

Pension Deficit Committee Report

RE: Pension Deficit

Date: October 16, 2018

Chair: Christopher Etori

Other committee members present: Aldermen Tommola, Whitcomb, School Commissioner Pencak

Others present:

Mayor Allaire

Alderman William Notte

Peter Amons, CFO Rutland Public Schools

Treasurer Mary Markowski

Erik Schait, Newport Group

Seth Bride, Fire Department

Bill Lovett, Fire Department

Mike Robillard, Fire Department

The meeting convened at 6:45 pm, immediately following the Pension Board meeting, to discuss the changes made by the Pension Board. During that meeting, Erik Schait, actuary for the pension, recommended some changes to the assumptions of the pension in order to more accurately reflect the influences on the valuation. He also noted that the rate of return over the past few years was less than anticipated. The result of these two factors is that the city's pension liability increased slightly. Erik showed (Illustration 1-1) that the \$1.352 M in yearly employer contributions that this board resolved it would request to be budgeted by the mayor's office is not sufficient to meet the liability. He suggested two options. The first is increasing the employer contribution to \$1.6 M per year until pension obligations are fully met in 2054 (Illustration 2-1). The second option is increasing the employer contribution at a rate of 1.5% each year until the obligations are fully met in 2054 (Illustration 2-2). The committee also discussed offering buyouts to eligible employees but there would be prohibitive cash flow issues with that approach. Erik is going to examine the numbers to see if there is a potential group of people that could be eligible for buyouts that wouldn't impact cash flow.

After a discussion with all those present, Alderman Tommola moved to recommend to the mayor that the administration budget the employer contributions to increase 1.5% each year until the pension obligation is fully funded. The motion passed 4-0, and I so move.

Respectfully submitted,



Christopher Etori