


## MEMORANDUM

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TO: Board of Mayor and Alderman

FROM: Eric Stuckey, City Administrator   
Shirley Harmon, Human Resources Director

DATE: December 30, 2011

SUBJECT: Consideration of Adoption of the Revised Pension Summary Plan Document

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### **Purpose**

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider the adoption of the Revised Pension Summary Plan Document.

### **Background**

The City of Franklin Employee's Pension Plan has been amended and restated in its entirety effective as of January 1, 2010, and was most recently amended again effective as of September 1, 2011. The Summary Plan Document contains a full explanation of all the Plans features. Each time the Plan is amended or changed, it is necessary to restate the Summary Plan Document. Adoption of the summary plan is required as a part of the City's submission to the Internal Revenue Service (IRS).

The purpose of the revision of the Pension Summary Plan Document is to incorporate all changes in the plan effective January 1, 2010 and the amendments to the plan effective September 1, 2011. The changes in the eligibility requirements are also addressed in the Plan Document as well as the mandatory 5% employee contribution into the plan, the change to the average of five consecutive years for the average final compensation for benefit calculations, and the optional Plan selections for employees hired after February 15, 2010. The ability to select either the Defined Contribution Plan or the Defined Benefit Plan is included in the options for employees hired after February 15, 2010. The additional option for participants of the Defined Contribution Plan to buy back years of service in the Defined Benefit Plan at vesting is addressed as well as the explanation of steps to do so. Amendment 2011-39 is reflected in the document designating the City as Plan Trustee and selecting U. S. Bank as the custodian of the Plan.

### **Financial Impact**

The financial impact is the cost of the legal fees for restating the plan and the cost for printing the document for distribution.

### **Recommendation**

Adoption of the Revised Pension Summary Plan Document is recommended.