

APPENDIX 5

Executive Summary, Pension Technical Advisory Committee Final  
Report

# City of Atlanta Pension Task Force Executive Summary

## GOALS OF PENSION PLANS:

- Value long term employees
- Retain institutional knowledge
- Attract and retain qualified "good" employees
- Create a retirement system that represents equitably all groups of employees

## CHANGES TO EXISTING PENSION PLANS:

- Tiered Pension Plan Retroactive:
  - 3.25% Multiplier First \$0-\$20,000
  - 3.00% Multiplier Next \$20,001-\$40,000
  - 2.75% Multiplier Next \$40,001- and higher
- Tiered Plan capped at 90% of employee's highest average annual salaries
- Tiered Plan to be tied to the COLA (Urban Atlanta Index)
- Permanent 75 Rule (combination of age and years of service)
- 10 years of service for full vesting in Pension Plan (5-10 vesting)
- Age 55 Retirement without penalty for vested General Employees
- Age 51 Retirement without Penalty for Vested Police and Fire Employees
- Rescind Existing Defined Contribution Plan
- Gradual Reduction in Employee Pension Contribution

## RECOMMENDATIONS:

- Salary adjustments:
  - Cost of Living Adjustment (COLA) performed annually
  - Competitive salaries with Atlanta area local governments
- Consider participation of all employees in Medicare Benefits
- Adjust Health Benefits back to 75% of Medical Plan selected by employees to be competitive with other local governments
- Look at Disability Benefit Issues and Legislation Needed to Protect City Workers
- The Pension Task Force is in Support of a Distinction between Catastrophic Disability and other Levels of Disability. Toward that end, the Pension Task Force Supports Recent Ordinances that Recognize this Distinction and Recommends that these Standards and Definitions used for Members of the Police Officers Pension in 01-0-0976 be Applied to all Three City of Atlanta Pension Plans
- Recommends that the City of Atlanta re-instate the Veterans Benefits option so as to allow employees to buy back their military service for up to four years if they served during periods of hostility

# City of Atlanta

## Pension Task Force

### 2001 Report

In July 2001, the Atlanta City Council and the Mayor created a task force for the purpose of reviewing the City's pension plans and developing recommendations for the overall improvement of the plans and for other purposes. While it is generally recognized that the City's pension plans needed to be updated and enhanced, some analysis was needed to establish the specific improvements needed.

The Pension Task Force is comprised of 17 members appointed in the following manner:

- The President of the Atlanta City Council, or his designee
- The Chair of the Finance/ Executive Committee or his designee
- Chief Financial Officer, Chief Operating Officer, and the Commissioner  
Of Personnel and Human Resources
- One representative from each of the three (3) Pension Boards, to be appointed by the respective Boards
- One representative from AFSME
- One representative from the Firefighters Union
- One representative from PACE General Employee Union Members
- One representative from the Police Union International Brotherhood of Police Officers (IBOP)
- One representatives from the Police Benevolent Association (PBA)
- The Chairperson Of the Civil Services Board
- Three citizen representatives- one to be appointed by the Mayor, one to be appointed by the President of Council and one to be appointed by the City Council. Each representative shall have knowledge of finance generally, and/ or pension plans, specifically.

## A Perspective for Change

The Pension Task Force initially met on August 29, 2001, and had weekly meetings thereafter through October 26, 2001. The Task Force elected Randy Bundy as the chair, and Lou Arcangeli as the vice-chair. Sub-committees were appointed and the Task Force began its work. It was decided that core goals needed to be established. To that end, the following core goals were created:

- Value long term employees
- Retain institutional knowledge
- Attract and retain qualified “good” employees
- Create a retirement system that represents equitably all groups of employees

In order to guide the City toward these goals, the Task Force discussed the reasons for having a pension plan and for making upgrades and enhancements to the pension plans. These reasons include the characteristics for having an effective pension plan, meeting the needs of the City and of the employees. These are the following:

## Reasons to Modernize our Pension Program

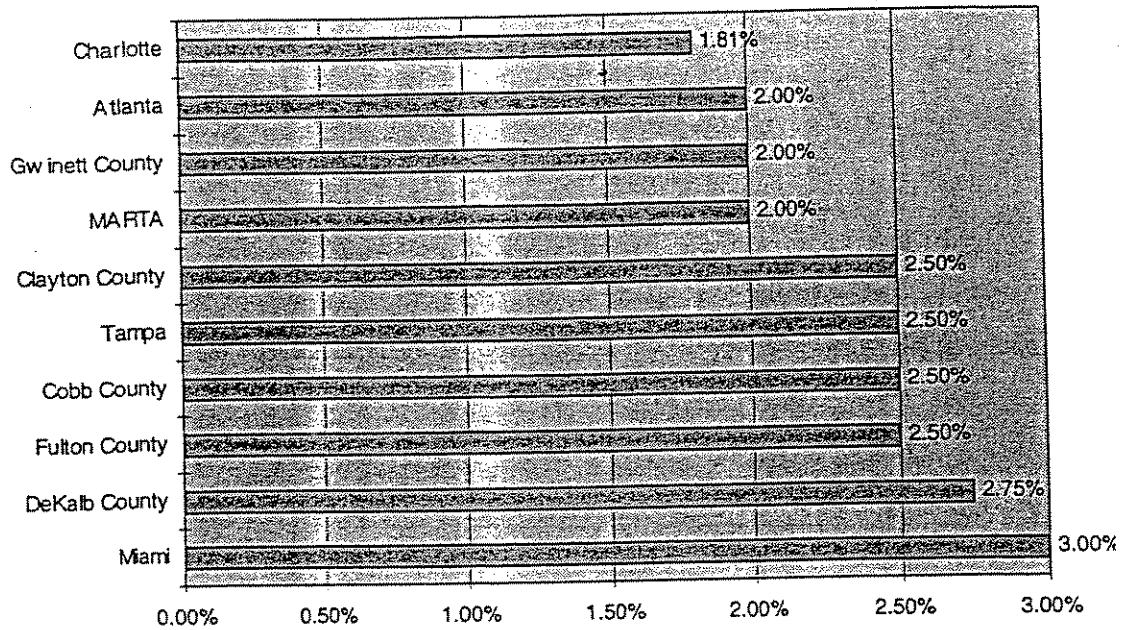
- 1. Investment in Human Capital:** The City must recognize the importance in maintaining an attractive pension plan as part of an investment strategy in managing it's human resource capital.
- 2. Recruiting the Best Workforce:** An appropriate and fair pension system will help attract increasingly savvy employees who are evaluating the employers "total compensation package" before making an employment commitment.
- 3. Retaining Institutional Memory:** A competitive retirement plan will assist in retaining excellent employees who are in the early and mid part of their career. Without this incentive the City will not be able to build and maintain a depth of employees with "institutional knowledge" critical to successfully managing operations.
- 4. Stable Plan Management:** A modern retirement program will eliminate the need for unplanned "early out" programs. These sudden windows force employees to choose or loose special benefits. They also don't allow the City to plan for a smooth transition of retiring staff to ensure continuity of mission critical programs.
- 5. Succession Planning:** The City can better plan for succession of employees as retirement approaches. This partnership with employees will protect the citizens ensuring replacement staff is constantly ready fir service delivery.
- 6. Employee Retirement Planning:** The employees can better plan for their retirement, and the economic protection and security of their families. (As compared to a temporary, short window early out program).
- 7. Health of Pension Plans:** Insure that the three pension funds are fiscally sound and in compliance with conservative and long-range actuarial goals.

