

LRB – FISCAL REVIEW SECTION ANALYSIS

MARCH 9, 2005 AGENDA

ITEM 11, FILE 041513

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #041513 is a charter ordinance relating to administrative support of supplemental payments to members of the Firemen's Annuity and Benefit Fund.

Background

1. The Firemen's Annuity & Benefit Fund (FA&BF) provides retirement benefits to firefighters who were first employed prior to July 30, 1947. Firefighters hired after that date are members of the Employees' Retirement System (ERS).
2. The 2005 Budget includes a \$400,000 supplemental payment to the Firemen's Annuity and Benefit Fund.
3. In the past, the City has contracted with Principal Life Insurance Company to make the disbursement of the FA &BF supplemental payment, and the Budget and Management Division has provided outreach and customer service to FA & BF members.
4. The cost of administering the distribution of the supplement to FA & BF members is deducted from the supplement.

Discussion

1. This charter ordinance permits the Employees' Retirement System to take over from the Department of Administration – Budget and Management Division administrative support of supplemental payments to members of the Firemen's Annuity Benefit Fund. The City will compensate ERS for this service.
2. Since ERS performs similar customer service tasks as the administrator for the City's pension system, it is better suited than the Budget and Management Division to provide customer service to FA & BF members regarding their supplemental payments.
3. Under this charter ordinance, the City will disburse the supplemental checks to FA & BF members using its accounts payable system.

Fiscal Impact

The Budget Office estimates the costs of administering the supplemental payments under this ordinance to be \$3,500. This is a \$9,400 savings from the \$12,900 contact the City had with Principal Life Insurance to make the 2004 disbursement of the supplemental FA &BF payments. As in the past, the cost of administering the supplement to FA & BF members will be deducted from the supplement.

Cc:	Marianne Walsh John Ledvina Nicolini	Prepared by: Jim Carroll, X8679 LRB Fiscal Review	Mark
	W. Martin Morics Anne Bahr	March 8, 2005	