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# MEMO

**TO:** City Council

**FROM:** City Attorney's Office *AS*

**RE:** Retirement Ordinance/Return to Service

**DATE:** July 6, 2011

The proposed amendment to the Retirement Ordinance (BCO 24-21) related to return to service creates separate retirement benefits calculated for each service period for those employees who have returned to the service of the City and reentered the retirement system. Going forward, such an amendment will clarify how retirement benefits are calculated for those employees who return to service after it becomes effective.

After discussion with the Retirement Board, we suggested clarification of the proposal to explicitly provide that the change applies to employees that return to service after the effective date of the amendment to the ordinance and that the calculation of all years of service be combined for purposes of vesting and the average final compensation.

We have also carefully reviewed the proposed amendment with respect to the relatively small number of current employees who have been rehired by the City after January 1, 2006 after incurring a break in service. After considering the ordinance language and the impact of the proposed amendment on these employees, we want to present and the Retirement Board supports an alternative that would give employees who have returned to service prior to the change in the ordinance a choice of either (1) having separate benefits calculated for each service period, as provided in the proposed amendment or (2) combining their periods of service and applying the accrual rate and other retirement plan provisions in effect at the time of leaving service. The City's actuarial consultants, Buck's Consultants, have advised that this approach would be consistent with current reemployment provisions and also protect against any cutback in accrued benefits.

On June 29, 2011 the City Council Ordinance Committee reviewed this revised proposed amendment to Section 24-21 of the Retirement Ordinance and recommends approval by the City Council.