## The Challenge

The last significant improvement to the City of Atlanta pension program was in 1978. Except for the improvements to the Police Officers and Firefighters Pension Plans in 2001, there have been no enhancements to the plans. During this time, surrounding local governments have made steady improvements to their pension plans to stay competitive with both government and private sector benefits in competing for an increasingly skilled and mobile work force. Atlanta's pension plans are no longer competitive and do not provide sufficient incentive to attract and retain the best workers and to retain institutional knowledge.

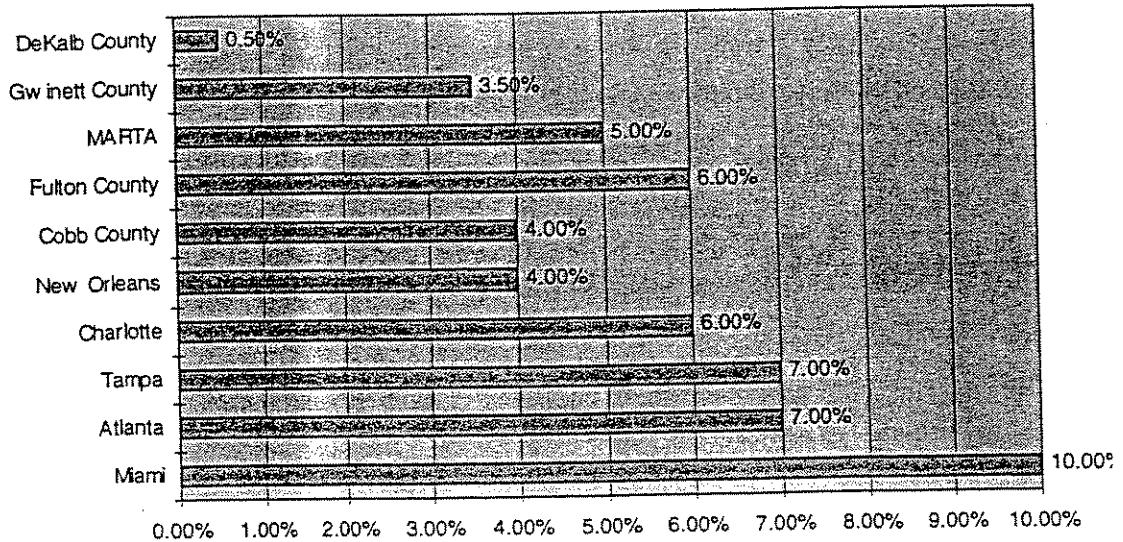
When compared with cities and counties of comparable size, Atlanta's pension plan for general employees ranks very low. In fact, when comparing the years of service multiplier for calculating individuals' pensions, the minimum age for a full pension, and the active employee's contribution to the pension fund, we find that the City of Atlanta Employees contribute more and receive much less.

### Pension Benefit Multipliers at 25 years of service



NOTE: During the first five years, the multiplier is 2.25% then increases to 2.50%. Newly hired employees and those so electing are under the defined contribution pension plan.

### Employee Contribution to Pension (as a percentage of wage)



## **The Health of the Pension Funds**

According to actuarial reports, the City's three pension funds –General, Police and Fire, (as of this report), are currently sound, but do need overhauling and state of the art enhancements. However, Pension Fund Trustees serving on this Task Force expressed concerns that recent actions will have the effect of increasing contributions by future employees and citizens.

### **Pension Plan Changes and Recommendations**

The Task Force met weekly for nine weeks and discussed remedies and developed recommendations for improvements. These recommendations include a fee of approximately \$15,000.00 for actuarial analysis for all three pension plans, General, Police and Fire. A letter was generated to Council Member Lee Morris requesting assistance in identifying funds for the actuarial analysis.

The recommendations are therefore presented without actual cost figures because the actuarial analysis has not been completed as of the date of this report. The following represent the approved pension plan changes:



## Approved Pension Plan By Pension Task Force

- **Tiered Pension Plan Retroactive:**
  - 3.25% Multiplier First \$0-\$20,000
  - 3.00% Multiplier Next \$20,001-\$40,000
  - 2.75% Multiplier Next \$40,001- and higher
- **Tiered Plan capped at 90% of employee's highest average annual salary (based on 36 months)**
- **Tiered Plan to be tied to the COLA (Urban Atlanta Index)**
- **Permanent 75 Rule (combination of age and years of service)**
- **10 years of service for full vesting in Pension Plan (lower from 15 years; 5-10 vesting)**
- **Age 55 Retirement without penalty for vested General Employees**
- **Age 51 Retirement without Penalty for Vested Police and Fire Employees**
- **Rescind Existing Defined Contribution Plan**
- **Gradual Reduction in Employee Pension Contribution**

The Task Force further considered that certain features were of higher priority than others and that the features could be phased in over three years as follows:

## **Prioritization of New Pension Plan Features**

### **BUDGET 2002**

- Discontinue defined contribution plan
- Tiered plan with 80% cap of highest annual salary and retroactive for all city of Atlanta employees with COLA adjustment
- Rule 75 for all city of Atlanta employees

### **BUDGET 2003**

- Lower vesting from 15 years to 10 years of service (5-10)
- Raise pension cap to 85% of highest annual salary

### **BUDGET 2004**

- Lower age of retirement without penalty from 60 to 55 years for employees of the general employees pension fund
- Lower age or retirement without penalty from 55 to 51 year for Police And fire employees Pension Fund
- Raise pension cap to 90% of highest annual salary

### **BUDGET 2005**

- Reduce the rate of contribution by city employees

In addition, the Task Force made other recommendations concerning benefits that directly affect the pension program that are in support of its goals but are not directly tied to the improvements in the pension plans. Those recommendations are as follows:

