



Lexington-Fayette Urban County Government
OFFICE OF THE COUNCIL CLERK

Jim Gray
Mayor

Susan Lamb
Council Clerk

TO: Urban County Council

FROM: Susan Lamb
Susan Lamb, Council Clerk

DATE: May 14, 2013

RE: Recommendation to Council from City Employees' Pension Fund Board

On April 30, 2013, the City Employees' Pension Fund Board voted (3 - 2) to request the Council's approval of an amendment to Section 6-53(b)(2) of the Code of Ordinances to increase the annual cost of living adjustment (COLA) from 3% to 5% effective July 1, 2013. A copy of a proposed amendment to Section 6-53 of the Code of Ordinances is attached.

The Board currently has seven members, of which two were absent, on April 30, 2013. The motion was approved by the following vote: Aye – Retiree Members Danna Hoffmaster, Rosemary Corrigan, Gay Lang; Nay – Mayor Jim Gray, Human Resources Director John Maxwell.

The Pension is a "closed" fund and, as of May 14, 2013, has 31 retirees and 57 beneficiaries. Beneficiaries receive 75% of the retirees' pension. The current 3% annual COLA was approved by Ordinance No. 110-81, effective on July 1, 1981.

An actuarial study has been produced and shows the pension is 158% funded based on a 15 year amortization period with a 5% COLA. The average age of the retiree membership is 81. The average monthly salary of retirees and beneficiaries is \$1,442.74 (gross).

The Pension Fund's Actuarial Study is performed annually and is kept on file in the Council Clerk's Office.

cc: Mayor Jim Gray
Sally Hamilton, CAO
City Employees' Pension Fund Board Members
Ed Gardner, Dept. of Law

Sec. 6-53. - Pensions on retirement.

- (a) Upon application of a qualified member for retirement from service on and after December 1, 1973, the board shall retire such member; and such member shall receive a pension monthly equal to two and one-half (2½) percent of his average monthly salary based over the period of three (3) highest years' salary he received while employed by the urban county government or its predecessor, the City of Lexington, such amount multiplied by his completed years of service up to a maximum of twenty (20) years, plus one (1) percent additional allowance for each year of service in excess of twenty (20), not to exceed sixty-five (65) percent of three (3) highest years' salary received.
- (b) (1) When a member, retiring after July 1, 1981, has been retired for one (1) year or has attained sixty-one (61) years of age, whichever is later, or when he would have been retired for one (1) year or attained sixty-one (61) years of age in the event the member is deceased, the board shall increase his retirement annuity or the annuity paid to his widow or dependent children by three (3) percent per year, compounded annually; and such increase shall be granted annually thereafter by the board.
- (2) Beginning July 1, ~~1992~~ 2013, the board shall grant annual cost-of-living increases of ~~three (3)~~ five (5) percent, compounded annually to the members who retired prior to July 1, 1981, or their survivors in the same manner as provided in paragraph (1) of this subsection (b).
- (3) Notwithstanding the provisions of subsections (b)(1) and (2), any member who retires under disability shall not be entitled to an increase in his retirement annuity, or in the event he is deceased, in the annuity paid his widow or dependent children, until the date upon which the member would have been retired for one (1) year or the date upon which he has attained sixty-one (61) years of age, whichever is later, or would have attained sixty-one (61) years of age in the event the member is deceased. Thereafter, the annuity paid to the member or to his widow or to the guardian of his minor children shall be increased as provided in subsection (b)(1) of this section.