

Legacy Cost Committee Police & Fire Pension

Items 1 through 4 will have to be collectively bargained.

1. Target an average of .5% increase of employee contributions over the next 5 years.
These contributions are now tax free.

2. Work towards a reduced pension benefit multiplier. The multiplier is currently 3% and is shown in the example below.

<u>Final Average Compensation</u>	<u>Years of Service</u>	<u>Multiplier</u>	<u>Annual Pension Benefit</u>
65,000	25	3.00%	48,750

This can change for new hires after an effective date or,
This could be accomplished using a bridge.

65,000	20	3.00%	39,000
65,000	5	2.50%	8,125
			<hr/> 47,125

3. Eliminate special pays (e.g. longevity, education allowance, types of overtime, overtime) from the final average compensation calculation.
4. Eliminate the percentage of final average compensation for annual pension benefits. Change this to be a maximum flat dollar amount (Hard Cap).
5. Over the last 5 years, an annual average of 3 Police & Fire Pension participants have purchased one year of military time. The actuarially calculated cost to the City is added to the amount that is amortized in future years. Instead, add the City's additional contribution to the amount that is levied in the next year's millage rate. This essentially will show that amount as an additional contribution to the plan.
6. Automatically enroll new police & fire employees in the City's 457 defined contribution as a way to encourage employees to supplement their current defined benefit pension plan.