


MEMORANDUM

March 1, 2013

TO: Board of Mayor and Aldermen

FROM: Eric S. Stuckey, City Administrator 
Shirley K. Harmon, Human Resources Director
Russ Truell, Assistant City Administrator/CFO

SUBJECT: 2013 Retiree Cost of Living Adjustment

Purpose

The purpose of this agenda item is to consider approval of a cost-of-living increase for existing recipients of benefits from the City of Franklin Pension Plan.

Background

The Board of Mayor and Aldermen has the authority to approve adjustments to the benefit levels of those retire under the City Pension Plan. For several years, the Board has followed the policy for cost of living increases used by the State of Tennessee Consolidated Retirement plan. The parameter used previously called for a cost-of-living increase that matches the increase in the “core” Consumer Price Index (CPI) for all items, excluding food and energy, subject to a 3% maximum. The measure is to be calculated based on CPI change for the period from April 2012 through March 2013. The March CPI will be available on April 15th. The Change will be effective beginning July 1, 2013.

Financial Impact

No impact to General Fund. Pension benefits are paid from the investment earnings of the Pension Fund.

Options

Adopt the recommendation of the Pension Committee and Finance Committee, suggest an alternative rate of increase, or take no action. Recent Board actions have been to make adjustments to the pension benefit of retirees (or their beneficiaries) that are generally in line with increases in consumer price levels.

Recommendation

Staff recommends that the Board continue the policy and approves CPI-based adjustment for Pension program participants using the March 2013 CPI.

RESOLUTION 2013-11

A RESOLUTION OF THE BOARD OF MAYOR AND ALDERMEN FOR THE CITY OF FRANKLIN EMPLOYEES PENSION PLAN, PROVIDING A COST OF LIVING ADJUSTMENT TO THE MONTHLY BENEFIT FOR RETIRED RECIPIENTS

WHEREAS, the City of Franklin, by action of the Board of Mayor and Aldermen (BOMA) in 2006, adopted a practice regarding cost-of-living adjustments for recipients of benefits from the City of Franklin Employee Pension Plan, and

WHEREAS, the Board of Mayor and Aldermen wishes to continue the existing cost of living practice, and

WHEREAS, the formula adopted by BOMA calculates the cost-of-living adjustment, based on the April-to-March change in the Consumer Price Index (CPI) -U.S. City average for all items less food & energy, as reported by the United States Bureau of Labor Statistics (BLS).

NOW, THEREFORE, BE IT RESOLVED, by the Board of Mayor and Aldermen for the City of Franklin as follows:

Section 1. That the trustee of City of Franklin Employee Pension Plan be instructed to make, effective on July 1, 2013, an increase based on the Consumer Price Index (CPI) -U.S. City average for all items less food & energy, as reported by the United States Bureau of Labor Statistics (BLS) for the period from April 2012 through March 2013 in the amount of monthly benefit to eligible beneficiaries of the Plan.

Section 2. That this Resolution shall be effective upon adoption.

IT IS SO RESOLVED AND DONE on this ____ day of ____, 2013.

ATTEST:

CITY OF FRANKLIN, TENNESSEE

By: _____
Eric Stuckey
City Administrator

By: _____
Dr. Ken Moore
Mayor

