

10/26/15

PENSION DEFICIT COMMITTEE

5:30 -

DOWNSTAIRS CONFERENCE ROOM

AGENDA: PRESENTATION FROM TREAS. WILSON ON HISTORY & MAKEUP OF PENSION MUNICIPAL

THIS WAS THE SECOND MEETING OF THE PENSION DEFICIT COMMITTEE.

WE ASKED FOR A PRESENTATION OF THE RUTLAND CITY MUNICIPAL PENSION FROM TREASURER WILSON.

THE RUTLAND CITY PENSION WAS CREATED IN 1938, PREDATING THE CREATION OF Vt. STATE TEACHERS RETIREMENT SYSTEM BY THE Vt. STATE LEGISLATURES IN 1947. CITY TEACHERS MAY PARTICIPATE IN BOTH PENSIONS.

UP UNTIL 1995, PARTICIPATING EMPLOYERS CONTRIBUTED 20% OF SALARY, THE CITY 6% OF SALARY W/BENEFIT OF 1.5% OF FINAL AVG. WAGE X NO. OF YEARS EMPLOYEE CONTRIBUTED TO PENSION.

In 1995, the benefit was increased to 1.75% of wages and in 2000 2% of wages for all years of service, in other words retroactively, without increasing contributions. ~~At this time~~ up to this time the plan was over 100% fully funded. Consequently, the Actuary urged the City, in March, Treasurer Ron Graves, who oversaw the pension, to increase contributions by 3.4% of payroll to keep pace with the enhanced benefits. No changes were made.

Without going into further detail, the pieces were put into place which has led to the present underfunding and the discussion that is currently going on about what to do about the funding. The current funding percentages reported by the Actuary place the School at 72.92%, Municipal at 59.79%, with the overall pension funding at 72.92%.

As many of you know, the City Govt has increased pension contributions thru the budget process. A whole range of options are before us to address the situation.

THE COMMITTEE AGREED OUR NEXT
STEP SHOULD BE TO HAVE THE
ACTUARY IN TO HAVE A PRESENTATION
AND DISCUSSION.

I HAVE BEEN INFORMED SHE IS
AVAILABLE ON THE DATE THE COM. CHOSE
FOR OUR NEXT MEETING, WHICH
IS MONDAY, NOV. 23RD AT 5.30.

THIS REPORT WAS FOR INFORMATION
ONLY.