

Andrew Klein

FROM	NAME & TITLE	Andrew Kleine, Chief
	AGENCY NAME & ADDRESS	Bureau of Budget and Management Research City Hall, 469, 410-396-4941
	SUBJECT	City Council Bill 12-0031 Employees' and Elected Officials' Retirement Systems - Modifications

CITY of
BALTIMORE
MEMO



TO

DATE: May 25, 2012

Honorable President and
Members of the City Council
C/O Karen Randle
Room 409, City Hall

City Council bill 12-0031 has been introduced for the purpose of updating the regular interest and other economic assumptions used to evaluate benefits under and the level of City funding for the Employees' and Elected Officials' Retirement Systems; modifying certain provisions relating to the method of financing the Elected Officials' Retirement System; removing the separate accounts structure for retiree and active funds of the Elected Officials' Retirement System; reducing prospectively the rate of interest credited on member contributions; repealing certain obsolete restrictions on investments by the Employees' Retirement System and the Elected Officials' Retirement System; modifying time periods within which members of the Employees' and Elected Officials' Retirement Systems must apply for retirement; repealing an obsolete time limit for Trustees to take their oaths of office; correcting, conforming, and clarifying related provisions; and providing for a special effective date.

Fiscal Impact

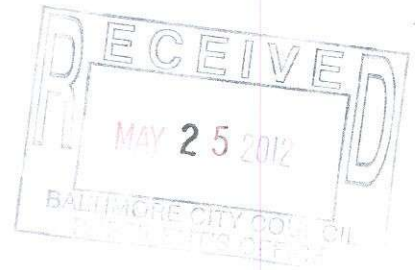
The actuarial valuation as of June 30, 2011 was composed with the new interest rate assumptions of 7.75% before benefit payments commence and 6.55% after benefit payments commence. The prior rates were 8% before benefit payments commence and 6.8% after benefit payments commence. The Fiscal 2013 budget was built based on the June 2011 actuarial valuation and as a result there is no impact on the Fiscal 2013 budget.

Recommendation

The Department of Finance supports Bill 12-0031.

CC: Harry Black
Angela Gibson

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