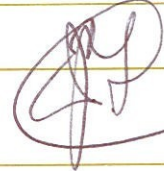
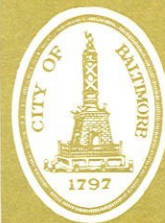


<b>FROM</b>	NAME & TITLE	Edward J. Gallagher, Director		<b>CITY of</b> <b>BALTIMORE</b> <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Department of Finance Room 448, City Hall (396-4940)			
	SUBJECT	City Council Bill 08-0020			

DATE: March 10, 2008

**TO** The Honorable President  
And Members of City Council  
Room 400 City Hall

Attention: Karen Randle

City Council Bill 08-0020 proposes to increase retirement benefits for members of the F&P Retirement System who have retired under the 100% line of duty disability benefit. Additionally, it would apply to any future member retiring with a 100% line of duty disability benefit. The bill also proposes that such a new benefit structure be made retroactive to the retirement date of any existing recipient of the 100% line of duty disability retirement benefit.

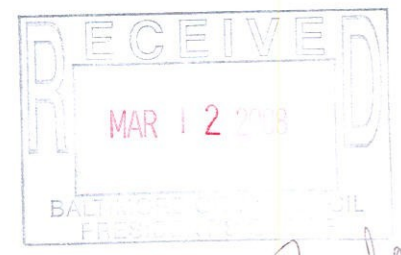
The sponsors of this bill did not include a preamble or whereas clauses to provide the rationale that would establish the need to support such changes in the law for this category of retirement.

Based upon information received from the actuary for the F&P Retirement System the fiscal impact of the bill would be to require the City to pay a continuing retirement benefit in excess of the annual compensation the member was earning at the time of retirement. That concept, in addition to making such a level of compensation retroactive to the date retirement does not seem to be consistent with the purpose of a retirement system and imposes an unwarranted liability on the City taxpayer.

In a somewhat unusual event, the F&P Board of Trustees have not only declared their opposition to the system amendment proposed in City Council Bill 08-0020, but have recommended a series of amendments that would include refunding, in a lump sum, the member's accumulated contributions while, at the same time, retaining the underlying stability of the current law regarding the 100% line of duty disability benefit. The Department of Finance would support the F&P Board's recommendation.

The Department of Finance recommends an unfavorable report on City Council Bill 08-0020 as currently constructed.

Cc: Angela Gibson



*Unfavorable Comment*