



Retirement System and OPEB Health Care Trust Policy

I. Authority

The Fort Worth City Council is responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of the City of Fort Worth (“City”). The City Manager is responsible for carrying out the policy directives of the City Council and managing the day-to-day operations of the executive departments, including the Financial Management Services (“FMS”). This policy shall be administered on behalf of the City Manager by the Chief Financial Officer / Director of FMS (“CFO”).

II. Purpose

This policy is intended to establish guidelines to ensure that the Employees’ Retirement Fund is adequately funded and operated for the exclusive benefit of the participants.

III. Applicability and Scope

This policy shall apply to all funds under the budgetary and fiscal control of the City Manager and the Mayor and City Council.

IV. Glossary

See definitions related to this policy provided in the Glossary for Financial Management Policy Statements.

V. Policy

A. Retirement System

1. Benefit Improvements and Reductions

The City will complete an actuarial impact study of any proposed benefit improvements or reductions, including changes in contribution levels before they are implemented.

2. Qualified Plan

The City and the Retirement Fund will maintain the qualified status of the Retirement System. As deemed necessary, the City and/or the



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Retirement Fund will request a "determination letter" from the IRS relative to whether or not the City's retirement system conforms to the Internal Revenue Code in order to assure the tax- exempt status of the income earned on the Retirement Fund's investments, the retiree pension payments, and the accrued benefits for active employees.

3. Funding Level

The City shall progressively monitor contribution levels of both the City and employees, along with retirement benefits, to ensure that the Retirement Fund is sufficiently funded and benefits can be paid as they become due. If funding levels are insufficient, staff will update the City Council of the deficiency and make recommendations for corrective action.

B. Health Care Trust

1. Benefit Improvements

Staff shall routinely present to the City Council the actuarial impact of any proposed benefit improvements, reductions, or changes. The City will also obtain an independent actuary who will certify the actuarial impact of any proposed benefit improvements or changes.

2. Funding Level

The City shall continue to monitor retiree healthcare benefits, to ensure that the Health Fund is sufficiently funded and City Council-approved benefits can be paid according to the approved benefit program. If funding levels are insufficient, staff will update the City Council of the deficiency and make recommendations for corrective action.