

Retirement Board Presentation

March 15, 2019

Important Facts and Recent History

- Evergreen Study- Public Safety and General
- 2005- last compensation study for General
- 2016- Mercer Study for Public Safety

- 2016- TC made changes to Public Safety: multiplier increase from 1.25 to 2.75%; age to collect retirement reduced from 65 to 56; 3% employer contribution increased to “sliding scale” 8-12%
- 2017- TC made changes to General: multiplier increased from 1.25 to 1.70%; age to collect pension reduced from 65 to 62; employee contribution to DB 3.5%, to DC 3%; employer 3%

The Problem

- Revolving door of police and firefighter/medics here less than 5 years.
- PB has become the training ground at great cost to our town
- Cost is approximately \$100,000/ police officer; can be as high as \$130,000
- Firefighter/ Medics: since 2016, 38 left/ 26 had less than 5 years with our town
- Firefighter/ Medics Issues: 48 hour work week, sliding scale employee contribution
- Police: since 2016, 39 left/24 had less than 5 years
- Police Issues: Pay progression, years to collect

Additional issues:

- Compression among the 5-8 year group
- Elusive top out or differences in how the top out is measured in other agencies
- Performance based pay progression

(years of service x multiplier) x 5 year averaged salary= annual pension

- Average of last 5 years is pensionable
- OT not pensionable
- Public Safety multiplier is 2.75%
- General and Lifeguards is 1.70%
- Public Safety can collect at 56
- General/ Lifeguards at 62

Retirement Benefit History

	General/Ocean Rescue Plan A Legacy Prior to 5/1/12	Police and Firefighters Plan A Legacy Prior to 5/1/12	Plan B Hybrid After 5/1/12 until changes in 2016 and 2017 - All Employees
Multiplier	General 2.75% Ocean Rescue 2.85%	Police 3.5% Firefighters 3.5%	All Employees 1.25%
Retirement Age	General 55 Ocean Rescue 50	Police and Firefighters 20 years and out or age 50 with 10 years	65
Employee Contribution	6.47%	Police 6.98% Firefighters 6.82%	2.47%
COLA	2% after 36 months	2% after 36 months	None
Average Final Compensation	Salary, OT, Longevity/Bonus on highest 2 years	Salary, OT, Longevity/Bonus on highest 2 years	Base Salary Only – Average of last 5 years
DC Contribution Employee	0%	0%	4%
DC Contribution – Town	0%	0%	4%-8%
Surviving Spouse	75% of retirees benefit	75% of retirees benefit	Available to purchase

