

Alternative Retirement Plans Authorized by the General Assembly

Due to concerns expressed by some local governments over the cost pressures associated with participating in the Tennessee Consolidated Retirement System, the General Assembly passed 2012 Public Chapter 939 which provides local governments more flexibility in selecting retirement plans for new employees. Generally, the Act provides that counties may take no action (and thus allow new hires to continue to participate in TCRS' base plan) or adopt one of two alternative pension plans.

PLEASE NOTE: No provision in the Act applies to current employees or K-12 teachers. Resolutions adopting optional plans authorized by the Act only apply to new employees (who are not K-12 teachers). Those currently participating in TCRS are not impacted by this Act.

The first optional pension plan provides for a slightly lower pension multiplier of 1.4% instead of 1.575%. The pension multiplier is the number by which years of service and average salary is multiplied by in order to determine ones retirement allowance. In general, this plan also provides for a later regular retirement age of 65 instead of 60 (however the plan allows for retirement at 60 if the employee also has 30 years of service). TCRS estimates that this plan would lower the normal retirement costs to local governments (as a percentage of payroll) from 11.2% to 8.2% (assuming the entity has selected the cost of living adjustment and requires no employee contribution).

The second optional pension plan is a hybrid plan with both pension and defined contribution aspects. This plan provides for a lower pension multiplier of 1.0% but requires counties to also provide cost of living adjustments, and some form of defined contribution plan (e.g., 401(k) plan). The second optional plan has the same retirement age as the first optional plan. TCRS estimates that this plan would lower the normal retirement costs – associated with the pension aspect only – from 11.2% to 5.9% (assuming the entity requires no employee contributions). The Act limits the employer contribution to the defined contribution plan to 7% of the employee's salary (TCRS recommends, but does not require, that counties require combined employer and employee contributions of at least 5% of salary to the defined contribution aspect). The State will offer its 401(k) plan and other defined contribution options to counties.

In addition to the two alternative pension plans, the Act provides that even if counties wish to remain under TCRS' base plan they may pass a resolution that allows them (for new employees only) to require 0% employee contributions, 2.5% employee contributions, or 5% employee contributions.

A more detailed analysis of 2012 Public Chapter 939 may be found at <http://treasury.tn.gov/tcrs/PDFs/SummaryofPlanOptions.pdf>. If you have questions about the Act or wish to obtain related resolutions you may contact TCRS' Field Service division at (615) 741-1971.



Stewart County Courthouse

County Spotlight: *Stewart*

Population: 13,324
County Seat: Dover

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Stewart County is known for its early iron industry. From 1828 until the 1850s, iron mining and smelting took place at a pace unmatched in the South; today there are still remnants of this early iron industry in Stewart County..

Voting Leave - Be Prepared for November's Presidential Election!

Under state law found at T.C.A. § 2-1-106, any person who is entitled to vote in an election held in Tennessee is entitled to take a reasonable amount of time off from work, up to three hours, in order to vote during the time the polls are open in the county where the employee is a resident. The employer may specify the hours during which the employee may be absent, and the employee is required to apply for voting leave to the employer before noon of the day before the election. The state law further provides that the employee cannot be penalized or suffer a reduction in pay due to the absence. There is an exception to this requirement—if the employee's work period begins three or more hours after the opening of the polls or ends three or more hours before the closing of the polls, then the employer is not required to allow any time off from work.

State law sets the minimum requirements for voting leave, but your county may provide for more time off than is required. Check your local personnel policies. Leave policies for all county offices are filed in the Office of the County Clerk.



CALENDAR OF EVENTS

Oct 25	Building a Better Work Team, Johnson City
Oct 26	Building a Better Work Team, Knoxville
Oct 30	Building a Better Work Team, Jackson
Nov 7-9	COAT 44th Annual Conference, Kingsport

***For more detailed event information, see the CTAS website at <http://www.ctas.tennessee.edu>.**

County Officials E-News is a monthly newsletter provided by the University of Tennessee County Technical Assistance Service in an effort to promote better county government through direct assistance to county officials and their associations.

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