

BOARD OF TRUSTEES MEETING

UNIFORM & NON-UNIFORM PENSION PLANS

The meeting will be held via WebEx and in the
CITY OF OVERLAND COUNCIL CHAMBERS

9119 LACKLAND ROAD, OVERLAND, MO 63114

TUESDAY, MAY 10, 2022, at 1:30 p.m.

TENTATIVE AGENDA

1:30 p.m. – Joint Boards of Trustees

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - Joint Board of Trustees Meeting – February 8, 2022
 - Police Pension Work Session – March 23, 2022
 - Police Pension Work Session – April 27, 2022
4. Approval of Bills
5. Staff Report
 - Retirement Applications
6. Legal Counsel Report
7. Financial Advisor Report
8. Discussion
 - Next Joint Boards of Trustees Meeting Date
 - Police Pension Plan
9. Adjournment

Police Pension Board of Trustees Work Session – *immediately following Joint Meeting*

1. Discussion: Items for Actuary Study

**CITY OF OVERLAND
JOINT PENSION BOARD MEETING MINUTES
CITY COUNCIL CHAMBERS
February 8, 2022, at 1:30 p.m.**

Mayor Mike Schneider called the meeting to order.

ROLL CALL

Mayor Schneider

Mark Giroux

Julie Drew - *excused*

Scott Pope

Ken Crowder - *excused*

Chief Andy Mackey

Lt. Joe Carollo

Cpl. Justin Lydon - *WebEx*

Wayne Lowe - *absent*

APPROVAL OF THE MINUTES:

Mr. Scott Pope made a motion to approve the minutes of the October 26, 2021, Joint Pension Boards of Trustees meetings as presented. Mr. Mark Giroux seconded. The vote was polled as follows: Mayor Schneider – “yes,” Mark Giroux – “yes” Scott Pope – “yes,” Chief Mackey – “yes,” Lt. Carollo – “yes,” and Sgt. Lydon – “yes.” Motion carried.

NON-UNIFORM BILLS

Mr. Scott Pope made a motion to approve the Non-Uniform Pension Plan bills, with a total of \$18,929.65. Mr. Mark Giroux seconded. The vote was polled as follows: Mayor Schneider – “yes,” Mark Giroux – “yes” and Scott Pope – “yes.” Motion carried.

POLICE PENSION BILLS

Chief Mackey made a motion to approve the Police Pension Plan bills, with a total of \$13,471.08. Lt. Carollo seconded. The vote was polled as follows: Mayor Schneider – “yes,” Mark Giroux – “yes” Chief Mackey – “yes,” Lt. Carollo – “yes,” and Sgt. Lydon – “yes.” Motion carried.

STAFF REPORT

Retirement Applications – Non-Uniform Plan

- Marty Moeckli – Late Retirement Date: February 1, 2022

Mr. Scott Pope made a motion to approve the retirement applications as presented. Mr. Mark Giroux seconded. The vote was polled as follows: Mayor Schneider – “yes,” Mark Giroux – “yes” and Scott Pope – “yes.” Motion carried.

Retirement Application – Police Plan

- Captain Ken Robinson – Retirement Date February 1, 2022

Chief Andy Mackey made a motion to approve the retirement application. Lt. Carollo seconded. The vote was polled as follows: Mayor Schneider – “yes,” Mark Giroux – “yes” Chief Mackey – “yes,” Lt. Carollo – “yes,” and Sgt. Lydon – “yes.” Motion carried.

2022 Cost of Living Adjustment (COLA)

Both plans set the annual COLA adjustment for all eligible retirees at 60 percent of the previous year CPI, with a maximum of three (3%) percent adjustment. All eligible retirees will receive

the maximum COLA this year. Police retirees will receive their adjustment April 1, 2022. Non-Uniform retirees will receive their adjustment June 1, 2022. There is one retroactive COLA for the Police Plan for 2022; total adjustment is 19.59% increase, representing adjustments from 2006 to present. The retroactive COLA is only available to participants of the Police Plan who were participants prior to April 1, 2017.

Actuary Firm Announcement – Michael Sudduth, Actuary

Mr. Sudduth announced the retirement of Michael Zweiner and he will be taking the lead on the Plans' actuary services.

LEGAL COUNSEL – Heather Mehta, Greensfelder

A lot of pending legislation but there has not been much movement since the session is early for the Missouri Legislature.

FINANCIAL ADVISOR REPORT – Nathan Burke, Asset Consulting Group

Equity markets rallied during 2021 as global economies started to re-open from the pandemic and easy monetary policy remained in place. Fixed income markets were muted during 2021 as interest rates ticked higher in anticipation of central banks increasing interest rates. Volatility has picked up to start the year 2022 as investors assess the impact of rising rates and higher inflation.

