

El Paso Fireman and Policemen's Pension Fund

History

- The El Paso Firemen & Policemen's Pension Fund was created in May, 1920.
 - It is established and maintained pursuant to Article 6243(b), Vernon's Annotated Texas Statute.
 - It is divided into two divisions, a Policemen's Fund and a Firemen's Fund,
 - Both are managed by a common Board of Trustees and administrative staff.
 - The current statute charges the Board of Trustees with the Plan's administration, and is comprised of eleven (11) members. Per statute:
 - Three will be firefighters (elected by fire membership),
 - Three police officers (elected by police membership),
 - Three appointed by the Mayor of El Paso, and
 - Two appointed by the City Manager of El Paso.
 - These are volunteer positions and board members not compensated for their time.
 - The Fund is a single employer defined benefit plan under Section 401(a) of the Internal Revenue Code ("Code") of the United States.
 - It provides retirement, survivor, and disability benefits to the uniformed public safety employees of the City of El Paso.
 - Benefits are determined based on a member's years of covered service, average salary, and a multiplier percentage.
- In 2007, HB 3355 passed and codified in statute an agreement between the Fund and the City that required concessions and ongoing commitment by both parties.
 - The Fund now has a two-tiered benefit structure.
 - The City put a cash infusion into the Fund totaling \$210 million.
 - 2007 - \$100 Million
 - 2009 - \$110 Million
 - In 2007, Police membership also increased contributions.
 - Fire membership had previously made an increase.

What do SB 1133 (Rodriguez) and HB 2136 (Pickett) do?

- Clarify the use of public funds
 - Add the words "Except as provided for Section 14A of this act, no"...
 - Section 14A discusses the contribution increases or decreases as edited in the rest of the bill.
- Change the time period on contribution rates being insufficient to amortize the unfunded actuarial accrued liability from "not to exceed 40 years" to "**over a 40 year period**"
 - It maintains that this determination of insufficient rates must be made by a qualified actuary
- Add a section titled Contribution Decreases (almost identical to the increase section already in statute)
 - If at any time a qualified actuary determines that the total contribution rate is sufficient to amortize the unfunded actuarial accrued liability, **over a 25-year period**:
 - The city's or town's governing body may decrease the city or town contribution rate; and
 - To the extent that the city or town contribution rate decreases, the member contribution rate must decrease by an amount using a formula (in the bill)
 - The sum of the city or town contribution rate and the member contribution rate after a decrease **may not be less** than the total contribution rate determined by the qualified actuary to be necessary to amortize the unfunded actuarial accrued liability over a 25-year period.