



Memphis City Council Summary Sheet

1. Description of the Item (Resolution, Ordinance, etc.)

Ordinance to amend Chapter 25, Code of Ordinances, City of Memphis, so as to limit participation in the pension system to participants with 10 or more years of service and create a separate account (equal to their employee contributions plus the multiple earned as of June 30, 2015) for participants with less than 10 years of service.

2. Initiating Party (e.g. Public Works, at request of City Council, etc.)

Human Resources Division

3. State whether this is a change to an existing ordinance or resolution, if applicable.

Yes, Amendment to Chapter 25, Code of Ordinances.

4. State whether this requires a new contract, or amends an existing contract, if applicable.

N/A

5. State whether this requires an expenditure of funds/requires a budget amendment.

This ordinance does not require an expenditure of funds.

ORDINANCE NO.: 5552

AN ORDINANCE TO AMEND CHAPTER 25, CODE OF ORDINANCE, CITY OF MEMPHIS, SO AS TO LIMIT PARTICIPATION IN THE PENSION SYSTEM TO PARTICIPANTS WITH 10 OR MORE YEARS OF SERVICE OR ANY PERSON HIRED ON OR BEFORE JUNE 30, 2015 AND HOW AS OF JULY 1, 2015, IS 65 YEARS OLD AND WHO HAS FIVE (5) OR MORE YEARS OF SERVICE WITH THE CITY AND CREATE A SEPARATE ACCOUNT (EQUAL TO THEIR EMPLOYEE CONTRIBUTIONS PLUS THE MULTIPLE EARNED AS OF JUNE 30, 2015) FOR PARTICIPANTS WITH LESS THAN 10 YEARS OF SERVICE

WHEREAS, the City of Memphis, Tennessee (the "Employer") has adopted a defined benefit retirement plan known as City of Memphis Retirement System for General Employees, as subsequently amended and restated from time to time and consisting of a 1948 plan (that part of the plan benefiting employees participating under the provisions of sections 25-60 through 25-99) and a 1978 plan (that part of the plan benefiting employees participating under the provisions of sections 25-160 through 25-199), currently codified and established under City Ordinance Chapter 25, Articles I through VII (collectively, "the Pension System"); and

WHEREAS, it has been determined that the Pension System should be further amended as set forth herein; and

NOW, THEREFORE, the Pension System is hereby amended as follows:

1. Sec. 25-1(17) *Employee* shall be restated and amended in its entirety to read as follows:

(17) *Employee*: Any person hired on or before June 30, 2015, but who as of July 1, 2015 has ten (10) or more years of service with the City and who was on June 30, 2015 a participant in the City of Memphis Retirement System for General Employees under City Ordinance Chapter 25, Articles I through VII or any person hired on or before June 30, 2015, but who as of July 1, 2015 is 65 years old and who has five (5) or more years of service with the City and is in the regular, full-time employ of the City to the extent that the City contributes to the salary of such employee in a job classification or title that the City administration shall designate as eligible for participation in the Plan, including any person who is elected to his/her office by the people, but not including the light, gas and water division of the City, temporary employees as classified by the City, part-time employees, or any employee mandated by law to contribute to the federal Social Security system and not eligible to be a participant by his/her job classification.

2. Section 25-1(42) *Trust fund* shall be renumbered as Section 25-1(44).

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3. Section 25-1(43) *Year of service* shall be renumbered as Section 25-1(45).
4. There shall be added as Section 25-1(42) the following Section 25-1(42) *Transferred Benefit*:

(42) *Transferred Benefit*: The accrued benefit under City of Memphis Retirement System for General Employees under City Ordinance Chapter 25, Articles I through VII of a participant actively employed as of June 30, 2015 but who as of July 1, 2015 has less than ten (10) years of service with the City or a participant as of June 30, 2015, who is less than 65 years old and has less than five (5) years of service with the City and who was on June 30, 2015 a participant in City of Memphis Retirement System for General Employees under City Ordinance Chapter 25, Articles I through VII, consisting of his/her employee contributions to the City of Memphis Retirement System plus the multiple as provided in City Ordinance Ch 25 -1(b).

5. There shall be added as Section 25-1(43) the following Section 25-1(43) *Transferred Participant*:

(43) *Transferred Participant*: Each participant who is actively employed as of June 30, 2015 but who as of July 1, 2015 has less than ten (10) years of service with the City or a participant as of June 30, 2015, who is less than 65 years old and has less than five (5) years of service with the City and who was on June 30, 2015 a participant in City of Memphis Retirement System for General Employees under City Ordinance Chapter 25, Articles I through VII with an accrued benefit consisting of his/her employee contributions to the City of Memphis Retirement System plus the multiple as provided in City Ordinance Ch 25 -1(b).

6. Sec. 25-160(a) *Participation* shall be restated and amended in its entirety to read as follows:

(a) *General rule*. Subject to section 25-160(b) and (c), and section 25-163(b), each person who shall become an employee on or after July 1, 1978 and prior to July 1, 2015, shall become a participant in this 1978 plan as of his employment creditable service date without any further action on his part, provided, however, if such person on June 30, 2015 has less than ten (10) years of service with the City or a participant as of June 30, 2015, who is

less than 65 years old and has less than five (5) years of service with the City such person shall be a Transferred Participant.

7. Section 25-160(c) *Elected employee rule* shall be restated and amended in its entirety to read as follows:

Elected employee rule. Any Eligible Employee who is elected to his/her position prior to July 1, 2015, including the Mayor or any member of the City Council, may elect to participate in this Plan as of the date he/she begins his/her elected duties, provided:

1. Such elected employee makes a written election to the Board within ninety (90) days of such date; and
2. If such elected Eligible Employee elects to begin participation after the date he/she begins his elected duties, he/she
 - a. Enters this Plan before the expiration of his/her then current term of office; and
 - b. Upon such entry, pays into the Trust Fund the Employee Contributions payable for the period since such date he/she began his/her elected duties, with compounded interest at the rate established by the Board.

8. There shall be added the following to reserve Secs. 25-201 through 299.

Secs. 25-201—25-299. Reserved.

9. There shall be added as Part 6 *Account for Transferred Participants* the following:

Part 6. Account for Transferred Participants

Sec. 25-300. *Cessation of Accruals for Transferred Participants.* Notwithstanding any other contrary provision of this Pension System, in calculating the accrued benefit (including the right to any optional benefit provided under the Plan) of any Transferred Participant, such Transferred Participant shall accrue no additional benefit under the Plan on or after June 30, 2015, except to the extent a benefit accrual is required to comply with Section 416 of the Code.

Sec. 25-301. *Transferred Benefit.* The Transferred Benefit of a Transferred Participant shall be segregated as a separate account for the Transferred Participant. The Transferred Participant shall be 100% vested in the Transferred Benefit.