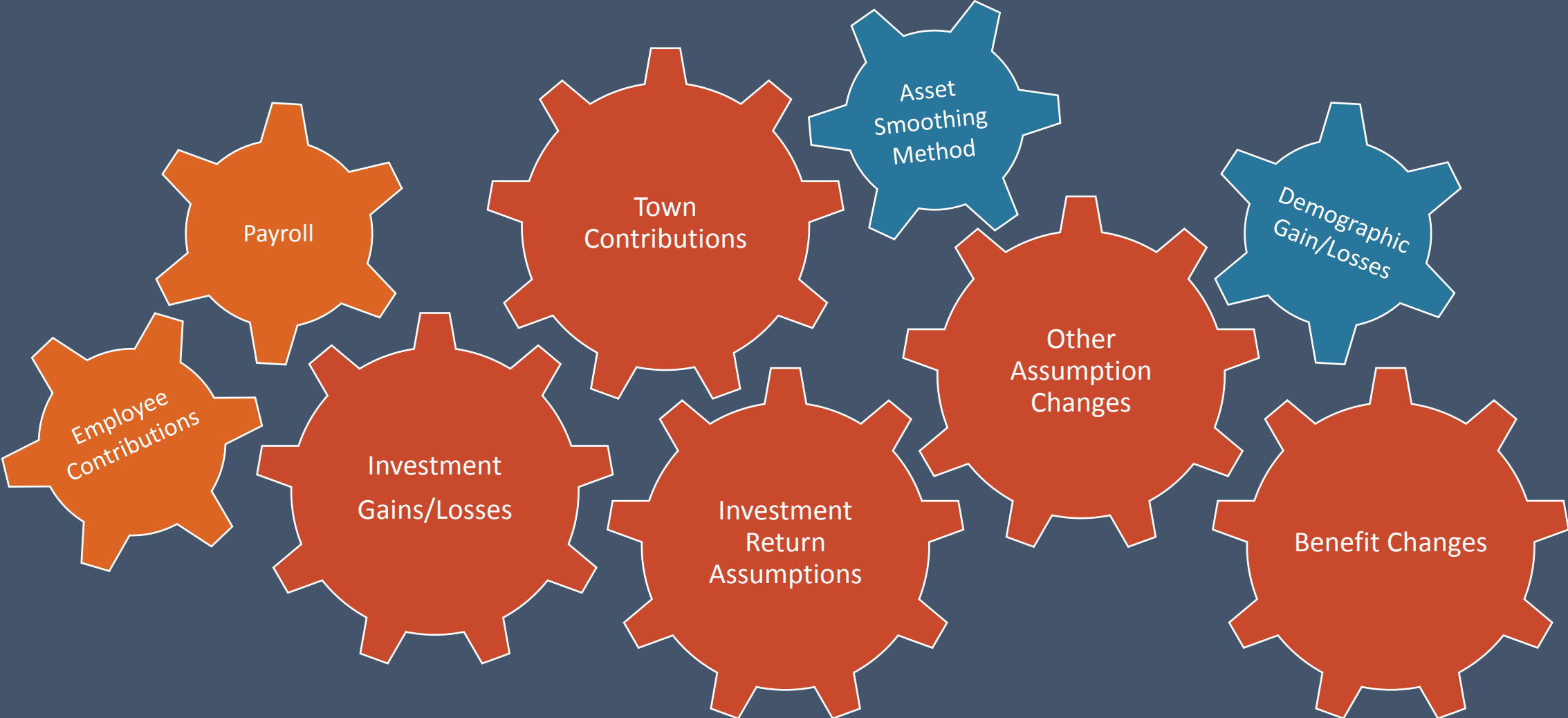
Current Retirement Benefits

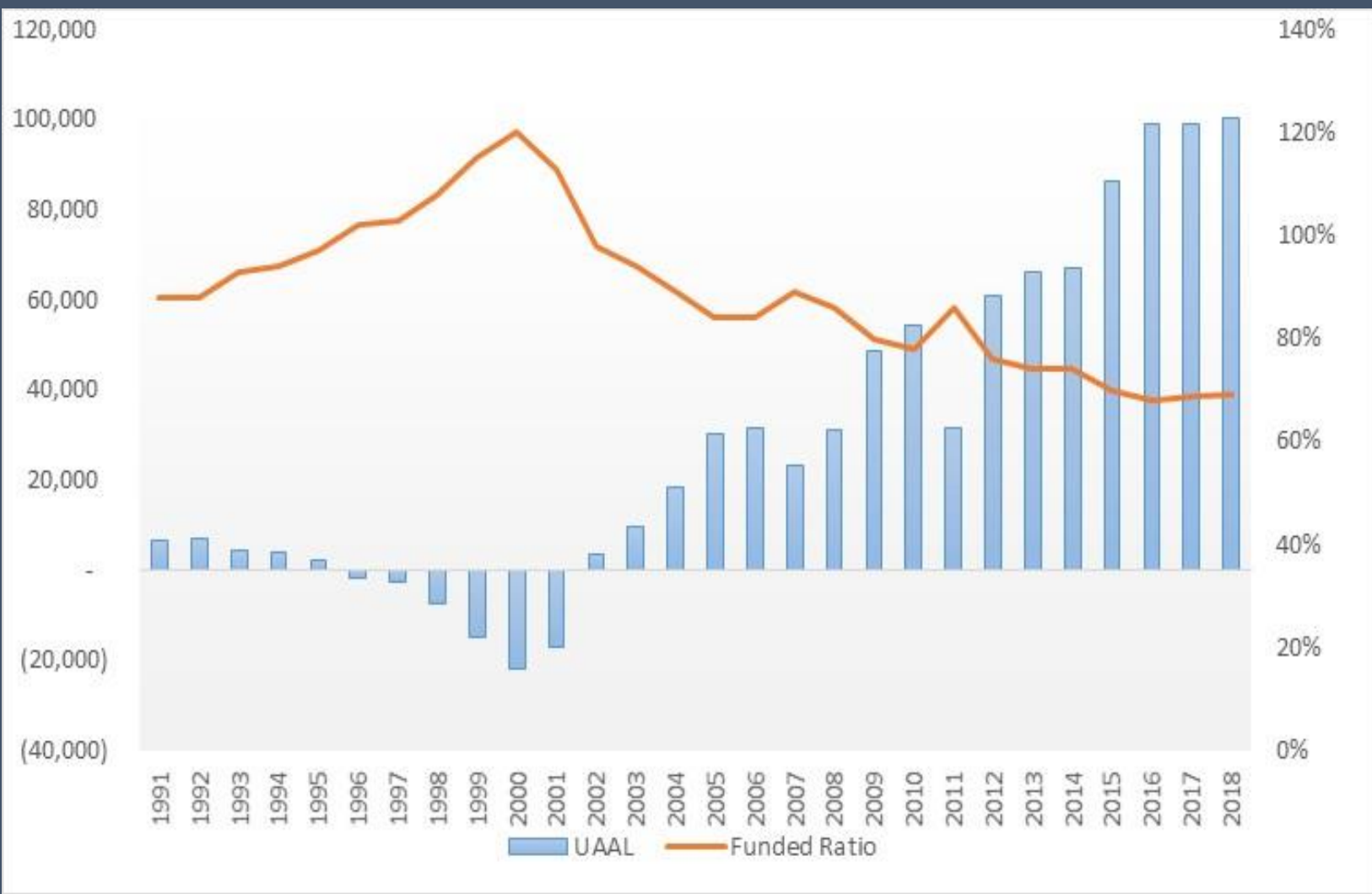
	General/Ocean Rescue	Police	Firefighters
Multiplier	1.7%	2.75%	2.75%
Retirement Age	62	56	56
Employee Contribution (Police/Fire – Sliding scale from 8% – 12%)	3.5%	10.09%	10.07%
COLA	None	None	None
Average Final Compensation	Base Salary only Average of last 5 years	Base Salary only Average of last 5 years	Base Salary only Average of last 5 years
DC Employee Contribution	3%	None	None
DC Employer Contribution	3%	None	None
Optional DC Contribution	2% Employee with 2% Employer match	None	None

