

Stanley,  
Holcombe  
& Associates, Inc. \_\_\_\_\_

MAYOR & COMMISSIONERS  
FOR YOUR INFORMATION

September 27, 2010

Board of Trustees (c/o [Kgroome@coralgables.com](mailto:Kgroome@coralgables.com))  
City of Coral Gables  
Retirement System  
405 Biltmore Way  
Coral Gables, FL 33134

Actuarial Impact Statement  
For 2010/2011 Fiscal Year  
For Ordinance No. \_\_\_\_\_

Dear Board Members:

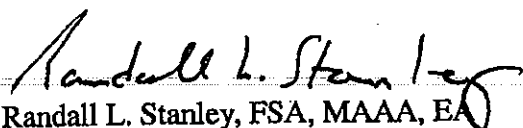
Section 112.63 (3) of the Florida Statutes specifies that an actuarial impact statement is to be issued before a change to retirement benefits is adopted, and that a copy of such statement is to be forwarded to the Division of Retirement.

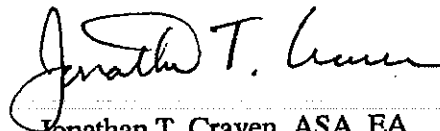
Enclosed is our Actuarial Impact Statement, summarizing the results of cost calculations as of October 1, 2009 for the 2010/2011 Fiscal Year. This Actuarial Impact Statement reflects the provisions of Ordinance No. \_\_\_\_\_.


The City contribution requirement for 10/01/2010 would decrease by \$3,369,826 annually.

None of these changes are benefit improvements mandated by Chapter 99-1 of the Florida Statutes.

Respectfully submitted,

  
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Consulting Actuary and Principal

  
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# CORAL GABLES RETIREMENT SYSTEM

Actuarial Impact Statement  
For Ordinance No. \_\_\_\_\_

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## **CORAL GABLES RETIREMENT SYSTEM**

Actuarial Impact Statement  
For Ordinance No. \_\_\_\_\_

### **Changes to Retirement System**

Our understanding of the changes is based on Ordinance No. \_\_\_\_\_ adopted by the City on first reading on September 14 as follows:

Accrued benefits frozen as of September 30, 2010, based on 3% multiplier and 3-year final average earnings;

Benefit accruals after September 30, 2010 would be based on 2.25% multiplier and 5-year final average earnings;

Normal retirement date DROP eligibility would be Rule of 80, age 62 with 10 years of credited service, or age 65 with 6 years of credited service;

Member contributions increased from 5% to 10% for general employees covered by collective bargaining agreement;

Overtime compensation not counted for final average earnings;

### **Preservation of Benefits**

As a tax-qualified retirement system, accrued benefits may not be reduced by an amendment.

### **Collective Bargaining Agreement**

- (1) For bargaining unit employees, merit and loyalty increases would be reduced from 5% to 2.5%;
- (2) No across-the-board wage increases in 2010/2011 fiscal year;

## CORAL GABLES RETIREMENT SYSTEM

### Actuarial Impact Statement For Ordinance No. \_\_\_\_\_

The adjustments to the current assumptions and methods to reflect the ordinance changes summarized under "Changes to Retirement System" are as follows:

- (1) Merit and seniority assumptions reduced by 50%, but not below .5%/year;
- (2) Salary scale reduced to 0% for one year;
- (3) Change in treatment of overtime pay is not reflected.

The cost calculation results after the amendment compensation cuts compare to those in the October 1, 2009 actuarial valuation report and the Ordinance 2009-43 Impact Statement for as follows:

Table 1 – Cost Impact of Changes

	<u>10/1/09 Report</u>	<u>2009-43 Impact Statement</u>	<u>After Changes</u>
	<u>-\$-</u>	<u>-\$-</u>	<u>-\$-</u>
A. Normal Cost	9,681,463	9,685,150	8,777,184
B. Past Service Cost	17,196,189	17,197,214	15,942,358
C. Interest	<u>2,083,018</u>	<u>2,083,383</u>	<u>1,915,764</u>
D. Total	28,960,670	28,965,747	26,635,306
E. State (Expected)	145,830	145,830	145,830
F. Member (Expected)	<u>2,685,150</u>	<u>3,044,681</u>	<u>4,084,066</u>
G. City	26,129,690	25,775,236	22,405,410
H. Change		(354,454)	<b>(3,369,826)</b>

As will be noted from Table 1, the impact of the changes is a reduction of \$3,369,826 in annual City cost.

