



Legislation Details (With Text)

File #: 08-0440 **Version:** 1 **Name:** 5-5-08Ordinance to Amend Sections 1:573 and 1:592 of Chapter 18, Employees Retirement System, of Title I of the Code of the City Of Ann Arbor

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Title: An Ordinance to Amend Sections 1:573 and 1:592 of Chapter 18, Employees Retirement System, of Title I of the Code of the City of Ann Arbor - Post-Retirement Benefits

Sponsors:

Indexes:

Code sections:

Attachments: 1. Post Retirement Benefit Increase-Final Final (2).DOC

Date	Ver.	Action By	Action	Result
5/5/2008	1	City Council	Referred	Pass

An Ordinance to Amend Sections 1:573 and 1:592 of Chapter 18, Employees Retirement System, of Title I of the Code of the City of Ann Arbor - Post-Retirement Benefits

The Board of Trustees of the City of Ann Arbor Employees' Retirement System at its regular meeting on Thursday, November 15, 2007 reviewed the attached proposed ordinance amendments and moved that they be submitted to Council for its consideration and approval. The Board's legal counsel, in conjunction with the City Attorney's Office, drafted these ordinance amendments.

The proposed ordinance would define a regular source of funds to pay post retirement increases without increasing the City's funding liability to the Retirement System. The post retirement increases would be funded from excess earnings of the plan. The excess earnings would be funds that the actuary assumed not to have existed.

If the proposed ordinance were approved, the following two fundamental changes to the existing ordinance would occur: (1) A change in the way funds are calculated to qualify for transfer to the Pension Adjustment Account, and (2) a new method to distribute eligible funds to retirees.

The Pension Adjustment Account would receive funds when the Retiree Reserve Account has excess earnings. Excess earnings have been defined as the excess of the recognized rate of return on the actuarial value of Retirement System's assets greater than three-quarters of one percent over the actuarial assumed rate of return.

A new method of distribution to retirees is proposed. Each retiree or beneficiary would receive one point for each full year of retirement, and one point for each full year of service credit for actual service rendered in the employ of the City.

The distribution would be in the form of a one-time supplemental bonus check. The point system in

determining the bonus check is structured such that those who have worked longer for the City and have been in retirement longer will receive larger amounts in their bonus checks.

The proposed ordinance also seeks to remove outdated language regarding former programs that no longer apply, as well as placing all applicable languages in the same section.

Prepared by: Willie Powell

Reviewed by: Stephen Postema, City Attorney

Approved by: Roger Fraser, City Administrator

(See Attached Ordinance)