



September 2013

Dear member of the Fort Worth Retirement Fund:

On October 23, 2012 the City Council adopted ordinance amendments calling for a new COLA selection for certain members who are currently assigned the ad hoc COLA. If you are receiving this letter, you are currently one of those members assigned the ad hoc COLA.

The purpose of the ad-hoc COLA was to allow members of the Fund to share in the risks and benefits of the investment results of the Fund. However, history has shown that the ad hoc COLAs were triggered by changes to the benefit structure and increases in contributions rather than investment returns. The Fund's actuary projected in 2013 that another ad hoc COLA would not be awarded for over a decade if no changes were made and all current assumptions are met. This would result in a significant challenge for current retirees who have no inflation protection as intended.

In order to restore certainty for both members and the plan, all eligible members will now be assigned a 2% guaranteed COLA for future service, if applicable. In addition, members who are currently in the ad hoc COLA will be offered another opportunity to select a COLA for their past service. The COLA selection process will be implemented as follows:

Active Members:

The adopted ordinance amendments allow active Police Officers and General Employees members who are subject to the ad hoc COLA the *opportunity to select to move to a guaranteed two percent simple annual adjustment for past years of service*. The amended ordinance stipulates that all credited service earned or purchased on or after October 1, 2013 will be subject to a two percent simple guaranteed annual adjustment. Active Fire Fighters are not eligible to participate in the selection process under the provisions of the current Collective Bargaining Agreement.

Current Retirees:

Retirees and beneficiaries currently subject to the ad hoc COLA have the *opportunity to select the two percent simple guaranteed annual adjustment for future years of retirement*, with the first payment occurring in January 2014. A member or beneficiary who chooses the two percent simple guaranteed annual adjustment will receive an annual adjustment of two percent of their base benefit at retirement, which will be added to their current retirement starting in January 2014. In accordance with the current Collective Bargaining Agreement and the adopted ordinance, Fire Fighters who retired on or after April 13, 2010 are not eligible to participate in the selection.

Vested Terminated Members:

Vested terminated Fund members who previously selected the ad hoc COLA have the *opportunity to select a two percent simple guaranteed annual adjustment for all credited service earned* prior to October 1, 2013. All credited service earned or purchased on or after October 1, 2013 will be subject to the two percent simple annual adjustment.

Next Step:

Read the instructions on the back of this letter and make your selection. **Your selection must be received on or before October 31, 2013.**

For questions, please contact Margaret Wise, Human Resources Assistant Director, at 817-392-8058 or by email at margaret.wise@fortworthtexas.gov.

Regards,

Susan Alanis
Assistant City Manager
City of Fort Worth

See reverse side for ballot