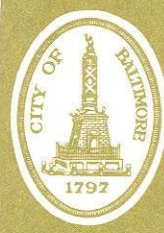


FROM	NAME & TITLE	Deborah F. Moore-Carter, Labor Commissioner <i>D F M C</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Office of the Labor Commissioner 417 East Fayette Street, Suite 1405		
	SUBJECT	City Council Bill 13-0247 Retirement Savings Plan		

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

DATE:

8/13/13

Recommended Position

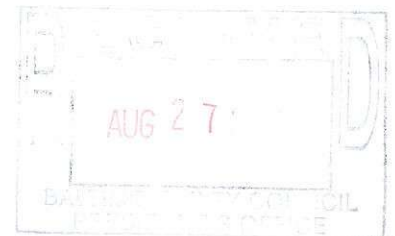
The Office of the Labor Commissioner (OLC) has reviewed City Council Bill 13-0247, which proposes to create a Defined Contribution retirement program for certain employees hired after a certain date. The OLC supports City Council Bill 13-0247.

Comments and Analysis

As part of the Mayor's ten-year financial plan for Baltimore City, the City has proposed a restructuring of the Employee's Retirement System, which calls for a 5% of salary employee pension contribution for current employees. New hires would enter a Defined Contribution (DC) retirement program.

City Council Bill 13-0247 proposes, in part, to create a Defined Contribution (DC) retirement program for employees hired on or after January 1, 2014. For those employees hired before January 1, 2014, the current Defined Benefit retirement program will continue.

The plan change will benefit the City of Baltimore both financially and strategically. A Defined Contribution plan benefits employers in that they give employers the ability to identify a known cost to fund the plan. With Defined Benefit plans, employers are never fully able to predict the amount of money needed to fund the pension plan. The ERS pension plan represents a significant financial commitment for the City of Baltimore and knowing the cost of such plans is a significant benefit.



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