



## Memphis City Council Summary Sheet FY2012

- This Ordinance revises the Memphis, Tennessee, Code of Ordinances. Title 4 – Pension and Retirement System, Chapter 4-4-Definitions and Benefits Provisions, Chapter 4-28-1978 Benefit Plan. Article 3 – Retirement Benefits, and Chapter 4-28-1978 Benefit Plan. Article 4 – Death Benefits.
- Initiating Party: Finance Division and Human Resources Division.
- This Ordinance does not require a new contract or modification to an existing contract.
- No expenditure of funds is required under this Ordinance.

**DRAFT**

**An Ordinance to Amend Memphis, Tennessee  
Code of Ordinances Title 4 – Pension and Retirement System,  
So as to Modify the Pension Benefits Allowable Under the Ordinance**

**WHEREAS**, the City of Memphis Retirement System is a single employer public employee retirement system; and

**WHEREAS**, substantially all permanent full-time salaried employees of the City are required to participate in either of two contributory defined benefit pension plans- the 1948 Plan and the 1978 Plan (hereafter “the Plans”); and

**WHEREAS**, the Plans provide retirement benefits as well as death and disability benefits to participants of the Plans; and

**WHEREAS**, the City of Memphis Retirement System engages a qualified professional actuarial consultant to complete an annual actuarial valuation of the Plans; and

**WHEREAS**, the actuarial valuation report is used to determine the Plans’ funding status and the annual suggested contribution required to sustain the long-term viability of the Plans; and

**WHEREAS**, the most recent actuarial valuation report prepared by PricewaterhouseCoopers as of July 1, 2010 and dated November 2010 estimated the Plans’ unfunded liability at July 1, 2010 to be \$531 million and recommended a City contribution of \$80 million or 25.9% of covered payroll for the FY2011 Plan year’ and

**WHEREAS**, due to declining revenues and other ongoing financial obligations of the City it is not feasible for the City to fully fund the suggested contribution of \$80 million or 25.9% of covered payroll; and

**WHEREAS**, in order to protect the Plans’ actuarial soundness and ensure the long-term financial viability of the Plans it is necessary to amend the Code of Ordinances-Title 4- Pension and Retirement System, so as to reduce the pension benefits allowable under the Ordinances as follows:

**Section 1. Be It Ordained**, by the Council of the City of Memphis that Title 4- Pension and Retirement System, Code of Ordinances, City of Memphis, is hereby amended as follows:

**(See red-line revised Pension and Retirement System Ordinance)**

**Section 2. Be It Further Ordained,** that these changes to the City of Memphis Code of Ordinances, File 4-Pension and Retirement System shall become effective on October 1, 2011.

**Section 3. Be It Further Ordained that** this Ordinance shall take effect from and after the date it shall have been passed by the Council, signed by the Chairman of the Council, Certified and delivered to the Office of the Mayor in writing by the Comptroller, and become effective as otherwise provided by law.

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Myron Lowery, Chairman  
Memphis City Council

ATTEST:

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Patrice Thomas, Comptroller