

PRESS RELEASE



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CITY COUNCILMEMBER FELICIA MOORE RELEASES DETAILS OF NEW EMPLOYEE-BASED PENSION REFORM PROPOSAL

Proposal calls for a higher pension plan contribution by city employees

ATLANTA – Atlanta City Councilmember Felicia A. Moore today released details of a new employee-based pension reform proposal that would help the city of Atlanta through its current and long-term pension crisis while preserving the current level of benefits for employees.

The Employee/Moore Proposal would realize yearly saving of \$15 million across all three city of Atlanta pension funds (police, fire and general employees). Half of the new savings will be applied to pay down the unfunded liability and the other half will be used to reduce the amount of the City's annual pension contribution.

Council Member Moore stated that, "Instead of just expressing opposition, I felt it was important for employees to provide a solution. I told them that they were going to be hit by pension reform, so they needed to decide how and where they wanted to be hit." She added, "I'm impressed by the employees' ability to accept that we have a pension funding issue and suggest their willingness to sacrifice their own money to solve the problem."

Moore said current employees will preserve their Defined Benefit (DB) plan benefits by increasing their employee contribution by 5%. Current employees in the DB plan who were hired on or after July 1, 1983 shall be excluded from the requirement to pay the 5% increased contribution.

A single employee's contribution will go from 7% to 12%. A married employee's contribution will go from 8% to 13%.

Union representatives are currently presenting the new proposal to their membership. The plan was crafted with input from the union leaders and Pension Board leadership.

In the future, employee pension contributions can be reduced when the funding levels across all funds meet the following:

- 75% funding level - employee contribution will be reduced 2%
- 80% funding level - employee contribution will be reduced 2%
- 90% funding level - employee contribution will be reduced 1%

New hires at pay grade 18 and below will come into the DB Plan with:

- 2% multiplier
- 15 year vesting
- 75% survivor/disability benefits as in current DB Plan
- Eligible to retire with 30 years of service
- Age of retirement at 55 years of age for Police and Fire
- Age of retirement at 60 years of age for General Employees
- 12% employee contribution for single employees
- 13% employee contribution for married employees
- Maximum pension benefit is capped at \$100,000 year one, then increased by CPI
- Pension benefit capped by 80% of salary
- Benefits to be based on 5 years of highest earnings
- No sick leave to apply in the pension benefit calculation

New hires at pay grade 19 and below can opt into either the DB or Defined Contribution (DC) Plan at their time of employment with the City.

Current DC participants can opt into DB as a new hire (one time election).

Those employees currently in the DC Plan who elect to transfer into the DB New Hire Plan may use their service with the City to count for vesting purposes, but not for the purpose of determining their DB benefit.

The City Council will devote a full day discussing the latest pension reform under consideration on Friday during its retreat at the Atlanta Botanical Garden, Mershon Hall, 1345 Piedmont Avenue N.E. The meeting begins at 8 a.m.

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