The Non-Uniformed retirement fund had a market value of \$14.3mm on 12/31/21 and advanced approximately 11.9% for the 1-year period. The 3-year, 5-year and 10-year annualized returns were also strong at 14.9%, 10.7% and 9.1% respectively.

The Police retirement fund had a market value of \$15.2mm on 12/31/21 and advanced approximately 13.1% for the 1-year period. The 3-year, 5-year and 10-year annualized returns are also strong at 15.8%, 11.3% and 9.6% respectively.

Looking forward, expectations for returns should be realistic considering the current high valuations in equity markets and low yields in fixed income markets.

DISCUSSION

- Next Joint Boards of Trustees meeting: May 10, 2022, at 1:30 p.m.
- Police Pension Plan – Mr. Mark Giroux requested a work session for the Police Pension Plan; 10:00 a.m. March 23, 2022.

ADJOURNMENT

There being no further business to discuss, Chief Mackey made a motion to adjourn. Mr. Scott Pope seconded. The vote was polled as follows: Mayor Schneider – “yes,” Mark Giroux – “yes,” Scott Pope – “yes,” Chief Mackey – “yes,” Lt. Carollo – “yes,” and Sgt. Lydon – “yes.” Motion carried.

**CITY OF OVERLAND
POLICE PENSION BOARD WORK SESSION MINUTES
CITY COUNCIL CHAMBERS
MARCH 23, 2022, at 10:00 a.m.**

Mr. Ken Crowder called the meeting to order.

ROLL CALL

Mayor Schneider

Sgt. Justin Lydon

Mark Giroux

Ken Crowder

Chief Andy Mackey

Wayne Lowe – *absent*

Lt. Joe Carollo

Also in attendance: Heather Mehta, Pension Board Legal Counsel; Melissa Burton, City Clerk; Jason McConachie, City Administrator; Councilman Marty Little; Councilman Patrick Wroblewski; Greg Kloeppe, FOP Lodge 15 Legal Counsel; Susan Peterson, FOP Lodge 15 Legal Counsel; Officer Ian Ray, OPD; and Sal Lanham, resident.

DISCUSSION

City Clerk Melissa Burton provided a history of the Police Retirement plan from creation by election in 1956 and an overview of subsequent amendments to the Plan. Also reviewed were current employee benefits, funding levels, the Joint Committee on Public Employee Retirement (JCPER) quarterly and annual reporting for the JCPER, the JCPER Watch List, and the funding of the plan.

The video recording of this work session, as well as all supporting documents will be posted on the City's website for distributions.

Next Police Board of Trustees Work Session is scheduled for 1:00 p.m. Wednesday, April 27, 2022. Any questions are due to City Clerk Burton by Wednesday, April 13, 2022.

ADJOURNMENT

There being no further business to discuss, Chief Mackey made a motion to adjourn. Mr. Ken Crowder seconded. The vote was polled as follows: Mayor Schneider – “yes,” Mark Giroux – “yes,” Chief Mackey – “yes,” Lt. Carollo – “yes,” Sgt. Lydon – “yes,” and Mr. Crowder – “yes.” Motion carried.

OVERLAND POLICE RETIREMENT PLAN

1

OBJECTIVE

- To provide an overview of the Police Retirement Plan including
 - How it was established
 - Amendments throughout the years
 - Funding methods
 - Pension benefits
 - Current issues facing the plan

2

CREATION & ESTABLISHMENT

- Proposed by the Overland Board of Alderman (BOA) via Ordinance 513, December 12, 1955, calling for an election to create and establish the Police Retirement Plan.
- Approved by the vote of the residents of Overland, April 3, 1956.

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FUNDING MECHANISMS

- Tax levied by the BOA, not exceed \$0.1/\$100 assessed value. [\$0.06/\$100 AV]
- All property given or donated to the Board of Trustees for the purposes of the Retirement plan
- Contributions paid by “covered employees.” [Two percent (2%) of gross salary.]
- Twenty percent (20%) of all rewards received by “covered employees.”
- Net earnings on all investments and interest earned.
- Earnings from Annual Fourth of July Fireworks Displays.

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BENEFITS (AS ESTABLISHED)

- Retirement Eligibility
 - Age 60 years and 20 years of creditable service
 - Age 65 years and 5 years of creditable service
 - 25 years of creditable service, who leave service involuntarily because of force reduction
- Benefits
 - 1 1/3 % per year of credited service based on the salary of the highest five (5) consecutive years of service in the last ten (10) years
 - Spouse survivor benefit: sum equal to the excess, if any, of accumulated contributions, plus interest up to the date of death.

