



November 7<sup>th</sup>, 2017

This morning the Pension Board of Trustees held a regularly scheduled meeting. Cavanaugh Macdonald Consulting, LLC gave a presentation called Experience Study, Projections, Plan Design and Funding Alternatives. This report outlined the poor state of our pension and made recommendations to improve the funding status and decrease the unfunded liability. Based on the recommended assumptions from the report, our funding ratio is 47.93% and the unfunded liability is \$629,200,000 as of 1/1/2017. Cavanaugh Macdonald Consulting, LLC recommended significant changes to our pension with an effective date of January 1, 2018. A summary of recommended changes is provided below. The Board of Trustees advised they would present these recommendations to the Board of Commissioners (BOC) this month or next month and the BOC would have to vote before approving some or all of the recommendations.

Summary of proposed changes:

For those who do not attain rule of 80 or reach normal retirement age by 1/1/2023:

- Retirement eligibility changes from Rule of 80 to Rule of 85 (Age 55 or 35 years of service minimum still applies for those hired after 1/1/2007)
- Normal retirement age is defined as Social Security Normal Retirement Age (65, 66, or 67)
- Maximum years Creditable Service changes from 35 to 30 years. Pension earnings are defined as base pay for all traditional plan members, not including overtime and other pay, effective 1/1/2018. Currently, pension pay for hybrid members is already base pay.

Hybrid Plan employee contribution rate increased from 3% to 5% effective 1/1/2018.

Traditional Plan employee contribution rate increased from 7.5% to 8% effective 1/1/2018, 9% effective 1/1/2019, and 10% effective 1/1/2020 and after.

Also at the meeting:

Sergeant Osborne expressed concern over changes to the available investment options in the 457/401a plans. In response, the Board of Trustees said they support keeping index funds with low expense ratios as investment options.

Engineer Babcock asked for more frequent disclosures to the pension members. He also asked the Board of Trustees to seek input from the pension members prior to implementing changes.

Your union is committed to protecting pension benefits and we encourage both members and non-members to attend the next several BOC meetings and show support for protecting our pension benefits.

We will have the complete study at the next union meeting Wednesday, October 27<sup>th</sup> 7pm at the FOP to go over and discuss.

Fraternally,  
Cobb Professional Fire Fighters E-Board