

Task Force Consensus Recommendation

1/8/2014

Recommendation subject to legal and actuarial review.

Killed in the Line of Duty (Currently: 68.75%)

100% benefit for killed in line of duty

Beneficiaries at Minimum Earning \$500/month (Currently: \$500/month)

Commitment to explore raising those retirees at \$500/month to \$750/month

- Need to confirm how many fall into this group

Minimum Age Requirement (Currently: None)

- Vested: None unless required by IRS
- Non-Vested: Age 50 and 25 years of service or 28 years of service
 - Also subject to any IRS requirement
 - Can start working DROP after 25 years
- New Hires: Age 55 and 25 years, or 30 years of service
 - Also subject to any IRS requirement

DROP (Currently three DROP plans with varying employee contribution, calculations and interest credit)

For employees with 24 years of service and over: no change; No contributions refunded

Everyone else moved to current new hire DROP:

- Final Average Salary at time of DROP
- No interest

DROP period extended for all from 30 years to 33 years

1% contributions refunded for those at 9% contribution with less than 24 years of service

Third-party actuary review now and every 5 years thereafter for cost neutrality to the plan

- Changes will be made to make DROP cost neutral if found not to be

COLA (Currently: 3%)

Actuary to recommend banding based on pension amount with 2%, 1.5% and 1% COLAs for an overall COLA of 1.5% next year

- Higher COLAs at bottom, then less on top

- Until plan is 80% funded on a market basis, then CPI to a max of 3% inclusive of COLA

Dividend COLA on bands for 2 years for everyone (meaning that the COLA is not compounded)

New retirees must wait 3 years after separation for COLA until 70% (market) funded inclusive

Employee Contribution (Currently 8% or 9% depending upon date of hire and DROP plan)

Upon effect: Additional 1% to 9% for those not remaining in old DROP plan (less than 24 years of service) and to 10% for those with 24 years of service or more electing to stay in old DROP plan

1 year from that time: Additional 1% to 10% for those not remaining in old DROP plan and to 11% for those eligible and electing to stay in old DROP plan

2 years from that time: Additional 1% to 11% for those not remaining in old DROP plan and to 12% for those eligible and electing to stay in old DROP plan

Multiplier (Currently 2.75% for first 25 years, then 1.25% for next 5 years to a maximum of 75%)

- Current employees: no change
- New hires 2.5% per year to a max of 75%

Effective Date

Takes effect 30 days after Council approval


1/8/14