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BOARD OF TRUSTEES (AS ESTABLISHED)

- Mayor
- City Treasurer
- Chief of Police
- Two (2) residents, registered voters

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CHANGES IN 1962

- BOA passed Ordinance 752 on October 23, 1961, calling for an election to amend the Police Retirement Plan on April 3, 1962.
- Election Results: **Yes: 3,657** / No: 1,235
- **Changes:**
 - Employee contribution increased to 2 1/4% of gross salary.
 - Retirement Eligibility:
 - Added 62 years of age and 18 years of service

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CHANGES IN 1962 (CONT.)

- **Benefits:**
 - 2 1/4 % per year of credited service based on the salary of the highest five (5) consecutive years of service in the last ten (10) years
 - Maximum benefit 50% of the calculated average monthly salary.
 - Spouse survivor benefit 75% of retirement benefit for life or until remarriage.
 - "Covered employee" must have been married five years prior to retirement for spouse to be eligible for survivor benefit.

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CHANGES IN 1977

- Board of Alderman passed Ordinance 1507 on February 14, 1977, calling for an election to amend the Police Retirement Plan on April 5, 1977.
- Election Results: **Yes: 2,234** / No: 910
- **Changes:**
 - Added “Vested Accrued Benefits”

At least 15 Years of Service	50%
At least 16 Years of Service	60%
At least 17 Years of Service	70%
At least 18 Years of Service	80%
At least 19 Years of Service	90%
At least 20 Years of Service	100%

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CHANGES IN 1984

- BOA passed Ordinance 2100 on August 13, 1984, calling for an election to amend the Police Retirement Plan on November 6, 1984.
- Election Results: **Yes: 5,440** / No: 2,581
- **Changes:**
 - Add two (2) “covered employee” members to the Board of Trustees

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CHANGES IN 1987

- BOA passed Ordinance 2317 on December 8, 1986, calling for an election to amend the Police Retirement Plan on April 7, 1987 (four separate propositions).
- **Changes:**
 - Increased tax rate to \$0.12/\$100 AV
 - Employee Contributions increased to 2 ¾% of gross salary
 - Added Retirement Eligibility:
 - Age 55 years and 30 years of credited service
- One proposition failed (increase of interest paid to “covered employee” upon separation of employment, voluntary or involuntary).

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CHANGES IN 1989

- BOA passed Ordinance 2540 on December 11, 1989, making the following changes to the Police Retirement Plan
- These and future amendments to the Police Retirement Plan were ***not*** subject to a public vote.
- **Changes:**
 - Employee Contributions increased to 5% of gross salary
 - Added Retirement Eligibility:
 - Twenty (20) years of service (**no age requirement**)
 - Benefit calculations:
 - Using the average monthly calculation, 2.5% for the first 20 years of credited service, plus 1% for each year of credited service over 20, to a maximum of 10 years. (Maximum benefit 60% of final average monthly salary)

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CHANGES IN 1989 (CONT.)

- Added “Life Only Option” – waiving survivor spouse benefit to increase the retiree’s monthly benefit for life.
 - Spouse must consent in writing within 90 days prior to “life only option” beginning.

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CHANGES IN 1992

- BOA passed Ordinance 92-9 on January 27, 1992, calling for an election to increase tax rate from \$0.12 to \$0.42/\$100 AV on April 7, 1992, “**in order to provide, on an actuarially sound basis, for improvements to said fund, including provision for cost of living increases, disability benefits, cash out of participant contributions and any other enhancements as provided by law.**” (From the ballot language, emphasis added.)
- Election Results: Yes: 1,316 / **No: 2789**

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CHANGES IN 1993

- BOA passed Ordinance 93-07 on February 22, 1993, making the following amendments to the Police Retirement Plan:
- **Changes:**
 - Creditable service includes fractions of a year for calculations
 - Added deferred retirement benefit:
 - A person with at least 15 years of service can leave employment and defer vested retirement benefit until 60 years of age, using vested accrual schedule established in 1977.
 - Reduced required amount of time of marriage to two years for spouse to be eligible for survivor benefits.

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CHANGES IN 1993 (CONT.)

- Added “**Cost of Living Increases**” for employees who retire on or after April 1, 1993.
 - COLA begins on April 1, after 60 years of age.
 - Also established the cumulative (retroactive) adjustment back to the date of retirement.

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CHANGES IN 1994

- BOA passed Ordinance 94-70 on November 15, 1994, making the following amendments to the Police Retirement Plan:
- **Changes:**
 - **Refund of contributions** made after November 1994.

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CHANGES IN 1995 AND 1996

- Board of Alderman passed Ordinance 95-18 on April 10, 1995, providing for a plan restatement. No substantial changes.
- Board of Alderman passed Ordinance 96-21 on February 12, 1996, providing for the following change:
 - **Changes:**
 - Benefit calculations:
 - Using the average monthly calculation, 2.5% for the first 20 years of credited service, plus 1.5% for each year of credited service over 20, to a maximum of 10 years (**Maximum benefit 65% of final average monthly salary**).

