

Introduced by _____

First Reading _____

Second Reading _____

Ordinance No. _____

Council Bill No. B 203-12

AN ORDINANCE

amending Chapter 18 of the City Code as it relates to the deferred retirement option plan (DROP) for police and fire pension plans; and fixing the time when this ordinance shall become effective.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

SECTION 1. Chapter 18 of the Code of Ordinances of the City of Columbia, Missouri, is hereby amended as follows:

Material to be deleted in ~~strikeout~~; material to be added underlined.

Sec. 18-88. Benefits payable under the DROP.

(a) Effective with the date of DROP participation, the DROP member's initial normal monthly benefit, including creditable service, optional form of payment, and highest average salary, and the effective date of retirement shall be fixed. The beneficiary established in sections 18-47 or 18-72, respectively, shall be the beneficiary eligible to receive any DROP benefits payable if the DROP member dies prior to the completion of the period of DROP participation. In the event a joint annuitant predeceases the DROP member, the DROP member may name a beneficiary to receive accumulated DROP benefits payable. Such retirement benefit, any annual cost of living adjustments and interest shall accrue monthly in the trust fund. Such interest shall accrue at an effective annual rate of ~~four (4)~~ two (2) percent compounded monthly, on the prior month's accumulated ending balance, up to the month of the termination or date of death.

...

Sec. 18-91. Sunset provisions.

(a) No covered employee may elect to participate in the DROP after ~~sixty (60)~~ one hundred twenty (120) consecutive months following the effective date of the DROP.

(b) A DROP member shall cease participation in the DROP and shall cease accruing any benefits under the DROP at the end of his or her participation period provided for in section 18-87(a).

(c) The effective date of the DROP under this division 4 shall be August 20, 2007.

SECTION 2. This ordinance shall be in full force and effect from and after its passage.

PASSED this _____ day of _____, 2012.

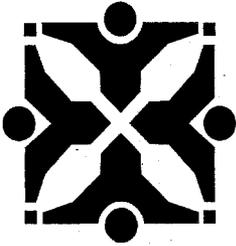
ATTEST:

City Clerk

Mayor and Presiding Officer

APPROVED AS TO FORM:

City Counselor



Source: Finance *JAB*

Agenda Item No:

To: City Council
From: City Manager and Staff *MM*

Council Meeting Date: Aug 6, 2012

Re: Amend the Deferred Retirement Option Program(DROP) to extend it an additional 5 years.

EXECUTIVE SUMMARY:

The current DROP plan expires August 20, 2012. The proposed ordinance change extends the plan to August 20, 2017 which is an additional 5 years. In addition, the proposed ordinance reduces the investment return paid on members contributions while in the drop plan from 4% to 2%.

DISCUSSION:

Currently Police Officers and Firefighters can participate in the DROP program which allows them to defer retirement benefits while continuing employment with the city. The maximum participation period in the DROP is 60 months. The interest rate is being decreased to more closely align with current interest rates and to assist the retirement fund by reducing costs. The actuary has reviewed the DROP plan and concluded that as amended this plan will be cost neutral for the City. The current DROP plan sunsets August 20, 2012. This ordinance extends the DROP plan sunset until August 20, 2017. The DROP plan allows the city to retain its most experience Police Officers and Firefighters for up to an additional 60 months.

FISCAL IMPACT:

None

VISION IMPACT:

<http://www.gocolumbiamo.com/Council/Meetings/visionimpact.php>

SUGGESTED COUNCIL ACTIONS:

Approval of the ordinance extending the DROP program for an additional five years and reducing the investment return rate from 4% to 2% on members contributions while in the drop plan.

FISCAL and VISION NOTES:					
City Fiscal Impact Enter all that apply		Program Impact		Mandates	
City's current net FY cost	\$0.00	New Program/ Agency?		Federal or State mandated?	
Amount of funds already appropriated	\$0.00	Duplicates/Epands an existing program?		Vision Implementation impact	
Amount of budget amendment needed	\$0.00	Fiscal Impact on any local political subdivision?		Enter all that apply: Refer to Web site	
Estimated 2 year net costs:		Resources Required		Vision Impact?	
One Time	\$0.00	Requires add'l FTE Personnel?	No	Primary Vision, Strategy and/or Goal Item #	
Operating/ Ongoing	\$0.00	Requires add'l facilities?	No	Secondary Vision, Strategy and/or Goal Item #	
		Requires add'l capital equipment?	No	Fiscal year implementation Task #	