**CITY OF CORAL GABLES  
RETIREMENT SYSTEM**

Summary of Actuarial Basis – Prior Basis

**Valuation Date:** October 1, 2009 for the Fiscal Year beginning October 1, 2010.

**Valuation Method:** Individual Entry Age Normal Cost Method; Closed Group; Initial amortization period for all items is 30 years; Required contributions for Unfunded Actuarial Accrued Liability credited to outstanding balances.

**Asset Valuation Method:** Expected value based on cash flow and the Investment Return assumption, applied to beginning Market Value, adjusted by 20% of the difference between expected and actual asset values for each of the previous five years, and reduced by the value of the DROP accounts. The result cannot be greater than 120% of market value or less than 80% of market value. (5-Year Roll Forward Method) DROP account balances are added to the final value.

**Actuarial Assumptions:**

**Investment Discount/Investment Return:** 7.75% net of investment expenses, compounded annually, consisting of 3.75% for inflation and 4.0% for real return.

**Salary Increases:** 3.75% due to inflation, Seniority and merit scale, with sample rates as follows:

<u>Age</u>	<u>Firefighters</u>	<u>General Employees</u>	<u>Police Officers</u>
	<u>-%-</u>	<u>-%-</u>	<u>-%-</u>
20	5.75	2.00	5.75
30	5.75	2.00	5.45
40	5.45	1.00	4.75
50	4.75	.70	4.75
60	4.75	.50	4.75

**Mortality:** 1983 Group Annuity Mortality Table for active lives, the 1985 Pension Disability Table for disabled lives, and the 1983 Table set forward one year for healthy inactive lives, producing following specimen rates:

<u>Age</u>	<u>Active</u>		<u>Inactive</u>		<u>Disabled Male</u>	<u>Disabled Female</u>
	<u>Healthy Male</u>	<u>Healthy Female</u>	<u>Healthy Male</u>	<u>Healthy Female</u>		
20	.0377%	.0189%	.0392%	.0201%	2.0540%	1.7090%
30	.0607%	.0342%	.0645%	.0364%	1.7940%	1.9840%
40	.1238%	.0665%	.1370%	.0716%	2.6760%	2.3980%
50	.3909%	.1647%	.4324%	.1793%	4.5370%	3.3630%
60	.9158%	.4241%	1.0064%	.4703%	6.9220%	4.1220%
70	2.7530%	1.2385%	3.0354%	1.4128%	9.2990%	5.0630%

# **CORAL GABLES RETIREMENT SYSTEM**

## Summary of Actuarial Basis – Prior Basis (Continued)

**Retirement:** Retirement Decrements apply to each group based on points (sum of age and service), as follows:

	<u>Points</u>	<u>Decrement</u>
General	70-84	20%
	85+	100%
Fire and Police	70-74	30%
	75+	100%

A 100% decrement applies at age 65, regardless of points or service.

No explicit proportion is assumed for retirees electing DROP, since retirement and DROP entry are the same for actuarial purposes.

**Turnover:** Specimen rates are shown below:

<u>Age</u>	<u>Firefighters</u>		<u>General Employees</u>		<u>Police Officers</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
	<u>-%-</u>	<u>-%-</u>	<u>-%-</u>	<u>-%-</u>	<u>-%-</u>	<u>-%-</u>
20	4.0	6.0	16.0	24.0	9.0	12.0
25	3.4	5.0	14.0	19.0	7.0	10.0
30	2.4	3.0	10.0	14.0	4.0	6.0
35	1.7	2.0	7.0	10.0	3.0	4.0
40	1.2	1.0	5.0	7.0	2.0	3.0
45	1.0	1.0	3.0	5.0	1.0	2.0
50	1.0	1.0	1.0	1.0	1.0	1.0
55	1.0	1.0	1.0	1.0	1.0	1.0
60	1.0	1.0	1.0	1.0	1.0	1.0

**Disability:** Specimen rates are shown below:

<u>Age</u>	<u>Male</u>	<u>Female</u>
	<u>-%-</u>	<u>-%-</u>
20	.033	.015
30	.054	.040
40	.132	.106
50	.403	.267
60	1.413	.580

No turnover or disability assumed after retirement eligibility.

