



New Port Richey Police Pension System

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July 18, 2019

Debbie L. Manns
City Manager
City of New Port Richey
5919 Main Street
New Port Richey, FL 34652

Re: Pension Ordinance Sec. 17-50.11, - Bi-annual review of status of retirees and beneficiaries.

Ms. Manns,

The New Port Richey Police Officer's Pension Ordinance includes Sec. 17-65.12 - Bi-annual review of status of retirees and beneficiaries provides: The City Council shall, every two (2) years, review the status of all service retirees, disability retirees and beneficiaries who are receiving payments from the system for the purpose of considering an ad hoc increase in benefits for all such retirees.

To my knowledge, the City Council has never reviewed the retiree's benefits in order to consider an ad hoc increase; however, this section has been in the ordinance numerous years. Because the pension fund's investment return has been outstanding over the last few years, it is now at a point where it is overfunded. The Board of Trustees discussed ways to share this with retirees, some of whom have not received an increase in 25-30 years. A "one-time" "13th check" was suggested as a way to provide an added benefit to those retirees.

The Pension Board's Actuary conducted a study and determined there is no additional cost to the city to fund the "13th check" benefit.

The Actuary's study also included in determining the adjustment with the "13th check", the City Council shall consider:

1. The actuarial soundness of the system as set forth in the most recent actuarial valuation.
2. The prevailing rate of inflation as reflected in the Consumer Price Index.
3. The investment return on the system assets, and
4. The recommendations of the board.

The Statistical Data – As of September 30, 2018, answers the above considerations:

1. Funded Ratio \$ 25,806,381 Actuarial Accrued Liability, \$ 28,077,132 Smoothed Value of Assets, \$ (2,270,751) Unfunded Actuarial Accrued Liability, 108.8% Funded Ratio.
2. CPI-U 1. 252.439 September 2018 2. 246.819 September 2017 1. / 2. 2.3% Annual CPI-U.

3. Investment Return 14.0% Market Net Return 9.8% Smoothed Net Return.
4. Board recommends approval of Ordinance to provide "13th check" to services retirees, disability retirees, and beneficiaries who are receiving benefit payments.

Please provide his information to City Council in determining approval of the "13th check" Ordinance.

If you have any questions, I can be reached on my cell phone at 727-359-3124 or by e-mail at scottb1042@hotmail.com .

Thank You.

Sincerely,

T. Scott Baker

T. Scott Baker
Pension Administrator

Cc: Judy Meyers, City Clerk