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# TOWN RETIREMENT PLAN – FROM 457(B) INVESTMENT PLAN TO FLORIDA RETIREMENT SYSTEM PENSION

Town of Howey-in-the-Hills

# THE FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN

## **BENEFITS TO THE TOWN**

**Enhanced Employee Recruitment:** One of the primary motivations for potential employees when choosing an employer is the quality of benefits provided. By joining the FRS, Howey-in-the-Hills can offer a robust and recognized retirement plan that can attract quality talent. It gives the Town a competitive edge over other employers who do not offer similar benefits.

# THE FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN

## **BENEFITS TO THE TOWN**

**Improved Employee Retention:** An established retirement system like FRS is seen as a long-term commitment to employees. When staff members know that their future retirement is secure, they are more likely to remain with the employer. Reducing turnover can lead to significant cost savings, as recruiting and training new employees can be expensive and time-consuming.

# THE FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN

## BENEFITS TO THE TOWN

**Diverse Retirement Options:** The FRS offers multiple retirement plan options, including the Pension Plan (a traditional pension plan) and the Investment Plan (a defined contribution plan). This flexibility allows employees to choose a plan that best fits their financial and retirement goals.

# THE FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN

## **How it Works - FRS Pension Plan**

The **FRS Pension Plan** is a defined benefit plan, in which the employee is guaranteed a benefit at retirement if they meet certain criteria. The amount of the future benefit is determined by a formula, based on their earnings, length of service, and membership class.

The Town's employees would be eligible for a Pension Plan benefit (i.e. vested) when they complete eight years of service.

# THE FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN

## **How it Works - FRS Pension Plan**

In general, Pension Benefits are based on a formula as follows:

$(\text{Number of Years}) \times 1.60\% \times (\text{Average of Highest 8 Years of Salary})$

### **Example:**

13 years of service with an average salary of \$34,549

= \$598.83 per month

### **Exception:**

Senior Management Service Class is 2.0% rather than 1.60%.

# THE FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN

## **How it Works – FRS Investment Plan**

The FRS Investment Plan has the same employee and employer contribution rates as the Pension Plan. This is a defined contribution plan. There is a 12-month vesting period for this plan.

# LAKE COUNTY MUNICIPALITIES (AND OTHER GOV. ENTITIES)

Municipality	Population	Has FRS?
Howey-in-the-Hills	1,651	
Montverde	1,694	FRS
Astatula	1,937	FRS
Mascotte	7,332	
Umatilla	7,373	FRS
Fruitland Park	8,605	FRS
Minneola	14,878	FRS
Lady Lake	16,195	
Mount Dora	16,665	
Tavares	19,526	FRS
Groveland	20,398	FRS
Eustis	23,543	
Clermont	44,530	
Leesburg	48,908	

Also

:

BCC

Clerk of the Circuit Court

Property Appraiser

School Board

Sheriff

Supervisor of Elections

Tax Collector

# COST UNDER 457(B) INVESTMENT PLAN

Matching contribution, up to 10% of salary (paid from General Fund, Building Services Fund, and Utility Fund) for full-time employees

457(B) PLAN			
	Full-Time Employees (only)	Budgeted Cost to the Town	Av. Cost Per Employee
FY23	14	\$69,844	\$4,989
FY24	17	\$88,787	\$5,222

# COST UNDER FLORIDA RETIREMENT SYSTEM (FRS) PENSION

Regular employment class Town contribution: 13.57%

Senior Management class Town contribution: 34.52%

FRS			
	All Employees (incl. P/T)	Budgeted Cost to the Town	Av. Cost Per Employee
FY23	16	\$120,590	\$7,537
FY24	18	\$154,170	\$8,565



## CONCLUSION

Joining the Florida Retirement System offers the Town of Howey-in-the-Hills a competitive advantage in both attracting and retaining top talent. The diverse benefits, coupled with the security of a large and stable retirement system, make it a valuable option to consider for the Town's future growth and prosperity.