

# Mayor and Council Communication

**DATE:** 09/13/22

**M&C FILE NUMBER:** M&C 22-0669

**LOG NAME:** 14DEATHBENEFIT2023

**SUBJECT**

(ALL) Authorize Payment to the Retired Employees' Group Death Benefit Fund in the Amount of \$621,132.00 for Fiscal Year 2023 and an Additional Amount of \$50,015.00 for Fiscal Year 2022 for Payments of Retiree Death Benefits, in Accordance with Chapter 2.5, Article II of the City Code

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**RECOMMENDATION:**

It is recommended that the City Council authorize a payment to the Retired Employees' Group Death Benefit Fund in the amount of \$621,132.00 to pay for retiree death benefits for Fiscal Year 2023 and pay an additional amount of \$50,015.00 for Fiscal Year 2022, in accordance with Chapter 2.5, Article II of the City Code.

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**DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to authorize a payment to the Retired Employees' Group Death Benefit Fund to provide for payment of lump-sum death benefits that are anticipated to arise during Fiscal Year (FY) 2023 and provide additional funding for FY2022 due to an unanticipated increase in deaths in 2022.

Since 1970, City ordinances have authorized payment of a lump-sum death benefit to the beneficiary of a City of Fort Worth (City) retiree upon the death of the retiree. The benefit currently provides a lump-sum payment in the amount of \$5,000.00. The Employees' Retirement Fund (ERF) Board of Trustees serves as trustee of the Retired Employees' Group Death Benefit Fund.

Chapter 2.5, Article II of the City Code requires the City to appropriate to the Retired Employees' Death Benefit Fund such amounts as may be necessary to provide the lump-sum benefit payments. Under the Code, appropriations are to be made on an as-needed basis from current revenues. Because the payment of death benefits cannot be made from pension funds, it is necessary for the City to make a payment to the Retired Employees' Group Death Benefit Fund.

The recommended amount of \$621,132.00 should cover management fees and the cost of projected death benefits to the end of FY 2023. If additional funding is needed due to a higher-than-anticipated number of retiree deaths, ERF will notify staff and the Human Resources Department will prepare an M&C to request an appropriation of additional funds. Payment for FY 2023 death benefits will occur after the FY 2023 budget is accepted and the beginning of the fiscal year, October 1, 2023.

Unfortunately for FY 2022, there have been more retiree deaths than in previous years and the death benefit fund needs an additional \$50,015.00 to pay for the anticipated deaths that may occur in September. The recommended amount of an additional \$50,015.00 should cover management fees and the cost of projected death benefits to the end of Fiscal Year 2022.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that funds are available in the current operating budget, as previously appropriated, in the participating departments' Operating Funds and upon adoption of the Fiscal Year 2023 Budget by City Council, funds will be available in the Fiscal Year 2023 operating budget, as appropriated, in the participating departments' Operating Funds to support the approval of the above recommendation and authorization of payment. Prior to any expenditure being incurred, the Human Resources Department have the responsibility to validate the availability of funds.

**Submitted for City Manager's Office by:** Reginald Zeno 8517

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**Additional Information Contact:**

