



October 17, 2014

Dear Fellow City Employees,

This letter is to inform you that after many discussions between the administration and Councilmembers, and our expert advisors, the administration is proposing a revised plan that balances the needs of employees with those of the City of Memphis and its citizens.

The administration is preparing to present to the Council in Executive Session on Tuesday, October 21st, a proposed ordinance to make changes to the pension that will only apply to new and unvested employees (those with under 10 years of service) and that spreads the financial risk more evenly between taxpayers and employees.

We will be proposing a hybrid plan that includes three major components:

- 1) a market-based, professionally managed plan, that includes a employee contribution of 2 percent of salary and the City contributing 3% to 16% of salary, depending on years of service and position
- 2) a 401 (a) plan to which the City will contribute 1.5 percent of employees' salary and the employee contributes 6 percent.
- 3) A guaranteed lifetime annuity

The finer points of the proposed plan will be communicated to you after our presentation to Council.

The administration and Council have the common goal of ensuring that all pension benefits earned by retirees and vested employees in the current pension system are delivered.

The reforms being proposed are our sincere attempt to develop a plan that satisfies the best interests of the city, our citizens and our employees and their families.

Please recognize that reaching a final agreement on plan changes is a fluid process. As proposals change we will remain transparent in our communications so that there are no surprises when reforms are complete.

We appreciate your patience and feedback as this process continues to evolve.

Sincerely

Mayor A C Wharton, Jr.