- **Salary adjustments:**
  - Cost of Living Adjustment (COLA) performed annually
  - Competitive salaries with Atlanta area local governments
- **Consider participation of all employees in Medicare Benefits**
- **Adjust Health Benefits back to 75% of Medical Plan selected by employees to be competitive with other local governments**
- **Look at Disability Benefit Issues and Legislation Needed to Protect City Workers**
- **The Pension Task Force is in Support of a Distinction between Catastrophic Disability and other Levels of Disability. Toward that end, the Pension Task Force Supports Recent Ordinances that Recognize this Distinction and Recommends that these Standards and Definitions used for Members of the Police Officers Pension in 01-0-0976 be Applied to all Three City of Atlanta Pension Plans**
- **Recommends that the City of Atlanta re-instate the Veterans Benefits option so as to allow employees to buy back their military service for up to four years if they served during periods of hostility**

# APPENDIX

### DB Plan with 3 steps

The first \$20,000 of average annual salary is computed at 3.25%  
From \$20,001 to \$40,000 is based on 3.0%  
All above \$40,000 is at 2.75%

Calculations are based on 25 years of employment and no age penalty at retirement.

<u>Avg. Annual Salary</u>	<u>Multipliers</u>	<u>Total Retirement Salary</u>	<u>% replacement</u>
<u>20,000</u> @ 3.25%	.8125 * 20,000 =	\$16,250	81.25%
<u>30,000</u>			
1 <sup>st</sup> 20,000 (3.25%)	.8125 * 20,000 =	\$16,250	
2 <sup>nd</sup> 10,000 (3.0%)	.75 * 10,000 =	<u>+\$ 7,500</u> = 23,750	79%
<u>40,000</u>			
1 <sup>st</sup> 20,000 (3.25%)	.8125 * 20,000 =	\$16,250	
2 <sup>nd</sup> 20,000 (3.0%)	.75 * 20,000 =	<u>+\$15,000</u> = 31,250	78%
<u>50,000</u>			
1 <sup>st</sup> 20,000 (3.25%)	.8125 * 20,000 =	\$16,250	
2 <sup>nd</sup> 20,000 (3.0%)	.75 * 20,000 =	\$15,000	
3 <sup>rd</sup> 10,000 (2.75%)	.6875 * 10,000 =	<u>+\$ 6,875</u> = 38,125	76%
<u>60,000</u>			
1 <sup>st</sup> 20,000 (3.25%)	.8125 * 20,000 =	\$16,250	
2 <sup>nd</sup> 20,000 (3.0%)	.75 * 20,000 =	\$15,000	
3 <sup>rd</sup> 20,000 (2.75%)	.6875 * 20,000 =	<u>+\$13,750</u> = 45,000	75%
<u>70,000</u>			
1 <sup>st</sup> 20,000 (3.25%)	.8125 * 20,000 =	\$16,250	
2 <sup>nd</sup> 20,000 (3.0%)	.75 * 20,000 =	\$15,000	
3 <sup>rd</sup> 30,000 (2.75%)	.6875 * 30,000 =	<u>+\$20,625</u> = 51,875	74%
<u>80,000</u>			
1 <sup>st</sup> 20,000 (3.25%)	.8125 * 20,000 =	\$16,250	
2 <sup>nd</sup> 20,000 (3.0%)	.75 * 20,000 =	\$15,000	
3 <sup>rd</sup> 40,000 (2.75%)	.6875 * 30,000 =	<u>+\$27,500</u> = 58,750	73%

# Comparison of Local County Govt. Pension Plans with the City of Atlanta

As of 9/05/2001  
Pension Benefit Plans

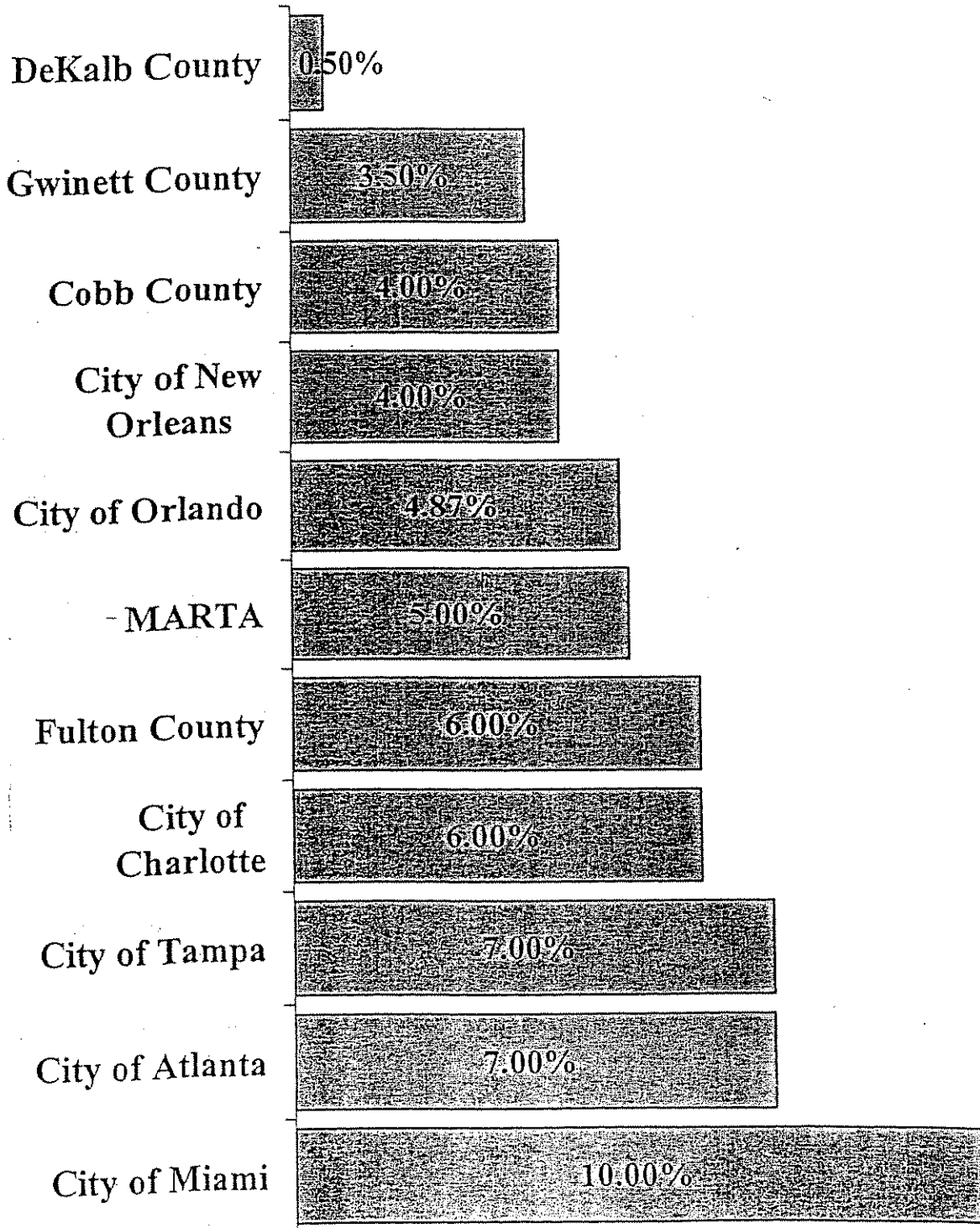
	Retirement Plan	% per Year	Medical?	Life Ins.	Employee Contribution	Years to Vest	Normal Age	Year Established
City of Atlanta	Age 60 Mandatory DC No Social Security 3 Funds	2.00 for General 3.00 for Police 2.00-3.00 for Fire 80% Cap for Police	YES 75% of least plan	\$ 5,000	7.00%	15	60	1978
Cobb County	Rule 80 Social Security One Fund	2.50 No Cap	YES 85%? of all plans	\$ 10,000 ?	4.00%	7	55	1998
DeKalb County	30 years/82.5% One Fund Social Security One Fund	2.75 Considering 3.00 82.5% Cap	YES 70% of all plans	\$ 5,000	0.50%	10	55	1998
Fulton County	Rule 80 Mandatory DC Social Security One Fund	2.25% First 5 years 2.5% After 5 years No Cap	YES ?	\$ 5,000	6.00%	10	55-60	1991 and 1999
Gwinnett County	Rule 75 Option of DC One Fund Social Security One Fund	2.00 No Cap	YES 85% of all plans	\$ 20,000	3.50%	3	55	1994

