



RICK SCOTT
Governor

DEPARTMENT OF MANAGEMENT
SERVICES

CRAIG J. NICHOLS
Secretary

March 21, 2013

Craig E. Leen, Esq.
The City of Coral Gables
P.O. Box 141549
Coral Gables, Florida 33134-1549

Re: City of Coral Gables – Retiree Cost of Living Adjustment

Dear Mr. Leen:

We are in receipt of your letter dated January 18, 2013, wherein the City of Coral Gables requests the Division of Retirement's guidance on whether section 112.61, Florida Statutes, prohibits the City from funding a benefit increase from actuarial experience when the present value of the benefit increase exceeds the net actuarial experience accumulated from all sources of gains and losses. Pursuant to section 112.665(1)(c), Florida Statutes, the Division has the authority to respond to local government's requests involving the applicability of laws over which the Division has substantive jurisdiction. All facts as presented in your letter and the relevant laws have been duly considered in preparation of this response.

Based on the information provided in your letter, section 50-230(c) of the Coral Gables retirement plan provides for a benefit adjustment based on the market value return on plan assets as of September 30, 2012. Relying on this section, the City's Retirement Board voted to grant a benefit adjustment effective January 1, 2013. However, in reliance on section 50-93 of the Coral Gables retirement plan, the City Commission reviewed the Retirement Board's decision and on December 11, 2012, voted to vacate the Board's decision to grant the benefit adjustment. The Division finds that since the net actuarial experience of the Coral Gables retirement plan accumulated from all sources of gains and losses is negative, pursuant to section 112.61, Florida Statutes, the cost of this benefit adjustment could not be paid from actuarial experience.

Should you need any additional information, please contact me at (850) 488-2784.

Sincerely,

Keith Brinkman, Bureau Chief
Bureau of Local Retirement Systems

cc: Ronald J. Cohen, Esq.

Please direct all correspondence to:

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