

City of Clearwater Employees' Pension Plan
City of Clearwater, Florida
Summary Plan Description
For Plan Year 2023

This report to the participants of the Employees' Pension Plan represents the summary plan description required under Chapter 112.66, Laws of Florida, as amended. It consists of general facts pertaining to the plan, financial and actuarial information on the solvency and actuarial soundness of the plan extracted from the City's Annual Comprehensive Financial Report, and the most recent actuarial study of the plan and an outline of the principal provisions of the plan.

General Facts Concerning the Plan

The City of Clearwater Employees' Pension Plan is a defined benefit plan authorized by and operating under the provisions of Section 2.391 through 2.428 of the Municipal Code of the City of Clearwater. The Plan is self-administered by the City of Clearwater as the employer and sponsor of the plan.

Tiffany Makras, Director of Human Resources, is the Plan Administrator and the members of the City Council are the Trustees of the Plan. They may be addressed in care of the City of Clearwater, Post Office Box 4748, Clearwater, Florida, 33758-4748.

The current Trustees of the Plan are:

- Bruce Rector, Mayor – Seat 1
- Ryan Cotton, Councilmember – Seat 2
- Mike Mannino, Councilmember – Seat 3
- David Allbritton, Councilmember – Seat 4
- Lina Teixeira, Councilmember – Seat 5

The Plan provides for a Pension Advisory Committee (PAC) composed of seven members: three employees elected by a majority of participating employees, three City Council members or designees thereof, and a seventh individual who is a resident of the City of Clearwater to be appointed by the other six members. The PAC reviews applications for benefits under the Plan and makes recommendations to the board of trustees as to eligibility of Participants for Plan benefits, mortality and service tables deemed necessary for the operation of the Plan, and improvements or changes to the Plan. The current members of the PAC are:

- Nathan Hightower, Chair, City Resident Appointee
- David Sowers, Vice Chair, Employee Electee
- Lina Teixeira, City Councilmember Appointee
- Ryan Cotton, City Councilmember Appointee
- Christopher Smaha, Employee Electee
- Fredrick Lise, Employee Electee
- Juliet Marvenko, Designee of Councilmember

The Plan year corresponds to the calendar year most recently ended on December 31, 2023. Records of the Plan are kept on the basis of a fiscal year ending September 30th (the fiscal year of the City of Clearwater).

Provisions of City Collective Bargaining Agreements

The contract between the City and the Communications Workers of America Local 3179 provides that (1) the City shall send announcement of regularly scheduled meetings of the Plan Board of Trustees to the union president; (2) a spokesperson for the union has the right to present union views regarding the retirement system either orally or in writing to the Pension Advisory Committee; (3) notification of Plan benefit changes must be given to employees sixty days prior to any action being taken; and (4) the parties agree to bargain proposed Pension Plan changes that deal with mandatory subjects of collective bargaining and any impact these changes may have on bargaining unit members.

The contract between the City and the Fraternal Order of Police Clearwater Officers bargaining unit (Police Officers and Police Service Technicians) provides that the parties agree to bargain proposed changes in the Pension Plan.

The contract between the City and the Fraternal Order of Police Clearwater Supervisors bargaining unit (Police Sergeants and Lieutenants) provides for participation in either the City's Pension Plan or federal Social Security program as established by provisions of those programs; also provides that bargaining unit members may convert to any alternate plan to the existing City Pension Plan which might be established pursuant to provisions of the conversion procedure; and provides that the Pension Plan benefits may be separately negotiated at any time upon mutual agreement of both parties.

The contract between the City and International Association of Firefighters Local 1158 provides the parties agree to bargain separately proposed changes in the City's Pension Plan that deal with mandatory subjects of collective bargaining and any impact these changes may have on bargaining unit members.

