



City of Cincinnati Retirement System Benefits Committee Minutes

January 10, 2013 12:00 P.M.
City Hall – Committee Room B

The meeting was called to order: 12:01 P.M.

Present

Roger Sims, Chair
Mike Rachford, Vice-Chair
Mike Fehn
Bill Partridge

Staff Present

Paula Tilsley
Cheryl Volk

Absent

Madelynn Matlock

APPROVAL OF MINUTES

M. Rachford made a motion to approve the Benefits Committee minutes from August 23, 2012, September 19, 2012, and October 4, 2012. B. Partridge seconded the motion and the motion passed. All minutes were approved as submitted.

DISABILITY RETIREMENT PROGRAM PROJECT

Administrative Procedures and Processes

The Cincinnati Municipal Code (CMC) provides CRS the authority to periodically audit members receiving a disability retirement benefit. Such members under the age of 60 are eligible for annual review through medical evaluations and income assessments. The purpose of the audit is to determine the current status of the recipient's disabling condition, to assess if the recipient is able to work, and to determine if the member is receiving other forms of income. Depending on these factors, CRS may reduce or terminate the disability benefits.

P. Tilsley outlined the administrative procedures and timelines for conducting the CRS disability audits and these were supported by the Benefits Committee. The Retirement Department will update the Committee regularly and present cases for review as necessary.

Retirees who are denied disability due to the medical evaluation have a right to appeal the decision. The Committee recommended researching the feasibility of the member paying the physician fees associated with an appeal, if the appeal is denied.

Dr. Paul Hogya, CRS Medical Director requested an opportunity to attend a Board meeting for introductions and discussion about the disability program. The tentative plan for Dr. Hogya's attendance is the March 7th Board meeting.

NEW BUSINESS

City Council Request for COLA Report

City Council requested that CRS submit a report on the Cost of Living Adjustment (COLA). The Board considered the information available and what to include in the report. Gather industry data and trends, and seek a legal opinion concerning the ability to change the COLA for certain retirees. The deadline for submitting the report will dictate whether to use data from Cavanaugh Macdonald's previous Valuation Report or data from the upcoming Valuation Report in May 2013.

P. Tilsley will update the Benefits Committee regarding the City Council request as details become available. Once the report has been drafted, the Benefits Committee will review the report and make recommendations as necessary for the Board's consideration. The Board will review and submit recommendations or comments to City Council as appropriate.

Disability Audit Report – Lisa Young

The CRS Medical Director conducted a medical evaluation on Lisa Young as part of the disability audit process. The Medical Director's report was submitted to the Benefits Committee for their consideration.

B. Partridge made a motion to enter Executive Session to discuss the disability case of Lisa Young. B. Nussman seconded the motion and Executive Session was called to order 12:30 P.M.

M. Rachford made a motion to adjourn the Executive Session. B. Partridge seconded the motion and the Executive Session was adjourned at 12:46 P.M.

Committee Action

M. Rachford made a motion to deny the disability benefits for Lisa Young. B. Partridge seconded the motion and the motion passed unanimously. Lisa Young's disability status was denied.

Administrative Issues

CRS has identified two groups of retired members whose benefits were processed incorrectly in years past resulting in overpayments. The monthly pension benefits are being adjusted to reflect the correct payments assuming the errors had never occurred. The CRS Board will review its options concerning the collection of any or a portion of the overpayments. The projects are briefly described below:

Annuity Option 3 & 4 Overpayments

The issue affects 36 pensioners, most who retired in the 1980's and 1990's. At the time they retired, they chose either the joint annuity Option 3 (benefit reduces to 66.66% upon first annuitant to die) or Option 4 (benefit reduces to 80% upon first annuitant to die). In general, if the spouse annuitant died during the period from 2001 to 2009, the base benefit was reduced

correctly for the retiree, but the COLA continued to be paid as if the base benefit was never reduced.

Majority of the members range in age from 80 to 96 years of age. The total estimated cost of the error is \$675,000. (About \$150,000 of this amount was overpaid to members who have since died. The overpayments occurred while the members were living.)

Payments will be corrected with the February 1, 2013 pension payroll.

Deferred Vested Pensioner Overpayments

The issue affects 11 pensioners currently receiving pension benefits who left City employment before the major benefit enhancements occurred in 1999, and reached retirement eligibility after 1999. When the benefits began, they were incorrectly calculated using a higher multiplier than was applicable at the time they left City employment. The benefit enhancements did not retroactively increase the multiplier for members who were not actively employed at that time. The projected cost of the error is approximately \$100,000.

Payments will be corrected with the March 1, 2013 pension payroll.

Committee Action

R. Sims made a motion to immediately notify the recipients of the overpayments and correct pensions as soon as administratively possible. Correct the Annuity Options 3 & 4 Overpayments with the February 1, 2013 pension payments. Correct the Deferred Vested Pensioner Overpayments with the March 1, 2013 pension payroll. B. Partridge seconded the motion and the motion passed.

Committee Action

M. Rachford made a motion to adjourn the meeting. B. Partridge seconded the motion and the motion passed. Meeting was adjourned 1:15 P.M.