**Type of Disability:** 75% of the disabilities are expected to be service connected disabilities, and 25% are expected to be non-service connected.

**Recovery:** No probabilities of recovery are used.

**CORAL GABLES  
RETIREMENT SYSTEM**

Summary of Actuarial Basis – Prior Basis  
(Continued)

Disability Offsets:	It is assumed that there are no offsets for service-incurred or non-service incurred disabilities of active Members; benefits valued for disability retirees are net of all current offsets.
Type of Death:	75% of the assumed deaths are expected to be service connected deaths and 25% are assumed to be non-service connected.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employed Members are assumed to be married. Actual data provided for retired Members.
State Contributions:	Premium tax credits under Chapters 175 and 185 are assumed to be the same amounts as in prior year, increased for additional Ordinances adopted to comply with F.L. 99-1.
Administrative Expenses:	0.5% of Market Value.
Withdrawal of Employee Contributions:	It is assumed that employees withdraw their contribution balances upon employment termination, if not vested. If vested, employees are assumed to not withdraw contributions, with monthly benefit deferred to age 52.
Sources of Data:	Membership data was furnished by Plan Administrative Manager. Asset information and spreadsheets on DROP account balance were provided by Plan Administrative Manager.

# **CITY OF CORAL GABLES RETIREMENT SYSTEM**

## Summary of Actuarial Basis – Revised Basis

Valuation Date:	October 1, 2009 for the Fiscal Year beginning October 1, 2010.
Valuation Method:	Individual Entry Age Normal Cost Method; Closed Group; Initial amortization period for all items is 30 years; Required contributions for Unfunded Actuarial Accrued Liability credited to outstanding balances.
Asset Valuation Method:	Expected value based on cash flow and the Investment Return assumption, applied to beginning Market Value, adjusted by 20% of the difference between expected and actual asset values for each of the previous five years, and reduced by the value of the DROP accounts. The result cannot be greater than 120% of market value or less than 80% of market value. (5-Year Roll Forward Method) DROP account balances are added to the final value.
Actuarial Assumptions:	
Investment Discount/ Investment Return:	7.75% net of investment expenses, compounded annually, consisting of 3.75% for inflation and 4.0% for real return.
Salary Increases:	3.75% due to inflation beginning 10/1/10; Seniority and merit scale, with sample rates as follows:

Age	Firefighters	General Employees	Police Officers
	-%-	-%-	-%-
20	2.00	1.00	2.00
30	2.00	.90	.85
40	.85	.50	.50
50	.50	.50	.50
60	.50	.50	.50

Assumed salary increases for general employees are 0% for 1 year.

Mortality:	1983 Group Annuity Mortality Table for active lives, the 1985 Pension Disability Table for disabled lives, and the 1983 Table set forward one year for healthy inactive lives, producing following specimen rates:
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Age	Active		Inactive		Disabled Male	Disabled Female
	Healthy Male	Healthy Female	Healthy Male	Healthy Female		
20	.0377%	.0189%	.0392%	.0201%	2.0540%	1.7090%
30	.0607%	.0342%	.0645%	.0364%	1.7940%	1.9840%
40	.1238%	.0665%	.1370%	.0716%	2.6760%	2.3980%
50	.3909%	.1647%	.4324%	.1793%	4.5370%	3.3630%
60	.9158%	.4241%	1.0064%	.4703%	6.9220%	4.1220%
70	2.7530%	1.2385%	3.0354%	1.4128%	9.2990%	5.0630%

