

Village to phase in pension changes

Written by MARK JAEGER

Wednesday, 24 October 2012 16:25

Vote means employees will be expected to pay share of retirement savings

The Village of Fredonia has no unionized employees, so it has not been directly affected by the changes implemented by Wisconsin's Act 10.

Still, the new outlook on government employees has given local officials an opportunity to rethink the benefits offered employees.

The results of that new look at worker costs became clear when the Village Board revamped its employee pension program.

Trustees unanimously approved a five-year program that will gradually reduce the amount of money the village puts toward employees' retirement accounts.

Prior to the board action, the village had been paying 11% of an employees' salary into a deferred compensation account.

The public employees benefits battle waged by Gov. Scott Walker made such arrangements obsolete for unionized workers.

It also opened the door for the village to reduce expenses.

"I think paying 11% in this day and age is unconscionable, but our employees were able to get that for quite a number of years. We can no longer offer such a luxurious level of benefits," said Trustee Donald Dohrwardt, who spearheaded the pension analysis for the village.

As an alternative, the village will put 5.5% of the employee's salary in a deferred compensation program next year, regardless of whether the worker contributes toward their pension.

The village's guaranteed contribution will drop to 4% in 2014, 2.5% in 2015, 1% in 2016 and no guaranteed match in 2017 if the worker chooses not to participate in the plan. Employees can continue to get a 5.5% match from the village if they defer that much of their pay.

Employees must work a minimum of 1,200 hours a year to be eligible for the matching funds. The village has six eligible full-time employees.

Although the board unanimously approved the pension plan change, Village President Chuck Lapicola said the vote should not be taken as a criticism of village employees.

"I hate to see employee benefits erode at all, but every municipality is doing something similar," Lapicola said.

"It seems to be the way of the world."

Lapicola did not vote on the motion.

Village to phase in pension changes

Written by MARK JAEGER

Wednesday, 24 October 2012 16:25
