

STAFF REPORT REGULAR MEETING

AGENDA DATE: February 6, 2024

DEPARTMENT: Human Resources

TITLE:

Ordinance No. 2024-01 - Second Reading - amending the City's Pension Plan Ordinance

SUMMARY:

Approval of an amendment to the City of Lake Worth Beach's Pension Plan Ordinance setting the annual interest crediting rate for DROP accounts equal to the assumed rate of return as of September 30th of each year, less one percent.

BACKGROUND AND JUSTIFICATION:

The proposed Pension Ordinance changes the DROP interest rate from the "LIBOR" rate plus 1% to the expected rate of investment return less 1%. Prior to the change the annual interest crediting rate for DROP accounts was equal to the one-year LIBOR (London Inter-Bank Offered Rate) plus one percent. This change was required by the IRS because the LIBOR rate no longer exists. The International Brotherhood of Electrical Workers (IBEW), the Lake Worth Beach Professional Managers and Supervisors Union (PMSA), and the Lake Worth Beach Public Employees Union (PEU) have all agreed to this proposed change. The Pension Board unanimously approved presenting these changes to the City Commission for adoption. The City Commission approved the ordinance unanimously at the first reading on January 16.

MOTION:

Move to approve/disapprove Ordinance 2024-01 amending the City's Pension Plan Ordinance.

ATTACHMENT(S):

Ordinance 2024-01
Actuarial Impact Letter