



## Meeting Agenda

### Employee Pension & Trust Committee

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Monday, August 26, 2024

1:00 PM

Board Room

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#### CALL TO ORDER

#### SETTING OF THE AGENDA

1. Consideration Of Changes In Agenda And Setting The Agenda
  - i. Discussion Of Removal Of Items/Changes Not Requiring A Vote
  - ii. Proposed Changes To The Agenda
  - iii. Approval Of Agenda As Submitted Or Changed

**CITIZEN COMMENTS (Open for citizens to be heard on any issue or concern, including those related to items on the agenda. Please submit a Speaker Card at the beginning of the meeting if you would like to address the Board/Commission. If you would like to speak on an agenda item, the Chair will hold your comment until the public comment period associated with the item. As provided by law, Boards/Commissions shall make no decisions or consideration of action of citizen comments for items not on the agenda, except to refer the matter to the City Administrator/Staff for administrative consideration, or to a schedule the matter for consideration at a later date. Those addressing the Board/Commission are requested to come to the microphone and identify themselves by name and address for the official record. The Chair may restrict the period for public comment, including the length of the public comment period, the number of individuals who can speak and the length of time each individual may speak. When time allows, the standard individual public comment time is two minutes.)**

Comments on agenda items may be made in person at City Hall or by emailing [recorder@franklintn.gov](mailto:recorder@franklintn.gov) before noon on the day of the meeting. Comments will be submitted for the record.

#### APPROVAL OF MINUTES

2. Consideration Of Approval Of Minutes  
March 25, 2024 Employee Pension & Trust Committee Meeting

#### NEW BUSINESS

3. Introduction Of New Member Of The Employee Pension & Trust Committee

**Sponsors:** Sara Sylvis

4. Report Of The Investment Advisor

**Sponsors:** Barry Bryant

5. Report Of The Actuary

**Sponsors:** Kevin Sullivan

6. Consideration Of Resolution 2024-69, A Resolution For The Defined Contribution Retirement Plan As Required For Compliance With The Federal Secure 2.0 Act Of 2022

**Sponsors:** Kristine Brock, Sara Sylvis

7. Consideration Of Resolution 2024-68, A Resolution To Authorize Employees Of A Participating Political Subdivision Who Are Members Of The Tennessee Consolidated Retirement System ("TCRS") To Establish Retirement Credit In TCRS For Expanded Armed Conflict Military Service Credit Pursuant To Tennessee Code Annotated, Section 8-34-605

**Sponsors:** Kristine Brock, Sara Sylvis

**OTHER BUSINESS**

**ADJOURN**

Anyone needing accommodations due to disabilities please contact the ADA Coordinator at 615-791-3277 at least 24 hours prior to the meeting.



**Meeting Minutes**  
**Employee Pension & Trust**  
**Committee**

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**Monday, March 25, 2024**

**1:00 PM**

**Board Room**

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**CALL TO ORDER**

Chairman Clyde Barnhill called the meeting to order at 1:00 PM

Board Members Present: Suzanne Carter, Kris Bull, Kevin Townsel, Mayor Ken Moore, Chairman Clyde Barnhill

Board Members Absent: Keith McGee

Staff Present: Kristine Brock, Shauna Billingsley, Sarah Schilling

**CITIZEN COMMENTS (Open for citizens to be heard on any issue or concern, including those related to items on the agenda. Please submit a Speaker Card at the beginning of the meeting if you would like to address the Board/Commission. If you would like to speak on an agenda item, the Chair will hold your comment until the public comment period associated with the item. As provided by law, Boards/Commissions shall make no decisions or consideration of action of citizen comments for items not on the agenda, except to refer the matter to the City Administrator/Staff for administrative consideration, or to a schedule the matter for consideration at a later date. Those addressing the Board/Commission are requested to come to the microphone and identify themselves by name and address for the official record. The Chair may restrict the period for public comment, including the length of the public comment period, the number of individuals who can speak and the length of time each individual may speak. When time allows, the standard individual public comment time is two minutes.)**

**Comments on agenda items may be made in person at City Hall or by emailing [recorder@franklinton.gov](mailto:recorder@franklinton.gov) before noon on the day of the meeting. Comments will be submitted for the record.**

**APPROVAL OF MINUTES**

1. **Consideration Of Approval Of Minutes  
September 11, 2023 Pension Meeting**

**Sponsors:**

*A motion was made by Mr. Kevin Townsel, seconded by Mayor Ken Moore to Approve the September 11, 2023 Employee Pension & Trust Committee Meeting Minutes. The motion passed 5-0.*

