

FISCAL REVIEW SECTION ANALYSIS

MARCH 14, 2001 AGENDA
FINANCE & PERSONNEL COMMITTEE

ITEM 8, FILE 001496
MICHAEL BONDS

This file provides for the disbursement of the one-time lump-sum supplement contribution to the Firemen's Annuity & Pension Fund (FABF) provided in the 2001 Budget.

Background

1. The 2001 Budget provided \$1,104, 651 in an account for the Fire Annuity & Benefit Fund Lump Sum distribution.
2. This resolution provides for the distribution of those funds to FABF members.

Discussion

1. There are currently approximately 250 members eligible for this fund.
2. This lump sum distribution will be divided equally among all the eligible members in the FABF, who decide to take part in the lump sum payment, minus administrative costs for handling the disbursements.
3. Some members of the FABF might decide not to take a part of this lump sum distribution because it might push their income over a specific amount, which could negatively affect their other income or program eligibility for programs based on income.
4. Since it is unknown how many of the participants in this fund will elect to receive a part of it, it is difficult to calculate the average lump sum payoff those individuals will receive.
5. Members who elect not to receive a lump sum payment will have their shares left in the \$1.1 million pool for distribution to the other members.
6. Since the FABF does not technically exist any longer, there will be administrative costs associated with the disbursement of these funds. The administrative fees for handling the disbursement of these funds are unknown at this time.

Fiscal Impact

None, these funds were included in the 2001 Budget.

LRB – FISCAL REVIEW SECTION ANALYSIS

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ITEM 8 FILE 001496

FINANCE & PERSONNEL COMMITTEE

Hattie E. Billingsley

File No. 001496 is a substitute resolution related to disbursement of the one-time 2001 Lump-sum Supplement contribution to the members of the former Firemen's Annuity and Benefit Fund.

Background

1. The 2001 Budget includes \$1,104,651 to supplement the Firemen's Annuity and Benefit Fund. These funds are to be disbursed to members contingent upon the City reaching a Court approved global settlement. The disbursement will be in accordance with a distribution plan from the fund's representative, which is approved by the Common Council and the Mayor.
2. The Global Pension Settlement took effect January 19, 2001.
3. The membership of the former Firemen's Annuity and Benefit Fund have voted to receive the Lump-Sum payment in equal shares divided among the retirees and survivors of the former fund.

Discussion

1. Adoption of this resolution by the Council indicates the Council's approval of the distribution plan and authorizes disbursement of the Lump Sum payment. Approximately 250 persons are eligible to receive a payment. The payment would be a one-time payment. Each recipient would receive the same amount. The payment amount will be the total amount of the fund, less administrative cost, divided by the number of eligible persons who **elect** to receive the payment. The anticipated date of distribution would be sometime in May or June.
2. The Budget Office will oversee the calculation and distribution of the payments.

Fiscal Impact

1. This file authorizes the distribution of the total appropriation of \$1,104,651 in the 2001 Budget Lump-Sum Supplement Contribution account.

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