

457 CONTRIBUTIONS FOR AFSCME EMPLOYEES

Effective July 1, 1995 a City funded deferred compensation plan was established for those City employees who are not eligible for the City's pension plan due to their coverage under social security.

Under this plan, based on the employee's salary, the City will contribute the difference between its contribution to the regular pension plan and its contribution to social security.

The current amount the City contributes is 2.35% of the employee's salary.



DR. W. W. HERENTON
MAYOR

May 16, 1995

As you know, I have recommended the establishment of a City-funded deferred compensation plan for those City employees who are ineligible for the City's Pension Plan due to their coverage under Social Security.

Under this plan, each year, based on your salary, the City will contribute the difference between its contribution to the regular Pension Plan and its contribution to your Social Security account. As of July 1, 1995, this difference will be 5.65%. For an employee making \$20,000 annually, this will mean an additional \$1,130.00 set aside for retirement next year.

You will have a number of choices about the investment of funds and, if you wish, you will be able to add your own funds to those provided by the City. Group and individual sessions will be conducted prior to July 1 to explain the program and your investment choices.

It is my hope that this City-funded deferred compensation program will help each of you achieve a more secure retirement.

Sincerely,

Dr. W. W. Herenton