# **CORAL GABLES RETIREMENT SYSTEM**

## Summary of Actuarial Basis – Revised Basis (Continued)

**Retirement:** Retirement Decrements apply to each group based on points (sum of age and service), as follows:

	<u>Points</u>	<u>Decrement</u>
<b>General with 10+YOS (9/30/10)</b>	<b>70-84</b>	<b>20%</b>
	<b>85+</b>	<b>100%</b>
<b>General with &lt;10 YOS (9/30/10)</b>	<b>80-84</b>	<b>20%</b>
	<b>85+</b>	<b>100%</b>
<b>Fire and Police</b>	<b>70-74</b>	<b>30%</b>
	<b>75+</b>	<b>100%</b>

A 100% decrement applies at age 65, regardless of points or service.

No explicit proportion is assumed for retirees electing DROP, since retirement and DROP entry are the same for actuarial purposes.

**Turnover:** Specimen rates are shown below:

<u>Age</u>	<u>Firefighters</u>		<u>General Employees</u>		<u>Police Officers</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
	<u>-%-</u>	<u>-%-</u>	<u>-%-</u>	<u>-%-</u>	<u>-%-</u>	<u>-%-</u>
20	4.0	6.0	16.0	24.0	9.0	12.0
25	3.4	5.0	14.0	19.0	7.0	10.0
30	2.4	3.0	10.0	14.0	4.0	6.0
35	1.7	2.0	7.0	10.0	3.0	4.0
40	1.2	1.0	5.0	7.0	2.0	3.0
45	1.0	1.0	3.0	5.0	1.0	2.0
50	1.0	1.0	1.0	1.0	1.0	1.0
55	1.0	1.0	1.0	1.0	1.0	1.0
60	1.0	1.0	1.0	1.0	1.0	1.0

**Disability:** Specimen rates are shown below:

<u>Age</u>	<u>Male</u>	<u>Female</u>
	<u>-%-</u>	<u>-%-</u>
20	.033	.015
30	.054	.040
40	.132	.106
50	.403	.267
60	1.413	.580

No turnover or disability assumed after retirement eligibility.

**Type of Disability:** 75% of the disabilities are expected to be service connected disabilities, and 25% are expected to be non-service connected.

**Recovery:** No probabilities of recovery are used.

**CORAL GABLES  
RETIREMENT SYSTEM**

**Summary of Actuarial Basis – Revised Basis**  
(Continued)

Disability Offsets:	It is assumed that there are no offsets for service-incurred or non-service incurred disabilities of active Members; benefits valued for disability retirees are net of all current offsets.
Type of Death:	75% of the assumed deaths are expected to be service connected deaths and 25% are assumed to be non-service connected.
Remarriage:	No probabilities of remarriage are used.
Spouse's Ages:	Females are assumed to be 3 years younger than males.
Marital Status:	All employed Members are assumed to be married. Actual data provided for retired Members.
State Contributions:	Premium tax credits under Chapters 175 and 185 are assumed to be the same amounts as in prior year, increased for additional Ordinances adopted to comply with F.L. 99-1.
Administrative Expenses:	0.5% of Market Value.
Withdrawal of Employee Contributions:	It is assumed that employees withdraw their contribution balances upon employment termination, if not vested. If vested, employees are assumed to not withdraw contributions, with monthly benefit deferred to age 52.
Sources of Data:	Membership data was furnished by Plan Administrative Manager. Asset information and spreadsheets on DROP account balance were provided by Plan Administrative Manager.
Changes Since Prior Valuation:	Seniority/merit increases for General Employees decreased by 50%, but not below 0.5% year, salary scale is 0% for 1 year; Retirement decrements for General Employees changed as follows:

<u>Years of Service (9/30/10)</u>	<u>Previous</u>		<u>Revised</u>	
	<u>Points</u>	<u>Decrement</u>	<u>Points</u>	<u>Decrement</u>
10+	70-84	20%	70-84	20%
L10	100%	85+	100%	

