



201100249

February 22, 2011

MOTION

We move that Cincinnati City Council approve the following recommended changes to the Cincinnati Retirement System pension and health care programs. These recommendations are supported by a comprehensive analysis performed by the Retirement Board of Trustees. The impact of these changes on active employees and retirees depend on the group to which they are assigned.

A description of the groups referenced throughout the motion is as follows:

- **Groups A and B** – Members retired before the effective date of these changes
- **Group C** – Active employees with 30 years of service, or age 60 with 5 years of service before 7/1/2011 (Regardless of actual retirement date)
- **Group D** – Active employees who become eligible for and take Normal Retirement* from 7/1/2011 and before 1/1/2014 (*Normal Retirement refers to the current rules of 30 years of service, or age 60 with 5 years of service.)
- **Group E** – Active employees who become eligible for Normal Retirement* from 7/1/2011 and before 1/1/2014, but choose to retire later (*Normal Retirement refers to the current rules of 30 years of service, or age 60 with 5 years of service.)
- **Group F** – Active employees who were hired before 2011 and not in other groups
- **Group G** – Active employees hired after 2010



Changes to Pension Program – Effective 7/1/2011 unless otherwise noted.

- Cost of Living Adjustment (COLA) Change
 - No change to existing Retirees in Groups A and B, and Active employees in Group C
 - Change from a 3% compound COLA to a simple COLA indexed to follow the CPI-U and capped at a maximum of 2% for Active employees in Groups D, E, F and G

- Final Average Salary Change
 - Change from 3 year highest average salary to 5 year highest average salary for Active Groups E, F and G
 - Applies to prospective benefits only

- Benefit Accrual Change
 - Reduce the accrual rate from 2.50% (and 2.22% for closed group) to 2.20% of base pay for service up to 30 years
 - After 30 years of total service (includes service before the effective date), accrual rate drops to 2.00% of base pay
 - For Active Groups E, F and G
 - Applies to prospective benefits only

- Retirement Eligibility Change (For Active Groups E, F and G)
 - Normal Retirement for Groups E and F
 - Age 60 with 30 years of service, or
 - Age 65 with 5 years of service
 - Normal Retirement for Group G
 - Age 62 with 30 years of service, or
 - Age 67 with 5 years of service
 - Early Retirement for Groups E, F and G
 - Age 57 with 15 years of service
 - Actuarial reduction applies on Early Retirement Benefits
 - Group E participants have accrued benefits as of 7/1/2014 protected and the retiree gets the better of:
 - 7/1/2014 actuarially adjusted accrued benefit plus future accruals, or
 - Benefit calculated as if 7/1/2011 changes had always been in effect
 - Group F participants have accrued benefits as of 7/1/2011 protected and the retiree gets the better of:
 - 7/1/2011 actuarially adjusted accrued benefit plus future accruals, or
 - Benefit calculated as if 7/1/2011 changes had always been in effect

- Retirement Eligibility Transition Approach
 - Active Group E: Pension benefits earned before 1/1/2014 will be maintained in both calculation and retirement date eligibility. Benefits for future service will be determined under the new basis and reduced actuarially if member retires before the new Normal Retirement Dates.
 - Active Group F: Pension benefits earned before 7/1/2011 will be maintained in both calculation and retirement date eligibility. Benefits for future service will be determined under the new basis and reduced actuarially if member retires before the new Normal Retirement Dates.

- Post-Retirement Death Benefits Change
 - For All Retirees in Groups A and B
 - Reduce \$7,500 death benefit under Section 203-47 to \$5,000
 - For Active Groups C, D, E, F and G
 - Eliminate the \$7,500 death benefit under Section 203-47

- Pre-Retirement Death Benefits Change – **Effective 1/1/2012**
 - Eliminate 50% salary death benefit of Section 203-45
 - For Active Groups C, D, E, F and G

Changes to Health Care Program – Effective 1/1/2012

- Current and future retirees assume 100% of premium costs for dental and vision benefits if they choose to continue coverage.
- Retirees will not be reimbursed for Medicare Part B premiums.
- All other recipients of CRS retiree health care coverage will not be reimbursed for Medicare Part B premiums.
- All retiree health care benefits are to be provided through the Blue Access 80/20 plan.
 - All retirees will be required to pay the same percent of premium as active employees. The percentage will apply to the retiree pre-Medicare and post-Medicare full premium equivalents.
 - Eligibility and premium contributions for future retirees hired on or after 1/9/1997 will continue to apply as outlined in Section 203-44 (f). The premium share is based on a point grid using age and service. The percentage will apply to the retiree pre-Medicare and post-Medicare full premium equivalents.

Roxanne Qualls/rw

Roxanne Qualls, Vice Mayor



201100250

February 22, 2011

MOTION

We move that City Council establish the following carve-out groups to mitigate some of the financial stress that may be caused by the Cincinnati Retirement System Board of Trustees recommended changes to the Retirement Health Care Program that begins on January 1, 2012:

1. Over 65 years old with a household income less than \$30,000.
2. Disabled prior to September 1, 2007 with a household income less than \$30,000.
3. Total household income less than \$24,200 (poverty rate).

For these groups the following will apply:

1. Annual Deductible – 0
2. Annual Out-of-Pocket Maximum (Single) - \$500
3. Annual Out-of-Pocket Maximum (Family) - \$1000
4. Annual Prescription Out-of-Pocket Maximum - \$500

Roxanne Qualls/rw

Roxanne Qualls, Vice Mayor





201100251

February 22, 2011

MOTION

We move that the City's Annual Contribution to the Cincinnati Retirement System (CRS) be consistently maintained at 24% of payroll. Projections (page 27 of the recommendations from the Cincinnati Retirement System Board of Trustees) show that a consistent 24% of payroll Annual Contribution will return the CRS to a 100% funded ratio by 2038. The City Administration will present Council with a plan that accomplishes this goal.

Roxanne Qualls / RW

Roxanne Qualls, Vice Mayor

