Pension Protection Ordinance Ord. 5420

PRESENTED TO
ALL INTERESTED EMPLOYEES

Presented by: Roland McElrath

August 6- 2012

Purpose of Ordinance

 To protect employee pension benefits from the impact of a general salary reduction initiated by the Administration or City Council.

Accrued Benefits Defintion

- Definition of "Accrued Benefits" amended to include the following provision:
 - O As of any date, the accrued benefit payable semi-monthly in the form a single life annuity shall be calculated without regard to any decrease in average monthly compensation resulting from a general salary reduction implemented by the Administration or approved by the Council within any budget ordinance effective after June 30, 2010. If the product of the average monthly compensation and the percent multiplier based on years of service is of any date less than an amount calculated as of an earlier date (based on average monthly compensation, the percent multiplier and years of service as of that earlier date), the accrued benefit will be no less than the amount calculated as of that earlier date.

Current Application

- The final average earnings and the resulting pension benefit are calculated based on two different scenarios.
 - One calculation is based on the requirements of the pension ordinance at the time of your retirement.
 - The other scenario assumes the provisions of the November 2011 pension protection ordinance were applied retroactively to the date of the general decrease.
 - The pension benefit provided is the highest of the two calculations.

Current Application – General Employee

Without Protection

 Earnings calculation based on actual 12 month earnings prior to retirement date.

12 MONTH TOTAL EARNINGS 32,800.60
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DIVIDE BY 12 = MONTHLY AVG 2,733.38

MUILTIPLY BY % SERVICE

EQUALS MONTHLY PENSION

0.48

1,298.72

Protection

 Earnings calculation based on 12 month earnings prior to general decrease.

12 MONTH TOTAL EARNINGS 33,308.29

DIVIDE BY 12 = MONTHLY AVG 2,775.69

MUILTIPLY BY % SERVICE 0.48

EQUALS MONTHLY PENSION

1,318.83



Current Application – Fire/Police

Without Protection

 Earnings calculation based on actual 36 month earnings prior to retirement date.

36 MONTH TOTAL EARNINGS	203,085.85
DIVIDE BY = 3 ANNUAL AVG	67,695.28
DIVIDE BY = 12 MONTHLY AVG	5,641.27
MUILTIPLY BY % SERVICE	0.62
EQUALS MONTHLY PENSION	3,497.66

Protection

 Earnings calculation based on 36 month earnings prior to general decrease.

36 MONTH TOTAL EARNINGS	203,110.78
DIVIDE BY = 3 ANNUAL AVG	67,703.59
DIVIDE DI - 3 ANNOAL AVG	
DIVIDE BY = 12 MONTHLY AVG	5,641.97
MUILTIPLY BY % SERVICE	0.62
EQUALS MONTHLY PENSION	3,498.09
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