

TO: KNOX COUNTY COMMISSIONERS

**FROM: RICHARD H. ARMSTRONG, JR.
KNOX COUNTY LAW DIRECTOR**



DATE: MARCH 19, 2008

RE: OUTSIDE COUNSEL FOR KNOX COUNTY RETIREEs

In order to answer questions you may have concerning the proposed resolution to outside counsel for Knox County retirees, I first need to inform you of a critical funding issue of the Pension and Retirement Board. In 2007, the Knox County taxpayers approved a retirement program for selected Knox County Sheriff's uniformed officers. The program was modeled after that of the City of Knoxville Police Department and the United States military in which a 20 year veteran receives 75 percent of their monthly salary for life. The rest of Knox County and City of Knoxville employees do not receive this same benefit.

For reasons unknown, the Pension Office Staff, upon advice of its highly paid outside counsel, calculated benefits between 81 percent and 95 percent of monthly salary. These calculations are contrary to that which the taxpayers had approved. This increased the actuarial liability and potential tax burden to the taxpayers of Knox County for approximately 600 uniformed officers. These increases have never been submitted to Commission as required by the plan.