

Article 12B Pension Amendment Submitted 5/20/15

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MOVED: That the main motion (B) in Article 12 be amended to add after the words "Retirement expenses", the words "and that the Warrant Committee prepare a Pension Report that includes an analysis of the impact of the pension payments on the annual operating budget, such report must be delivered to Town Meeting Members by Oct 15th, 2015", so the motion reads: **"That under Employee Benefits, \$6,502,635 be raised and appropriated for Retirement expenses, and that the Warrant Committee prepare a Pension Report that includes an analysis of the impact of the pension payments on the annual operating budget, such report must be delivered to Town Meeting Members by Oct 15th, 2015."**

Explanatory Note:

The purpose of this amendment is to make an official request that the Warrant Committee provide Town Meeting with a Pension Report. The Pension Report can give Town Meeting Members details about the current pension funding schedule. This schedule requires us to appropriate more than \$6 million this year toward reducing our unfunded pension liability and anticipates increasing this expenditure by about 7% per year each and every year through 2027 (at which point this appropriation will have risen to more than \$14 million).

The Pension Report can discuss how this rapidly growing expenditure might impact the Town's operating budget and assess different strategies for mitigating the impact on our annual operating budget. These potential strategies could include, but not be limited to, extending the current funding schedule from 2027 to 2040 (the maximum time allowed by Massachusetts law); the option of reducing annual increases from 7% to a figure that is in line with our historic revenue growth (i.e., about 3% to 4%); the option of paying off some or all of the liability with a pension obligation bond and/or debt exclusion; or the option of continuing the current funding schedule.

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