



HISTORIC  
FRANKLIN  
TENNESSEE

ITEM #9  
FINANCE  
03-13-14

## MEMORANDUM

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March 13, 2014

**TO:** Board of Mayor and Aldermen

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

**SUBJECT:** Cost of Living Increases for Retirees

### 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 & Aldermen has the authority to approve adjustments to the benefit levels of those retired under the City Pension Plan. For several years, the Board has followed the policy for cost of living increases similar to the one used by the State of Tennessee Consolidated Retirement plan. The parameters call for a cost-of-living increase that matches the increase in the "core" Consumer Price Index (CPI) for all items, excluding food & energy, subject to a 3% maximum. The measure is to be reevaluated each year based on the March CPI, which will be available on April 15th.

### Financial Impact

No direct 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 surviving spouses) that are generally in line with changes in purchasing power of the benefit, based on consumer price levels.

### Recommendation

Staff recommends that the Board continue the policy and approve an increase based on the March, 2014 CPI (Series ID: CUUR0000SA0L1E).

Data extracted on: March 7, 2014 (11:46:31 AM)

### Consumer Price Index - All Urban Consumers

Series Id: CUUR0000SA0L1E

Not Seasonally Adjusted

Area: U.S. city average

Item: All items less food and energy

Base Period: 1982-84=100

Download:



| Year | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2004 | 194.0 | 194.9 | 196.1 | 196.5 | 196.5 | 196.6 | 196.6 | 196.8 | 197.4 | 198.2 | 198.1 | 197.8 |
| 2005 | 198.4 | 199.5 | 200.7 | 200.9 | 200.8 | 200.6 | 200.8 | 201.0 | 201.3 | 202.3 | 202.3 | 202.1 |
| 2006 | 202.6 | 203.6 | 204.9 | 205.5 | 205.7 | 205.9 | 206.2 | 206.7 | 207.2 | 207.8 | 207.6 | 207.3 |
| 2007 | 208.0 | 209.1 | 209.9 | 210.3 | 210.3 | 210.5 | 210.8 | 211.1 | 211.6 | 212.3 | 212.4 | 212.4 |
| 2008 | 213.1 | 213.9 | 214.9 | 215.1 | 215.2 | 215.6 | 216.0 | 216.5 | 216.9 | 217.0 | 216.7 | 216.1 |
| 2009 | 216.7 | 217.7 | 218.6 | 219.1 | 219.1 | 219.3 | 219.4 | 219.6 | 220.1 | 220.7 | 220.4 | 220.0 |
| 2010 | 220.1 | 220.6 | 221.1 | 221.2 | 221.2 | 221.3 | 221.3 | 221.6 | 221.9 | 222.1 | 222.1 | 221.8 |
| 2011 | 222.2 | 223.0 | 223.7 | 224.1 | 224.5 | 224.9 | 225.2 | 225.9 | 226.3 | 226.7 | 226.9 | 226.7 |
| 2012 | 227.2 | 227.9 | 228.7 | 229.3 | 229.6 | 229.9 | 229.9 | 230.2 | 230.8 | 231.3 | 231.3 | 231.0 |
| 2013 | 231.6 | 232.4 | 233.1 | 233.2 | 233.5 | 233.6 | 233.8 | 234.3 | 234.8 | 235.2 | 235.2 | 235.0 |
| 2014 | 235.4 |       |       |       |       |       |       |       |       |       |       |       |

1.62% = year over year rate of inflation (through January)