**NEW BUSINESS**

2. **Investment Report For December 31, 2023**

**Sponsors:** Barry Bryant

*This item was acknowledged.*

3. **Report Of The Actuary**

**Sponsors:** Kevin Sullivan

*This item was acknowledged.*

4. **Report From Tennessee Consolidated Retirement System- FY 2025 Employer Contribution For Open Pension Plan**

**Sponsors:** Kristine Brock

*This item was acknowledged.*

5. **Discussion Of Optional Military Service Retirement Credit Program Of The Tennessee Consolidated Retirement System Legacy Defined Benefit Pension Plan (Open Pension)**

**Sponsors:** Kristine Brock, Sara Sylvis

*This item was acknowledged.*

6. **Discussion Of Proposed Changes To Retiree Health Plan Option III**

**Sponsors:** Kristine Brock, Sara Sylvis, Tracy Harness

*A motion was made by Mr. Kevin Townsel, seconded by Mayor Ken Moore to recommend approval of the proposed changes to the Retiree Health Plan Option III and sick conversion policy to the Board of Mayor and Alderman. The motion passed unanimously.*

**OTHER BUSINESS**

**ADJOURN**

*A motion was made by Mayor Ken Moore, seconded by Kevin Townsel to Adjourn the Meeting. The motion passed unanimously.*

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Clyde Barnhill, Chair

Minutes Prepared By Sarah Schilling, Assistant Deputy City Recorder, City Administrator's Office - 3/25/2024, 4:25 PM



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**File #: 21-0476**

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**DATE:** July 18, 2024  
**TO:** Pension Committee  
**FROM:** Sara Sylvis, Benefits Manager

**SUBJECT:**

Introduction Of New Member Of The Employee Pension & Trust Committee

**PURPOSE:**

The purpose of this memorandum is to provide information to the Pension Committee concerning the election of a new employee member.

**BACKGROUND/STAFF COMMENTS:**

There are two employee members of the Employee Pension and Trust Committee. The term of Kris Bull (Fire Department) has ended and HR held a nominating period and election process of current city employees. Scott Quinn of the Police Department was elected to serve the new 4 year term.

**FINANCIAL IMPACT:**

There is no financial impact.

**RECOMMENDATION:**

For informational purposes only.



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**File #: 21-0474**

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**DATE:** July 18, 2024

**TO:** Pension Committee

**FROM:** Barry Bryant

**SUBJECT:**

Report Of The Investment Advisor

**PURPOSE:**

The purpose of this memorandum is to provide information to the Pension Committee concerning the investment report for the quarter ending June 30, 2024.

**BACKGROUND/STAFF COMMENTS:**

(Brief description of the history and supporting information regarding the item, including an explanation of why staff is recommending the action.)

**FINANCIAL IMPACT:**

(Include the cost of the item, how the item will be funded, which fund it will come from, if there are grants or loans involved and whether the item is included in the current approved budget.)

**RECOMMENDATION:**

For information purposes only.



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**File #: 21-0475**

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**DATE:** July 18, 2024  
**TO:** Pension Committee  
**FROM:** Kevin Sullivan

**SUBJECT:**

Report Of The Actuary

**PURPOSE:**

The purpose of this memorandum is to provide information to the Pension Committee concerning the most recent actuarial reports for the closed and open pension programs.

**BACKGROUND/STAFF COMMENTS:**

Tennessee State Statute requires public employers with a defined benefit pension program to have an actuarial report prepared on an annual basis by a licensed actuary. The City has two defined benefit pension programs- a single-employer plan for full time employees on or before December 31, 2016 (referred to as the "Closed Plan") and a multiple-employer plan administered by the Tennessee Consolidated Retirement System (TCRS) for full time employees hired on or after January 1, 2016 (the "Open Plan")

**FINANCIAL IMPACT:**

The City is required to fund the actuarially determined annual employer contribution for both the Closed and Open plans.

**RECOMMENDATION:**

For information purposes only.



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**File #: 21-0477**

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**DATE:** July 18, 2024  
**TO:** Pension Committee  
**FROM:** Kristine Brock, Asst. City Administrator/CFO  
Sara Sylvis, Benefits Manager

**SUBJECT:**

Consideration Of Resolution 2024-69, A Resolution For The Defined Contribution Retirement Plan As Required For Compliance With The Federal Secure 2.0 Act Of 2022

**PURPOSE:**

The purpose of this memorandum is to provide information to the Pension Committee concerning Resolution 2024-69, a resolution for the defined contribution retirement plan as required for compliance with the federal SECURE 2.0 Act of 2022.

