

JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT
FIRST QUARTER MEETING

January 21, 2010

The Joint Committee on Public Employee Retirement held its 1st Quarter Meeting at 9:00am in House Hearing Room 1. With a quorum being established, Chairman Franz called the meeting to order. Joint Committee members in attendance were Senators Crowell, Days, Keaveny and Rupp and Representatives Atkins, Franz, Norr, Schlottach, Viebrock and Yaeger. Senators Green and Scott were not in attendance.

The Chairman turned the meeting over to the Executive Director, Ronda Stegmann. The 2010 Annual Report to the General Assembly was reviewed. It was noted that this report contains system data for plan year 2008. The director presented trend data for Missouri's plans over the previous 5 year period, and expounded on the changes that have occurred in membership numbers, assets/liabilities, and revenues/expenses over the last decade.

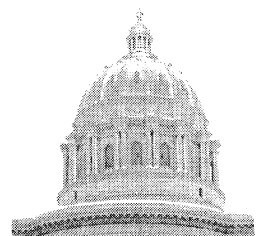
Preliminary plan year 2009 data was reviewed. It was noted, of the 10 plans reporting, a \$9 billion dollar loss was experienced in 2009 as a result of the downturn in the investment markets. The aggregate funded ratio on a market value basis of the plans reported increased from 61% to 66% for the period ending September 30, 2009.

The director presented to the committee a copy of Springfield Ordinance No. 5849. This ordinance requires all police and fire employees hired after February 1, 2010 to participate in the Local Government Employees' Retirement System (LAGERS). Approximately 75 employees participating in the tier two portion of the current defined benefit plan will have the option of participating in LAGERS through a termination/reinstatement plan established by the City. The City will continue to administer the present defined benefit plan for current employees.

During the discussion of other business, Senator Crowell conveyed concerns and suggestions to the committee, associated with the defined benefit structure for future public employees.

No further business being presented, the committee adjourned.


Ronda Stegmann
Executive Director



JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT

1st QUARTER MEETING

January 21, 2010

9:00 am

AGENDA

Roll Call

[Review 2010 Annual Report](#)