**How Do We Compare:**

- 1 - City has the longest vesting schedule - 15 years
- 2 - The City is the only major metro government employer to base target retirement plans on age rather than on years of service or in combination with age
- 3 - City has the lowest rate of percentage per year of service (Behind Cobb, DeKalb, and Fulton Counties)
- 4 - City has the highest employee contribution rate (14 times higher than DeKalb County)
- 5 - Normal retirement age is highest with the City - 60 years
- 6 - City has oldest plan - the City should be a leader and first, not last in every category

Comparative Pensions in Atlanta					
Area	City Plan Age 55	DeKalb Plan Age 55	Cobb Plan Age 55	Fulton Plan Age 55	
As of 12/31/2000					
<i>% Amount Increase -vs- City</i>		53%	39%	32%	
<i>% of Emp. Contribution</i>	7%	0.5%	4%	6%	
<b>Payroll Clerk</b>	\$ 11,846.70	\$ 18,099.13	\$ 16,453.75	\$ 15,631.06	
Salary:	26,326.00				
Years of Service:25					
<b>Electrician</b>	\$ 17,095.50	\$ 26,118.13	\$ 23,743.75	\$ 22,556.56	
Salary:	37,990.00				
Years of Service:25					
<b>IT Analyst</b>	\$ 21,469.95	\$ 32,801.31	\$ 29,819.38	\$ 28,328.41	
Salary:	47,711.00				
Years of Service:25					
<b>Chief Civil Eng.</b>	\$ 30,217.95	\$ 46,166.31	\$ 41,969.38	\$ 39,870.91	
Salary:	67,151.00				
Years of Service:25					

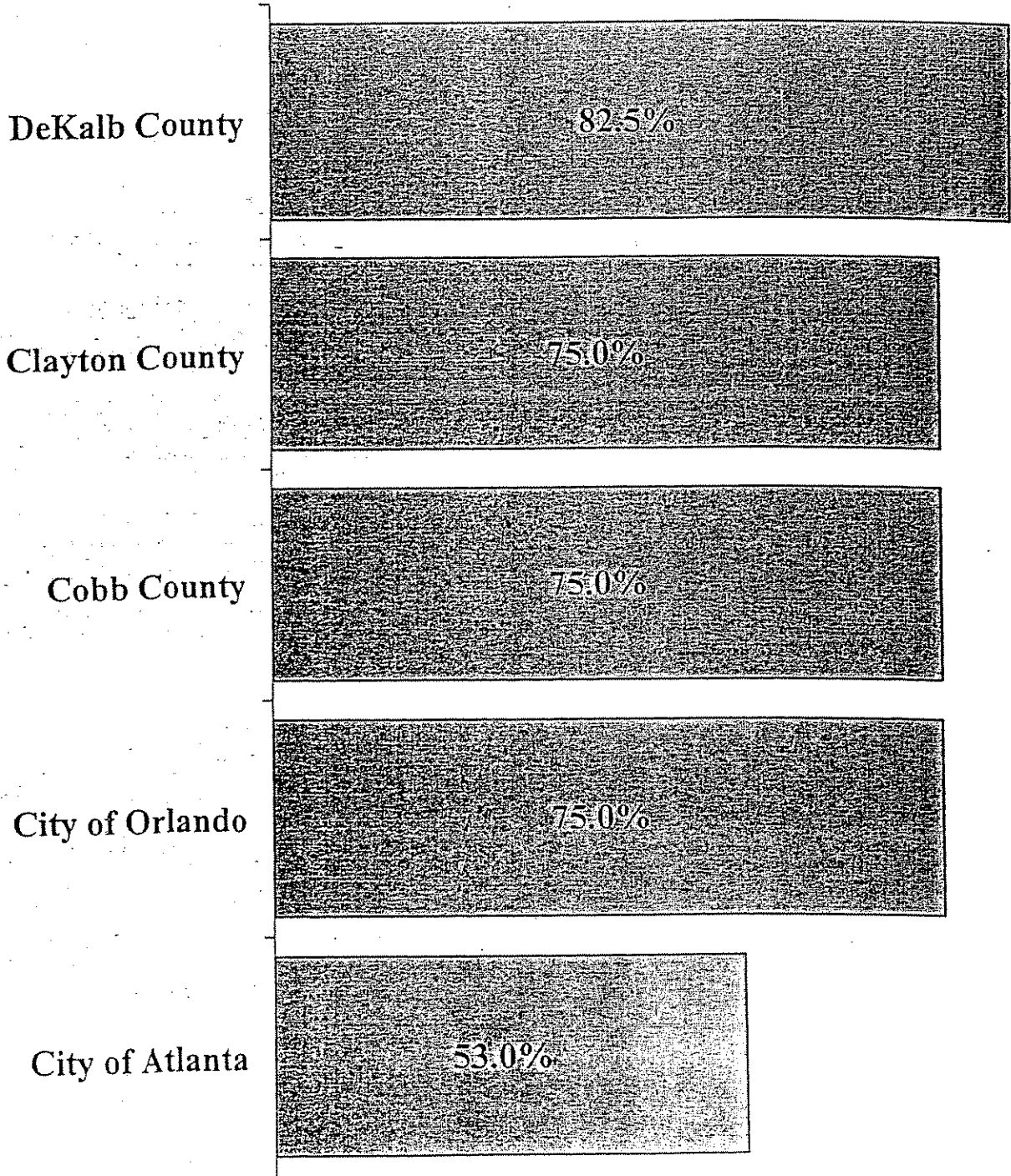
Employee Contributions to Their Pension Plans  
(percentage deducted from wage)



