

An Ordinance to Amend Sections 1:552(14) and Section 1:572(b) of Chapter 18 (Employees Retirement System), Title I of the Code of the City of Ann Arbor to Implement Changes Negotiated in Collective Bargaining for Members Represented by the Teamsters Deputy Chiefs Bargaining Unit, Local 214 Teamsters Civilian Supervisors, and Teamsters Police Professional Assistants

The City of Ann Arbor Ordains:

Section 1. That Section 1:552(14) of Chapter 18 of Title 1 of the Code of the City of Ann Arbor be amended to read as follows:

**1:552(14) Definition.**

(14) *Accumulated contribution.* The sum of all amounts deducted from the compensation of a member and credited to the member's individual account to the annuity savings fund, together with applicable regular interest thereon. Prior to January 1, 2010, such contributions were deducted from non-union employee member's compensation and made on an after-tax basis. Beginning with the first pay period which begins in January, 2010, non-union employee member contributions are made on a pre-tax basis, pursuant to the "pick-up" feature of Section 1.572(b). Prior to August 1, 2010, such contributions were deducted from the compensation of members of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants bargaining unit on an after tax basis. Beginning with the first pay period which begins in August 2010, the member contributions of the employees of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants bargaining unit are made on a pre-tax basis, pursuant to the "pick-up" feature of Section 1.572(b).

Section 2. That Section 1:572 of Chapter 18 of Title 1 of the Code of the City of Ann Arbor be amended to read as follows:

**1:572. Annuity savings fund.**

(a) The annuity savings fund shall be the fund in which shall be accumulated, at regular interest, the contributions from the compensation of members to provide their annuities.

(b) Effective February 1, 2010, contributions of members who are represented by the International Association of Fire Fighters (IAFF), Local 369 shall be 6% of the compensation paid by the City. Effective August 1, 2010, contributions of members who are represented by the Teamsters Police Deputy Chiefs bargaining unit, Local 21 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants, shall be 6% of the compensation paid by the City. The contributions of any other member shall be 5% of the

compensation paid by the City. Member contributions shall be deducted only from amounts paid to a member which are considered compensation for purposes of this Chapter.

Prior to January 1, 2010, non-union employee member contributions were made on an after-tax basis. Effective with the first payroll checks issued in January, 2010, the City shall "pick-up" the non-union employee member contributions for all compensation earned on and after January 1, 2010. Prior to August 1, 2010, member contributions of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants bargaining unit were made on an after-tax basis. Effective with the first payroll checks issued in August, 2010, the City shall "pick-up" the non-union employee member contributions for all compensation earned on and after August 1, 2010. The contributions so picked up shall be treated as City contributions in determining tax treatment under the Code. The City shall pick up the non-union employee member contributions and the member contributions of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants bargaining unit from funds established and available for non-union employee member salaries and member salaries of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants bargaining unit, which funds would otherwise have been designated as member contributions and paid to the pension fund. Non-union employee member contributions contributions and member contributions of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants bargaining unit picked up by the City pursuant to this subsection shall be treated for all other purposes of this and other laws of the City in the same manner and to the same extent as non-union employee member contributions and member contributions of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants bargaining unit made prior to the effective date of this subsection. The non-union employee member contributions and contributions of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants bargaining unit so picked up shall not be included in gross income for tax purposes until such time as they are distributed by refund or benefit payment.

Monies contributed under subsection (b) shall be accounted for, by non-union employee member and members of the Teamsters Police Deputy Chiefs bargaining unit, Local 214 Teamsters Civilian Supervisors bargaining unit and Teamsters Police Professional Assistants bargaining unit, so as to separately reflect each non-union employee member's and members of the Teamsters Police Deputy Chiefs bargaining unit's, Local 214 Teamsters Civilian Supervisors bargaining unit's and Teamsters Police Professional Assistants bargaining unit's

after-tax contributions (and regular interest applicable thereto) and pick-up contributions (and the regular interest applicable thereto).

The officer or officers responsible for making up the payroll shall cause the contributions provided for in this section to be deducted from the compensations of each member on each and every payroll, for each and every payroll period so long as such member remains a member in the employ of the City. The member's contributions provided for herein shall be made notwithstanding that the minimum compensation provided by law for any member shall be changed thereby. Every member shall be deemed to consent and agree to the deductions made and provided for herein and payment of compensation less said deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for the services rendered by said person during the period covered by such payment, except as to benefits provided by this Chapter. The amount of contributions to be deducted from the compensation of each member for each and every payroll when deducted shall be paid to the retirement system and shall be credited to the individual annuity savings fund account of the member from whose compensation the deduction was made.

Section 3: In the event any court of competent jurisdiction shall hold any provision of this Ordinance invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provision thereof.

Section 4: This Ordinance shall take effect ten days after passage and publication.