


<b>FROM</b>	NAME & TITLE	Deborah F. Moore-Carter, Labor Commissioner <i>DFMC</i>	<b>CITY of</b> <b>BALTIMORE</b> <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Office of the Labor Commissioner 417 East Fayette Street, Suite 1405		
	SUBJECT	<b>City Council Bill 08-0220 - Fire and Police Employees' Retirement System-Benefit-Post Retirement Increases</b>		

**TO** The Honorable President  
Stephanie Rawlings-Blake and  
Members of the Baltimore City Council  
Room 406, City Hall  
100 N. Holiday Street  
Baltimore, Maryland 21202

DATE: 11/28/2008

***Recommended Position***

The Office of the Labor Commissioner supports change to the structure of the variable benefit adjustment for retirees of the Fire & Police Employees Retirement System.

***Comments and Analysis***

City Council Bill 08-0220 as proposed, changes the methodology by which retirees of the Fire & Police Pension System receive annual adjustments to their pension check. Currently, retirees and beneficiaries receive increases to their basic retirement benefit based on investment performance of the pension system's assets. Under the current system, if there are excess earnings, retirees receive an annual adjustment based on the excess. In years when the stock market performed well, the adjustments have been as high as 10.9%. In years when the stock market performed poorly, retirees do not receive an annual adjustment.

The proposed legislation would:

- Provide a minimum annual adjustment of 1.5% even in poor investment years.
- Move the variable benefit assets to the general investment portfolio to improve investment earning potential.
- Mirror the amendments made to the Employees' Retirement System.

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