Source: "Your Pension Benefits from The City of Atlanta and The Atlanta Board of Education";  
IBPOLOCAL623.org webpage;  
Benefit Managers of selected Cities

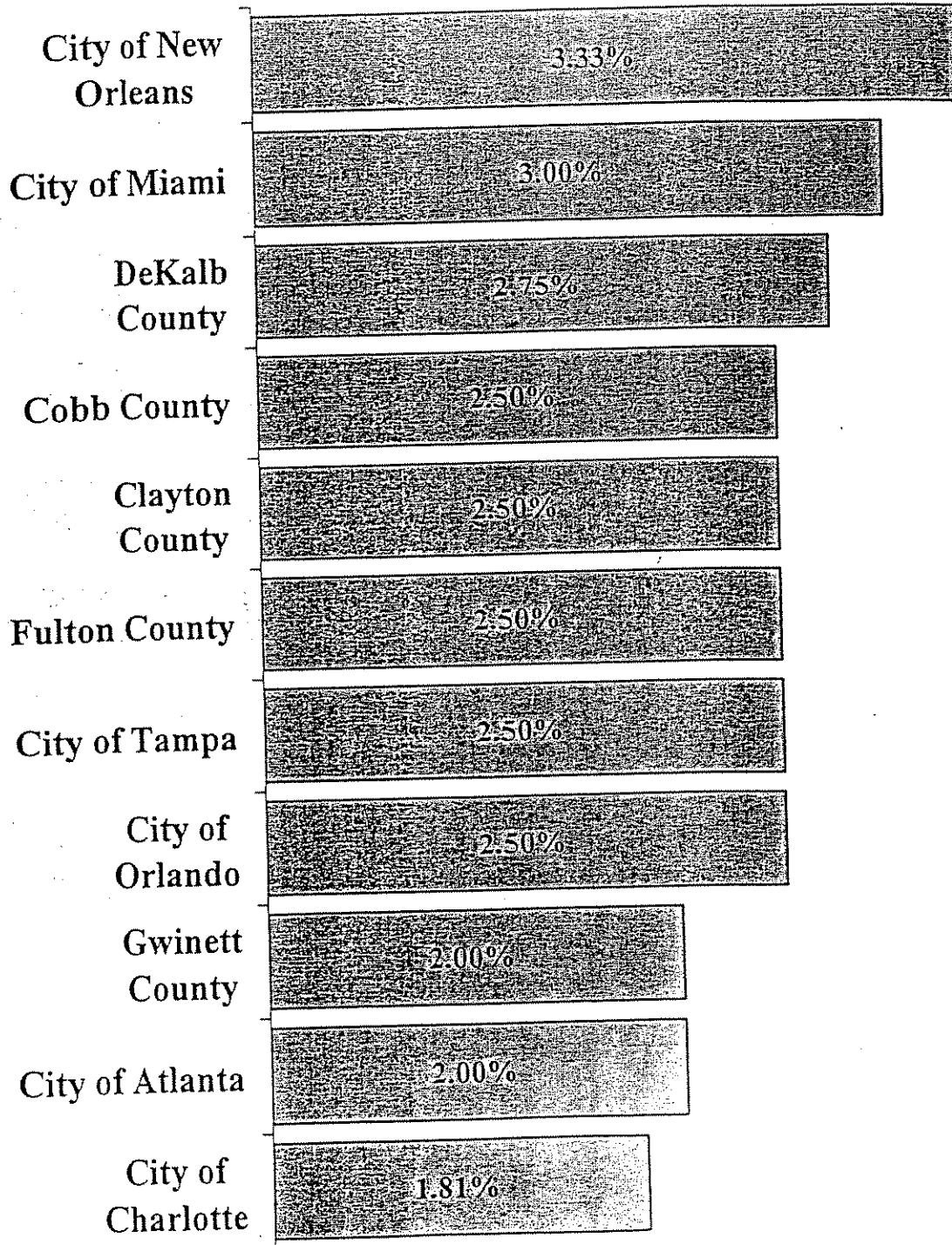


Pension Calculation for Public Employees  
Age 51 with 30 years of Service  
(as a Percentage of Final Pay)



Source: "Your Pension Benefits from The City of Atlanta and The Atlanta Board of Education";  
IBPOLOCAL623.org webpage;  
Benefit Manager of City of Orlando

