

Dear Board Members:

I would first like to thank Bill for his work in putting a proposal together for the Board's consideration. I know that a lot of time and thought was put into the proposal. I am very encouraged by the acknowledgement by the Board members that the Cincinnati Retirement System (CRS) is in serious trouble and that changes need to be made. However, I am concerned about such a drastic proposal. While I understand that it is unrealistic for the City to make one large "cash infusion" to save the system, it is also unreasonable to drastically cut the retirement benefits of active employees. My specific concerns/comments on the proposal are as follows:

- While the proposal indicates that the City needs to contribute more and share in the burden, it is not specific to how much and when. City Council has been presented with many options to raise revenue by administration, i.e. collecting the approved millage for property taxes and instituting a trash collection fee. However, City Council has chosen to ignore these options and continues to underfund CRS instead. One large "cash infusion" may not be possible, but what about smaller "cash infusions" in the near future?
- Eliminating the 30 year and out option with no actuarial reduction for all employees with 27 or less years of service is too extreme. Many City employees have dedicated years of service to the City in return for this option. City employees receive no bonuses, no stock options, and no 401K contribution. The 30 year option is the MAIN reason people dedicate their entire working career to the City. This enables the City to retain good employees with many years of institutional knowledge.
- Once an employee reaches their 30th year, they will be required to pay into a system that they will receive no additional benefit from. Even in the social security system you get credit for ALL years of service. Also, keep in mind that the City pension is the only retirement benefit most City employees will receive. Most employees are not eligible for social security and even if they are it is significantly reduced.
- Currently the City is committing (not guaranteeing) to contribute only 17% to CRS, however, they are contributing 19% & 24% to the police and fire systems. In addition, each year the City pays debt service toward pension obligation bonds the City issued to fund the police and fire systems. The City is required to meet these obligations. Why is this not the case for CRS contributions?
- Another concern related to City's intentions is the recent discussion on casino revenues. City Council is well aware of the funding issues facing CRS, but there has no mention at all of using any of these new proceeds to help the system. The casino revenue will be general fund revenue which can be used fund CRS. It appears that City Council has little intention of allocating additional resources to the system.
- There is no acknowledgement in the plan that failure to fund the healthcare trust will result in the depletion of the fund in the near future. The healthcare trust will be depleted prior to most active city employees reaching age 65. Most active employees will be required to work 10+ additional years with no monetary incentive and no healthcare alternative at retirement under the proposed plan.

CRS is always being compared to the benefits offered in the private sector. Public and private systems are vastly different and comparing the two is like comparing apples and oranges. CRS should be compared to other PUBLIC systems. Attached is a chart which compares the City's Retirement System with the current and proposed Ohio Public Employee Pension System (OPERS) and State Teachers Retirement System (STRS). Also, attached is more detailed information from OPERS about its proposed changes. I think the Board should consider some of the changes being contemplated by these systems instead of the drastic cuts currently proposed. We do not want to vote for such drastic changes that will result in major lawsuits that will tie our hands to implement any changes.

As the Board considers changes to the system, it is imperative that both employees and retirees are properly informed of the changes being considered. I think we need to talk about how to facilitate this communication.

Thanks,
Karen