



ORDINANCE NO. 28471

1 AN ORDINANCE relating to retirement and pensions; amending Chapter 1.30 of
2 the Tacoma Municipal Code, Retirement and Pensions, by amending
3 Sections 1.30.350 and 1.30.360 thereof to increase the employer and
4 employee contribution rates by a combined total of 1 percent, effective the
5 first pay period in February 2018.

6 WHEREAS the Board of Administration of the City of Tacoma Employees'
7 Retirement System ("Board"), along with its actuary and investment consultant,
8 continues to review the funding status of the Tacoma Employees' Retirement
9 System ("TERS") on an ongoing basis to ensure the financial and actuarial
10 soundness of the plan, and

11 WHEREAS, at its meeting of June 8, 2017, the Board voted to recommend
12 to the City Council a 1 percent increase to the combined contribution rate, from
13 20 percent to 21 percent, based on the results of the most recent valuation report
14 from the TERS actuary, as well as the guidance of the TERS' Funding and
15 Benefits Policy, and

16 WHEREAS, in order to accomplish the recommended increase, the Board is
17 recommending an increase of 0.54 percent in the employer contribution rate, from
18 10.80 percent of pay to 11.34 percent of pay, effective as of the first pay period in
19 February 2018; and an increase of 0.46 percent in the employee contribution rate,
20 from 9.20 percent of pay to 9.66 percent of pay, effective as of the first pay period
21 in February 2018, and

22 WHEREAS the proposed recommendation was presented and agreed to by
23 the Joint Labor Committee on September 27, 2017, as required by its Collective
24 Bargaining Agreement, and



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WHEREAS, in anticipation of this request, a 1 percent combined contribution rate increase, beginning in 2018, was incorporated into the 2017-2018 Biennial Budget, and

WHEREAS this recommendation is being made in order to ensure and maintain the retirement benefits for the long term; Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:

That Chapter 1.30 of the Tacoma Municipal Code is hereby amended by amending Sections 1.30.350 and 1.30.360 thereof as set forth in the attached Exhibit "A."

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:

Deputy City Attorney



EXHIBIT "A"

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2 **1.30.350 Contributions – Deductions.**

3 The Director of Finance shall deduct 8.28 percent, including the required contributions by the member to the
4 cost of living increase as provided in Section 1.30.665 hereof, from the compensation as defined in
5 Section 1.30.130, and shall provide the Retirement Board with a certified copy of each time roll. The
6 deduction shall be ~~8.74% effective as of the first pay period in 2011, and shall increase to 9.2% effective as of
7 the first pay period in 2012~~9.66%, effective as of the first pay period in February 2018. Each of the amounts
8 so deducted by the Director of Finance shall forthwith be paid into the Retirement Fund and shall be credited
9 by the Board to the individual account of the member. Regular interest shall be credited to each individual
10 account upon such dates as may be determined by the Board. Every employee shall be deemed to have
11 conclusively consented and agreed to the contributions deducted as above provided.

7 **1.30.360 Contributions – City's share.**

8 At the end of each payroll period, the Director of Finance shall determine the aggregate amount of covered
9 payroll for each department and shall certify such aggregate amount to the Retirement Board and shall
10 thereupon transfer to the Retirement Fund, hereinafter provided for, from the money appropriated for that
11 purpose, that percentage of the aggregate covered payroll of each utility, the Retirement System and General
12 Fund, which is determined by the Retirement Board based on actuarial investigation as the amount necessary
13 to fund membership service, prior service, and basic service pensions on an actuarially-sound basis. Effective
14 January 1, 2000, no contributions shall be made on overtime. The percentage is established at ~~9.72% and shall
15 be 10.26% effective as of the first pay period in 2011, and shall increase to 10.80% effective as of the first
16 pay period in 2012~~11.34%, effective as of the first pay period in February 2018, including the required
17 contributions by the City to the cost of living increase as provided for in Section 1.30.665, until increased or
18 decreased on the basis of actuarial investigation, as hereinafter provided in Section 1.30.410. Said percentage
19 shall be changed when found to be necessary to ensure the actuarial and financial soundness of the System.
20 Regular interest shall be credited to the accumulated contributions of the City in the manner and upon such
21 dates as may be determined by the Board.

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