## Pension Benefit - Years of Service Multipliers



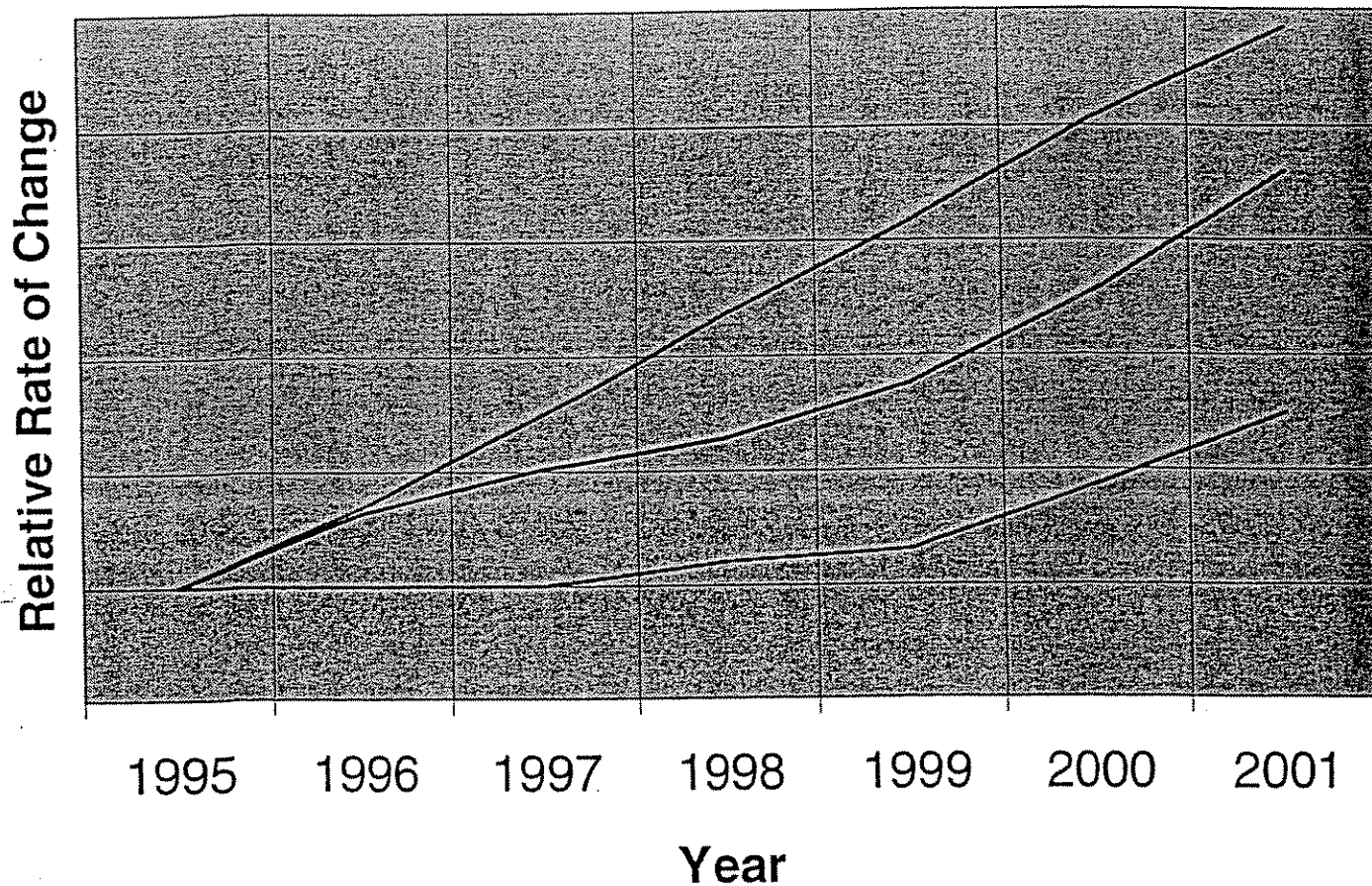
Source: "Your Pension Benefits from the City of Atlanta and The Atlanta Board of Education";  
IBPOLOCAL623.org webpage;  
Benefit Managers of selected Cities

Pension Plans for City and County Civilian Employees

	Basic retirement plan	Pension benefit multiplier (per years of service)	Years to vesting	Employees' contribution to their pension plan	Age at which no penalty applies	Pension calculation for employee at age 51 with 30 years of service	Source
Atlanta	Age 60	2.0%		7.0%	60	53.0%	
Clayton County		2.5%				75.0%	
Cobb County	Rule of 80	2.5%	7	4.0%	55	75.0%	Joan Baker, HR specialist
DeKalb County	30 years of service	2.75%		0.5%	55	82.5%	
Fulton County	Rule of 80	2.5%	10 5	6.0%	60		Bim Olabajo, Finance asst. supr.
Gwinnett County	Rule of 75	2.0%		3.5%	55		
MARTA	Rule of 80	2.0 to 2.1%		5.0%			Cynthia Andrews, Ret. Benefits Analyst
City of Miami	Rule of 70	3.0%	10	10%	55		Irma at 305-579-6372
Nashville	Rule of 85	1.75%	5		65		Paul Hiltz at 615-880-2812 and pension plan brochure.
New Orleans	30 YOS, or age 60 + 10 YOS, or age 65	2%, first 10 years 2.5%, 10-20 years 3.0%, 20-30 years 4% for 30+ years, cap at 100%	10	4%			
Omaha (for	Rule of 80		5	4.98% plus 7.65%	50		www.ci.oma

civilian managers and the civilian bargaining unit)	Basic retirement plan	Pension benefit multiplier (per years of service)	Years to vesting	Employees contribution to their pension plan	Age at which no penalty applies	Pension calculation for employee at age 51 with 30 years of service	Source
				for Social Security			ha.ne.us/pers/relations/ee_group_summary.htm
Tampa, Plan a	Age 55	2% first 15 years, 2.5% thereafter, cap at 100%	10	7%	55		Patsy Baker 407-874-8659
Tampa, Plan b	Age 62	1.1% plus Social Security					
Charlotte	30 years of service or age 60 + 25 YOS or age 65 + 5 YOS	1.81%		6%			Annie Ellis 704-336-2285

# Comparing the rise in CPI-U, Average US workers' earnings and City of Atlanta workers' earnings



— CPI-U (+17.96%)  
— US Workers (+24.23%)  
— City of Atlanta workers (+7.45%)

# Comparison of Local County Govt. Pension Plans with the City of Atlanta

As of 2/05/2002  
Pension Benefit Plans

	Retirement Plan	% per Year	Medical?	Life Ins.	Employee Contribution	Years to Vest	Normal Age	Year Established
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- 3 - City has the lowest rate of percentage per year of service (Behind Cobb, DeKalb, and Fulton Counties)
- 4 - City has the highest employee contribution rate (14 times higher than DeKalb County)
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# **Pension Technical Advisory Committee**

## **Key Points**

### **EMPLOYEE PENSION TASK FORCE HISTORY:**

- **Created at the request of the City Council for a comprehensive and continuing overview of the pension systems (July 2001)**
  - **Lou Archangeli of the Atlanta Police Department and I Co-Chaired Committee**
  - **Stakeholders included pension board chairpersons, all union representatives, City Council, Executive Branch, Actuaries of the pension funds, and outside representatives**
- **Met from August 2001 thru October 2001 and produced comprehensive recommendations for pension reform unanimously approved by all members of the task force (presented 10/31/2001)**
- **Held meetings until July 2002 when administration requested to form panel of experts for review of systems and to make recommendations**

### ***KEY POINTS OF THE 2001 EMPLOYEE PENSION TASK FORCE***

#### **GOALS FOR PENSION PLANS:**

- **Value long term employees**
- **Retain institutional knowledge**
- **Attract and retain qualified "good" employees**
- **Create a retirement system that represents equitably all groups of employees**

#### **CHALLENGE (Display for Reasons First):**

The last significant improvement to the City of Atlanta pension program was in 1978. Except for the improvements to the Police Officers and Firefighters Pension Plans in 2001, there have been no enhancements to the plans. During this time, surrounding local governments have made steady improvements to their pension plans to stay competitive with both government and private sector benefits in competing for an increasingly skilled and mobile work force. Atlanta's pension plans are no longer competitive and do not provide sufficient incentive to attract and retain the best workers and to retain institutional knowledge.