**BACKGROUND/STAFF COMMENTS:**

The Setting Every Community Up for Retirement Enhancement 2.0 Act (SECURE 2.0) was signed into federal law on December 22, 2022. The law impacts both private sector and governmental retirement plans, with some provisions affecting only one type of plan. There is a phase-in implementation of changes over several years beginning in 2023. The SECURE 2.0 Act made changes to both federal law and the Internal Revenue Code. Most required changes to governmental plans do not require approval of plan sponsors and will be implemented by plan administrators. However, some changes do require approval by plan sponsors.

**FINANCIAL IMPACT:**

There is no significant financial impact to the City of Franklin as a plan sponsor. However, there will be federal tax implications to certain employees of the City, primarily employees affected by the changes in the Catch Up Provisions for ages 50 and over. Certain other city employees and retirees may have a financial benefit from provisions that eliminate penalties related to distributions for specific situations such as death of a spouse, terminal illness or for payment of retiree medical premiums for retired public safety employees.

**RECOMMENDATION:**

Staff recommends that Resolution 2024-69 be recommended to the Board of Mayor and Aldermen for approval.

**RESOLUTION 2024-69**

**A RESOLUTION OF THE BOARD OF MAYOR AND ALDERMEN FOR THE CITY OF FRANKLIN FOR THE DEFINED CONTRIBUTION RETIREMENT PLAN AS REQUIRED FOR COMPLIANCE WITH THE FEDERAL SECURE 2.0 ACT OF 2022**

**WHEREAS**, the City of Franklin (“City”) has established a Defined Contribution Retirement Plan (“DC Plan”) on the behalf of its employees; and

**WHEREAS**, Mission Square Retirement is the Plan Administrator for the DC Plan in accordance with federal laws regulating employee retirement plans; and

**WHEREAS**, on December 29, 2022, the Setting Every Community Up for Retirement Enhancement (SECURE) Act 2.0 was signed into federal law; and

**WHEREAS**, certain provisions of the Secure 2.0 Act are applicable to governmental retirement plans, including the DC Plan of the City; and

**WHEREAS**, the City intends to comply with key Secure 2.0 provisions that require changes to its DC Plan document for 457(b) Plan #304178.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN FOR THE CITY OF FRANKLIN AS FOLLOWS:**

**Section 1.** Authorizes the Mayor to execute documents related to 1) offering, requiring and expanding the use of Roth features within the 457(b) Plan #304178 and 2) allowing for the tax-free distributions for the payment of qualifying insurance premiums for eligible retired public safety officers (attached as Exhibit A collectively).

**Section 2.** That this Resolution shall be effective upon adoption.

**IT IS SO RESOLVED AND DONE** on this \_\_\_\_ day of September, 2024.

**ATTEST:**

**CITY OF FRANKLIN, TENNESSEE:**

**By:** \_\_\_\_\_  
**Angie Skarp**  
**City Recorder**

**By:** \_\_\_\_\_  
**Dr. Ken Moore**  
**Mayor**

**Approved as to Form:**

**By:** \_\_\_\_\_  
**Shauna R. Billingsley**  
**City Attorney**

Use this form to adopt any of the provisions made available by The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE 1.0), SECURE 2.0 Act of 2022, and related legislation. If you would like to add these provisions to more than one plan, please complete one form per plan.

**I. SECURE 2.0 Provisions**

**A. ROTH Provisions**

While not technically a SECURE 2.0 provision, 401(k), 457(b), and 403(b) plans must adopt the Roth Contribution Provision to continue to permit age-50 catch-up contributions starting in 2024. Roth is not available in 401(a) Profit sharing plans without the 401(k) feature, and is not available in 401(a) Money Purchase plans.

If your plan does not offer Roth Contributions, check here to add this provision:

The plan will permit in-plan Roth Conversions.

Yes  No

The Roth account will be an available source for loans.

Yes  No

**Note:** to adopt the Roth features, 401(k) plans will need to also review an Adoption Agreement and 457(b) plans will need to review an Optional Provision Election Form. Our plan design team will reach out to you with prepopulated versions of the applicable materials upon receipt of this form.

**B. Eliminate the "first date of the month" rule for 457(b) deferral changes.** The plan will permit all deferral initiation and change requests to transpire as soon as administratively feasible, but no later than on the earliest date the deferrals can reasonably be segregated from the employer's general assets, rather than the first pay period of the following month.

Yes  No ("No" is the default provision under the Plan if no selection is made.)

