

The experience and dedication you deserve



Retirement System for Employees of the City of Cincinnati

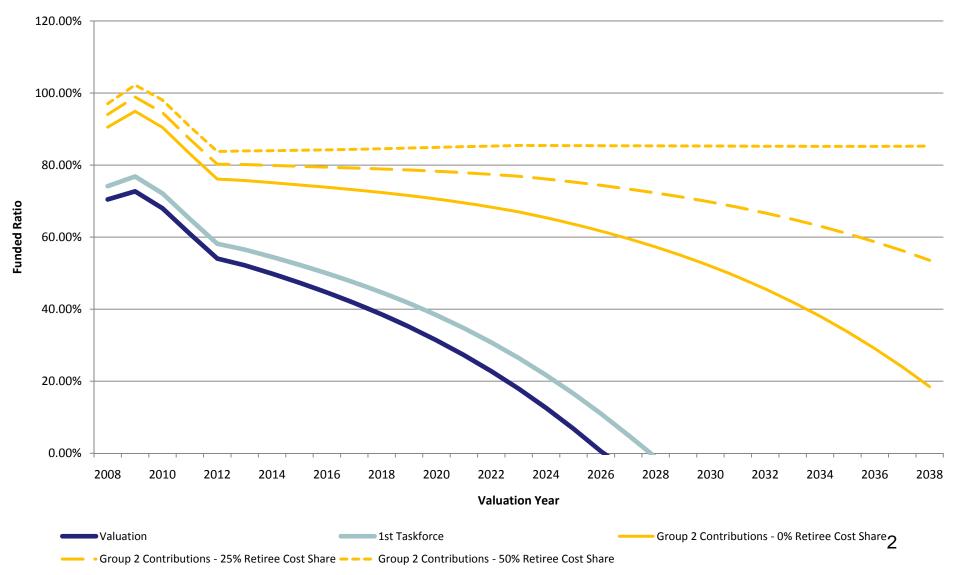
Task Force Meeting February 2, 2010

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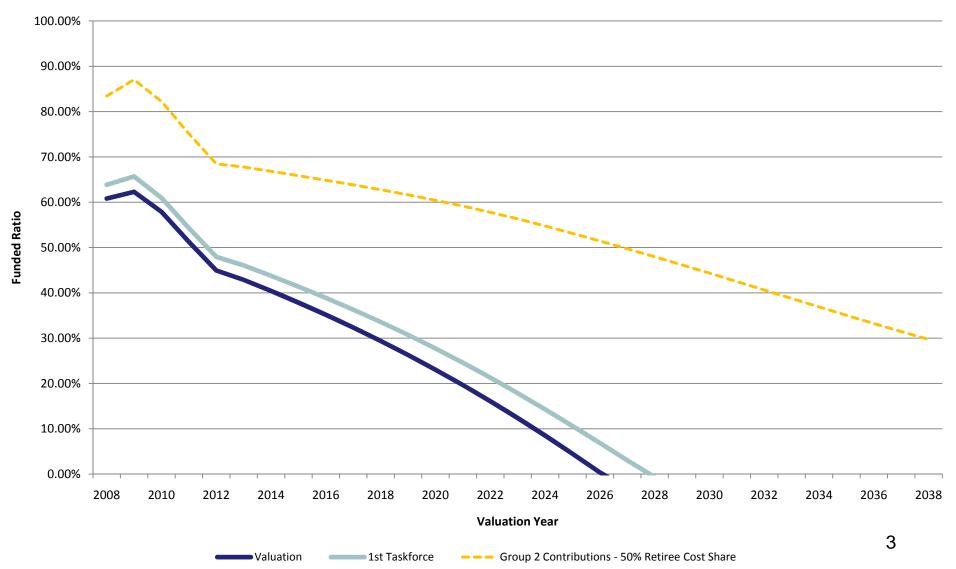
Cincinnati Retirement System 30-Year Projection of Funded Ratio New Benefit Plan Development

8.00 % Discount Rate



Cincinnati Retirement System 30-Year Projection of Funded Ratio New Benefit Plan Development

6.50% Discount Rate







Contributions

- City
 - Increases by 0.50% per year over four years starting in the year 2015 (i.e., from 17.00% to 19.00% from 2014 to 2018)
- Employee
 - Increases by 0.50% per year over four years starting in the year 2010 (i.e., from 7.00% to 9.00% from 2009 to 2013)





- Contributions (continued)
 - Retiree
 - Effective 1/1/2011, 100% cost share for vision and dental benefits for all participants (retirees and dependents)
 - Effective 1/1/2011, scale back the dependent subsidy over four years (25% each year)
 - Premium equivalents are based upon retiree costs only (no commingling with actives) and are to be based upon Medicare eligibility
 - Effective 1/1/2011, discontinue the Medicare Part B premium subsidy for Medicare eligible dependents





- Contributions (continued)
 - Effective 1/1/2011, Group 1 retirees contribute according to the same schedule as Group 2 retirees
 - Based upon service point system
 - Applies to all current and future Group 1 retirees
 - Cost sharing based upon premium equivalent
 - Three Cost sharing Scenarios
 - 0% retiree cost share is maximum benefit
 - 25% retiree cost share is maximum benefit
 - 50% retiree cost share is maximum benefit





- > Pension Benefits
 - Effective 1/1/2011, discontinue the \$7,500 death benefit
 - Effective 1/1/2011, change the COLA for future retirees to be tied to an inflation index that is capped at 3.0%
 - Index is CPI-U
 - For projection purposes, rate is assumed to be 2.50%
 - Rate is compounded





Medical

- Effective 1/1/2011, retirees who retired prior to 1/1/2008 will move to the 80/20 plan
- Effective 1/1/2011, assume the health care plan moves to a PDP for the provision of prescription drug benefits to those who are Medicare eligible
- Require "early retirees" eligible for health care coverage under a new employer's plan to adopt this coverage
 - Once coverage is no longer available under a new employer's plan, the retiree will be allowed to re-enter the CRS plan
 - Those retirees who do not comply with this policy will forfeit CRS coverage permanently.





- > Assumptions
 - 12/31/2008 Valuation Basis
 - 2009 Investment Return to Date
 - Positive 2009 Assumed 15.00% Return
 - Assume 8.00% Thereafter
 - This rate may decline as the portfolio is rebalanced to meet short-term cash needs
 - 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
 - Health care participation
 - Participation decreases as cost share increases