Pension Variables

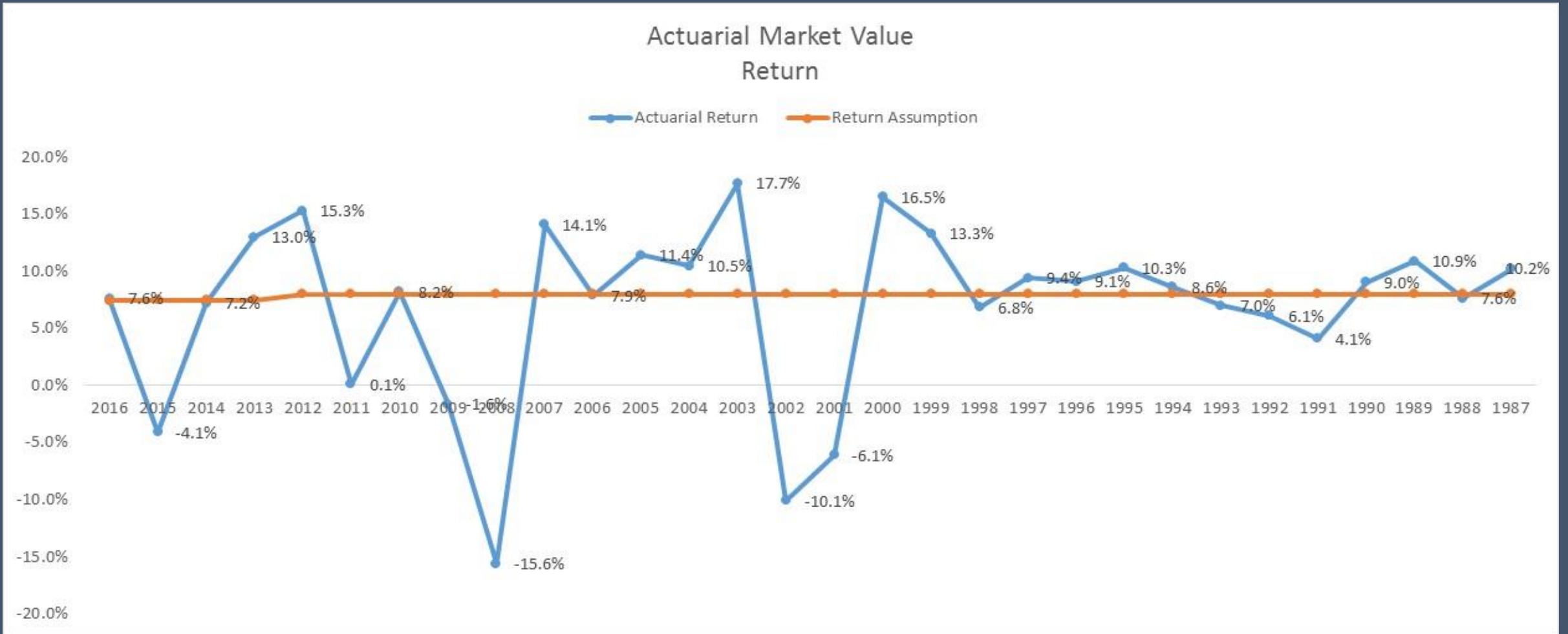
- **Multiplier**
- **Year** at which the employee can collect
- **Employee contribution**

