Welcome
TMRS Advisory Committee
December 1, 2011
Agenda

- National Landscape
- Issues for Discussion
- Process for Prioritizing Issues
- Timeline and Meeting Schedule
# National Landscape of Retirement Legislation

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National Landscape, Recent Statistics, and Public Perception

- The Center for Retirement Research at Boston College
- "The Funding of State and Local Pensions in 2010" (126 state and local plans)
- Key findings:
  - Overall funded status was 77%, with $2.7 trillion in actuarial assets and $3.5 trillion in total liabilities.
  - The slight decline in funded status from 79% in 2009 to 77% in 2010 was due to moderate increases in liabilities while actuarial assets grew more slowly (due partly to asset smoothing).
  - Financial crisis resulted in higher unfunded liabilities increasing the amortization component of the annual required contribution.
  - The average ARC increased from 11.8% in 2008 to 12.7% in 2009 and 13.5% in 2010.
  - The higher ARC and substantial decline in state and local tax revenues resulted in falling employer contributions as a percent of the ARC.
  - Employer contributions ARC fell from an average of 92% of the ARC in 2008 to 84% in 2009 and 78% in 2010.
Issues for Discussion
First Some Ground Rules for Your Consideration

- Start and end on time

- To the extent possible, ignore cell phones and Blackberries until the breaks and lunchtime

- Balance listening and talking so that everyone’s viewpoint is heard

- Stay focused on the agenda items and resist temptation to get into other interesting topics until the time is right to do so

- Out of respect for others, refrain from sidebar conversations

- Be succinct with comments so we get as many ideas on the table as possible

- Expect the facilitator to guide, provide input, keep a fast pace, and interrupt, if necessary
Additional COLA Options

- What is most needed, wanted, and valued by employees and retirees?
- What options are affordable?
- What are the greatest concerns of employers and employees?
- What types of COLA options are worth researching?
Gain-Sharing Options

- What would financial indicators would “trigger” gain-sharing?

- What form would gain-sharing take?

- How would this be administered?

- Is there value in uniformity across all cities in TMRS or in flexibility for each city?

- Is there a cost to gain-sharing?
Higher Employee Contributions to Maintain or Reinstate Benefits

- What is the “tolerance” for higher contributions among members?
- What would members be willing to pay for?
- Would this be optional by city or by employee?
- What administrative issues arise with this?
Two Tier Plans

- What interest is there in different plans for new hires?
- Would there be a “menu” of plans for cities to choose from?
- What personnel issues will this create in the workplace?
- Is there interest in different plans for different city departments?
- What would the new or second tier cost?
Increase Hourly Threshold for Employee Participation in TMRS

- What is the current threshold?

- Who is being left out of TMRS now?

- Who else would be excluded if the threshold is raised?

- How big is the problem in attracting and retaining employees who are no eligible to participate in TMRS?

- Would this change be system wide or optional by cities?

- What is the cost impact of this change?
Increase Vesting or Retirement Eligibility Requirements for New Hires

- Who will be hurt by this?

- How many employees with only a few years of service really value TMRS coverage?

- If the future workforce is more mobile, how will they view earlier or later vesting?

- Will incentives to work longer be good or bad for employers and employees?

- What are the best options?

- What are the cost implications of this type of change?
Return to Work

- What provisions are needed to attract or retain talent?

- Is there concern about the public perception of “double-dipping”?

- How will changes in return to work laws help or hurt employers?

- Do return to work laws increase or decrease costs for employers?

- Are the current tax laws conducive to return to work provisions?
Others?

- What other legislative changes have you discussed or considered?
- How feasible are the changes in today’s environment?
- What would you like to see on future Advisory Committee meeting agendas?
Process for Prioritizing Issues
Process for Prioritizing Issues

- In February the TMRS Board will review the summary of today's meeting and your input

- Preliminary discussions will take place with the actuary and staff

- Some issues may not make it on to future agendas because they are of limited interest or value

- Consideration will be given to those issues of greatest interest and value to the most people (both employers and employees)

- Much research will be needed to prepare for upcoming Advisory Committee meetings so issues may be prioritized with that in mind
Timeline and Meeting Schedule

- The TMRS Board will determine how many meetings are necessary to cover the issues that have been identified.

- The TMRS Board may set up to 4 Advisory Committee meetings in 2012.

- Future meetings will generally be from 9 A.M. to 1 P.M. in the TMRS offices.

- Advance notice will be given on the dates and times to all Advisory Committee members.