

Reply to Common Council File No. 020236

From DOA-Budget and Management Division

October 4, 2002

Ref: 02013 (31)

Common Council File No. 020236 contains a substitute charter ordinance relating to the Employees' Retirement System. The Global Pension Settlement allows employees who retire prior to December 31, 2002, one year of creditable year of service for every three years of active military service prior to enrollment in the retirement system to a maximum of 3 years of creditable service. This file removes the December 31, 2002 sunset to permit active employees who retire after this date to receive the same additional creditable service for military service prior to the enrollment in the retirement system. This type of change is subject to bargaining and as such should only be changed as a result of collective bargaining.

As of January 1, 2001, the actuarial estimated fiscal impact to the pension fund is \$216,000. Because the fund is over 100% funded, there is no estimated increase to the annual contribution. While this file does not currently require any additional pension contributions, this file does change a provision in the Global Pension Settlement. As stated previously, the sunset date was a part of the Global Pension Settlement negotiations, any change to this date should also be negotiated.

RECOMMENDATION: DO NOT APPROVE COMMON COUNCIL FILE 020236.



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