

Proposed Plan – Funding Changes



Employer Contribution:

Maximum not to exceed level 154% of employee contributions



Employer Contribution:

220% of employee contribution; **including** 190% for pension and roughly 30% for a separate and distinct health care trust referenced below.

Actuarially Required Contribution Funding:

None



Actuarially Required Contribution Funding:

County contribution no less than 90% of ARC starting in 2020 calculated at 30 years on an “layered closed-loop” basis

Health Care Funding:

Pension Fund may contribute a portion of retiree healthcare costs from 0-100% but can eliminate this significant expenditure in the future



Health Care Funding :

The Pension Fund would be prohibited from future funding of OPEB; distinct County contribution allows for creation of dedicated OPEB trust and \$50M cost in 2016 with CPI growth thereafter

Source of Employer Contributions:

Real Estate Levy only, no other sources permitted under relevant statute



Source of Employer Contributions:

County may make pension payments from other sources and any available funds

Proposed Plan – Benefit Reform (1 of 2)



COLA rate:

Tier 1: 3% compounded
Tier 2: Lesser of ½ CPI or 3% simple



COLA rate:

Tier 1 Higher of 2% or ½ CPI compounded, 4% cap
Tier 1 Funded ratio over 100% - Higher of 3% or ½ CPI compounded, with 4% cap
Tier 2 Unchanged unless funded ratio over 100% - Higher of 2% or ½ CPI simple, with 4% cap

COLA Pause & Freeze:

None



COLA Pause & Freeze:

Current Retiree COLAs remain at 3% compound with a freeze for all retirees for 1 year in 2016
Delays by one year first COLA for future retirees, with initial COLA pro-rated by retirement month

Retirement Age:

Tier 1 30-year service: 50
Police: 50 (with 20 years service)
Tier 1 Other employees: 60 (with 10 years)
Tier 2: 67



Retirement Age:

Tier 1 30-yr Police/Public Safety: unchanged*
Tier 1 30-yr Other: 55 (changes over 10 years)
Tier 1 <30-yr Police/Public Safety: 62 (over 4 years)*
Tier 1 <30-yr Other 65 (over 10 years)
Tier 2: 65 (Police/Public Safety 62)

Employee contribution:

9% for Sheriff's police
8.5% for other employees



Employee contribution:

2015: 9.5%
2016+: 10.5%

*(Police can elect to continue the additional 0.5% or request a refund of excess 0.5% contributions)

Proposed Plan – Benefit Reform (2 of 2)



Service Accrual Rate (Multiplier):

Tier 1 & 2: 2.4%



Service Accrual Rate (multiplier):

Tier 1 & 2 service multiplier reduced to 2.3% for service from 1/1/2015 forward

Final Average Salary Calculation:

Tier 1: High 4 years of 10

Tier 2: High 8 years of 10



Final Average Salary Calculation:

Tier 1 and Tier 2: High 8 years of 10
Phased in starting 1/1/2016 at high 5, Rising to high 8 by 1/1/2019

Pension Salary Cap:

Tier 1: none

Tier 2: 106,800 in 2011 and growing by ½ of CPI annually thereafter



Pension Salary Cap:

Tier 1: Cap is based on the greater of the
(i) Social Security Cap (new cap for Tier 2), (ii) current salary on 1/1/2015 adjusted at the lesser of ½ CPI or 3% in future years

Downside Adjustments:

None



Downside Adjustments:

Starting in 2020, if solvency deteriorates to 59%-- COLAs are suspended, future years of service see accrual rate of 2.2% in the ensuing years