

Pension Sustainability Consensus Plan

Lexington Police and Fire Pension

“The proposed changes to Lexington’s Police and Fire Pension in this presentation put the fund on solid ground for the first time in a generation. These common-sense reforms represent shared sacrifice, with the city as well as active, retired and new public safety workers all contributing to create a sustainable plan that provides dignified retirements for the long-term.”

- **Captain Chris Bartley**, IAFF President Local 526
- **Detective Larry Kinnard**, pension board member
- **Detective Rob Sarrantonio**, Vice President of FOP
- **Captain Drew Short**, pension board member, IAFF 526
Second-Shift Representative
- **Detective Mike Sweeney**, FOP President
- **Mayor Jim Gray**

Changes for New Hires

- 25 years of service
- 50 year minimum age to draw pension
- 12% contribution rate
- 50% annuity for disability with current scale for catastrophic injuries
- Ghost time for military service only, up to four years
- 2.25% benefit factor

Continued...

Changes for New Hires

- Cost of Living Adjustment

Annual Pension Income	COLA Benefit
Up to \$39,999	2.0%
\$40,000 to \$74,999	1.5%
\$75,000 to \$99,999	1.0%

- If the fund exceeds 85% funding level, the COLA rate of between 0% and 3% may be reinstated by the pension board, provided that the given COLA does not reduce the funding level below 85%

Changes for Active Members

- Increase employee contribution from 11% to 12%
- Establish 41-year minimum retirement age
- Reduce disability pension from 60% of pay to 50% with current scale for catastrophic injuries
- As actives retire, they receive no COLAs for five years or until age 50, whichever is sooner
- Increase line-of-duty death benefit from 60% to 75%

Continued...

Changes for Active Members

- Cost of Living Adjustment

Annual Pension Income	COLA Benefit
Up to \$39,999	2.0%
\$40,000 to \$74,999	1.5%
\$75,000 to \$99,999	1.0%
\$100,000 +	0.0% from July 1, 2013 to January 1, 2016, then 1.0%

- If the fund exceeds 85% funding level, the past COLA rate of between 2% to 5% may be reinstated by the pension board, provided that the given COLA does not reduce the funding level below 85%

Changes for Current Retirees

- Cost of Living Adjustment

Annual Pension Income	COLA Benefit
Up to \$39,999	2.0%
\$40,000 to \$74,999	1.5%
\$75,000 to \$99,999	1.0%
\$100,000 +	0.0% from July 1, 2013 to January 1, 2016, then 1.0%

- If the fund exceeds 85% funding level, the past COLA rate of between 2% to 5% may be reinstated by the pension board, provided that the given COLA does not reduce the funding level below 85%

Changes for LFUCG

- Contribute \$9 million more per year to the police and fire pension, totaling \$20 million
- Agree, in KRS statute, to move from interest-only payments on the unfunded liability to paying it off over 30 years under the “level dollar” method
- Pension remain governed by KRS
- No \$34 million pension bonding required as approved by LFUCG City Council