**CITY OF CORAL GABLES  
RETIREMENT SYSTEM**

Summary of Principal Provisions - Current

Ordinances and Effective Date: [ 50-23 ]	January 1, 1957, as amended by Ordinance No. 3512 (effective December 31, 2000), Ordinance No. 3582 (effective December 31, 2001), Ordinance 2005-19 (effective August 23, 2005), and Ordinance 2006-31 (effective July 11, 2006), and Ordinance 2009-246 (Effective September 30, 2009).
Fiscal Year:	October 1 - September 30.
Membership: [ 50-26 ]	Compulsory from date of employment for regular full-time employees, permanent employees who work at least 32 hours/week, or members of City Commission. Optional for appointed City Officials.
Total Earnings: [ 50-25 ]	A member's total pay, including pick-up contributions, exclusive of lump sum payments for unused annual and sick leave upon termination. Overtime hours limited to 300 hours for police and general employees and 300 hours for firefighters. Excludes uniform, equipment, automobiles and like allowances.
Member Contributions: [50-34 ]	5% for all members. Police 5% member contributions were effective October 1, 2009.
City Contributions: [ 50-29 ]	Actuarially determined, reduced by Member contributions and State Premium Tax transfers under Chapters 175 and 185 for Ordinances 3512, 3582, and 2005-19.
Credited Service: [ 50-25 ]	Service in completed months from date of employment.
Military Service: [ 50-25 ]	Member may purchase up to 5 years. Firefighters and Police Officers are entitled to up to 5 years of military service, as defined in USERRA.
Other Service: [ 50-27 ]	Member may purchase up to 5 years of service with other public Employers.
Average Final Compensation:  [ 50-230(a)(1) ]	Average Compensation during the highest three 26 non-overlapping bi-weekly payroll periods of Credited Service.
Normal Retirement Date: [ 50-25 ]	Earliest of: (a) Rule of 70; (b) Age 52 and 10 Years of Credited Service; (c) Age 65.

**CITY OF CORAL GABLES  
RETIREMENT SYSTEM**

**Summary of Principal Provisions - Current**  
(Continued)

Normal Retirement: [ 50-230(a) ]	3.0% of Average Final Compensation for each year of Credited Service, with a maximum of 75% of Average Final Compensation;  Excluding Certain Non-Bargain Units: 80% of Average Final Compensation with 40 or more years of Credited Service.
Early Retirement: [ 50-25 ]	General Employees: Age 47 and 25 years of Credited Service; Normal Retirement Benefit is reduced 6% for each year prior to Normal Retirement Date.  Firefighters and Police Officers: Age 50 and 10 years of Credited Service Normal Retirement Benefit is reduced 3% for each year prior to Normal Retirement Date.
Disability: [ 50-231 ]	Non-Service Connected Disability: Immediate benefit of 2.6% of career Compensation. For firefighters and police officers, minimum of accrued benefit.  Service-Connected Disability: Immediate benefit of 75% of monthly Compensation, (minimum of \$100/month); For General Employees, benefit may reduce to 66 2/3% after 2 years. For firefighters and police officers, minimum of accrued benefit.
Death: [ 50-232 ]	Non-Service Incurred Death: For all other Members: Monthly benefit based on following value:

<u>Credited Service</u>	<u>Percentage of 1/1 Compensation</u>
Less than 3 yrs.	50%
3-7 yrs.	100%
7-12 yrs.	150%
12+ yrs.*	200%*

For General Employees, monthly benefit is payable for 5 years certain and life. For Firefighters and Police Officers, monthly benefit is payable for 10 years certain and life.

\*minimum of value of accrued benefit. Also applies to all members employed as of September 30, 1977.

Service Incurred Death: (For Police Officers and Firefighters): 75% of Average Final Compensation, or accrued benefit, if larger. Monthly benefit is paid first to children until age 22, then to spouse for life. If no children or spouse, payable to parents for life.

**CITY CORAL GABLES  
RETIREMENT SYSTEM**

Summary of Principal Provisions - Current  
(Continued)

Employment  
Termination:  
[ 50-233 ]

Refund of member contributions for Members with less than 10 years of Credited Service; otherwise, accrued Service Retirement benefit, deferred to Normal Retirement Date.

