



Legislation Text

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INTRODUCTORY*

CITY OF BALTIMORE
COUNCIL BILL R
(Resolution)

Introduced by: Councilmember Cole

A RESOLUTION ENTITLED

A COUNCIL RESOLUTION concerning **Eliminating Defined Benefit Pensions for Elected Officials**

FOR the purpose of calling on the Baltimore City Retirement System Board to work with the City Council to have a bill readied for introduction by July 1st, 2013 that would transition the Elected Officials' Retirement System from the current defined benefit, pension style, approach into a more sustainable 401(k) style defined contribution system.

Recitals

Local and state governments nationwide have been forced by these difficult economic times to grapple with a host of budget challenges, and to make hard tradeoffs in order to best serve their constituents. Many jurisdictions have found anticipated retirement costs to be a major driver of unsustainable projected deficits over both the short and long terms, and have taken a variety of steps to mitigate this serious threat to their finances.

Unfortunately, Baltimore is not immune to these nationwide currents. Volatile stock markets, the general economic malaise, and changes in both life expectancy and healthcare costs have combined to make Baltimore City's current retirement model appear increasingly unsustainable.

As elected officials, it is our responsibility to address this looming crisis through fair and reasonable reforms. Accordingly, as an initial step towards making the City's entire retirement system more sustainable, we should first act to bring the Elected Officials' Retirement System into line with longstanding money-saving trends by moving from a defined benefit, pension style, system to a defined contribution, 401(k) style, system.

We therefore call on the Baltimore City Retirement System Board, and its staff, to work with us to prepare a bill by the first day of the next fiscal year, July 1st, 2013, that would transition the Elected Officials' Retirement System to the defined contribution approach used by most private sector businesses and an increasing number of government entities. The bill should mandate that any new elected official sworn in after September 1st, 2013 participate in the new defined contribution plan, and it should allow current elected officials who have not yet vested in the current plan to move into the new plan if they choose to do so. Finally, it should state that the existing plan

will be extinguished upon the death of its last current member.

This fair, commonsense change will immediately save the City money, while laying the groundwork for future reforms.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE, That the Council calls on the Baltimore City Retirement System Board to work with it to have a bill readied for introduction by July 1st, 2013 that would transition the Elected Officials' Retirement System from the current defined benefit, pension style, approach into a more sustainable 401(k) style defined contribution system.

AND BE IT FURTHER RESOLVED, That a copy of this Resolution be sent to the Executive Director of Baltimore City Employee Retirement Systems, the Mayor, and the Mayor's Legislative Liaison to the City Council.

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