When compared with cities and counties of comparable size, Atlanta's pension plan for general employees ranks very low. In fact, when comparing the years of service multiplier for calculating individuals' pensions, the minimum age for a full pension, and the active employee's contribution to the pension fund, we find that the City of Atlanta Employees contribute more and receive much less.



## **SHOW DISPLAYS OF COMPARISON OF PENSION PLANS**

## **DISCUSS FINAL STRATEGY (PERCENTAGE OF REPLACEMENT INCOME BASED ON SALARY/SOCIAL SECURITY CONSIDERATION)**

### **CHANGES TO EXISTING PENSION PLANS:**

- **Tiered Pension Plan Retroactive:**
  - **3.25% Multiplier First \$0-\$20,000**
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- **Age 55 Retirement without penalty for vested General Employees**
- **Age 51 Retirement without Penalty for Vested Police and Fire Employees**
- **Rescind Existing Defined Contribution Plan (See Below)**
- **Gradual Reduction in Employee Pension Contribution**

### **RECOMMENDATIONS:**

- **Salary adjustments:**
  - **Cost of Living Adjustment (COLA) performed annually**
  - **Competitive salaries with Atlanta area local governments**
- **Participation of all employees in Medicare Benefits**
- **Adjust Health Benefits back to 75% of Medical Plan selected by employees to be competitive with other local governments**
- **Look at Disability Benefit Issues and Legislation Needed to Protect City Workers**

## **REJECTION OF DC PLAN AS CONSTITUTED IN 2001**

## **Pension Technical Advisory Committee Key Points – May 27, 2004**

### **PENSION PLAN SHOULD BE THE SAME FOR ALL CITY EMPLOYEES (Fairness and Equity)**

**Risk Avoidance: (Legal expenses, Court Mandated Changes and Restitution)**

**Possible Legal Exposure: Discrimination by Race or Gender (EEOC) (Women make up a very low percentage of the Uniformed Fire and Police employees / the vast majority of women employees work in the general fund)**

**Possible Legal Exposure: Equal Pay Act (men and women doing the same job with different pay and/or benefits)**

### **MORE PROBLEMS 3 PENSION FUNDS**

**Divides City Employees Into Separate Classes**

**More Expensive to Administer By City and Pension Funds**

- **Multiple Boards**
- **Multiple Actuaries**

**Possible Legal Exposure – Having three separate pension systems for the City May Be Subject to Court Challenge based on Georgia State Law.**

### **Uniform Police And Fire Employees Vs. Other City Employees**

**What About Corrections Officers in the General Employees Pensions Fund?**

**Non-Issue Concerning Hazardous Duty and Pensions**

- **Not in the top 10 of most hazardous jobs according to the U.S. Bureau of Labor**
- **Construction Laborers are listed as #9**

**Higher Salary should compensate for more hazardous duty, not medical or pension benefits**

**(Hazardous Duty Pay as in the Military)**

## **RECOMMENDED CHANGES TO EXISTING PENSION PLANS:**

**Remember: This plan had the support of all unions, pension boards, the actuaries, the City Council and Administration representatives.**

- **2005**
  - Permanent 75 Rule (combination of age and years of service)
  - Tiered Pension Plan Retroactive for All City Employees:
    - 3.25% Multiplier First \$0-\$20,000
    - 3.00% Multiplier Next \$20,001-\$40,000
    - 2.75% Multiplier Next \$40,001- and higher
    - Tiered Plan capped at 80% of employee's highest average annual salaries
    - Tiered Plan to be tied to the COLA (Urban Atlanta Index)
  - Rescind Existing Defined Contribution Plan
    - Consider Offering Voluntary DC Plan For New Employees
      - Include Social Security for permanent benefit or higher City match to employee's contribution
      - Medical Benefits after 10 years of service
      - Opportunity to move to DB plan at employee's expense
- **2006**
  - 10 years of service for full vesting in Pension Plan (5-10 vesting)
  - Age 55 Retirement without penalty for vested General Employees
  - Age 50 Retirement without Penalty for Vested Police and Fire Employees
  - Tiered Plan capped at 85% of employee's highest average annual salaries
- **2007 and Beyond**
  - Gradual Reduction in Employee Pension Contribution as Financial Conditions Allow

## **OTHER RECOMMENDATIONS AFFECTING PENSIONS:**

- **Salary adjustments:**
  - Cost of Living Adjustment (COLA) performed annually (2005)
  - Competitive salaries with Atlanta area local governments (2005)
- **Participation of all employees in Medicare Benefits (2006)**
- **Adjust Health Benefits back to 75% of Medical Plan selected by employees to be competitive with other local governments (2006)**
- **Look at Disability Benefit Issues and Legislation Needed to Protect City Workers (2006)**

## REASONS TO REVOKE DEFINED CONTRIBUTION PLAN

- Plan has no long term component (3 Legged Stool)
  - Social Security not included (Fulton County)
  - Employees could be left with nothing if the investments made do not yield an adequate return
- Plan is mandatory for all new employees with no alternative
- Police and Fire employees are not forced to have a similar plan: If this plan is so great, why are they not included and why do they oppose such a plan?
- 6% Match is just a cost savings measure for the City of Atlanta and hurts City employees
  - Police and Fire have 21% to 23% City contributions
  - General Employees have about 18-20%
  - In other words the City stands to save millions (12% or more on contributions they should be making to the employees pension
- Defined Contribution Plan does not meet City of Atlanta goals of attracting and retaining qualified “good” employees
- Defined Contribution Plan was examined by the Pension Task Force and both actuarial firms working with the pension funds and the unanimous recommendation was to revoke the Defined Contribution Plan