Optional  
Allowances:  
(50-234)

Normal Form: General Employees: Five (5) years certain and life, with a minimum of return of Member's contributions. Police Officers and Firefighters: Ten (10) years certain and life, with a minimum of return of Member's contributions. Optional forms: 10 years certain and life; 100%, 75%, 66-2/3%, and 50% joint and survivor with benefit reducing upon first death (Option 2) or only on Member's death (Option 3).

COLA:  
[50-230(c)]

As of each January 1, if market value rate of return is 10% or more, 50% of CPI from September of year of last increase to September of most recent year, with a maximum of 2.75%. COLA increases may be granted only if the System remains in a net positive experience position, determined on a cumulative basis from October 1, 2007 (not in Ordinance).

DROP:  
[50-246]

General Members eligible for Rule of 70 with 25 years of Credited Service or age 65 with 5 years of Credited Service may elect either a Deferred Retirement Option Plan for up to 60 months (Police), 60 months (General).

Firefighter and Police Members eligible for Rule of 70 or 25 years of Credited Service or age 65 may elect DROP for up to 96 months (Firefighters) or 60 months (Police Officers).

Maximum Benefits:  
[50-237]

Limits under Section 415(b) of Internal Revenue Code.

**CITY OF CORAL GABLES  
RETIREMENT SYSTEM**

Summary of Principal Provisions - Revised

Ordinances and Effective Date: [ 50-23 ]	January 1, 1957, as amended by Ordinance No. 3512 (effective December 31, 2000), Ordinance No. 3582 (effective December 31, 2001), Ordinance 2005-19 (effective August 23, 2005), and Ordinance 2006-31 (effective July 11, 2006), Ordinance 2009-246 (effective September 30, 2009), and Ordinance No. ____ (effective September 30, 2010);
Fiscal Year:	October 1 - September 30.
Membership: [ 50-26 ]	Compulsory from date of employment for regular full-time employees, permanent employees who work at least 32 hours/week, or members of City Commission. Optional for appointed City Officials.
Total Earnings: [ 50-25 ]	A member's total pay, including pick-up contributions, exclusive of lump sum payments for unused annual and sick leave upon termination. Overtime hours limited to 300 hours for police, <b>no hours for general employees</b> , and 300 hours for firefighters. Excludes uniform, equipment, automobiles and like allowances.
Member Contributions: [50-34 ]	<b>5% for police, fire; 10% for elected and appointed officials; 10% for general employment represented by Teamsters Local Union 769 (effective 10/1/10).</b>
City Contributions: [ 50-29 ]	Actuarially determined, reduced by Member contributions and State Premium Tax transfers under Chapters 175 and 185 for Ordinances 3512, 3582, and 2005-19.
Credited Service: [ 50-25 ]	Service in completed months from date of employment.
Military Service: [ 50-25 ]	Member may purchase up to 5 years. Firefighters and Police Officers are entitled to up to 5 years of military service, as defined in USERRA.
Other Service: [ 50-27 ]	Member may purchase up to 5 years of service with other public Employers.
Average Final Compensation: [ 50-230(a)(1) ]	Average Compensation during the highest three 26 non-overlapping bi-weekly payroll periods of Credited Service.  <b>For general employees with less than 10 years of credited service at 9/30/10, highest five 26 periods.</b>

**CITY OF CORAL GABLES  
RETIREMENT SYSTEM**

Summary of Principal Provisions - Revised

(Continued)

Normal Retirement Date:  
[ 50-25 ]

Earliest of: (a) Rule of 80;  
(b) Age 62 and 10 Years of Credited Service;  
(c) Age 65, and 6 Years of Credited Service.

**For general employees with at least 10 Years of Credited Service at 9/30/10, earliest of:**

(a) Rule of 70;  
(b) Age 52 and 10 Years of Credited Service;  
(c) Age 65

Normal Retirement:  
[ 50-230(a) ]

**For police officers, firefighters, and excluded employees, 3.0% of Average Final Compensation, with a maximum of 75% of Average Final Compensation. For participants other than police officers, firefighters, or excluded employees. Accrued benefit as of 9/30/10 plus 2.25% of Average Final Compensation for each year of Credited Service after 9/30/10, with a maximum of 75% of Average Final Compensation.**

Early Retirement:  
[ 50-25 ]

General Employees: Age 47 and 25 years of Credited Service; Normal Retirement Benefit is reduced 6% for each year prior to Normal Retirement Date.

