



Legislation Text

File #: 10-0040, Version: 1

An Ordinance to Amend Section 1:572(b) of Chapter 18, (Employees Retirement System) Title I of the Code of the City of Ann Arbor (Ordinance No. ORD-10-04)

Human Resources and the City Attorney's Office recommend approval of the amendment of Section 1:572(b) of Chapter 18, Employees Retirement System Ordinance. The amendment to the pension ordinance implements an increase to the employee contribution made by members of the International Association of Fire Fighters, Local 693 (IAFF) to the annuity savings fund of the Employees Retirement System effective February 1, 2010.

On January 13, 2010, the IAFF ratified a tentative collective bargaining agreement with the City. The City Council approved that agreement on January 19, 2010. One of the provisions of that agreement is an increase in the amount of employee contribution to the annuity savings fund from 5% of compensation to 6% of compensation. Pursuant to the ratified collective bargaining agreement, this change will take effective on February 1, 2010. It will affect only members of the IAFF, Local 693. The amendment of the pension ordinance reflects this change in the contribution.

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ORDINANCE NO. ORD-10-04

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EMPLOYEES RETIREMENT SYSTEM

An Ordinance to Amend Section 1:572(b) of Chapter 18, Title I of the Code of the City of Ann Arbor

The City of Ann Arbor Ordains:

Section 1. 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. 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. 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 from funds established and available for non-union employee member salaries, which funds would otherwise have been designated as member contributions and paid to the pension fund. Non-union employee member contributions 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 made prior to the effective date of this subsection. The non-union employee member contributions 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, so as to separately reflect each non-union employee member'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.

(c) In addition to the contributions deducted from the compensation of a member, as hereinbefore provided, a member shall deposit in the annuity savings fund, by a single contribution or by an increased rate of contribution as approved by the Board, all amounts previously withdrawn from, and not repaid to, the annuity savings fund, together with regular interest computed from the date of withdrawal to the date of repayment. An agreement to repay must be signed by the member by November 1, 1980, or within 1 year of the member's return to City employment, whichever is later, and repayment with interest must be made by means of contributions at not less than double the amounts required by Section 1:572(b). When such an agreement is signed, service in accordance with Section 1:560 shall be restored. In case the member terminates from City employment before repayment is completed, the benefits otherwise payable shall be reduced to the extent that is actuarially equivalent to the amount of repayment outstanding at the time of termination.

(d) Upon retirement, the accumulated contributions of any member shall be transferred from the annuity savings fund to the retirement reserve fund.

Section 2: 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 3: This Ordinance shall take effect ten days after passage and publication.