



HISTORIC
FRANKLIN
TENNESSEE

MEMORANDUM

November 16, 2010

ITEM #8
WRKS 12/14/2010

TO: Board of Mayor and Aldermen

ITEM #9
WRKS 12/14/2010

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

ITEM #10
WRKS 12/14/2010

SUBJECT: Amendment to the Employee Pension Plan and establishment of a defined contribution option for employees hired after February 15, 2010

Purpose

The purpose of this memorandum is to provide information to the Board of Mayor and Aldermen (BOMA) to consider adoption of amendments to the Employee Pension Plan and the establishment of a defined contribution option for employee hired after February 15, 2010.

Background

On September 28, 2010, the BOMA passed Resolution 2010-69 (attached) establishing a new retirement plan for employees hired on or after February 15, 2010. This action was the culmination of month of work by the Board to identify changes in the City's pension/retirement program that better managed cost while providing employees with a highly competitive, helpful retirement benefit. These changes impacted only those full time employees hired on or after February 15, 2010. All other full time employees were not impacted by these changes in the retirement plan.

In order to fully implement the Board's direction, a defined contribution program must be established. Resolutions 2010-83 and 2010-84 establish 401 and 457 plans through ICMA Retirement Corporation for this purpose. The existing defined benefit or pension program must also be amended to reflect the changes for employees hired on or after February 15, 2010 that choose to participate in the defined benefit option. These changes are included in Amendment Number 3 to the Franklin Employee Pension Plan document.

Financial Impact

The adopted changes in the City's retirement program are designed to make the plan more sustainable over the long term while still providing a competitive benefit that helps the City attract and retain the best employees.

Options

The proposed actions are believed to be consistent with the direction provided by the Board in Resolution 2010-60, passed by BOMA on September 28, 2010.

Recommendation

Approval of the Resolutions 2010-83 and 2010-84 establishing 401 and 457 plans and adoption of the Amendment Number 3 to the Franklin Employee Pension Plan document are recommended.