

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **PENSION FUNDING - ALABAMA**

### **Taylor v. City of Gadsden**

**United States Court of Appeals, Eleventh Circuit - September 16, 2014 - F.3d - 2014 WL 4548614**

Recognizing that its pension system was underfunded, City raised its employees' pension contributions by 2.5% of their total compensation. It did so pursuant to an Act passed by the Alabama legislature mandating such an increase for state employees and permitting, but not requiring, localities to do the same.

In response, a class of City firefighters — whose contribution rate was raised from 6% to 8.5% — brought this lawsuit. They alleged that the City's actions impaired the terms of their employment contracts, in violation of both the United States Constitution and the Alabama Constitution.

The Court of Appeals held that plaintiffs had no contractual right to a static, inviolable 6% contribution rate and thus the City was free to amend the employee contribution rate without constitutional consequence.