



# CITY OF BIRMINGHAM

MAYOR RANDALL L. WOODFIN

PUTTING PEOPLE FIRST

March 22, 2021

Dear Employees,

I want to acknowledge this past year has been hard because of the pandemic and the economic impact it has had on the city budget. It came with tough decisions that each of you felt. In order to reduce that burden, **I am committed to restoring merit pay raises, COLA and longevity pay in the new budget. Your holiday pay will also be restored in the budget recommendation I present to the council.**

When I first became mayor, it was clear to me more had to be done for the pension. The city made a promise to you as an employee and we must keep that promise. It's the right thing to do.

We have been completely transparent, first sharing information in November 2018 about the risk the pension faced if important steps were not taken to better fund it. Since that time, we have taken decisive action.

This year the city is contributing \$28 million to the pension. That's double what the city contributed in 2017. I have worked closely with your pension board to make sure we can fix this problem, so we don't have to worry about the pension in the future. That is why the pension board approved changes in a scheduled and advertised meeting in November 2020. The changes approved by the pension board are before state lawmakers right now.

**Let me be clear, your benefits will not change under the plan.**

There are two changes about contributions to strengthen the plan. First, **this plan makes it law that the city must meet its yearly contribution to fully fund your pension.** Along with the pension board, I fully support this.

Together, we can provide the security for your retirement future.

The plan makes one other change that will affect your pension plan. To keep it secure for the future, this plan increases your contribution by half a percent. That amount is equal to half a penny. It is the same amount employees made to the contribution at a time when it was fully funded.

What does that mean for you? If you make \$50,000 a year, for example, your contribution would increase by about \$9.62 per paycheck. **That is the only change you will see as a current employee.** Your contribution increases by half a percent and the city is mandated by law to cover

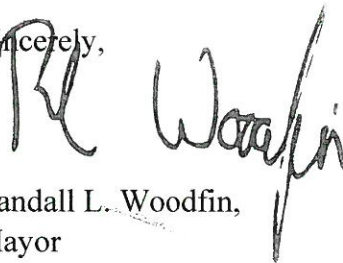
any additional contributions to fully fund the pension each year. You can review what the contribution change would mean for you at [www.birminghamal.gov/pension](http://www.birminghamal.gov/pension).

**My commitment to recommend to the council that we restore merit pay raises, COLA, longevity pay, and your paid holidays will offset the employee contribution changes.**

The pension was a problem long in the making. We've done a lot in three short years. Together, we can solve the problem once and for all and give you security for your retirement future.

I personally thank each of you for your commitment to our city through a difficult year.

Sincerely,

A handwritten signature in black ink that reads "R L Woodfin". The signature is written in a cursive style with a large, stylized "R" and "L" at the beginning.

Randall L. Woodfin,  
Mayor