Plan Year 2009 Reporting Update

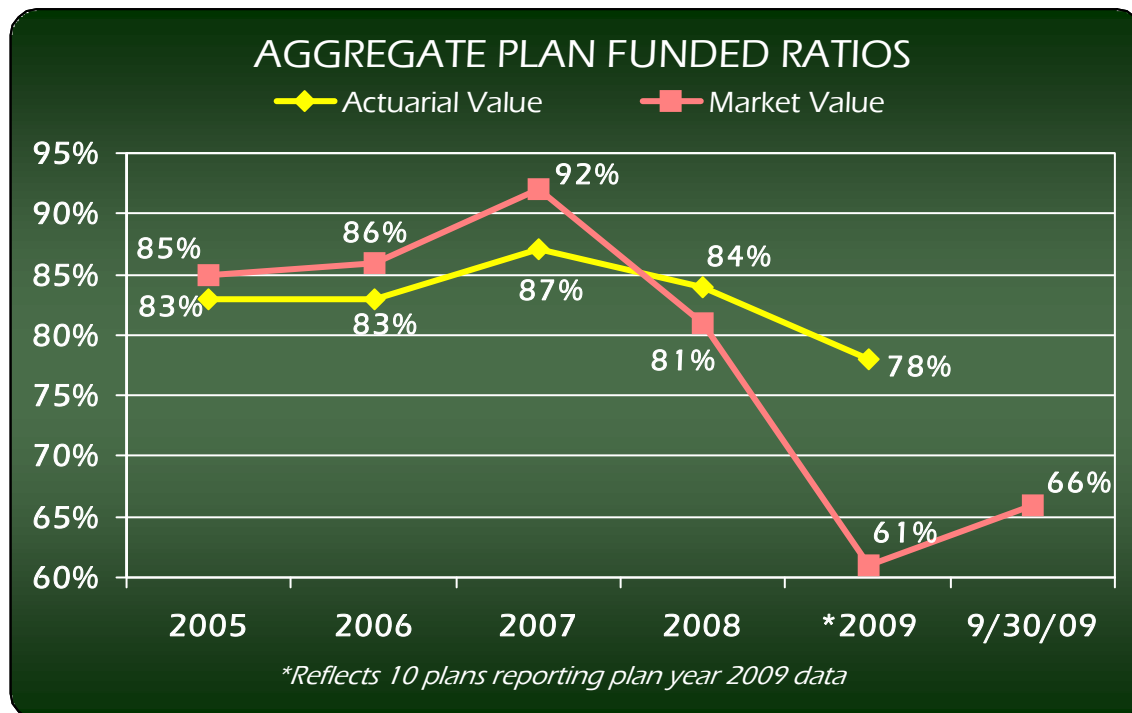
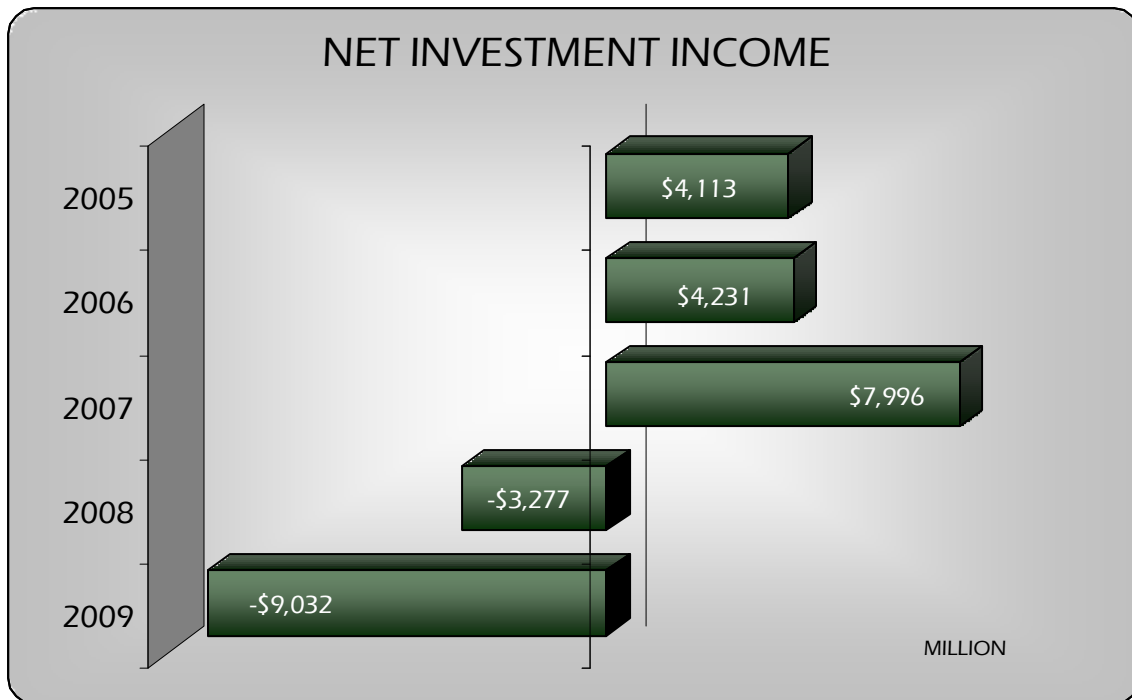
Springfield Police & Fire Retirement Plan

Legislation

Other Business



PRELIMINARY PLAN YEAR 2009 DATA



Plan Year 2009 Net Investment Income						
Plan	2009	Total Assets (Market Value)	Total Assets (Actuarial Value)	Liabilities	Plan year ended	
PSRS	\$ (5,301,374,222)	\$ 21,589,177,404	\$ 28,826,075,000	\$ 36,060,121,000	June 30	
MOSERS	(1,508,376,715)	6,163,086,701	7,876,079,342	9,494,806,715	June 30	
LAGERS	(731,861,113)	3,217,034,324	3,330,662,923	4,161,775,258	Feb 28	
PEERS	(489,552,307)	2,113,673,631	2,792,182,000	3,458,044,000	June 30	
MPERS	(426,265,311)	1,221,133,860	1,471,496,660	3,113,393,645	June 30	
KC Employees	(225,310,754)	640,063,117	704,069,429	966,779,322	April 30	
KC Police	(180,354,444)	534,314,117	641,176,940	893,559,090	April 30	
KC Fire	(128,064,562)	291,545,072	348,489,209	500,193,509	April 30	
KC Civilian Police	(25,282,608)	71,944,135	86,332,962	124,990,468	April 30	
Judges	(15,847,382)	65,919,546	81,337,881	369,106,840	June 30	
Total (10 plans to date)	\$ (9,032,289,418)	\$ 35,907,891,907	\$ 46,157,902,346	\$ 59,142,769,847		
Aggregate Funded Ratio	60.7%		78.0%			