# Comparison of Local County Govt. Pension Plans with the City of Atlanta

As of 2/05/2002  
Pension Benefit Plans

City	Retirement Plan	% per Year	Medical?	Life Ins.	Employee Contribution	Years to Vest	Normal Age	Year Established
City of Atlanta	Age 60	2.00 for General	YES 75%	\$ 5,000	7.00%	15	60	1978
	Mandatory DC	3.00 for Police	of least plan					
	No Social Security 3 Funds	2.00-3.00 for Fire 80% Cap for Police						
Cobb County	Rule 80	2.50	YES 85%?	\$10,000 ?	4.00%	7	55	1998
	Social Security One Fund	No Cap	of all plans					
DeKalb County	30 years/82.5% One Fund	2.75	YES 70%	\$ 5,000	0.50%	10	55	1998
	Social Security	Considering 3.00 No Cap	of all plans					
Fulton County	Rule 80	2.25% First 5 years	YES	?	6.00%	10	55-60	1991 and 1999
	DC Plan Social Security	2.5% After 5 years No Cap						
Gwinnett County	Rule 75	2.00	YES 85%	\$ 20,000	3.50%	3	55-60	1994
	Option of DC One Fund Social Security	No Cap	of all plans					

**How Do We Compare:**

- 1 - City has the longest vesting schedule - 15 years
- 2 - The City is the only major metro government employer to base target retirement plans on age, rather than on years of service or in combination with age
- 3 - City has the lowest rate of percentage per year of service (Behind Cobb, DeKalb, and Fulton Counties)
- 4 - City has the highest employee contribution rate (14 times higher than DeKalb County)
- 5 - Normal retirement age is highest with the City - 60 years
- 6 - City has oldest plan - the City should be a leader and first, not last in every category

RESOLUTION BY

BY COUNCILMEMBER MICHAEL J. BOND AS SUBSTITUTED AND  
AMENDED BY THE FINANCE/EXECUTIVE COMMITTEE

A RESOLUTION AUTHORIZING THE  
CREATION OF A TASK FORCE FOR THE  
PURPOSE OF REVIEWING THE CITY'S  
PENSIONS PLANS AND DEVELOPING  
RECOMMENDATIONS FOR THE OVERALL  
IMPROVEMENT OF SUCH PLANS; AND FOR  
OTHER PURPOSES.

WHEREAS, the City of Atlanta is a creation of the State of Georgia under the authority of the Municipal Home Rule Act; and

WHEREAS, as a creation of the State of Georgia the City of Atlanta has the authority under the Municipal Home Rule Act to offer its employees a pension plan and certain other benefits; and

WHEREAS, under the Municipal Home Rule Act the City of Atlanta has created three separate pension funds for its police, fire and all other employees; and

WHEREAS, these pension funds are created by the City under the authority given to it by the State of Georgia and vary in their benefits; and

WHEREAS, all three Pension Plans should be examined and a plan of action developed to ensure their viability in future years as city employees retire with expectation of enjoying their golden years; and

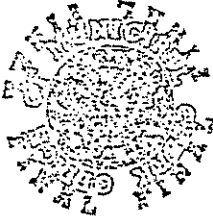
WHEREAS, the creation of a Task Force to review, plan and implement a plan of action will hopefully provide stability and growth for the City's three pension funds :

NOW, THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA; as follows:

SECTION 1: That a Employee Pension Task Force is hereby established with the Department of Finance providing the necessary support (technical, clerical, MIS, etc.) through the Bureau of Treasury, Licensing and Employee Benefits' Pension Division.

SECTION 2: That the Employee Pension Task Force shall consist of seventeen members to be appointed in the following manner:

- The President of the Atlanta City Council, or his designee
- The Chair of the Finance/Executive Committee or his designee
- Chief Financial Officer, Chief Operating Officer, and the Commissioner of Personnel and Human Resources
- One representative from each of the three (3) Pension Boards, to be appointed by the respective Boards
- One representative from AFSME
- One representatives from the Firefighters Union
- One representatives from PACE General Employee Union Members



- One representatives from the Police Union International Brotherhood of Police Officers (IBOP)
- One representatives from the Police Benevolent Association (PBA)
- The Chairperson of the Civil Services Board
- Three citizen representatives - one to be appointed by the Mayor, one to be appointed by the President of Council and one to be appointed by the City Council. Each representative shall have knowledge of finance, generally, and/or pension plans, specifically.

SECTION 3: That the Chairperson of the Finance/Executive Committee of the City Council shall convene this Task Force upon approval and adoption of this legislation by the Mayor and Council. The Task Force shall make periodic reports to the City Council

SECTION 4: That all resolutions and parts of resolutions in conflict herewith are and the same is hereby repealed.

A true copy,

*Florida Douglas Johnson*  
Municipal Clerk, CMC

ADOPTED as amended by the Council  
APPROVED by the Mayor

JUL 02, 2001  
JUL 10, 2001

FINAL COUNCIL ACTION

2nd  1st & 2nd  3rd  
 Readings  
 Consent  V Vote  RC Vote

CERTIFIED

**CERTIFIED**  
 JUL 0 2 2001  
 ATLANTA CITY COUNCIL PRESIDENT  
*Richard Johnson*

**CERTIFIED**  
 JUL 0 2 2001  
*Richard Johnson*  
 MUNICIPAL CLERK

**APPROVED**  
 JUL 10 2001  
*[Signature]*

First Reading

Committee \_\_\_\_\_  
 Date \_\_\_\_\_  
 Chair \_\_\_\_\_  
 Referred to \_\_\_\_\_

Committee FINANCE  
 Date 6/27/01  
 Chair [Signature]  
 Action: ON SUB. AS  
 Fav, Adv, Hold (see rev. side)  
 Other:  
 Members [Signature]  
 Refer To \_\_\_\_\_

Committee \_\_\_\_\_  
 Date \_\_\_\_\_  
 Chair \_\_\_\_\_  
 Action: \_\_\_\_\_  
 Fav, Adv, Hold (see rev. side)  
 Other:  
 Members \_\_\_\_\_  
 Refer To \_\_\_\_\_

017 R-0975  
 (Do Not Write Above this Line)

A RESOLUTION BY  
 BY COUNCILMEMBER MICHAEL  
 JULIAN BOND *[Signature]*  
 A RESOLUTION AUTHORIZING  
 THE CREATION OF A TASK  
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 REVIEWING THE CITY'S  
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 ABOUT FIRIITY TO THE THREE  
 PEARS; AND FOR OTHER  
 PURPOSES.

ADOPTED BY  
 JUL 0 2 2001  
 COUNCIL

- Amended*
- CONSENT REFER
  - REGULAR REPORT REFER
  - ADVERTISE & REFER
  - 1st ADOPT 2nd READ & REFER
  - PERSONAL PAPER REFER

Date Referred 6/18/01  
 Referred To: Finance / Executive  
 Date Referred \_\_\_\_\_  
 Referred To: \_\_\_\_\_  
 Date Referred \_\_\_\_\_



**Pension Benefit For Employee Age 50 With 30 Years of Service and Salary of \$40,000**