Participant data as follows has been extracted from the plan actuarial reports as of the dates indicated:

	<u>January 1, 2024</u>	<u>January 1, 2023</u>
Number Included:		
Actives	1,556	1,506
Retirees and Beneficiaries	1,496	1,447
Terminated Vested Employees	91	82
Total Annual Payroll of Actives Included	\$112,602,359	\$101,042,598
Total Annual Benefit for Retirees and Beneficiaries, Disability Retirees, and Terminated Vested Members	\$62,873,270	\$59,617,211

Financial Information

Summary of the Financial Statements of Employees' Pension Fund from the City's Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 2023:

Statement of Plan Net Position as of September 30, 2023		Managed Investment Accounts as of September 30, 2023		
Assets		Type	Market Value	% of Total
Cash and cash equivalents	\$ 18,998,263	Cash on Deposit	\$ 18,221,498	1.59%
Receivables:		Government Bonds	49,695,327	4.32%
Interest and dividends	4,019,758	Index linked government bonds	2,877,928	.25%
Unsettled investment sales	6,905,040	Agency bonds	3,543,895	.31%
Securities lending earnings	24,073	Municipal Bonds	3,005,904	.26%
Total managed investment accounts	1,149,689,961	Domestic Corporate Bonds	111,989,979	9.74%
Securities lending collateral	105,506,639	International Equity Securities	106,230,485	9.24%
Total assets	1,285,143,734	Domestic Stocks	260,679,113	22.67%
Liabilities		Mortgage Backed Bonds	115,765,778	10.07%
Accounts payable	824,785	Government issued commercial Mortgage backed bonds	21,929	.00%
Unsettled investment purchases	14,945,354	Asset Backed Securities	15,397,042	1.34%
Other payables	42,750	Other/Rights/Warrants	1,606	.00%
Obligations under securities lending	105,506,639	Domestic Equity Mutual Funds	234,335,516	20.38%
Total liabilities	121,319,528	International Equity Mutual Funds	15,951,198	1.39%
Net position restricted for pensions	\$ 1,163,824,206	Infrastructure	91,519,858	7.96%
		Real Estate	120,452,905	10.48%
			\$ 1,149,689,961	100.00%

Schedule of Changes in Plan Net Position for the Year Ended September 30, 2023

ADDITIONS

Contributions:	
Contributions from employer	\$ 12,659,053
Contributions from employer - state tax	12,000
Contributions from employees	8,941,002
Total contributions	21,612,055
Investment earnings (loss):	
Net increase (decrease) in fair value of investments	108,044,500
Interest, dividends and other	20,672,749
Securities lending income	5,962,399
Total investment earnings (loss)	134,679,648
Less investment costs:	
Investment management / custodian fees	(6,776,487)
Securities lending costs	(5,656,768)
Net investment earnings (loss)	122,246,393
Total additions	143,858,448

DEDUCTIONS

Benefits	61,062,860
Refunds and transfers to other systems	1,354,890
Administrative expenses	355,225
Total deductions and administrative expenses	62,772,975
Net increase (decrease) in fiduciary net position	81,085,473
Fiduciary net position - beginning	1,082,738,733
Fiduciary net position - ending	\$ 1,163,824,206

Comparison of Present Value of Expected Pension Benefits with Market Value of Plan Assets Based on Actuarial Studies as of the Dates Indicated:

	January 1, 2024	January 1, 2023
Active Participants		
Retirement Benefits	\$ 503,299,062	\$ 454,853,649
Termination Benefits	60,697,090	46,541,808
Disability Benefits	22,612,358	25,160,725
Death Benefits	6,836,081	5,963,171
Return of Employee contributions	3,255,713	2,429,514
Total Active Participants	596,700,304	534,948,867
Terminated Vested Participants	22,663,248	19,994,031
Retirees and Beneficiaries	779,015,597	752,910,137
Total Present Value of Expected Benefits	1,398,379,149	1,307,853,035
Less Plan Assets Available for Benefits		
at Market Value	1,073,356,487	1,043,838,470
Present Value of Expected Benefits in Excess of Available Plan Assets		
at Market Value	\$325,022,662	\$264,014,565

