

January 9, 2013

Mr. Martin Lebowitz
Plan Administrator
City of North Miami Beach
17011 N.E. 19th Avenue – Room 311
North Miami Beach, Florida 33162-3100

**Re: Retirement Plan for General Employees of the City of North Miami Beach
Plan Reform Projection Study**

Dear Marty:

As requested, we are pleased to present our Plan Reform Projection Study as of October 1, 2012 for the Retirement Plan for General Employees of the City of North Miami Beach (Plan).

Purpose – The purpose of the Study is to evaluate options for Plan redesign that would meet the overall goals and objectives of the City and to provide thirty (30) year projections illustrating projected City costs under each option.

We understand the goal of the City is to redesign a schedule of Plan benefits that will lower the current City cost by \$1 million.

Background – The City's preliminary FYE 2014 minimum required City contribution is 40.3% (\$4,362,400) of projected covered payroll (\$10,824,813) assuming no changes in Plan benefits or actuarial methods. Members currently contribute 7% of covered pay.

The Board is interested in modifying the following current provisions:

1. Normal retirement eligibility is the earlier of (1) attainment of age sixty-two (62) or (2) attainment of age fifty-five (55) with twenty (20) years of service.
2. Early retirement eligibility is the earlier of (1) attainment of age fifty-five (55) with fifteen (15) years of service or (2) completion of twenty (20) years of service, regardless of age.
3. Early retirement benefits are actuarially reduced for benefit commencement prior to normal retirement date.
4. Benefit accrual rate is three percent (3.00%) for each year of credited service.
5. Plan participants are 100% vested upon completion of six (6) years of credited service.
6. Maximum period of DROP participation is five (5) years.
7. COLA adjustments are 2.25% per annum. COLA adjustments are not payable to DROP participants.

