

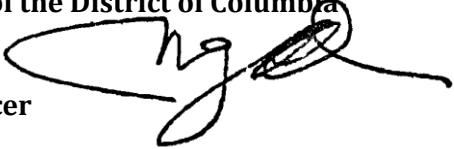
Government of the District of Columbia  
Office of the Chief Financial Officer



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Philip H. Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** November 9, 2012

**SUBJECT:** Fiscal Impact Statement – “Police and Firefighters Retirement and Disability Omnibus Act of 2012”

**REFERENCE:** Bill 19-1019 as Introduced on October 18, 2012

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**Conclusion**

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill.

**Background**

The District of Columbia Retirement Board (DCRB) is an independent agency that administers the District’s retirement plans for teachers, police officers, and firefighters (“Plans”). The District is the sponsor of the Plans, and is required to budget annual pension contributions, at an amount certified by DCRB.<sup>1</sup>

On December 15, 2011, DCRB approved several technical amendments to the Plans to bring them into compliance with Internal Revenue Service (IRS) rules for government retirement plans. The amendments are technical in nature<sup>2</sup> and do not change Plans’ administration and benefits structures.

This bill formally codifies many of the amendments made to the Police and Firefighter plans,<sup>3</sup> as required by the IRS.

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<sup>1</sup> District Code § 1-907.02(a).

<sup>2</sup> Examples of the technical changes include defining eligible rollover distributions and formally stating that pre-tax employee contributions must be “picked-up” by the employer in payroll. Neither of these change the way the fund is currently administered, just formally states it in the plan.

<sup>3</sup> Bill 19-1018 makes additional technical changes to the 1997 replacement police and firefighter retirement plans.

The Honorable Philip H. Mendelson

FIS: B19-1019 "Police and Firefighters Retirement and Disability Omnibus Act of 2012," as introduced on October 18, 2012

### **Financial Plan Impact**

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill.

In an October 24, 2012 letter to DCRB, its actuary confirmed that plan amendments in the bill do not have a financial impact on any of the DCRB retirement plans.

If the amendments are not formally adopted, the Plans may no longer be deemed IRS-qualified governmental plans, potentially resulting in significant tax implications for the Plans and IRS penalties for the District.