Principal Provisions of the Employees' Pension Plan

1. Plan Participation Eligibility Requirement
 - a. Regular, full-time employment in a qualified position
 - b. Pass required pre-employment physical
2. Employee Contributions
 - a. Calculated on basic compensation at a rate as indicated below:
 - i. All participants eligible to retire before 1/1/13: 8%
 - ii. Hazardous duty not eligible to retire before 1/1/13: 10%
 - iii. Non-hazardous duty not eligible to retire before 1/1/13: 8%
 - b. Made on pre-tax basis; the plan is IRS-qualified
3. Employer Contributions: Must not be less than 7% of basic compensation for all employees participating in the plan. Contributions were \$12,659,053 for fiscal year ended September 30, 2023.
4. Credited Service: Service toward which required contributions have been made to the plan
5. Basic Compensation: Compensation actually paid to a participant from which allowable contributions are withheld
6. Final Monthly Compensation (FMC): Average monthly rate of basic compensation for the five highest compensated years of credited service during the last ten years of credited service preceding the date of retirement, termination or death
7. Normal Retirement
 - a. Eligibility
 - i. Hazardous duty participants: Completion of twenty (20) years of service, regardless of age *or* completion of ten (10) years of service and age fifty-five (55)
 - ii. Non-hazardous duty participants hired before 1/1/13: Completion of thirty (30) years of service, regardless of age *or* completion of twenty (20) years of service and age fifty-five (55) *or* completion of five (5) years of service and age sixty-five (65)
 - iii. Non-hazardous duty participants hired on or after 1/1/13: Completion of twenty-five (25) years of service and age sixty (60) *or* completion of five (5) years of service and age sixty-five (65)
 - b. Basic Formula for Monthly Benefit Calculation: The monthly benefit is calculated by multiplying credited service (in years plus fractions thereof) times (x) where:
 - i. For all hazardous duty participants and those non-hazardous duty participants hired before 1/1/13, (x) is equal to 2 ³/₄ percent (.0275) of Final Monthly Compensation
 - ii. For Non-Hazardous Duty (hired after 1/1/13) participants, (x) is equal to 2 percent (.02) for years of credited service up to 10/1/2022 and 2.5% (.025) for years of credited service after 10/1/2022 of Final Monthly Compensation
 - iii. For Non-Hazardous Duty (hired after 10/1/2022) participants, (x) is equal to 2.5 percent (.025) of Final Monthly Compensation
 - iv. The monthly amount payable shall be increased by a 1.5% Cost of Living Adjustment (COLA) each April following six months after the date of retirement for all credited service, except that the monthly amount payable for credited service after 1/1/13 shall be increased by a 1.5% COLA each April following sixty months after the date of retirement for all non-hazardous duty participants not eligible to retire as of 1/1/13, and the monthly amount payable for credited service after 1/1/13 shall not be increased by an annual COLA for all hazardous duty participants not eligible to retire as of 1/1/13. Per February 2020 Council approval of Ordinance 9380-20, the foregoing was amended to provide a 1.5% COLA annually on all benefits, including any benefits accrued after January 1, 2013, for Police Officers employed on or after January 1, 2020. Per November 2022 Council approval of Ordinance 9634-22, the foregoing was amended to provide a 1.5% COLA annually on all benefits, including any benefits accrued after January 1, 2013, for Fire Fighters employed on or after October 1, 2022. For any non-grandfathered members (not eligible for retirement on 1/1/13), the benefit will be increased by a 1.5% COLA each April following sixty months after the date of retirement.
 - c. Normal Form of Retirement
 - i. All hazardous duty participants and those non-hazardous duty participants eligible to retire before 1/1/13: The normal form is an annuity paid monthly for the life of the participant with a 100% survivor annuity paid monthly for a period of five years after the death of the participant to the beneficiary (spouse *or* dependent child(ren) under the age of 18), and after such five-year period, the benefit is reduced by fifty percent for the life of the beneficiary or until he/she remarries (spouse) or reaches the age of 18 (child), whichever comes first. For hazardous duty participants, if greater, the normal form is an annuity paid for the life of the participant with 120 payments guaranteed.
 - ii. Non-hazardous duty participants not eligible to retire as of 1/1/13: The normal form is an annuity paid monthly for the life of the participant.
 - d. Additional Payment Options:
 - i. The following available options are computed to be the actuarial equivalent of the normal benefit, subject to IRC 401(a)(9) and IRS limitations:
 1. Life Annuity
 2. 10 Year Certain and Life Annuity
 3. 50%, 66 ²/₃%, 75% or 100% Joint & Survivor Annuity
 - ii. Partial Lump Sum: Participants may also elect a partial lump sum payment equal to 10%, 20%, or 30% of the actuarially determined value of the normal retirement benefit, with monthly benefits reduced accordingly.