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EMPLOYEE CONTRIBUTIONS

Pre-tax as of April 1, 2017

Not eligible for refund at retirement

Sergeants & below:	9.4% of gross salary
Lieutenants & Captains:	8.5% of gross salary
Chief:	7.5% of gross salary

Employee Contributions Total*:	\$251,802.58
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**For plan year ending 3/31/2022*

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PROPERTY TAX CONTRIBUTIONS

Residential Property	\$0.205/\$100 AV
Commercial Property	\$0.336/\$100 AV
Personal Property	\$0.360/\$100 AV

Property Tax Contributions Total*:	\$774,328.60
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**For plan year ending 3/31/2022*

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BENEFITS: TODAY

- Retirement at 20 years credited service.
- Credited service:
 - Six (6) months of service is credited as full year for retirement eligibility.
- Benefits calculated on fraction of the year served.
 - Employee can retire with 20 years credited service at 19 years 6 months.
 - Benefit is calculated as 19.5 years x 2.5 percent x Average Monthly Compensation.
- Refund of contributions made prior to April 1, 2017, *only*.
- Eliminate initial retroactive COLA for employees hired on or after April 1, 2017.

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ACTUARIAL VALUATIONS

- Between 1987 and 1992, Actuarial Valuations were
 - Between 145% and 154%.
 - The number of active participants during that time was 44-51
 - with **only 11 retirees**.
- Minutes do not reflect Actuarial Valuations until **July 2008**, when Milliman completed their first Actuarial Valuation.
- In the minutes, it is noted the Police Plan had an Actuarial Valuation of **approximately 91 percent**.

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ACTUARIAL VALUATIONS

- At the July 2008 meeting, Michael Zwiener stated the Trustees would need to “watch and see.”
- Discussion took place about increasing employee contributions, but no action was initiated.
- In subsequent year the Actuarial Valuation and Number of Retirees changed as follows:

Date	Actuarial Valuation	# of Retirees
4/1/2011	82.37%	36
4/1/2012	75.06%	36
4/1/2013	73.03%	37

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2012 PLAN STUDY

- After steady decline of funded ratio, the Police Pension Board formed a subcommittee to review funding options. Subcommittee was made up of employee members of the Police Board of Trustees, other Police employees, one retiree, and two council members.
- Subcommittee studied changing retirement benefits for new hires only, as well as for all covered employees.
- Final recommendation from the subcommittee was to request a tax rate increase by the vote of the residents of Overland, with no change in benefits.
- No action was taken by the City Council.

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2012 PLAN STUDY - 2016 REVISITED

- A retiree addressed the Board on January 26, 2016, expressing concern about the funding of the Police Plan, encouraging the Police Board of Trustees to work together before the plan would need an “emergency allocation.”
- Police Board of Trustees Work Sessions, with City Administrator Jason McConachie, commenced March 2016, the following benefits were studied:
 - Increase Employee Contribution to 7.5 percent
 - Apply benefit changes to employees with less than ten years credited service.
 - Retirement changed from 20 years to 25 years.

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2012 PLAN STUDY - 2016 REVISITED

- Maximum retirement of 60 percent (20 years at 2.5 percent per year plus 10 years at 1 percent per year).
- Eliminate retroactive COLA – study for all current employees, and for employees with less than ten years of credited service.
- Refund of contributions – refund contributions received prior to a specified date, or variations of partial refund based on current years of service.
- **Benefit changes ultimately enacted, effective April 1, 2017 (Ordinance 2017-04):**
 - Contributions made by covered employees after April 1, 2017, will be pre-tax contributions and will not be refunded at retirement
 - Member contributions increase to 7.5 percent.

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PROP. O: TAX LEVY - POLICE PENSION

- **April 4, 2017, General Municipal Election:**
 - Proposition O – Tax Levy for Police Retirement Plan
 - Increase the property tax rate of the City from \$0.12 to \$0.24 for residential real estate, from \$0.12 to \$0.36 for commercial real estate, and from \$0.12 to \$0.36 for personal property per \$100.00 of assessed valuation solely for the purpose of funding the Retirement Plan for the Police Department of the City of Overland
 - Election Results: Yes: 792 **No: 1030**

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PROP. O: TAX LEVY - POLICE PENSION

- **August 8, 2017, General Municipal Election:**
 - Proposition O – Tax Levy for Police Retirement Plan
 - Increase the property tax rate of the City from \$0.12 to \$0.24 for residential real estate, from \$0.12 to \$0.36 for commercial real estate, and from \$0.12 to \$0.36 for personal property per \$100.00 of assessed valuation solely for the purpose of funding the Retirement Plan for the Police Department of the City of Overland
 - Election Results: **Yes: 792** No: 541

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PROPERTY TAX RATE

- Voter approved tax rates are the **maximum authorized levy**, however, if the assessed valuation increases, the tax rate ceiling decreases.
- If the assessed valuation decreases, the tax rate ceiling increases, but can never be more than the maximum.
- If assessed valuations continue to rise, the only way to increase revenue is by a vote of the residents.

