
Council Bill Number: 117642

Ordinance Number: 124082

AN ORDINANCE clarifying the disability retirement benefit formula in the Seattle City Employees' Retirement System (SCERS); amending Seattle Municipal Code section 4.36.230; providing a benefit that is directly proportional to City service for members making application for disability retirement after December 31, 2012 who have less than 10 years of City service but who otherwise may qualify for a disability retirement under portability.

Status: Passed

Note: Originally referred to the Libraries, Utilities, and Center Committee on September 4, 2012.

Vote: 9-0

Date filed with the City Clerk: 2012/12/21

Date of Mayor's signature: 2012/12/18 ([about the signature date](#))

Date introduced/referred to committee: 2012/10/29

Committee: Government Performance and Finance

Sponsor: BURGESS

Committee Recommendation: Pass

Date of Committee Recommendation: 2012/12/13

Committee Vote: 2 (Burgess, Clark) - 0

Index Terms: CITY-EMPLOYEES, PENSIONS, EMPLOYEE-BENEFITS, RETIREMENT-SYSTEM

Fiscal Note: [Fiscal Note to Council Bill No. 117642](#)

Electronic Copy: [PDF scan of Ordinance No. 124082](#)

Reference: Related: [Resolution 30990](#)

Text:

AN ORDINANCE clarifying the disability retirement benefit formula in the Seattle City Employees' Retirement System (SCERS); amending Seattle Municipal Code section 4.36.230; providing a benefit that is directly proportional to City service for members making application for disability retirement after December 31, 2012 who have less than 10 years of City service but who otherwise may qualify for a disability retirement under portability.

WHEREAS, the Seattle City Employees' Retirement System (SCERS) provides both service retirement benefits and disability retirement benefits to eligible members of SCERS; and

WHEREAS, the Seattle Municipal Code (SMC) requires SCERS members to have 10 years of City service over a period not to exceed 15 years to be eligible for a disability retirement benefit, among other requirements; and

WHEREAS, the disability benefit formula in SMC 4.36.230 often results in a disability benefit equal to one third of the member's final average compensation; and

WHEREAS, the City agreed to participate in portability with other Washington retirement systems under Revised Code of Washington (RCW) 41.54, and under those provisions, service in such other retirement systems may be combined for purposes of determining eligibility for a disability retirement; and

WHEREAS, under portability, a non-vested member of SCERS may be eligible for a SCERS disability retirement

benefit worth up to one-third of final compensation, which would result in disproportionate costs to SCERS; and

WHEREAS, earlier in 2012 the SCERS Board of Administration recommended and the City Council adopted a modification to the disability and temporary disability retirement provisions whereby the previous prohibition to pre-existing conditions was eliminated from the eligibility requirements, thus making the disability benefit more valuable and application of portability to a disability retirement more sensitive; and

WHEREAS, it is the belief of the SCERS Board of Administration and Seattle City Council that this disproportionate allocation of disability retirement benefit in certain cases involving portability is not in keeping with the intent of portability; and

WHEREAS, Seattle wishes to provide disability retirement benefits under portability that are proportional to the member's "actually established" City service as envisioned in RCW 41.54.032.2(b); NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 4.36.230.A of the Seattle Municipal Code, which section was last amended by Ordinance 121366, is amended as follows:

A. Upon retirement for disability, as provided in Section 4.36.220, provided the disability is not due to intemperance, willful misconduct or violation of law, of which the Board shall be the judge, a member shall receive a retirement allowance calculated as follows:

For a member, making application for disability retirement after December 31, 2012, with less than 10 years of actual City service, but who otherwise qualifies for a disability retirement under the portability provisions of RCW 41.54.032, one and one-half (1 1/2) percent of final compensation multiplied by years of creditable City service. For all other members with at least 10 years of actual City service, ~~((-Θ))~~ one and one-half (1 1/2) percent of final compensation multiplied by years of creditable service, if such retirement allowance exceeds one-third (1/3) of his final compensation; otherwise one and one-half (1 1/2) percent of final compensation multiplied by years of service which would be creditable to him were his services to continue until attainment of age sixty-two (62) but such alternative disability retirement allowance shall not exceed one-third (1/3) of such final compensation; provided, that no disability retirement allowance shall exceed sixty (60) percent of final compensation. Notwithstanding any provision of this section to the contrary, the minimum retirement allowance shall be One Hundred Forty Dollars (\$140) per month.

The retirement allowance as above calculated shall consist of:

1. An annuity which shall be the actuarial equivalent of the member's accumulated normal contributions;
2. A pension which shall be the actuarial equivalent of the City's matching contributions;
3. A pension for prior service, if any, calculated at the rate of one and one-half (1 1/2) percent of final compensation for each year of prior service, which shall be provided by contributions of the City;
4. An additional pension, provided by contributions of the City, should the calculation of the allowance show that subsections A1, 2 and 3 above are not enough to produce the retirement allowance indicated;
5. When use of proper annuity and pension rates results in a retirement allowance amounting to more than would be realized by adherence to the formula indicated in the second paragraph of this section the Board shall allow the higher amount.

Section 2. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2012, and signed by me in open session in authentication of its passage this

____ day of _____, 2012.

President _____ of the City Council

Approved by me this ____ day of _____, 2012.

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2012.

Monica Martinez Simmons, City Clerk

(Seal)

John McCoy / Cecelia M. Carter SCERS Disability Portability Clarification ORD October 23, 2012 Version #2