

Posted on Mon, May. 15, 2006

HALLANDALE BEACH

Pensions lean for aging city retirees

Twenty-six Hallandale Beach retirees are living off less than \$25,000 a year, a common problem in older cities with aging retirees.

BY DIANA MOSKOVITZ

dmoskovitz@MiamiHerald.com

In 1982, Ursula Sanks' husband died of lung cancer after a 25-year career with the Hallandale Beach Police Department. She got by with about \$1,300 a month from his city retirement plan.

More than 24 years later, Sanks still lives on the same \$1,300 a month, plus Social Security. Her savings dwindle with every bill for home insurance or property taxes, she said.

Sanks is among 26 retirees who receive less than \$25,000 a year from the Hallandale Beach police and firefighters retirement plan.

"I don't spend anything I don't have to," Sanks said. "Fortunately, I've always been a saver."

But now, the city is being asked to fatten the monthly check for Sanks and 15 others. The board overseeing the police and firefighters' pension plan wants city commissioners to bump up monthly payments for those with at least 20 years of service to the city and their spouses.

It would cost the city, which has \$24 million in reserves it can use, about \$131,000 a year, according to the pension board. The amount would decline as retirees die.

Situations like Sanks' are not unusual in older cities as the cost of living increases, eclipsing retirement payment set decades ago. Those people retired with pension payments that seemed big at the time but were eaten away by inflation and rising medical bills, said Stephen Cypen, a public pension lawyer in Miami Beach.

The problem is the flip side of another retirement issue -- huge bills employers face now for heftier plans crafted years later.

When the issue came up at a City Commission meeting earlier this month, City Manager Mike Good said he wanted more time to evaluate the idea and see what options are available for where the city could get the money.

FEARS A TREND

Good said he fears people from the city's other retirement plans also would start asking for more money.

"You are roping up a precedent for every employee in this city," Good said.

City commissioners then voted 4-1 to have Good research the options. Commissioner Dotty Ross was the lone vote against, saying she wanted immediate action to get the former employees or their spouses more money.

Mayor Joy Cooper said she wants to help those who are having financial trouble, but said the city also had to take the time to ensure the people getting the raises were truly in need.

Meanwhile, Sanks gets by with a bevy of saving tips.

She only turns on the air conditioner in the worst heat, using box fans instead. She keeps the thermostat at 80 degrees, or 84 if she goes out.

Laundry tumbles in the drier for a few minutes, on the air setting, before she hangs it on a line in her garage.

Her car, a 1994 Oldsmobile, needs new tires, but those will have to wait until Costco has a sale.

Public sector pay -- and retirement plans -- got sweeter over the years, as the government fought harder to keep people from leaving for private jobs. Improvements included adding yearly cost-of-living increases.

RETIREEES PASSED OVER

But governments were not required to pass those higher benefits along to those already retired.

Miami Beach grappled with underpaid retirees six years ago, when some retired city employees were living off about \$400 a month. The original pension plan called for an increase each year, based on the first-year payment. The annual increase never changed.

Despite several one-time boosts, inflation ate away at the value of the pensions, said Rick Rivera, the general employees pension administrator.

So in 2000, the city gave a one-time boost of 5 percent and changed the system so the cost of living increase goes up each year.

BETTER SITUATED

Finances have been a bit smoother for Peter Lockwood, who retired from Hallandale Beach police in 1990 at age 52.

Two years after retiring, Lockwood was sick with complications from diabetes. The illness brought medical problems but also qualified him for disability money from Medicare.

Lockwood said he is lucky. The house is paid off. His wife works part time and the diabetes is under control.

"If I hadn't gotten my disability when I got sick, and my house hadn't been paid for, I probably would have been living under I-95," Lockwood said.

But convincing officials to increase retirement benefits for the already retired can be tricky, said pension lawyer Robert Klausner, whose firm's clients include Hallandale Beach police and fire departments.

Leaders tend to focus on keeping current employees, who can threaten to leave, rather than those already gone, he said.

"Once you're gone, you've got less pull," Klausner said.