**II. SECURE 1.0 and Related Legislation Provisions**

**C. In-Service Distributions at Age 59.5 (Available in 457(b), 403(b), and 401(a) Money Purchase Plans)**

The Plan will permit in-service withdrawals at age 59.5 (NOTE: Not applicable to 401(a) Profit Sharing Plans, as this provision is already available in your plan. You can change the in-service distribution age by submitting a revised Adoption Agreement.)

Yes  No ("No" is the default provision under the Plan if no selection is made.)

**D. Qualified Birth and Adoption (Available in 457(b), 403(b), 401(a) Money Purchase, 401(a) Profit Sharing Plans)**

The plan will permit participants to receive, upon written request, a distribution of up to \$5,000 per qualifying birth or adoption (not to exceed \$5,000 across all retirement accounts of the participant. (Note to 401(a) Money Purchase Plan Sponsors: such a withdrawal can only be undertaken if the participant meets the plan's existing in-service withdrawal criteria.)

*Such a distribution is exempt from the 10% early distribution tax penalty and is exempt from the mandatory 20% withholding; and can be repaid into the account within 3 years without regard to the usual 60-day time limit for rollovers if elected. A qualified adoption distribution would be limited to the adoption of children who are under age 18 or who are physically or mentally incapable of self-support.*

Yes  No ("No" is the default provision under the Plan if no selection is made.)

Note: If you elect to offer this provision, your plan may need to offer the ability for participants to roll assets into the plan.

**E. MissionSquare Retirement IncomeAdvantage In-Service Distribution (NOTE: only applicable to 457(b), 401(a) Money Purchase, 401(a) Profit Sharing Plans that have the MissionSquare Retirement IncomeAdvantage as an available investment option).**

In the event the MissionSquare Retirement IncomeAdvantage Fund is no longer an investment option under the plan, a Participant shall, upon written request, be permitted to roll these assets to another plan. Such a distribution can be undertaken regardless of the participants eligibility pertaining to in-service distributions.

Yes  No ("No" is the default provision under the Plan if no selection is made.)

By signing below, we intend to amend the plan to allow these provisions as of the date below or as soon as administratively feasible. **Please submit one form per plan number.**

Employer Plan Number: 304178 Employer Plan Name: City of Franklin, Tennessee

Signature of Authorized Plan Representative: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_ (MM/DD/YYYY)

Email Address: \_\_\_\_\_ Phone Number: \_\_\_\_\_

**This form can be returned by secure message, fax, or mail using the information below.**

*Online:* Submit through secure messaging to:  
[www.employers.msqplanservices.org](http://www.employers.msqplanservices.org)

*Fax to:* MissionSquare Plan Services  
(844) 677-3297

*Mail to:* MissionSquare Plan Services  
P.O. Box 219320  
Kansas City, MO 64121-9320

**457 Governmental Plan and Trust  
Optional Provisions Election Form (October 2023)**

Employers should execute this form to make elections, or change prior elections, related to optional provisions contained in the MissionSquare Retirement 457 Governmental Deferred Compensation Plan and Trust document. This form may also be used by plan sponsors utilizing an individually designed plan document.

Plan Number: 30 4178 Employer Plan Name: City of Franklin, Tennessee

**I. PLAN DOCUMENT** (If you are establishing a new plan, please skip this section.)

Our plan currently uses:

- MissionSquare's model plan document  
 An individually designed plan document

**II. PLAN YEAR**

The plan year will be (select one):

January 1 - December 31 (Default); or

The 12-month period beginning \_\_\_\_\_  
Month Day

**III. ELIGIBILITY REQUIREMENTS**

The following group or groups of Employees are eligible to participate in the plan:

- All Employees (Default)
- Full-time Employees
- Salaried Employees
- Non-union Employees
- Management
- Public Safety Employees
- General Employees

Other Employees (specify the group(s) of eligible employees):

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The group specified must correspond to a group of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other material in effect in the state or locality of the Employer.

**IV. LOANS**

Loans are allowed under the plan.

Yes No (Default)

If you select "Yes" above, you must also complete and return the Loan Guidelines Agreement in the **Loan Implementation Package for 457/401 Plan Sponsors**.

**V. DISTRIBUTIONS**

- a. In-service distributions while employed with the Employer are permitted after a participant attains (select one of the options):

Age 70½ (Default)

Not permitted at any age

To adopt an in-service withdrawal age of 59 1/2, please complete the SECURE Act Election form.