Updated Market Value of Assets as of 09/30/09					
Plan	Total Assets (Market Value)	Total Assets (Actuarial Value)	Liabilities	Plan year ended	
PSRS	\$ 23,450,308,000	\$ 28,826,075,000	\$ 36,060,121,000	June 30	
MOSERS	6,787,105,416	7,876,079,342	9,494,806,715	June 30	
LAGERS	3,600,710,285	3,330,662,923	4,161,775,258	Feb 28	
PEERS	2,317,297,000	2,792,182,000	3,458,044,000	June 30	
MPERS	1,331,538,631	1,471,496,660	3,113,393,645	June 30	
KC Employees	742,000,000	704,069,429	966,779,322	April 30	
KC Police	615,447,000	641,176,940	893,559,090	April 30	
KC Fire	345,882,755	348,489,209	500,193,509	April 30	
KC Civilian Police	84,344,000	86,332,962	124,990,468	April 30	
Judges	*Included in MOSERS	81,337,881	369,106,840	June 30	
Total (10 plans to date)	\$ 39,274,633,087	\$ 46,157,902,346	\$ 59,142,769,847		
Aggregate Funded Ratio		66.4%	78.0%		



Pub. Imp. _____
Govt. Grnt. _____
Emer. _____
P. Hrngs. _____
Pgs. 4
Filed: 1-16-2009
1-5-2010

Sponsored by: Rushefsky

First Reading: January 26, 2009

Second Reading: January 11, 2010

COUNCIL BILL NO. 2009-013

GENERAL ORDINANCE NO. 5849

AN ORDINANCE

1 AMENDING Chapter 2, Article VI, Division 4 of the Springfield City Code, Section 2-460,
2 Employees subject to retirement plan participation, by terminating participation
3 for all new hires in the City's self-funded Retirement Plan and amending Special
4 Ordinance 15049, as amended, by adopting the Missouri Local Government
5 Employees Retirement System (LAGERS) L-11 benefit program for all eligible
6 future hires in the sworn/uniform services of the Police and Fire Departments,
7 and establishing an effective date for said changes.
8
9

10 WHEREAS, the City of Springfield, Missouri, desires to include its eligible future Police
11 and Fire Department employees in the retirement system provided by LAGERS, and;
12

13 WHEREAS, it is declared to be the policy of the City of Springfield, a political
14 subdivision as defined in section 70.600, RSMo., to consider as eligible for coverage future
15 Police and Fire Department employees who are eligible by state law; and
16

17 WHEREAS, all future sworn/uniform employees of the Police and Fire Department
18 declared to be eligible, who have 1,500 or more hours of annual employment, shall be
19 covered under the LAGERS L-11 benefit program (2.50% multiplier for life); and
20

21 WHEREAS, the "Final Average Salary" for each employee shall be determined on the
22 basis of a thirty-six (36) consecutive month period; and
23

24 WHEREAS, all eligible employment after the effective date shall be considered
25 membership service, as defined in section 70.600(15) RSMo.; and
26

27 WHEREAS, employee benefits shall be based on regular retirement eligibility; and
28

29 WHEREAS, the City is directed to remit the employer contributions to the LAGERS
30 Retirement Plan, required by section 70.705 RSMo., and other required reports and records in
31 accordance with administrative guidelines established by officials of the LAGERS Retirement
32 Plan.
33

34 NOW THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SPRINGFIELD,

MISSOURI, as follows:

NOTE: Throughout this ordinance, **bolded** language has been added.

Section 1 - That Chapter 2, Article VI, Division 4 of the Springfield City Code, Section 2-460 Employees subject to retirement plan participation, is hereby amended to read as follows:

Sec. 2-460. Employees subject to retirement plan participation.

All persons who are employees of the Police Department and Fire Department on October 9, 1958, and are covered by the terms of any previous pension plan of the City, all persons who are employees on November 15, 1982, and all persons who are or may in the future be within the scope of the definition of "participant", as set out in subsection (2) of the definition of that term as contained in section 2-441, shall be subject to the provisions of the ordinances governing the Retirement Plan as a condition of their employment. Also, any member of the Police Department or Fire Department who has been in the service of the Police Department or Fire Department at least five (5) years on May 2, 1946, shall be subject to the ordinances governing the Retirement Plan. **Employees hired or reinstated on or after January 31, 2010, shall not be eligible for the Retirement Plan.**

Section 2 - Special Ordinance 15049 is hereby amended by adopting the LAGERS L-11 benefit plan, non-contributory, for all eligible future hires in the sworn/uniform services of the Police and Fire Departments hired or reinstated on or after February 1, 2010.