Firefighters and Police Officers: Age 50 and 10 years of Credited Service; Normal Retirement Benefit is reduced 3% for each year prior to Normal Retirement Date.

Disability:  
[ 50-231 ]

Non-Service Connected Disability: Minimum of accrued benefit, **but not less than 25% of Average Final Compensation. For employees with at least 6 years of Credited Service.**

Service-Connected Disability: Minimum of accrued benefit, **but not less than 42% of Average Final Compensation.**

Death:  
[ 50-232 ]

Non-Service Incurred Death: For all other Members: Monthly benefit based on following value:

<u>Credited Service</u>	<u>Percentage of 1/1 Compensation</u>
Less than 3 yrs.	50%
3-7 yrs.	100%
7-12 yrs.	150%
12+ yrs.*	200%*

**CITY CORAL GABLES  
RETIREMENT SYSTEM**

Summary of Principal Provisions - Revised  
(Continued)

For General Employees, monthly benefit is payable for 5 years certain and life. For Firefighters and Police Officers, monthly benefit is payable for 10 years certain and life.

\*minimum of value of accrued benefit. Also applies to all members employed as of September 30, 1977.

Service Incurred Death: (For Police Officers and Firefighters): 75% of Average Final Compensation, or accrued benefit, if larger. Monthly benefit is paid first to children until age 22, then to spouse for life. If no children or spouse, payable to parents for life.

Employment  
Termination:  
[ 50-233 ]

Refund of member contributions for Members with less than 10 years of Credited Service; otherwise, accrued Service Retirement benefit, deferred to Normal Retirement Date.

Optional  
Allowances:  
(50-234)

Normal Form: General Employees: Five (5) years certain and life, with a minimum of return of Member's contributions. Police Officers and Firefighters: Ten (10) years certain and life, with a minimum of return of Member's contributions. Optional forms: 10 years certain and life; 100%, 75%, 66-2/3%, and 50% joint and survivor with benefit reducing upon first death (Option 2) or only on Member's death (Option 3).

COLA:  
[50-230(c)]

As of each January 1, if market value rate of return is 10% or more, 50% of CPI from September of year of last increase to September of most recent year, with a maximum of 2.75%. COLA increases may be granted only if the System remains in a net positive experience position, determined on a cumulative basis from October 1, 2007 (not in Ordinance).

DROP:  
[50-246]

General Members eligible for Rule of 80, 25 years of Credited Service, **age 62 with 10 years of Credited Service**, or age 65 with 6 years of Credited Service may elect **DROP** up to 60 months.

Firefighter and Police Members eligible for Rule of 70 or 25 years of Credited Service or age 65 may elect DROP for up to 96 months (Firefighters) or 60 months (Police Officers).

Maximum Benefits:  
[50-237]

Limits under Section 415(b) of Internal Revenue Code.

**CITY CORAL GABLES  
RETIREMENT SYSTEM**

**Summary of Principal Provisions - Revised**  
**(Continued)**

**Changes Since  
Prior Valuation:**

**For General Employees (effective 9/30/10):**

- Total Earnings excludes all overtime pay (reduced from 300 hours);
- Member contributions increased from 5% to 10% for union employees;
- Normal Retirement Date for members with less than 10 years of Credited Service changed to earliest of:
  - (a) Rule of 80;
  - (b) Age 62 and 10 years of Credited Service;
  - (c) Age 65 and 6 years of Credited Service.
- Normal Retirement Benefit for union employees changed to accrued benefit as of 9/30/10, plus 2.25% of Average Final Compensation for years beginning after 9/30/10, maximum of 75% of Average Final Compensation,
- Non-Service Connected Disability
- Service-Connected Disability
- DROP eligibility for members with less than 10 years of Credited Service on 9/30/10 changed to:
  - (a) Rule of 80;
  - (b) 25 years of Credited Service;
  - (c) Age 65