal leave balance up to the 6-week maximum before the July 1st cutoff?

A: At this time, no determination has been made regarding any “offsets” to impact of the new legislation. Factors that will have to be considered include:

- Consistency with existing policy;
- Ability to address the concern (for instance a sick leave rollover would only help those with sufficient sick leave accrual);
- Other impacts or precedent; and
- Legal ramifications.

Q: How much will the City save by not providing this benefit? Has the City’s actuary been contacted to determine the dollars that will be saved?

A: We have contacted the City’s actuary, but do not know the savings at this time. The actuary is looking at both the bill and our plan provisions/estimates. The savings are expected to be minimal; however, no estimate can be made until Florida Division of Retirement provides final rules.

Q: Since the City will be saving money by not providing this benefit, will the City be replacing this benefit with a new benefit? Has the City begun putting together options of some potential new benefits?

A: It is not likely that any new benefit will be added. While the City Commission may desire to make employees whole in some fashion, the general direction has been to seek cost savings rather than to add new benefits. A particular challenge posed by the legislation is its uneven impact on current employees; as a result, a new benefit would still result in uneven treatment.

Q: Does the City have any legal recourse against the State?

A: No, the City has no legal recourse as the legislative action is within the provision of state authority. Moreover, the use of a class action lawsuit is impractical given that Tallahassee’s

view of the matter may vary widely from that of other cities; therefore, the "class" would be divided.

Q: Will the advisory committee be involved in looking at the impact of the bill?

A: Yes, the City's Pension Advisory Committee will be consulted as we continue to address this matter.

Q: Is there a possibility of lobbying action to change this statute during the next legislative session?

A: Yes. While this is possible, it is not something whose likelihood can yet be determined. The City must first reach final determinations regarding how to apply the provisions of the legislation before creating a response.

Q: Can you give an example using the Retirement calculator?

A: Yes. An employee who works for 30 years, retires with an hourly rate of \$25 (\$52,000/year), and is paid for 240 hours of leave at retirement will receive a total monthly benefit of \$3,037.50; of which \$112.50 is attributable to the leave payout. This benefit would be reduced by \$.47 per month for every hour below 240; this equates to \$18.75 per month for every 40 hours below 240.

Q: Can I take unpaid leave before July 1, 2011 to allow my annual leave balance to be maximized?

A: Yes; however, leave without pay would require approval of your supervisor. It is also important to note that taking more than 80 hours of leave without pay may cause your pension entry date to be adjusted. Before taking leave unpaid leave, one should determine the benefit of the leave payout and compare it to the cost of not being paid while on leave; there are many variables to be considered and these will differ for each employee. For example:

- Employee A earns \$25/hour or \$52,000/year;
- Employee A takes 40 hours of unpaid leave. This results in the forfeit of \$25/hour X 40 hours = \$1,000;
- Employee A expects to take normal retirement after 20 years of service;
- Employee A can expect his retirement benefit to be higher by \$150/year by including the "saved" 40 hours of leave. (This assumes rate of pay is unchanged); and
- Variables to be considered are: Years of service at retirement, time value of money (is \$100 today worth \$200 in the future); certainty of benefit (I know I will get paid \$1,000 of leave, but may not live to enjoy the retirement benefit), years to retirement and possible pay increases, others.

Q: What is the view of this bill by the City Commission?

A: We expect to present this item to the Financial Viability Government Target Issue Committee at their next meeting on June 22nd.

Q: How does this affect employees hired after July 1, 2011?

A: For employees hired after 7/1/11, they will still be eligible for an annual leave payout at retirement (unless the City changes that policy at some point in time; currently, we have no reason to think that will change). The legislation will prevent that leave payout from being included in their pension salary calculation. For instance, if an employee retires today and is paid \$2,500 for unused annual leave, the \$2,500 is included in his high three consecutive years of salary for calculating his pension benefit. For an employee hired after 7/1/11, he may receive a similar leave payout of \$2,500 at retirement, but the \$2,500 will not be included in his high three consecutive years' salary for calculating his pension benefit.