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| FROM | NAME & TITLE | Deborah F. Moore-Carter, Labor Commissioner <i>DJMC</i> | CITY of BALTIMORE MEMO |  |
| | AGENCY NAME & ADDRESS | Office of the Labor Commissioner 417 East Fayette, Suite 1405 | | |
| | SUBJECT | Council Bill 10-0482 F&P Retirement System | | |

TO

The Honorable Jack Young
and Members of the
Baltimore City Council
c/o Karen Randle
Room 406 City Hall
100 N. Holiday Street

DATE:
5/14/10

Recommended Position

The Office of the Labor Commissioner is in support of the legislative pension reforms presented in City Council Bill No. 10-0482. The Fire and Police Retirement System pension costs have reached a level of fiscal concern for the City of Baltimore (City). It is important to have a pension system that the City can maintain. The current system is not sustainable by the City and future pension costs will continue to escalate unless the City decides to enact changes.

Some of the more notable changes in the pension reform bill include changes in the eligibility requirements for retirement with a full pension. Currently, police officers can retire after 20 years of service, regardless of age. The reform bill adopts the rule where an officer can not retire with a full pension until they reach at least 55 years of age and have 15 years of continuous service. The Greater Baltimore Committee report released estimates that this change alone could save the City at least 40 million dollars a year.

Other proposed reforms affect member contributions, deferred retirement option plans and variable benefit for retirees.

These changes, if passed, will help the City meet its current and future pension obligations to the Fire and Police Retirement System.

