



City Of Cincinnati Retirement System Board of Trustees Meeting

Minutes

September 8, 2011 / 2:00 P.M.

City Hall – Conference Room 115

Present:

Madelynn Matlock, Chair
Bill Partridge, Vice-Chair
Don Beets
Mike Fehn
Chris Meyer
Mark Berliant
Brian Pickering
Mike Rachford

Staff Present:

Paula Tilsley
Don Beresford
Cheryl Volk

Absent

Roger Sims
Karen Alder

The meeting was called to order at 2:05 P.M.

APPROVAL OF MINUTES

C. Meyer made a motion to approve the minutes. M. Berliant seconded the motion and the motion passed. Minutes were approved as submitted.

NEW BUSINESS

Benefits Committee was scheduled for 12 P.M., Thursday, October 6, 2011.

Actuarial Experience Study

Cavanaugh Macdonald Actuaries, Ed Koebel and Eric Gary provided the Actuarial Experience Study and attended the CRS Board of Trustees meeting via conference call. The purpose for the study was to assess the reasonability of the actuarial assumptions for the Retirement System. The study covers a five-year period from January 1, 2006 to December 31, 2010, and includes all active and retired members as

well as beneficiaries of deceased members. The pension plan changes approved by City Council in March 2011 were also incorporated into the report.

As a result of the study, revised actuarial assumptions were recommended. The results indicated that the assumed rates of separation from active service due to withdrawal, disability, death and retirement, and rates of salary increase and post-retirement mortality do not accurately reflect the actual and anticipated experience of the Retirement System. New withdrawal, disability, retirement, salary increase and mortality tables were developed and recommended which reflect more closely the actual experience of the membership. The study included the financial impact of the proposed changes in assumptions.

The Report included:

- Results using 8% and 7.5% rate of return
- Executive Summary
- Economic Assumptions
 - Price Inflation
 - Investment Return
- Demographic Assumptions
 - Rates of Withdrawal
 - Rates of Disability Retirement
 - Rates of Service Retirement
 - Rates of Mortality
 - Rates of Salary Increase
 - Other Assumptions

Discussion

The National Association of State Retirement Administrators (NASRA) conducted a survey which identified the median long term nominal investment rate of return of 8%. Several retirement systems have lowered their assumptions by one quarter to one half percent, while several others are currently reviewing this assumption. The median remains at 8%. Minor changes in the assumed rate of return can have a major impact on valuation results. The investment return assumption should reflect the asset allocation target for the funds set by the Board of Trustees.

The Board requested supplementary projections using different capital market assumption rates of return, and an additional analysis using a 7.75% assumed rate of return. All data will be reviewed and considered by the Board before determining the assumed rate of return for the 12/31/2011 Valuation Report.

Request that Marquette Associates discuss their capital market assumptions via conference call at the next Board meeting, October 6, 2011.

Board Action

Motion was made by B. Partridge and seconded by B. Pickering to approve the recommended non-economic assumptions. The Board unanimously approved the non-economic assumptions as recommended by Cavanaugh Macdonald:

- Rates of Withdrawal
- Rates of Disability Retirement
- Rates of Service Retirement
- Rates of Mortality
- Rates of Salary Increase

- Other Assumptions
 - Amortization Method
 - Assets
 - Option Factors
 - Valuation Cost Method
 - Withdrawal Assumption
 - Percent Married
 - Spouse Age Difference
 - Part-Timers
 - Retiree Health Benefits Plan Participation

LEGAL UPDATE

The Gamel lawsuit regarding retiree medical coverage was defeated and the plaintiffs' claims dismissed.

C. Meyer made a motion to adjourn the meeting. M. Fehn seconded the motion and the motion passed. Meeting was adjourned at 4:05 P.M.