

Summary of Staff Presentation

Staff's presentation included discussions of the following:

- A comparison of employee cost sharing vs. risk sharing
 - In the former the employee shares in pension costs through level contributions
 - In the later the employee also shares in gains and losses through potentially changing contribution rates
 - Staff introduced the idea of a trigger mechanism which lead to a Recommendation in draft #3

- A call for greater emphasis on Contribution Risk Management
 - There is some flexibility in funding methods that might make for less volatility in total pension contribution rates
 - Some investment allocations may lead to lower volatility & ultimately more stable contribution rates
 - While the Group did appreciate an excellent presentation, and increasing investment risk management is probably appropriate, it is outside their areas of expertise

- A review of Supplemental Retirement Plan benefits showed several provisions are quite expensive yet ancillary to the core purpose of the pension plans
 - Eliminating the peripheral leaves more resources for the core
 - Examples include providing: the methodology for calculating the lump sum benefit option, easy vesting for older employees, benefits to non-City employees (VDH), and benefits to part time employees

- A widening gap between new hires and the more tenured general schedule employees
 - Cost pressures have led to a succession of reduced or eliminated benefits for new hires and to varying degrees the more tenured employees have not been effected. Changes include: The Supplemental Retirement Plan, VRS, life insurance, and post-employment health insurance

- A recommendation that general schedule, deputy sheriffs, and medics employees are represented on a retirement board
 - Details remain to be flushed out, but there are several options that were considered viable

- A number of options for dealing with GASB's proposed pension accounting standard
 - The group was pleased to see such creative thinking from City staff but believed this could be tabled until such time that finances were more pressed

- A suggestion to maximize administrative efficiencies
 - An example is such as comingling investments