- b. In-service distributions of rollovers are allowed at any time:

Yes

No (Default)

- c. Tax-free distributions for the payment of qualifying insurance premiums for eligible retired public safety officers are available under the plan.

Yes



No (Default)

- d. Unforeseeable emergency withdrawals are permitted.

Yes (Default)

No

In applying the rules for unforeseeable emergency withdrawals, the determination of any unforeseen emergency shall include circumstances applying to a Primary Beneficiary.

Yes (Default)

No

**VI. ROTH PROVISIONS**

- a. The plan will offer Designated Roth Accounts as described in Article IX.

Yes



No (Default)

[If No is selected, skip the remainder of this Section VI.]

- b. The plan will allow In-Plan Roth Conversions as provided in Section 9.05.

Yes (Default)

No

- c. Designated Roth Accounts will be available as a source for loans under the plan.

Yes

No or N/A (Default)

**VII. AUTOMATIC ENROLLMENT**

The plan will offer automatic enrollment.

Yes

No (Default)

If you select "Yes" above, further steps are required to implement this feature, including completing implementation forms. We will contact you.

**VIII. DEFERRAL OF SICK PAY, VACATION AND BACK PAY(CHOOSE ANY/ALL THAT APPLY)**

Participants may elect to defer:

Accumulated Sick Pay

Accumulated Vacation Pay

Back Pay

Note: If no election is made, a Participant will not be able to defer any of these.



**X. MILITARY SERVICE ELECTIONS**

- a. Plan contributions shall be made under the plan for differential wage payments (i.e., payments made by the employer to an individual performing military service that represents all or a portion of the wages he/she would have received).

Yes (Default)                      No

If yes is selected, this is effective beginning January 1, 2009 (or if later, the effective date of the Plan), unless another effective date is filled in here:

\_\_\_\_\_

- b. A participant shall be deemed to have a severance from employment for purposes of eligibility for a distribution during any period of military service for more than 30 days.

Yes                                      No (Default)

- c. A participant who dies or becomes Disabled (as defined in the plan) while performing qualified military service shall receive plan contributions as if the individual had resumed employment on the day preceding death or disability and then terminated employment on the actual date of death or disability.

Yes                                      No (Default)

If yes is selected, this is effective for participants who died or became disabled while performing military service on or after January 1, 2007 (or if later, the effective date of the plan), unless another effective date is filled in here:

\_\_\_\_\_ (date cannot be prior to January 1, 2007)

**XI. SPOUSAL CONSENT (APPLIES ONLY TO COMMUNITY PROPERTY STATES)**

If your state is not a community property state, skip the remainder of Section XI.

Where spousal consent is required, it will apply to:

Only to persons who are married (Default)

A person who is married, who is a domestic partner under state law, or who is a person in a civil union or other formally recognized personal partnership

A person who is married or who is a domestic partner under state law

A person who is married or is a person in a civil union or other formally recognized personal partnership

Note: This election applies only for plans in community property states requiring the consent of a spouse to name someone other than the spouse as a beneficiary, and only for determining who is treated as a "spouse" for this purpose and not for any other plan purposes.

**XII. SUMMARY OF CHANGES**

If you are making changes to an existing plan, please summarize the changes along with the effective dates of the changes below and identify the applicable Optional Provisions Election Form section number. If you are establishing a new plan, please skip this section.

- a. Add Roth Provision Effective Date: 01/01/2026
- b. Add Tax Free Distr for Public Safety Effective Date: 01/01/2026
- c. \_\_\_\_\_ Effective Date:     /    /
- d. \_\_\_\_\_ Effective Date:     /    /

**XIII. EMPLOYER SIGNATURE**

By signing, Employer confirms he or she is authorized to make the elections specified on this form.

Employer hereby appoints MissionSquare Retirement as the non-discretionary Plan Administrator in accordance with the terms and conditions of the MissionSquare Retirement Corporation 457 Governmental Deferred Compensation Plan and Trust.

Employer hereby attests that it is a unit of state or local government or an agency or instrumentality of one or more units of state or local government.

Employer acknowledges that applicable state law may or may not allow for the addition of an Automatic Enrollment Feature in their 457(b) plan administered by MissionSquare Retirement, and Employer assumes full responsibility for the decision to add such a feature to their plan.

