



# Cincinnati Retirement System Pension Fund Task Force

## Minutes

April 6, 2010 – 2PM

Centennial II – Meeting Room A

### Present:

Milton Dohoney  
Dan Geeding  
Linda Graviss (conference call)  
James Girton (conference call)  
Brian Pickering  
Marianne Steger  
Chris Stenger  
Bryan Schmitt  
Francis Wagner

### Administrative Staff Present

Lea Eriksen  
Hilary Bohannon  
Paula Tilsley  
Jack Walsh  
Cheryl Volk

### Absent

Kathy Creager  
Laketa Cole  
Cathy Crain

The meeting was called to order at 2:04 P.M.

### APPROVAL OF MINUTES

The Task Force minutes from March 30, 2010 were submitted for review and approval. M. Steger made a motion to approve the minutes. The motion was seconded by C. Stenger and the motion passed. Minutes were approved.

### CAVANAUGH MACDONALD REPORT

Eric Gary and Ed Koebel attended the meeting via conference call. The following report was presented and discussed. The report included:

#### Objectives

- Provide the financial impact to the pension plan of proposed benefit, eligibility, and funding designs
  - Reduced death benefit
  - Compound COLA vs Simple COLA
  - 5-year highest average salary benefit formula
  - Employee contributions to increase to 10%
  - Increase City contributions
    - \* Annual amount
    - \* Cash infusion

- ✚ Thirty year projections of funded ratio displayed in six different scenarios. Pension plan only scenarios included various adjustments in:
  - 5-year highest average salary benefit formula
  - Employee contributions
  - City contributions
  - Death benefits
  - Benefits multiplier
  - Cost of Living Adjustment (COLA) for future retirees
  - Cash infusion
  
- ✚ The scenarios reflected a need for a cash infusion to reach pension solvency
  
- ✚ Projection Assumptions
  - 12/31/08 Valuation Basis
    - 5-year asset smoothing with 20% corridor
    - Liabilities valued with 8% discount rate
  - 2009 Investment Return to Date
    - Positive 2009 – assume 19.76% return
  - First Task Force Changes (effective 1/1/2010)
    - Amortization period changed to 30 years
    - Increase in employee contribution percentages
    - New tier pension changes
      - \* Reduced benefit formula
      - \* Increased retirement eligibility
  - 17% city contribution for 2009, 2010, and 2011

## **DISCUSSIONS**

- ✚ The presentation to City Council should incorporate three to four recommended approaches for consideration.
  - The presentation should indicate the specific timeframe for the fund's ultimate dissolution should City Council fail to act.
  - Targeting a specific source for cash infusions is not within the purview of the Task Force.
  - Include an appendix regarding the status of the retirees' healthcare plan (401H account).
    - Administration to develop a strategy for the healthcare plan and present recommendations to the Cincinnati Retirement System (CRS) Board of Trustees for consideration.
  
- ✚ Other considerations for COLA: Base the rates on investment rate of returns or delay the activation date.

## **Additional Information Requested by the Task Force**

- ✚ Present additional scenarios with various adjustments in the benefit multiplier, effective date, COLA, death benefit, and cash infusion.
- ✚ Include proposed retirement eligibility requirements in the Task Force presentation for clarification.

Next meeting is scheduled for Tuesday, April 13, 2010 – Centennial II – Meeting Room A. Meeting was adjourned at 3:50 P.M.