- iii. Should a participant fail to select an option prior to death, a named beneficiary shall be entitled to select the payment option.
 - e. Maximum Benefit: Plan maximum is the lesser of \$160,000 (adjusted by Secretary of Treasury) annually or 100% of FMC monthly for those participating after 1/1/80.
8. Disability Retirement
- a. Eligibility
 - i. Service-connected: Completion of ten years of credited service or active participation in the plan at the time of total and permanent disability suffered in the line of duty
 - ii. Non-service-connected: Completion of ten years of credited service and total and permanent disability
 - b. Benefit Formula
 - i. Service-connected
 - 1. For all hazardous duty participants and those non-hazardous duty participants eligible to retire before 1/1/13, the monthly benefit is equal to the greater of (i) the FMC multiplied by 66 2/3% or (ii) the amount determined by the basic formula for normal retirement benefit as indicated above.
 - 2. For non-hazardous duty participants not eligible to retire before 1/1/13, the monthly benefit is equal to the greater of (i) the FMC multiplied by 42% or (ii) the amount determined by the basic formula for normal retirement benefit as indicated above.
 - ii. Non-service-connected
 - 1. For all participants, the benefit is equal to the accrued benefit at the time of total and permanent disability, calculated in the same manner as the basic formula for normal retirement as indicated above.
 - c. Form of Benefit
 - i. For all participants, the normal form of disability benefit is the same as that which the participant would receive for normal retirement as indicated above, calculated in accordance with the respective formula for the applicable disability benefit.
 - ii. For hazardous duty participants, 120 payments are guaranteed in any event.
 - d. Additional Payment Options
 - i. For all participants, the same options are available as those in accordance with normal retirement above, including the partial lump sum, and are computed to be the actuarial equivalent of the normal benefit in accordance with the respective formula for the applicable disability benefit.
 - ii. Should a participant fail to select an option prior to death, a named beneficiary shall be entitled to select the payment option.
9. Death Benefit
- a. Eligibility
 - i. Service-connected: Completion of ten years of credited service for hazardous duty participants or five years of credited service for non-hazardous duty participants or active participation in the plan at the time of death suffered in the line of duty
 - ii. Non-service-connected: Completion of ten years of credited service for hazardous duty participants or five years of credited service for non-hazardous duty participants and death suffered prior to termination of employment
 - b. Benefit Formula
 - i. Service-connected: Equal to that for a service-connected disability
 - ii. Non-service-connected: Equal to that for a non-service-connected disability.
 - c. Form of Benefit
 - i. For all participants, the normal form of death benefit is the same as that which the participant would receive for a disability benefit.
 - ii. For hazardous duty participants, 120 payments are guaranteed.
 - d. Additional Payment Options
 - i. For all participants, the same options are available as those in accordance with a disability benefit.
 - ii. Should a participant fail to select an option prior to death, a named beneficiary shall be entitled to select the payment option.
10. Vested Benefit Upon Termination of Employment
- a. Eligibility:
 - i. Completion of ten years of credited service for hazardous duty participants
 - ii. Completion of five years of credited service for non-hazardous participants
 - b. Benefit: Equal to that set forth for normal retirement, provided participant contributions are not refunded
11. Early Retirement
- a. Eligibility: For hazardous duty participants only, completion of ten years of credited service and age fifty
 - b. Benefit Formula: Equal to that for normal retirement, with a reduction of 3% for each year below the age of 55 (or fraction thereof) at the time of retirement
12. Forfeiture of Benefits
- A participating employee committing, aiding or abetting the embezzlement of public funds, theft from the employer, bribery, committing of an impeachable offense, or convicted of a felony while employed with the City, shall automatically forfeit rights to plan benefits. Such Participant may be reinstated at the discretion of the Plan Trustees. An employee receiving a service-connected disability pension shall be disqualified if he or she accepts employment in a line of work similar to the line of work which resulted in the disability.

13. Recall and Re-examination

A pensioner receiving disability benefits under the Plan may be re-examined periodically by a physician. In the event the pensioner is no longer disabled or is capable of returning to employment with the City and does not return to employment when a position is available and upon the request of the Pension Advisory Committee, the right to disability benefits is forfeited.

14. Termination of Employment Prior To Vesting

A participant who terminates employment prior to his/her early or normal retirement date may elect to receive the total contributions he/she made to the Plan together with 5% simple interest on such contributions.