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ON THE JCPER WATCH LIST

Joint Committee on Public Employee Retirement

- Collects quarterly and annual reports on public employee retirement plans in Missouri
- Quarterly reports contain information provided by ACG at quarterly meetings
- Collect annual data based on the Actuarial Valuation and GASB 67 & 68 reports prepared by Milliman.
- Based on information provided, JCPER prepares an Annual Watch list for plans with a funded ratio of less than 75 percent. **Overland Police Retirement Plan has been on the JCPER Watch List since 2014 (plan year beginning 4/1/2013).**

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JCPER QUARTERLY REPORT

Today's Date:	<input type="text" value="2/11/2022"/>	<input type="button" value="📅"/>
Reporting Calendar Year:	<input type="text" value="2021"/>	(4-digit year)
Quarter:	<input type="text" value="Fourth"/>	▼
Beginning Quarterly Market Value:	<input type="text" value="15,018,000"/>	(numbers only; round up to whole dollar amount)
Ending Quarterly Market Value:	<input type="text" value="15,196,000"/>	(numbers only; round up to whole dollar amount)
Time-weighted Rate of Return (rolling 12 months):	<input type="text" value="13.14%"/>	<input type="radio"/> Gross of Fees <input checked="" type="radio"/> Net of Fees
Time-weighted Rate of Return (rolling 36 months):	<input type="text" value="15.75%"/>	<input type="radio"/> Gross of Fees <input checked="" type="radio"/> Net of Fees
Time-weighted Rate of Return (rolling 60 months):	<input type="text" value="11.30%"/>	<input type="radio"/> Gross of Fees <input checked="" type="radio"/> Net of Fees
Assumed Rate of Return for Investments:	<input type="text" value="6.75%"/>	
Price Inflation Assumption:	<input type="text" value="2.2%"/>	
Salary/Wage Inflation Assumption:	<input type="text" value="3.5%"/>	
Assumptions updated with the FY2020/2021 GASB 67/68 Report		
Comments within this Quarter:	<input type="text"/>	

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JCPER ANNUAL REPORT

- Actuarial Valuation Report, as of April 1, each year:
 - Number of active participants
 - Number of terminated vested participants
 - Retirees/beneficiaries
 - Funded Ratio (Market Value Basis)
- GASB 67 & 68 Report, prepared June 30, each year:
 - Net Pension Liability (page 15)

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DELINQUENCY – RSMO 105.683

- 105.683. Plan deemed delinquent, when, effect of. — Any plan, other than a plan created under sections 169.010 to 169.141 or sections 169.600 to 169.715, whose actuary determines that the plan has a **funded ratio below sixty percent and the political subdivision has failed to make one hundred percent of the actuarially required contribution payment for five successive plan years with a descending funded ratio for five successive plan years**, shall be deemed delinquent in the contribution payment...

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DELINQUENCY – TRACKING

Year Ending	Funded Ratio	Recommended Contribution	Recommended Tax Rate	Actual Contribution	Actual Tax Rate
3/31/2014	72.66%	\$863,157.00	\$0.3960	\$240,878.00	\$0.120/\$0.120/\$0.120
3/31/2015	72.00%	\$1,072,917.00	\$0.5050	\$251,812.00	\$0.120/\$0.120/\$0.120
3/31/2016	63.99%	\$1,085,072.00	\$0.5210	\$242,311.00	\$0.120/\$0.120/\$0.120
3/31/2017	64.16%	\$1,136,068.00	\$0.5450	\$233,363.00	\$0.120/\$0.120/\$0.120
3/31/2018	65.84%	\$1,091,236.00	\$0.4890	\$553,559.00	\$0.24/\$0.36/\$0.367
3/31/2019	64.11%	\$1,117,425.00	\$0.5080	\$680,159.00	\$0.24/\$0.36/\$0.367
3/31/2020	56.16%	\$1,203,306.00	\$0.4780	\$712,577.00	\$0.206/\$0.334/\$0.367
3/31/2021	71.02%	\$1,284,482.00	\$0.5140	\$683,592.00	\$0.205/\$0.336/\$0.367

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WHERE DO WE GO FROM HERE?

- Schedule next work session to discuss
 - Potential changes to plan
 - Select items for study by actuary and review by legal counsel

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COMMENTS?

