



CITY OF SACRAMENTO

4170

CITY MANAGER'S OFFICE
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March 20, 1980

Honorable City Council
Council Chamber
City Hall
Sacramento, CA 95814

Members in Session:

SUMMARY

In the municipal election held last September, the voters approved Measure E. The measure revised certain city charter provisions to provide, among other things, an optional continuation allowance for surviving spouses of retirees under certain retirement plans. As required by Measure E, the attached ordinance will provide for an optional continuation allowance for surviving spouses of members of the 173, 175.13 and 302 retirement plans.

BACKGROUND

The Sacramento City Employees' Retirement System (SCERS) consists of five retirement plans. For convenience, each plan is referred to by the section number of the particular city charter provision which created the plan. Thus, SCERS members may belong to the 173, 175.1, 175.13, 302 or 399 plan. The 399 plan is set forth in the current city charter; the remaining plans now appear in Chapter 34 of the city code.

Prior to the passage of Measure E last September, the 399 plan provided for a continuation allowance for the surviving spouses of plan members. A surviving spouse, however, was not entitled to the allowance unless she (or he) was married to the plan member at least one year prior to the date the plan member retired (City Charter §435). A similar restriction applied to continuation allowances under the 173, 175.13 and 302 plans. (The 175.1 plan does not provide for a continuation allowance.) Therefore, if a retired member were married, at the time of death, to a different spouse than at the date of retirement, the surviving spouse would not be entitled to a continuation allowance.

FILED

By the City Council
Office of the City Clerk

CONT. TO
4-15-80

APR 8 1980

APPROVED
BY THE CITY COUNCIL
PPF CONT. TO 4-8-80
APR 1 1980

OFFICE OF THE
CITY CLERK

March 20, 1980

With the passage of Measure E, the city charter was amended to provide for an optional continuation allowance for retired members of the 173, 175.13, 302 and 399 plans who are married to different spouses at the time of death than at the date of retirement. Basically, the amendments allow a retired member to elect to take a reduced retirement allowance during his lifetime so that his spouse can receive a continuation allowance. The reduction is calculated on an actuarial basis so that the reduction is actuarially equivalent to one-half of the continuation allowance. The continuation allowance is one-half of the reduced retirement allowance except under the 173 plan, where it is two-thirds. A retired member may make only one election to receive the reduced retirement allowance, and the election is irrevocable.

As required by Measure E, the attached ordinance amends the city code to offer the optional continuation allowance to members of the 173, 175.13 and 302 plans.

FINANCIAL IMPACT

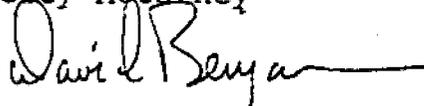
This office has been informed that the city's actuary has estimated the cost to the city to be approximately \$35,000 per year.

RECOMMENDATION

It is recommended that the City Council adopt the proposed ordinance, as required by the recent charter amendments under Measure E.

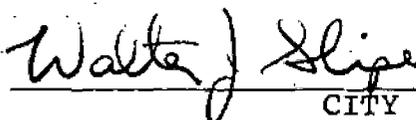
Very truly yours,

JAMES P. JACKSON
City Attorney



DAVID BENJAMIN
Deputy City Attorney

RECOMMENDATION APPROVED:


CITY MANAGER

DB:mb

AN ORDINANCE AMENDING CHAPTER 34 OF THE
CITY CODE BY ADDING TO CERTAIN RETIREMENT
PLANS AN OPTIONAL CONTINUATION ALLOWANCE
FOR SURVIVING SPOUSE

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Article II of Chapter 34 is hereby amended by adding thereto
Section 34.212, to read as follows:

Sec. 34.212 Optional Continuation Allowance for Surviving Spouse

(a) Any provisions of Section 34.204 to the contrary notwithstanding, any member retired for service or disability, may, once and irrevocably, elect to receive a reduced retirement allowance during such member's lifetime in order that the member's surviving spouse may receive a continuation allowance, provided that the member was married on the date of retirement, is married to a different spouse on the date of death, was married to such spouse for at least two (2) years prior to the date of death and the surviving spouse would otherwise qualify for a continuation allowance. The surviving spouse's continuation allowance shall be two-thirds of the member's reduced retirement allowance.

(b) A retired member may make only one election under this section. The election shall be made within sixty (60) days after the date the retired member remarries, or, in the case of a retired member who, on January 1, 1980 had been married to a different spouse than at the time of retirement for more than sixty (60) days, within thirty (30) days after the date this ordinance becomes effective.

