



# City of Saginaw

## City of Saginaw

**Meeting Date:** 9/18/2018

**Staff Contact:** Gabe Reaume  
City Manager

**Agenda Item:** 11  
(CC-0918-20)

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**SUBJECT:** Consideration and Action regarding Ordinance No. 2018-16, Approving an increase to the Texas Municipal Retirement System Contribution Rate from 6% to 7% beginning January 1, 2019

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**BACKGROUND/DISCUSSION:**

The City of Saginaw participates in the Texas Municipal Retirement System (TMRS). City employees currently contribute 6% of earnings and the City matches that contribution at a rate of 2 to 1. The plan also includes 100% repeating updated service credit and 70% repeating annuity increases. The proposed FY18/19 budget includes an increase to the contribution rate from 6% to 7%. The increase is proposed to be competitive with surrounding, similar size cities and to retain and recruit qualified employees.

**FINANCIAL IMPACT:**

The estimated cost of the increased contribution rate to the General Fund is \$230,676 and the Enterprise Fund is \$26,086.

**RECOMMENDATION:**

Staff recommends approval of Ordinance No. 2018-16, increasing the employee TMRS contribution rate from 6% to 7% beginning January 1, 2019 and continuing the City's 2 to 1 match, the 100% repeating updated service credit, and the 70% repeating annuity increases.

**Attachments**

Proposed Ordinance

CITY OF SAGINAW ORDINANCE  
NO. 2018-16



TMRS-Dep USC T CPI R

**TEXAS MUNICIPAL RETIREMENT SYSTEM**

**AN ORDINANCE AUTHORIZING AND ALLOWING, UNDER THE ACT GOVERNING THE TEXAS MUNICIPAL RETIREMENT SYSTEM, "UPDATED SERVICE CREDITS" IN SAID SYSTEM ON AN ANNUAL BASIS FOR SERVICE PERFORMED BY QUALIFYING MEMBERS OF SUCH SYSTEM WHO AT THE EFFECTIVE DATE OF THE ALLOWANCE ARE IN THE EMPLOYMENT OF THE CITY OF SAGINAW; PROVIDING FOR INCREASED PRIOR AND CURRENT SERVICE ANNUITIES FOR RETIREES AND BENEFICIARIES OF DECEASED RETIREES OF THE CITY; TO INCREASE THE RATE OF DEPOSITS TO THE TEXAS MUNICIPAL RETIREMENT SYSTEM BY THE EMPLOYEES OF THE CITY; AND ESTABLISHING AN EFFECTIVE DATE FOR THE ORDINANCE.**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAGINAW, TEXAS:**

**Section 1. Authorization of Updated Service Credits.**

(a) On the terms and conditions set out in Sections 853.401 through 853.404 of Subtitle G of Title 8, Government Code, as amended (hereinafter referred to as the "TMRS ACT"), each member of the Texas Municipal Retirement System (hereinafter referred to as the "System") who has current service credit or prior service credit in the System in force and effect on the 1st day of January of the calendar year preceding such allowance, by reason of service in the employment of the City, and on such date had at least 36 months of credited service with the System, shall be and is hereby allowed "Updated Service Credit" (as that term is defined in subsection (d) of Section 853.402 of the TMRS Act).

(b) On the terms and conditions set out in Section 853.601 of the TMRS Act, any member of the System who is eligible for Updated Service Credits on the basis of service with this City, who has unforfeited credit for prior service and/or current service with another participating municipality or municipalities by reason of previous service, and was a contributing member on the 1st day of January of the calendar year preceding such allowance, shall be credited with Updated Service Credits pursuant to, calculated in accordance with, and subject to adjustment as set forth in said Section 853.601, both as to the initial grant hereunder and all future grants under this ordinance.

(c) The Updated Service Credit hereby allowed and provided for shall be **100%** of the "base Updated Service Credit" of the member (calculated as provided in subsection (c) of Section 853.402 of the TMRS Act).

(d) Each Updated Service Credit allowed hereunder shall replace any Updated Service Credit, prior service credit, special prior service credit, or antecedent service credit previously authorized for part of the same service.

(e) In accordance with the provisions of subsection (d) of Section 853.401 of the TMRS Act, the deposits required to be made to the System by employees of the several participating departments on account of current service shall be calculated from and after the effective date of this ordinance on the full amount of such person's compensation as an employee of the City.

**Section 2. Increase in Retirement Annuities.**

(a) On terms and conditions set out in Section 854.203 of the TMRS Act, the City hereby elects to allow and to provide for payment of the increases below stated in monthly benefits payable by the System to retired employees and to beneficiaries of deceased employees of the City under current service annuities and prior service annuities arising from service by such employees to the City. An annuity increased under this Section replaces any annuity or increased annuity previously granted to the same person.

(b) The amount of the annuity increase under this Section is computed as the sum of the prior service and current service annuities on the effective date of retirement of the person on whose service the annuities are based, multiplied by **70%** of the percentage change in Consumer Price Index for All Urban Consumers, from December of the year immediately preceding the effective date of the person's retirement to the December that is 13 months before the effective date of this Section.

(c) An increase in an annuity that was reduced because of an option selection is reducible in the same proportion and in the same manner that the original annuity was reduced.

(d) If a computation hereunder does not result in an increase in the amount of an annuity, the amount of the annuity will not be changed hereunder.

(e) The amount by which an increase under this Section exceeds all previously granted increases to an annuitant is an obligation of the City and of its account in the benefit accumulation fund of the System.

**Section 3. Dates of Allowances and Increases.** The initial allowance of Updated Service Credit and Increase in Retirement Annuities hereunder shall be effective on **January 1, 2019**, subject to approval by the Board of Trustees of the System. An allowance of Updated Service Credits and an increase in retirement annuities shall be made hereunder on January 1 of each subsequent year until this ordinance ceases to be in effect under subsection (e) of Section 853.404 of the TMRS Act, provided that, as to such subsequent year, the actuary for the System has made the determination set forth in subsection (d) of Section 853.404 of the TMRS Act.

**BE IT FURTHER ORDAINED:**

**Increased Deposit Rate:** All employees of the City, who are members of the Texas Municipal Retirement System, shall make deposits to the System at the rate of **7%** of their individual earnings effective **1<sup>st</sup> day of January, 2019**.

**Effective Date.** Subject to approval by the Board of Trustees of the System, this ordinance shall be and become effective on the **1<sup>st</sup> day of January, 2019**.

Passed and approved this the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**ATTEST:**

**APPROVED:**

\_\_\_\_\_  
City Secretary or Clerk

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Mayor