Employer Signature: \_\_\_\_\_

Date (mm/dd/yyyy):     /    /    

Name (Please Print): \_\_\_\_\_

Title: \_\_\_\_\_

Preferred Phone Number: (\_\_\_\_) \_\_\_\_\_

Email Address: \_\_\_\_\_

Plan Number: \_\_\_\_\_

<b>This form can be returned by email, fax, or mail using the information below.</b>	
Online: Submit through secure messaging to: <a href="http://www.employers.msqplanservices.org">www.employers.msqplanservices.org</a>	Mail to: MissionSquare Plan Services P.O. Box 219320 Kansas City, MO 64121-9320
Fax to: MissionSquare Plan Services (844) 677-3297	



HISTORIC  
**FRANKLIN**  
TENNESSEE

August 26, 2024

Setting Every Community Up for  
Retirement Enhancement 2.0  
ACT (SECURE 2.0) of 2022

# Key Provisions of SECURE 2.0 Act

- Signed into federal law on December 29, 2022.
- Impacts both private sector and governmental retirement plans.
- Phase-in implementation over several years with certain administrative changes effective in 2023.
- Made changes to both federal law and the Internal Revenue Code.
- Most required changes to governmental plans do not require approval of plan sponsors (ex. City of Franklin) and will be implemented by plan administrators (ex. Mission Square). Some changes do require approval by plan sponsors.

# Significant Changes to COF Defined Contribution Retirement Plans

Required Minimum Distributions (RMD) Age Increases (age 73 and increasing to 75 in 2033)

Broadened IRS 10% Early Distribution Tax Penalty Exemption for Public Safety Employees (must be at least age 50 and at least 25 years of service under the plan)

Elimination of the “First Day of the Month” requirements. (Deferral rate elections may be made at any time prior to the date that the compensation being deferred is available.)

Age 50+ Catch up Contributions- Must be on a Roth basis if previous year’s wages are higher than \$145,000 or a limit set by the IRS to include cost of living adjustments going forward.

Repeal of Direct Payment Requirement for Health and Long-Term Care Insurance for retired public safety officer. This change allows for a distribution from a governmental retirement plan to a retired public safety officer to pay for their retiree health insurance premiums.

Surviving Spouse Election to be treated as employee. This change permits the surviving spouse beneficiary of an employee’s defined contribution retirement plan account to elect to be treated as the employee for purposes of the RMD rules.

Exception to Penalty on early distributions for individuals with a terminal illness. Provides a new exception for distributions made to certain terminally ill participants. Not applicable for 457(b) distributions.

# Next Steps

## Consideration of Resolution 2024-69

- Employee Pension & Trust Committee- August 26, 2024
- Board of Mayor and Aldermen Work Session- September 10, 2024
- Board of Mayor and Aldermen Voting Meeting- September 24, 2024



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**File #: 21-0463**

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**DATE:** July 12, 2024  
**TO:** Pension Committee  
**FROM:** Kristine Brock, Asst. City Administrator/CFO  
Sara Sylvis, Benefits Manager

**SUBJECT:**

Consideration Of Resolution 2024-68, A Resolution To Authorize Employees Of A Participating Political Subdivision Who Are Members Of The Tennessee Consolidated Retirement System ("TCRS") To Establish Retirement Credit In TCRS For Expanded Armed Conflict Military Service Credit Pursuant To Tennessee Code Annotated, Section 8-34-605

**PURPOSE:**

The purpose of this memorandum is to provide information to the Pension Committee concerning Resolution 2024-68, a resolution to authorize employees of a participating political subdivision who are members of the Tennessee Consolidated Retirement System ("TCRS") to establish retirement credit in TCRS for Expanded Armed Forces Service.

**BACKGROUND/STAFF COMMENTS:**

At its March 2024 meeting, the Pension Committee received a presentation on a statute approved by the State of Tennessee Legislature in May 2022 establishing an Expanded Armed Conflict Military Service provision for the TCRS Pension Program. (Full time city employees hired since January 1, 2017, are members of the TCRS Pension Program.) This law expands eligibility to allow veterans of 6 armed conflicts to establish prior service credit of up to 4 years even if their military service did not interrupt TCRS covered employment.

- Multinational Force in Lebanon 8/21/82–2/26/84
- Invasion of Grenada/Operation Urgent Fury 10/25/83–12/15/83
- Invasion of Panama/Operation Just Cause 12/20/89–1/31/90
- Persian Gulf War 8/2/90–4/6/91
- Operation Enduring Freedom 10/7/01–12/28/14
- Operation Iraqi Freedom 3/19/03–8/31/10

Terms of the program allow for an eligible employee to decide for him or herself whether to purchase

military service credit once a local government adopts the provision. There is no compulsory requirement for an employee to purchase service credit.