QUESTIONS?



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**CITY OF OVERLAND
POLICE PENSION BOARD WORK SESSION MINUTES
CITY COUNCIL CHAMBERS
April 27, 2022, at 1:00 p.m.**

Mayor Marty Little called the meeting to order.

ROLL CALL

Mayor Little
Mark Giroux
Chief Andy Mackey

Lt. Joe Carollo
Sgt. Justin Lydon
Ken Crowder – *excused*

Also in attendance: Heather Mehta, Pension Board Legal Counsel (via WebEx); Melissa Burton, City Clerk; Jason McConachie, City Administrator; Councilman Patrick Wroblewski; Peterson, FOP Lodge 15 Legal Counsel; and Overland Police Officers Zachary Chadwick, John O’Neill, Lt. Tim Walkonis, Sgt. Robby Ryan, Courtney Olson, Chase Wurth, Seyvon Kenney, Cpl. Chris Fanning, and Ian Ray.

DISCUSSION

City Clerk Melissa Burton answer questions provided by Trustees regarding funding levels, City Contribution to Non-Uniform Pension Plan, Non-Uniform Plan, obligation to current retirees, detailed review of benefits and differences from the Non-Uniform Plan. Benefits available to future Police retirees include:

- Normal retirement as early as 19 years, six months.
- Maximum calculated benefits: 65 percent.
- Survivor Spouse Benefit: 75 percent.
- Life only annuity, if waived in writing by eligible survivor spouse, increases benefit past maximum calculated benefit. Historically, this has increased a retiree’s benefit by an average of \$299/month. Current cost to the Plan is >\$55,000 per year.
- Retroactive Cost of Living Adjustment for all eligible retirees and participants employed prior to April 1, 2017. There are ten retirees and 25 current police officers eligible for a future retroactive COLA.

The Trustees were provided information from the Joint Committee on Public Employment Retirements on all Defined Benefit Plans for Police Departments in Missouri.

Discussion took place regarding increasing funding to the pension plan, and alternatives such as LAGERS.

The video recording of this work session, as well as all supporting documents will be posted on the City’s website for distribution.

Next Police Board of Trustees Work Session is scheduled for immediately following the quarterly Joint Boards of Trustees Meeting on Tuesday, May 10, at 1:30 p.m.

ADJOURNMENT

There being no further business to discuss, Chief Mackey made a motion to adjourn. Mr. Ken Crowder seconded. The vote was polled as follows: Mayor Schneider – “yes,” Mark Giroux – “yes,” Chief Mackey – “yes,” Lt. Carollo – “yes,” Sgt. Lydon – “yes,” and Mr. Crowder – “yes.” Motion carried.

OVERLAND POLICE RETIREMENT PLAN

DETAILED REVIEW OF BENEFITS

1

OBJECTIVE

- Answer Questions Provided by Trustees
- To provide an overview of the Police Pension Benefits
 - Number of Active Participants, Retirees, & Beneficiaries
 - Benefit Payments to Retirees & Beneficiaries
 - Retroactive Cost of Living Allowance
 - Survivor Benefit
 - Life Only Annuity
- Explain Differences between Police & Non-Uniform Plans
- Develop Goals for the Police Pension Plan
- Determine Items for Study by the Actuary

2

TRUSTEE QUESTIONS

1. How many current retirees are collecting a monthly benefit?
2. What is the annual obligation to current retirees?
3. Is there an amount per year that would get the pension plan to 80%, 90%, 100% funded?
4. How much money does the City contribute to the Non-Uniform Pension?
5. What percentage is the Non-Uniform Pension funded?
6. How much money does Prop P generate annually?
 - Can Prop P money be used to supplement the pension without changing the ordinance?
7. Is there a sales tax that can be used to fund the pension?
8. How can the ordinance be changed?

3

TRUSTEE QUESTION 1

How many current retirees are collecting a monthly benefit?

There are two types of monthly benefits:

1. Retiree Benefit
2. Survivor (Beneficiary) Benefit

**Combined Total Monthly Benefit:
\$128,789.54**

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TRUSTEE QUESTION 2

What is the annual obligation to current retirees?

For Plan Year 2022/2023, the estimated obligation based on current number of retirees and survivors

\$1,545,474.48

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TRUSTEE QUESTION 3

Is there an amount per year that would get the pension plan to 80%, 90%, 100% funded?

Actuarial Determine Contributions are the amounts needed to fully fund (100%) the Plan. (Actuary Report, page 4)

<u>April 1, 2020</u>	<u>April 1, 2021</u>
\$1,284,482	\$1,316,067
\$0.514/\$100AV	\$0.495/\$100AV

The next Actuarial Valuation will be for April 1, 2022. It is expected to be presented at the August Trustees Meeting.

