

REQUEST FOR ACTION

<u>Department Head</u>	<u>City Council Date</u>	<u>Agenda Item</u>
Brian Bloch, Finance Director	July 20, 2010	9.A.

Pension decrease

ACTION REQUESTED

Approve a resolution to decrease the Fire Relief pension benefit from the current \$2,575 per year of active service to \$2,400 per year of active service per Member effective November 1, 2010 through December 31, 2010, with the pension benefit to return to \$2,575 per year of active service effective January 1, 2011.

BACKGROUND

Each year the Fire Relief is required to complete a State reporting form estimating what contribution amount the City is required to make for the following year. This form is required to be approved by Council by August 1 and then sent to the State.

With the downturn in the economy and the stock markets the Fire Relief's investments have taken a significant hit over the past two years. These losses in the stock market have resulted in lower assets available for the Relief to payout possible pensions. The lower assets available for possible payouts means the required contribution from the City would have to increase significantly in 2011 unless the pension benefit is lowered in 2010. Lowering the pension benefit from \$2,575 to \$2,400 will keep the 2011 required City contribution at \$26,000.

The following is a list of required contributions and actual contributions the City has made over the past 5 years:

Year	Required Contribution	Actual Contribution
2010	25,404	25,500
2009	19,339	20,000
2008	8,663	27,500
2007	0	27,500
2006	14,209	30,000

FUNDING

2011 Fire Department Budget.

ATTACHMENTS

- Resolution