**FINANCIAL IMPACT:**

Should the Board of Mayor and Aldermen desire to enter the program, TCRS requires an employer to "buy-in" at a cost determined by an actuarial study using data provided by a survey of interested employees. The City's HR Department conducted a survey of interest in spring 2024 with the results provided to TCRS for actuarial review. This study resulted in TCRS providing the City three financial options for joining the program:

1. Up-front payment of \$197,006, or
2. An increase in the City's employer contribution by 0.95% for a period of 12 months, or
3. An additional monthly payment from the City to TCRS in the amount of \$2,237 for a period of 120 months (10 years).

Staff recommends adoption of the Expanded Armed Forces Military Credit program and payment of the employer buy-in through an up-front payment of \$197,006 in fiscal year 2025. The Board of Mayor and Aldermen may appropriate these additional funds in a FY 2025 Budget Amendment.

**RECOMMENDATION:**

Staff recommends that Resolution 2024-68 be recommended to the Board of Mayor and Aldermen for approval.

**RESOLUTION NO. 2024-68**

**A RESOLUTION TO AUTHORIZE EMPLOYEES OF A PARTICIPATING POLITICAL SUBDIVISION WHO ARE MEMBERS OF THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (“TCRS”) TO ESTABLISH RETIREMENT CREDIT IN TCRS FOR EXPANDED ARMED CONFLICT MILITARY SERVICE CREDIT PURSUANT TO TENNESSEE CODE ANNOTATED, SECTION 8-34-605.**

**WHEREAS**, Tennessee Code Annotated, Section 8-34-605 allows an active TCRS member who is employed by a political subdivision that participates in TCRS to establish retirement credit in TCRS for the time in which the member performed active duty military service in the armed forces of the United States during a period of armed conflict as defined below, provided the following conditions are met:

- (1) The service credit will be calculated on the basis of one day of creditable service for each day of military service rendered;
- (2) The member must make a lump sum payment of employee contributions for the service claimed based on a contribution rate of nine percent, which rate shall be applied to the member’s earnable compensation at the time of the claim;
- (3) The member was honorably discharged from such military service;
- (4) The member cannot establish the military service in any other retirement system;
- (5) The military service credit cannot be used in determining any rights under TCRS prior to the member becoming vested;
- (6) In no case shall the total amount of retirement credit granted for military service under Tennessee Code Annotated, Section 8-34-605(b) – (e) exceed four (4) years;
- (7) The chief governing body of the political subdivision passes a resolution authorizing the service credit and pays the estimated increased pension liability in a lump sum, through an increase in the political subdivision’s contribution rate for the next fiscal year (July 1 – June 30) following the adoption of the resolution, or through amortizing the liability over a period of time not to exceed ten (10) years from the date of the adoption of the resolution;
- (8) The political subdivision has a funded status in the retirement system of seventy percent (70%) or more after implementation of the benefit improvement; and
- (9) If the political subdivision selects funding option 1 or 2 below, the member shall not be entitled to establish the service credit until the estimated increased pension liability has been completely funded by the political subdivision. If the political subdivision selects funding option 3 below, the member shall be entitled to establish the service credit at the commencement of the amortization period.

**WHEREAS**, for purposes of this resolution, a period of armed conflict means:

Multinational Force in Lebanon	08/21/82 – 02/26/84
Invasion of Grenada/Operation Urgent Fury	10/25/83 – 12/15/83
Invasion of Panama/Operation Just Cause	12/20/89 – 01/31/90
Persian Gulf War	08/02/90 – 04/06/91
Operation Enduring Freedom	10/07/01 – 12/28/14
Operation Iraqi Freedom	03/19/03 – 08/31/10

**WHEREAS**, the estimated increased pension liability created by this resolution is that the City of Franklin  
(Name of Political Subdivision)

would owe \$197,006 in a lump sum to TCRS, or if the liability is paid through an increase in the Political Subdivision’s employer contribution rate for the next fiscal year (July 1 – June 30), the Political Subdivision’s employer contribution rate would increase by 0.95 %, for a total revised employer contribution rate of 8.57 % for the next July 1 – June 30, or if the liability is paid through amortizing the liability, the Political Subdivision would owe \$2,237 each month during the amortization period.

**NOW THEREFORE, BE IT RESOLVED**, that having reviewed the costs of granting the service credit, the

Board of Mayor and Aldermen (the “Governing Body”) of the Political Subdivision hereby  
(Name of Governing Body)

authorizes the establishment of the service credit in accordance with this resolution and Tennessee Code Annotated, Section 8-34-605.