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TRUSTEE QUESTION 3

Actuary's response:

The current funded ratio of the plan is well below ideal. It's important to keep the 100% funding level target in mind (on the most basic level, if we look at the entire life of the plan, anything less than 100% means that some promised benefits aren't paid). I think of it as being a two-part test;

- 1. where are we now – in your case near the 60% level, which is obviously concerning, and*
- 2. which direction are we heading based on the funding policy – in your case that direction is downhill, which is also concerning.*

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TRUSTEE QUESTION 4

How much does the City contribute to the Non-Uniform Pension?

In order to understand the amount contributed to the Non-Uniform Plan, an explanation of the cost of benefits between the two plans is required.

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POLICE

Total Retirees: 38

- Minimum: \$2,094.12/month
- Maximum: \$5,351.95/month
- Average: \$3,092.10/month

Total Survivors: 6

- Minimum: \$520.13/month
- Maximum: \$2,921.52/month
- Average: \$1,881.63/month

Total Monthly Benefits:
\$128,789.54

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<i>POLICE</i>	<i>NON-UNIFORM</i>
Total Retirees: 38	• Total Retirees: 54
• Minimum: \$2,094.12/month	• Minimum: \$196.79/month
• Maximum: \$5,351.95/month	• Maximum: \$3,576.76/month
• Average: \$3,092.10/month	• Average: \$1,369.88/month
Total Survivors: 6	Total Survivors: 9
• Minimum: \$520.13/month	• Minimum: \$38.29/month
• Maximum: \$2,921.52/month	• Maximum: \$1,599.13/month
• Average: \$1,881.63/month	Average: \$501.51/month
Total Monthly Benefits	Total Monthly Benefits
\$128,789.54	\$78,531.97

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TRUSTEE QUESTION 4

How much does the City contribute to the Non-Uniform Pension?

	Plan Year 2020/2021	Plan Year 2021/2022
Non-Uniform	\$515,661	\$531,681

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TRUSTEE QUESTION 4

How much does the City contribute to the Non-Uniform Pension?

	Plan Year 2020/2021	Plan Year 2021/2022
Non-Uniform	\$515,661	\$531,681
Police*	\$683,592	\$753,951

*Designated Property Tax

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TRUSTEE QUESTION 5

What percentage is the Non-Uniform Pension funded?

Plan Year 2015/2016	78.66%
Plan Year 2016/2017	83.47%
Plan Year 2017/2018	89.26%
Plan Year 2018/2019	89.49%
Plan Year 2019/2020	78.30%
Plan Year 2020/2021	98.70%

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TRUSTEE QUESTION 6

How much money does Prop P generate annually?

approximately
\$775,000/year

Can Prop P money be used to supplement the pension without changing the ordinance?

The ordinance would need to be changed.

Additionally, if reallocated, the City would need to find an additional source of revenue to replace the Prop P funds.

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TRUSTEE QUESTION 7

Is there a sales tax that can be used to fund the pension?

No. Sales Taxes are authorized by the State.
The City collects all sales taxes available to
Third Class municipalities.

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TRUSTEE QUESTION 8

How can the ordinance be changed?

Ordinance changes for the Police Plan are proposed by the Police Pension Board of Trustees and forwarded to the City Council, via the City Administrator and/or City Clerk

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POLICE PENSION PLAN BENEFITS

<i>Active Participants of the Police Plan</i>	43
<i>Deferred Vested</i>	1
<i>Retirees</i>	38
<i>Survivor (Beneficiaries)</i>	6

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DEFERRED VESTED PARTICIPANTS

Deferred Vested Participants are those that leave employment after 15 years of service, prior to 60 years of age, who are not eligible to retire at the time of separation.

Currently, there is one (1) Deferred Vested Participant.

Normal Retirement Date (NRD):	10/1/2037
Benefit Amount:	\$1,957.86/month
Life Only Annuity (if elected):	\$2,235.88/month
Contributions to be Refunded at NRD:	\$41,370.95

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MONTHLY BENEFIT PAYMENTS

Total Retirees:	38
• Minimum:	\$2,094.12/month
• Maximum:	\$5,351.95/month
• Average:	\$3,092.10/month
Total Survivors:	6
• Minimum:	\$520.13/month
• Maximum:	\$2,921.52/month
• Average:	\$1,881.63/month

Total Monthly Benefits
\$128,789.54

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RETROACTIVE COST OF LIVING

Definition from Section 200.490

...an initial retroactive adjustment of benefits, the payment of which commences as of the April first (1st) immediately following an employee's sixtieth (60th) birthday, under this Section 200.490 shall be the cumulative total of the adjustments under this Section 200.490 which would have been made if such adjustments were made starting with payments made on or after the April first (1st) immediately following the date which payment of such benefits commences...