UAAL Components





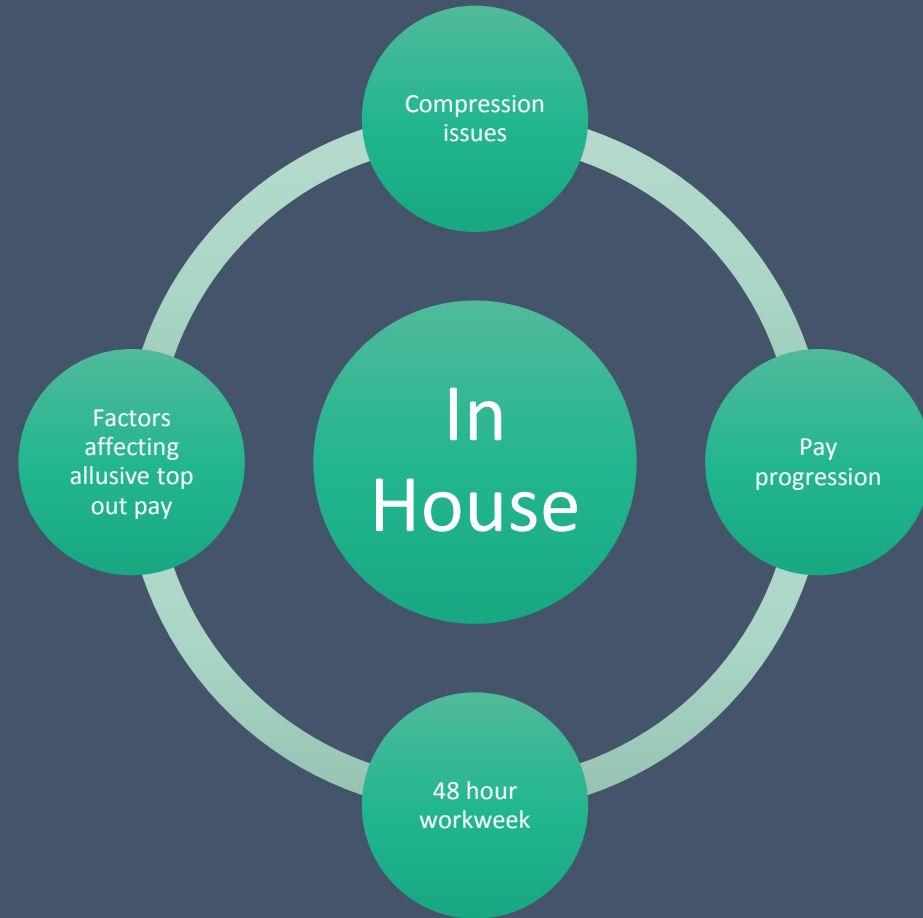
30-year Pension Return History



30 year market value return average 6.5%

PUBLIC SAFETY COMMITTEE RECOMMENDATIONS TO TC: 2/14/19

- IN HOUSE : compression and inversion issues in Public Safety; 48 hour work week for firefighters; pay progression issues particularly for police.
- WORK w DAN STANTON and RETIREMENT BOARD throughout process. The TC understands that whatever changes are made to compensation and pension will effect the UAAL and the ADEC. There is a special and binding relationship between the Council and the Retirement board. The right hand must know what the left hand is doing.
- Call SPECIAL TOWN COUNCIL MEETING to review Evergreen data; identify scenarios to be costed out
- Have the actuary run the numbers on 25 and 30 in/out



A Venn diagram consisting of two overlapping teal circles on a dark blue background. The left circle is labeled 'Town Council' and the right circle is labeled 'Retirement Board'. The overlapping area in the center is a darker shade of teal.

Town
Council

Retirement
Board

- The decisions the Council makes will affect pension funding and our actuarially determined annual contribution
- On April 1 or April 9 the TC, after sufficient discussion and study will select 3-4 scenarios for Public Safety which will be given to our actuary to cost out. Compression and changes to salary will be included.
- In addition, the TM and HR will identify areas among General employees that need changes to current salary.
- Going forward, the TC may recommend a process for periodic review of salary.

Evergreen, March 19

Special TC, April 1
Scenarios

TC, April 9

TC, May 14
Results from Actuary

Decisions

