

Problems Identified by the Committee (first five from original list):

1. Taxpayer contribution level
2. Ability of the City to recruitment and retain good employees
3. Growing unfunded liability
4. Voter support for the system
5. Complexity of the system.
6. City currently bears a disproportionate share of the risk (specifically mortality, market, and inflation risk)
7. Troubling some retirees earn more than when working
8. Unstable - constant discussion of retirement issues strains relationships
9. Uncertainty about the system's future creates fears for employees
10. Time at which employee is asked to choose multiplier
11. Burlington deviates from a national norms on a number of dimensions (COLA, etc)
12. Lack of clarity on the goal of the retirement system – what should it actually do?
13. Impact of past decisions
14. How longer vesting affects recruitment
15. Lack of predictability in the system

Ideas Identified by the Committee For Structural Changes to Address These Problems:

1. Some combination of a DB / DC hybrid model that shares risk / return
  - a. A DB plan for public safety and a DC plan for Class B?
2. Integrate the plan with Social Security
3. Consider expanding the risk pool (join VMERS, for example)
4. Components of the New Brunswick model
5. To reduce uncertainty, improve relationships, and improve predictability:
  - a. Set a target for percentage of income retirement benefit should provide (define the amount of benefit), with and w/o Social Security
  - b. Establish target conditions for future changes or define thresholds for new changes (i.e., define performance benchmarks / automatic adjustments should the system deteriorate in some way)
6. Extend similar benefits to all Class A & Class B employees to reduce complexity
7. Look at current and future revenues to address UAL
8. Make the system more portable / carve out more portable jobs with earlier vesting to attract younger employees – but not in a cookie cutter way, and maintain longevity incentives for Class A
9. System based on age and years of service (i.e., you could work for 20 and be retired for 40 years)
10. Institute a cap on benefits – specifically COLAs
11. Define equitable benefit as one year of benefits for one year of service
12. Consider setting time for choice of multiplier to earlier time (vesting?)
13. Consider not changing retiree benefits except for enhancements
14. Consider a minimum benefit
15. Consider not affecting any currently accrued benefit
16. Consider change to current return of benefits to non-vested employee / City

Additional Ideas Identified by the Committee to Address These Problems:

1. Bring the system in line with national norms (areas Keith previously identified – COLA, etc)

- a. Understand consequences of moving in line with national norms (i.e., Keith identified that the City carries 80 percent of the risk while nationally the average is 70 percent). Would bringing new money into the system reduce the UAL and lower the taxpayer contribution?
2. Incentivize employees to deferred compensation / benefits upon early retirement
3. Clarify disability policy – except for on-duty employees, could follow social security guidelines
4. Incorporate a second opinion into system evaluation or evaluation of possible decisions
5. Administrative Changes / Modernize System
  - a. Improve system operational administration and reduce administrative complexity (reliant on paper, part-time employee, tie in with actuarial info to track mortality)
6. Incorporate second opinion into system to check actuary's assessment

Outstanding Questions Identified by the Committee:

1. Define what it means to have a “healthy system.”
  - a. No UAL? 85 percent funded on average for 10 years? What is an appropriate benchmark (or range)? How long would the City need to be in that range to be deemed healthy?
  - b. Define what an acceptable level of contribution for the City or employees is
2. Determine relative importance of competitive relation to other municipalities
3. Define acceptable level of contribution
  - a. Review criteria used to determine basis of contributions