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RETROACTIVE COST OF LIVING

There are ten retirees who are eligible for retroactive COLA.

COLA	Retro Years
2024	12
2025	6
2026	11
2030	10
2031	13
2032	10
2032	15
2035	16
2037	18
2038	17

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RETROACTIVE COST OF LIVING

Retroactive COLA is available for all active participants who were employed prior to April 1, 2017.

- As of this month, currently 25 of 43 active participants are eligible for retroactive COLA.

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RETROACTIVE COST OF LIVING

Officer Smith retired at age 42 on 2/1/2005, collecting a monthly benefit of \$2934.09*.

He will be eligible for his first COLA on 4/1/2022.

A standard COLA for 2022, would be 3%, an increase of \$88.02/month (\$1,056/year). Total monthly benefit: \$3,022.11/month.

Retroactive COLA for 18 years, would be 23.04% an increase of \$676.15/month (\$8,113.82/year). Total monthly benefit: \$3,610.24/month

**Average benefit of all ten retirees eligible for future retro COLA.*

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RETROACTIVE COST OF LIVING

Officer Jones retired at age 54 on 2/1/2016, collecting a monthly benefit of \$2934.09*.

He will be eligible for his first COLA on 4/1/2022.

A standard COLA for 2022, would be 3%, an increase of \$88.02/month (\$1,056/year). Total monthly benefit: \$3,022.11/month.

Retroactive COLA for 6 years prior to 2022, would be 6.8%, an increase of \$199.53/month (\$2,394.38/year). Total monthly benefit: \$3,133.62/month.

**Average benefit of all ten retirees eligible for future retro COLA.*

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SURVIVOR BENEFIT

Upon death of a retiree, the survivor spouse receives 75% of the monthly benefit for life, or until remarriage.

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LIFE ONLY ANNUITY

A covered employee who is retiring may elect in writing to have his/her benefits paid for "life only" calculated using Table A in Section 200.530. If the covered employee has a spouse who would be entitled to a survivor benefit, under Section 200.480, the spouse is required to waive in writing his/her entitlement to survivor benefits.

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LIFE ONLY ANNUITY

There are currently 16 retirees with Life Only Annuity.

Minimum Increase:	\$73.41/month	\$880.92/year
Maximum Increase:	\$689.01/month	\$8,268.12/year
Average Increase:	\$290.34/month	\$3484.08/year

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LIFE ONLY ANNUITY

Monthly Impact: \$4,645.37

Annual Impact: \$55,744.42

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BENEFITS: TODAY

- Normal Retirement:
 - 20 years credited service with no age requirement, or
 - Age 62 with 18 years credited service, or
 - Social Security Full Retirement age with 5 years of credited service.
 - Credited service: Six (6) months of service is credited as full year for retirement eligibility.
 - Maximum calculated benefit based on credited service: 65 percent.

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BENEFITS: TODAY

- Benefits calculated on fraction of the year served.
 - Employee can retire with 20 years credited service at 19 years 6 months.
 - Benefit is calculated as 19.5 years x 2.5 percent x Average Monthly Compensation.
- Survivor Spouse Beneficiaries receive 75 percent of the retiree benefit, including retroactive COLA.
- Life Only Annuity can increase the monthly benefit past the 65 percent maximum calculated benefit.

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BENEFITS: TODAY

- Refund of contributions made prior to April 1, 2017, *only*.
- Retroactive COLA for employees hired prior to April 1, 2017.
 - Currently 10 retirees and 25 employees are eligible for a future COLA.

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BENEFITS: NON-UNIFORM

- Normal Retirement:
 - 25 years credited service with no age requirement, or
 - Age 58 with 5 years credited service, or
 - Credited service: Six (6) months of service is credited as full year for retirement eligibility.
- Early Retirement:
 - Age 53 with 15 years credited service.
 - Benefit reduced by a factor of 5/12 percent for each month before the normal retirement date
 - Maximum reduction 25 percent

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BENEFITS: NON-UNIFORM

- Benefits calculated on credit service.
- Maximum benefit 60 percent of average last five years salary
- Survivor Spouse Beneficiaries receive 50 percent of the retiree benefit, including COLA.
 - Retiree has option to reduce monthly benefit in order to leave surviving spouse a larger benefit:
 - 66 2/3% survivor benefit
 - 100% survivor benefit

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BENEFITS: NON-UNIFORM

- Refund of contributions made prior to April 1, 2017, *only*.
- Standard annual COLA for all eligible retirees beginning June 1, following age 62.

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POLICE PENSION PLAN**GOALS?**

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POLICE PENSION PLAN**What items should
the actuary study?**

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