

**RESOLUTION 2010-57**

**A RESOLUTION OF THE BOARD OF MAYOR AND ALDERMEN FOR  
THE CITY OF FRANKLIN EMPLOYEES PENSION PLAN, PROVIDING  
A COST OF LIVING ADJUSTMENT TO THE MONTHLY BENEFIT FOR  
RETIRED RECIPIENTS**

**WHEREAS**, the City of Franklin, by action of the Board of Mayor and Aldermen in 2006, adopted a cost-of-living adjustment policy for recipients of benefits from its Employees Pension Plan, and

**WHEREAS**, the Board of Mayor and Aldermen wishes to continue the existing cost of living policy, and

**WHEREAS**, the formula adopted by BOMA implies an increase of 1.0%, based on the April-to-April change in the Consumer Price Index-U.S. City average for all items less food & energy, as reported by the Bureau of Labor Statistics (BLS).

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Mayor and Aldermen for the City of Franklin as follows:

**Section 1.** That the trustee of City of Franklin Employee Pension Plan be instructed to make effective on July 1, 2010, an increase of 1.0% in the amount of monthly benefit to eligible beneficiaries of the Plan.

**Section 2.** That this Resolution shall be effective upon adoption.

**IT IS SO RESOLVED AND DONE** on this 22<sup>nd</sup> day of June, 2010.

**ATTEST:**

**CITY OF FRANKLIN, TENNESSEE**

By: \_\_\_\_\_

**Eric Stuckey  
City Administrator**

By: \_\_\_\_\_

**John C. Schroer  
Mayor**

ADMINISTRATION

**Russell B. Truell**  
Assistant City Administrator, CFO  
Finance



**John C. Schroer**  
Mayor of Franklin

**Eric S. Stuckey**  
City Administrator

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H I S T O R I C  
F R A N K L I N  
T E N N E S S E E

May 19, 2010

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator  
Russ Truell, Assistant City Administrator/CFO  
Shirley Harmon, HR Director

SUBJECT: Cost of Living Adjustment for Pension Beneficiaries

**Purpose**

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider a cost of living adjustment for pension beneficiaries based on previously adopted policy.

**Background**

The Bureau of Labor Statistics reported today that the CPI index (Consumer Price Index for All Urban Consumers, less food and energy) for April 2010 was 221.166. That compares with 219.143 for the same period in 2009. The resulting increase year-over-year is 0.923%.

Per the policy adopted by the Board of Mayor and Aldermen, the cost of living adjustment will be 1% if the year-over-year CPI increase is between 0.5% and 1%. While the adopted policy is not required by the Pension Plan document, it does emulate the parameters of the Tennessee Consolidated Retirement System plan.

**Financial Impact**

Estimated cost of the benefit increase is \$1,438 per month, based on April beneficiary payments, or an annual cost of \$17,265. The adopted actuarial assumption for annual benefit increases is 2%.

**Recommendation**

Just as the staff in 2009 recommended following the policy of giving an adjustment in beneficiary payments, staff again recommends following the policy by making an adjustment of 1% effective July 1, 2010.



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FRANKLIN  
TENNESSEE

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## **SUMMARY OF PROPOSED LIMIT ON POST-RETIREMENT BENEFIT INCREASES**

Annually the Board of Mayor and Aldermen revisit the possibility of an increase in post-retirement benefits. In the past, there has been no limitation set on the amount of increase possible each year. Due to the potential need for additional funding to the retirement plan if this continues, the Employee Benefits Investment Committee would like to recommend the following:

- (1) The post-retirement benefits each year reflect a Cost-of-Living Adjustment (COLA).
- (2) The COLA is based on the Consumer Price Index (CPI) as reported by the United States Bureau of Labor Statistics for all items, less food and energy, City average, not seasonally adjusted.
- (3) If the CPI is between .5% and 1%, the COLA will be 1%.
- (4) If the CPI is between 1% and 3%, the COLA will be the actual percent.
- (5) If the CPI is above 3%, the COLA will be 3%.
- (6) If a period of deflation occurs, there will be no reduction of benefits.
- (7) If a period of extreme inflation occurs, the Committee will revisit the structure which addresses increases and appropriate limits will be recommended.
- (8) Cost of living adjustments shall be made effective July 1 of each year, based on the April-to-April statistics.

## Consumer Price Index - All Urban Consumers

Series Id: CUUR0000SA0L1E  
 Not Seasonally Adjusted  
 Area: U.S. city average  
 Item: All items less food and energy  
 Base Period: 1982-84=100

Download:



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2000	178.8	179.5	180.5	180.9	180.9	181.0	181.3	181.7	182.3	182.8	183.0	182.8	181.3	180.3	182.3
2001	183.5	184.4	185.3	185.6	185.5	185.9	186.2	186.6	187.1	187.6	188.1	187.8	186.1	185.0	187.2
2002	188.2	189.2	189.8	190.3	190.2	190.1	190.3	191.0	191.3	191.8	191.8	191.4	190.5	189.6	191.3
2003	191.8	192.5	193.0	193.1	193.2	193.0	193.2	193.5	193.6	194.3	193.9	193.6	193.2	192.8	193.7
2004	194.0	194.9	196.1	196.5	196.5	196.6	196.6	196.8	197.4	198.2	198.1	197.8	196.6	195.8	197.5
2005	198.4	199.5	200.7	200.9	200.8	200.6	200.8	201.0	201.3	202.3	202.3	202.1	200.9	200.2	201.6
2006	202.6	203.6	204.9	205.5	205.7	205.9	206.2	206.7	207.2	207.8	207.6	207.3	205.9	204.7	207.1
2007	208.0	209.1	209.9	210.3	210.3	210.5	210.8	211.1	211.6	212.3	212.4	212.4	210.7	209.7	211.8
2008	213.1	213.9	214.9	215.1	215.2	215.6	216.0	216.5	216.9	217.0	216.7	216.1	215.6	214.6	216.5
2009	216.7	217.7	218.6	219.1	219.1	219.3	219.4	219.6	220.1	220.7	220.4	220.0	219.2	218.4	220.0
2010	220.1	220.6	221.1	221.2											

Year-over-year increase = 0.923%