**BE IT FURTHER RESOLVED**, the Governing Body hereby elects to fund the estimated increased pension liability created by this resolution by (CHECK BOX 1, 2 or 3):

- (1)  Paying the amount in a lump sum; or
- (2)  Paying the amount through an increase in the Political Subdivision’s employer contribution rate for the next July 1 – June 30.
- (3)  Amortizing the amount over a 10-year period from the date of the adoption of this resolution.

**IT IS SO RESOLVED AND DONE** on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**ATTEST:**

**CITY OF FRANKLIN, TENNESSEE:**

By: \_\_\_\_\_  
Angie Skarp  
City Recorder

By: \_\_\_\_\_  
Dr. Ken Moore  
Mayor

**Approved as to Form:**

By: \_\_\_\_\_  
Shauna R. Billingsley  
City Attorney

**STATE OF TENNESSEE**  
**COUNTY OF WILLIAMSON**

I, \_\_\_\_\_, clerk of the Governing Body of the Political Subdivision do hereby certify that this is a true and exact copy of the foregoing resolution that was approved and adopted in accordance with applicable law at a meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2024, the original of which is on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of the Political Subdivision.

\_\_\_\_\_  
As Clerk of the Board, as aforesaid

SEAL



## Military Service Retirement Credit

- HB 1852/SB 2057; Public Chapter 1057- Applies to City of Franklin full time employees hired since 1/1/2017 and members of the Tennessee Consolidated Retirement System (TCRS) Defined Benefit Legacy Pension Plan.
- Prior to May 25, 2022, all military service rendered after May 8, 1975, had to interrupt the member's TCRS-covered employment to be eligible to establish prior service credit.
- This new law expands eligibility to allow veterans of the following armed conflicts to establish prior service credit even if their military service did not interrupt TCRS-covered employment:
  - Multinational Force in Lebanon 8/21/82–2/26/84
  - Invasion of Grenada/Operation Urgent Fury 10/25/83–12/15/83
  - Invasion of Panama/Operation Just Cause 12/20/89–1/31/90
  - Persian Gulf War 8/2/90–4/6/91
  - Operation Enduring Freedom 10/7/01–12/28/14
  - Operation Iraqi Freedom 3/19/03–8/31/10



# Military Service Retirement Credit

- This change is effective immediately for vested, active members of the State, Higher Education and Teacher plans and local government employers with a TCRS participation date on or after May 25, 2022.
- Local Governments with a TCRS participation date prior to May 25, 2022, wishing to authorize military service retirement credit for these newly named conflicts may do so by passing the appropriate resolution.
- Eligible members wishing to establish this service credit must make a lump sum payment based on the following calculation:

9%	X	<b>Member's Current Salary</b>	X	<b>Years of Military Service to be Established</b>
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- Retirees and inactive members are ineligible to establish this type of military service credit.
- This military service credit may not be used to enable a member to achieve vesting.



## Military Service Retirement Credit

- A local government desiring to opt into the program must pay a “buy-in” cost in anticipation of additional employer liability as employees purchase military service credit.
- The City HR Department conducted a survey of TCRS members in spring 2024 to collect data used by TCRS’s actuary to calculate the City’s buy-in cost options.
- TCRS providing the City three financial options for joining the program:
  - Up-front payment of \$197,006, or
  - An increase in the City's employer contribution by 0.95% for a period of 12 months, or
  - An additional monthly payment from the City to TCRS in the amount of \$2,237 for a period of 120 months (10 years).
- Staff recommends adoption of the Expanded Armed Forces Military Credit program (Resolution 2024-68) and payment of the employer buy-in through an up-front payment of \$197,006 in fiscal year 2025. The Board of Mayor and Aldermen may appropriate these additional funds in a FY 2025 Budget Amendment.



# Military Service Retirement Credit

Should BOMA Adopt the Program:

- Eligible members (employees) wishing to establish military service related to these six armed conflicts should complete the Application for Military Service Retirement Credit form located on the Forms and Guides Page at [RetireReadyTN.gov](https://RetireReadyTN.gov).
- TCRS members may call 1-800-922-7772 for assistance Monday through Friday between the hours of 8am and 7pm CT
- TCRS offers payment options for employees buying service credits, including payment plans and rolling over funds from other retirement accounts.
- Eligible employees (hired since 1/1/2017) are not required to buy service credit- this is a voluntary program for the employee.



## Next Steps

### Consideration of Resolution 2024-68

- Employee Pension & Trust Committee- August 26, 2024
- Board of Mayor and Aldermen Work Session- September 10, 2024
- Board of Mayor and Aldermen Voting Meeting- September 24, 2024