



Legislation Text

File #: 16-0805, **Version:** 1

DATE: September 20, 2016

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Russ Truell, Assistant City Administrator/CFO
Shirley Gower, Human Resources Director

SUBJECT:

Consideration Of Resolution 2016-65, A Resolution Adopting Pension Plan Amendment #7, An Amendment To Restrict Expansion Of The Plan. (09-27-16 WS)

Purpose

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning a limitation of expansion of employee membership in the City of Franklin Employee' Pension Plan .

Background

The Pension Committee has discussed the possibility of subcontracting the administrative and investment responsibilities of the Plan to the State of Tennessee Consolidated Retirement System (TCRS). The State was given authority in a 2014 statute to assist in the management of private municipal plans in order to allow those plans to continue as independent plans. There appear to be cost efficiencies in the areas of investment and administration in the State system that the Franklin Plan cannot achieve independently.

One of the stipulations on the part of the State to undertake the management of the Franklin Plan is that new employees hired after a to-be-determined effective date become part of the TCRS system.

Current employees will be unaffected by the amendment, as the Franklin Plan would continue as long as benefit recipients and potential benefit recipients remain in the Plan.

The Pension Committee unanimously recommended approval of the amendment.

Financial Impact

The estimated savings in investment expenses, administrative fees, and staff time involved in managing the Pension Plan approach one million dollars per year.

Recommendation

Staff recommends approving the resolution. The TCRS adoption agreement is included as an exhibit only; a resolution approving the creation of a TCRS municipal subdivision plan would follow as a separate action.