(c) The reduction in the member's allowance shall be made by the retirement system manager and shall be calculated on an actuarial basis so that the reduction in the member's allowance is actuarially equivalent to one-half of the continuation allowance which the surviving spouse will receive. It is the intent of this section that one-half of the cost of the continuation allowance which the surviving spouse is to receive will be borne by the member in the form of the reduction in the member's allowance. The reduction in the member's allowance shall become effective on the date of election.

(d) Any election by a retired member for a reduced retirement allowance under this section shall constitute a waiver of any continuation allowance or allowances which might otherwise have been due under Section 34.204.

APPROVED
BY THE CITY COUNCIL

PPF COMIT TO 4-8-80
APR 1 1980

OFFICE OF THE
CITY CLERK

SECTION 2.

Article IV of Chapter 34 is hereby amended by adding thereto Section 34.413, to read as follows:

Sec. 34.413 Optional Continuation Allowance for Surviving Spouse

(a) Any provisions of Section 34.405 to the contrary notwithstanding, any member retired for service or disability may, once and irrevocably, elect to receive a reduced retirement allowance during such member's lifetime in order that the member's surviving spouse may receive a continuation allowance, provided that the member was married on the date of retirement, is married to a different spouse on the date of death, was married to such spouse for at least two (2) years prior to the date of death and the surviving spouse would otherwise qualify for a continuation allowance. The surviving spouse's continuation allowance shall be one-half of the member's reduced retirement allowance.

(b) A retired member may make only one election under this section. The election shall be made within sixty (60) days after the date the retired member remarries, or, in the case of a retired member who, on January 1, 1980 had been married to a different spouse than at the time of retirement for more than sixty (60) days, within thirty (30) days after the date this ordinance becomes effective.

(c) The reduction in the member's allowance shall be made by the retirement system manager and shall be calculated on an actuarial basis so that the reduction in the member's allowance is actuarially equivalent to one-half of the continuation allowance which the surviving spouse will receive. It is the intent of this section that one-half of the cost of the continuation allowance which the surviving spouse is to receive will be borne by the member in the form of the reduction in the member's allowance. The reduction in the member's allowance shall become effective on the date of election.

(d) Any election by a retired member for a reduced retirement allowance under this section shall constitute a waiver of any continuation allowance or allowances which might otherwise have been due under Section 34.405.

(e) The provisions of this section shall not apply to any member who has elected to receive an optional allowance under any of the provisions of Article XV of this chapter.

SECTION 3.

Article V of Chapter 34 is hereby amended by adding thereto Section 34.545, to read as follows:

Sec. 34.545 Optional Continuation Allowance for Surviving Spouse

(a) Any provisions of Section 34.531 to the contrary notwithstanding, any member retired for service or disability may, once and irrevocably,

elect to receive a reduced retirement allowance during such member's lifetime in order that the member's surviving spouse may receive a continuation allowance, provided that the member was married on the date of retirement, is married to a different spouse on the date of death, was married to such spouse for at least two (2) years prior to the date of death and the surviving spouse would otherwise qualify for a continuation allowance. The surviving spouse's continuation allowance shall be one-half of the member's reduced retirement allowance.

(b) A retired member may make only one election under this section. The election shall be made within sixty (60) days after the date the retired member remarries, or, in the case of a retired member who, on January 1, 1980 had been married to a different spouse than at the time of retirement for more than sixty (60) days, within thirty (30) days after the date this ordinance becomes effective.

(c) The reduction in the member's allowance shall be made by the retirement system manager and shall be calculated on an actuarial basis so that the reduction in the member's allowance is actuarially equivalent to one-half of the continuation allowance which the surviving spouse will receive. It is the intent of this section that one-half of the cost of the continuation allowance which the surviving spouse is to receive will be borne by the member in the form of the reduction in the member's allowance. The reduction in the member's allowance shall become effective on the date of election.

(d) Any election by a retired member for a reduced retirement allowance under this section shall constitute a waiver of any continuation allowance or allowances which might otherwise have been due or available under Section 34.529.

(e) The provisions of this section shall not apply to any member who has elected to receive an optional allowance under any of the provisions of Section 34.540 of this article.

PASSED FOR PUBLICATION:

ENACTED:

EFFECTIVE:

ATTEST:

MAYOR

CITY CLERK