



Legislation Text

File #: 16-1692, Version: 1

..Title

An Ordinance to Amend the Code of the City of Ann Arbor by Repeal of Chapter 18, Employees Retirement System, Title I, of the Code and Adding a New Chapter 18, Employees Retirement System, Title I of Said Code (Ordinance No. ORD-16-28)

Attached is the proposed ordinance revision of Chapter 18 of the City Code which states the provisions of the City of Ann Arbor Retirement System (hereafter the "Ordinance" or "Retirement System"). The Ordinance was reorganized for ease of usage by employees and retirees. Because the Ordinance has undergone a major restructuring, it is recommended that Council adopt the changes replacing the existing ordinance chapter with the new formatted chapter rather than as a series of section amendments.

In addition to reorganization of the Chapter, several specific changes are proposed:

- the addition of a defined contribution money purchase plan for certain employees hired after January 1, 2017. Currently these provisions will apply to non-union employees, AFSCME bargaining unit employees and Teamster Civilian Supervisor bargaining unit employees hired after January 1, 2017. These employees will be eligible for a 50% reduced defined benefit plan ("Traditional Plan") and a defined contribution plan ("Dual Plan"). This change allows the City to share investment market risk with the employee.
- the addition of language reflecting the establishment of the Teamster Firefighter Assistant Chiefs bargaining unit, and specifying that bargaining unit's pension rights.
- changes to reflect federal law recognizing same sex marriages.

The Ordinance modifications do not involve changes in the benefits or contribution levels except as it relates to the introduction of the Dual Plan for certain employees hired after January 1, 2017. There are no 'accrued financial benefit' takeaways in the modified Ordinance as such would be prohibited by limitations imposed by (i) the Michigan Constitution of 1963, Article 9, Section 24, as amended, (b) Michigan Public Act 314, as amended, and (c) collective bargaining agreements [including without limitation, any features from binding arbitration pursuant to Michigan Public Act 312 of 1969]

This version of the Ordinance has been reviewed by City personnel and Legal Counsel for the Employee Retirement System Board of Trustees.

Approval of the Ordinance is recommended.

Attachment: Buck Consultants, LLC: *Pension Analysis for Proposed Pension Multiplier Changes in Defined Benefit plan and supplemental Defined Contribution plan*

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Stephen K. Postema, City Attorney

Approved by: Howard S. Lazarus, City Administrator
(See Attached Ordinance)