

## Employees Retirement Fund (ERF) Questions and Answers

### Dallas City Code, Chapter 40A Modifications

1. Why is the Employees' Retirement Fund -Trust document (Dallas City Code, Chapter 40A) being considered for amendments?
  - The Texas Legislature requires that all pension plans, including the City of Dallas pension plan, develop and implement Funding Soundness Restoration Plans (FSRP) by September 1, 2025.
2. What is a Funding Sound Restoration Plan?
  - State legislation now requires the Employees' Retirement Fund to collaborate with the City of Dallas to create a sound financial plan affordable to retire all active employees within a maximum 30-year period. Your pension plan is a trust fund that was set up as a city ordinance: Dallas City Code, Chapter 40A. However, the State's Trust law governs the plan in its format.
3. Is there a plan from the ERF Board to change active employees' benefits?
  - The current recommendation will not change active employees' benefits. However, the recommended plan requires an increase to all active employees' contributions from 13.32% to a maximum of 14%
4. When will the contribution increase for active employees take place?
  - The current recommendations expect an increase to employees' contributions effective October 1, 2025.
5. As a retiree, my Cost-of-Living Adjustments are important? Is there a plan from the ERF Board to change retirees' benefits?
  - No, the current recommendations do not include changes to retirees' benefit or COLA.
6. Why is the ERF's FSRP being tied to the Dallas Police and Fire Pension?
  - The FSRP for the ERF is, indeed, a separate issue and requires a separate solution from what the Dallas Police and Fire Pension has briefed the Ad-Hoc Committee on Pensions. ERF is governed by Dallas City Code Chapter 40A. Dallas Police and Fire Pension is governed by a State statute. Two totally different plan documents.

7. Can you explain how we arrived at the Texas Supreme Court and how it affects our benefits as a member of ERF?
  - In 2019, ERF filed a lawsuit against the City for changes made in the Dallas City Code, Chapter 8 in 2017 and specifically creating new term limits for the employee elected board members. 40A-35 defines the process to change the trust plan document to include approval from the ERF Board, the City Council, and the Dallas voters in a general or special election.
  
8. When will the Texas Supreme Court release an opinion regarding the City of Dallas vs. ERF case?
  - The decision from the court cannot be predicted. The best guess is that a ruling will be released at some point in 2024.
  
9. What is the worst-case scenario of the Supreme Court Case?
  - If the Supreme Court rules in favor of the City, it may result in the elimination of the Three-Step-Process. However, it's likely that the City Council and Dallas Citizens will still need to approve all future changes as currently outlined in the Chapter 40A-35..
  
10. What can I do to protect my pension as a member of the ERF?
  - You can contact Dallas City Council members and let them know your thoughts about your pension.
    - ✓ Civilian employees' jobs matter
    - ✓ City employees' base pay have been below market rates compared to other cities for nearly two decades.
    - ✓ The average annual benefit for ERF members is \$40,000.
    - ✓ The City does not contribute to social security for its employees and Cost of Living Adjustments (COLAs) are essential for retirement security.
    - ✓ The discussion of changing the pension from a defined benefit plan to a 401(k) plan is not beneficial to current members of ERF or the City as a whole.