

STAFF REPORT REGULAR MEETING

AGENDA DATE: July 15, 2025

DEPARTMENT: Human Resources

TITLE:

Resolution No. 36-2025 – approving a Settlement Agreement and Release with a City employee concerning retirement benefits

SUMMARY:

The resolution approves a Settlement Agreement and Release with City employee, Melissa Ann Coyne, to amicably resolve an issue concerning her City-sponsored retirement benefits.

BACKGROUND AND JUSTIFICATION:

The City is the sponsoring employer of (i) the City of Lake Worth Beach Employees Retirement System ("Pension Plan"), and (ii) the City of Lake Worth Beach (FPDP) 401(a) Plan ("401(a) Plan"). City employee, Melissa Ann Coyne, is currently actively participating in the Cash Balance Plan component of the Pension Plan and also has a frozen, accrued, traditional defined benefit in the Pension Plan. The employee does not participate in, and has never participated in, the 401(a) Plan.

The employee has asserted that the City, the administrators of the Pension Plan, the administrators of the 401(a) Plan, and/or their respective representatives may not have fully informed her of her options with respect to elections of retirement benefits available to her and that she may be eligible to participate in, and may be entitled to benefits under, the 401(a) Plan with respect to certain past, present, and future periods of employment with the City. To amicably resolve the matter, it has been proposed that in exchange for the Employee's execution of a settlement document that releases claims against those persons, the City will – on a prospective basis only – amend the Pension Plan to freeze the employee's active participation in the Pension Plan and enroll her in the 401(a) Plan. As a result, she would no longer make employee contributions to the Cash Balance Plan and she would no longer receive principal credits to her Cash Balance Plan account on a go-forward basis. However, interest credits on her Cash Balance Plan account would continue to be credited into the future in accordance with the terms of the Pension Plan, as is generally the case for any individual who is no longer eligible to continue participating in the Cash Balance Plan for any reason.

The proposed settlement is consistent with the City's long-term goals for its employee group retirement benefits, as any future new employee who were to be hired for the employee's job position (City Clerk) or hired for certain other job positions of similar or greater responsibility, would generally only be eligible to participate in the 401(a) Plan. To formalize the terms of the settlement, a Settlement Agreement and Release has been signed; however, the Settlement Agreement and Release states that it shall not become binding and effective until approved by the Commission.

MOTION:

Move to approve/disapprove Resolution No. 36-2025 – approving a Settlement Agreement and Release with a City employee concerning retirement benefits

ATTACHMENT(S):

Resolution 36-2025
Settlement Agreement