Section 3 - This ordinance shall be effective upon passage.

Passed at meeting: January 11, 2010

James E. O'Neal
Mayor

Attest: Brandi M. Lutz, City Clerk

Filed as Ordinance January 11, 2010

Approved as to form: Deborah L. Wilson, City Attorney

Approved for Council action: Gregory B. Smith, City Manager

Aff. Agcy. Noticed _____
Emergency Required _____
P. Hrngs. Required _____
Fiscal Note Required _____
Board Rec. Required _____

EXPLANATION TO COUNCIL BILL NO. 2009 - 013

ORIGINATING DEPARTMENT: City Manager's Office

PURPOSE: To close the City's self-funded Police and Fire Pension System as of January 31, 2010, to new hires and adopt the LAGERS L-11 (Local Government Employee Retirement System) benefit program as of February 1, 2010, for all future hires in the sworn/uniform services of the Police and Fire Departments and to permit employees designated as "Tier II" employees (those hired after June 1, 2006) currently in the City's self-funded Police and Fire Pension Plan to voluntarily elect to terminate employment with the City of Springfield on July 17, 2010, in order to be reinstated and transitioned to the LAGERS L-11 retirement benefit program as of July 18, 2010.

BACKGROUND INFORMATION: City Council committed to closing the City's self-funded Police and Fire Pension System and placing all future hires into LAGERS with the passage of the ¾-cent sales tax on November 3, 2009. The tax will be effective April 1, 2010 and the City will receive the first payment from the sales tax collection in June 2010. We will close the City's self-funded Police and Fire Pension Plan to new hires at the end of January and adopt the LAGERS L-11 benefit program as of February 1, 2010. Beginning in July, with the start of a new budget-year, the City's contribution rate into the self-funded pension system will be reduced to 35% from the current 52%. The City will continue its contribution rate of 52% through June 30, 2010, the end of the fiscal 2010 budget year. New academies for both Police and Fire services are scheduled to begin June 21, 2010, and will be funded via the City's reduced retirement contribution.

In October 2008, a Task Force was appointed by the City Manager to compare the benefits that are given to Tier II employees under the City's current self-funded Police and Fire Pension Plan to the LAGERS L-11 benefit program from both the employee and employer perspective. The Task Force included representatives from the City Manager's office, Human Resources, Finance, Law, the Pension Board, and the leadership of the IAFF (International Association of Fire Fighters) and the SPOA (Springfield Police Officers Association). The Task Force identified the positives and negatives under both plans and determined that in most instances the benefits were closely aligned, but tended to provide more positive benefits for both the employee and employer under the LAGERS L-11 program. The Task Force ultimately recommended that if the Police and Fire pension sales tax passed on November 3, 2009, future hires be enrolled in the LAGERS L-11 program and that Tier II employees be allowed to voluntarily elect to terminate employment with the City of Springfield and be reinstated and transitioned to the LAGERS L-11 retirement benefit program. For payroll purposes, it is necessary to terminate the TIER II employees on the last day of a payroll, thus Saturday, July 17, 2010, and reinstate them the following day, the beginning of a payroll, Sunday, July 18, 2010.

REMARKS: The City received the required actuarial cost study for the LAGERS L-11 benefit program and has followed the necessary requirements for posting the study for 45 days with the City Clerk's office and the State's Joint Committee on Public Employee Retirement. The LAGERS election permanently commits all future hires for sworn/uniform services of the Police and Fire Departments to the LAGERS system. The computed employer contribution rates (expressed as a % of active payroll) are estimated at 14.5% for Police and 19.3% for Fire for the 2010-11 budget year. LAGERS may increase the rate annually by a maximum of one percent (1%) based on actuarial experience of the City's plan. The differential between the two rates is attributable to the greater turnover rate in Police.

RECOMMENDATION: The Task Force unanimously recommends passage of this Council Bill to become effective immediately upon passage.

Submitted By:


City Manager

EXHIBIT 3 – SOCIAL SECURITY COVERAGE

AT A GLANCE SOCIAL SECURITY COVERAGE ON JULY 1, 2010

Position	Category 1 (1/1/51 to 10/31/65)	Category 2 (11/1/65 to 8/12/84)	Category 3 (8/13/84 to 8/27/91)	Category 4 (8/28/91 to 8/27/03)
Full-time Teachers* who are PSRS members. Exception: see Critical Shortage Hires and Rehired Annuitants below.	No SS	No SS	No SS	No SS
Part-time teachers 20 or more hours per week but less than full-time on a regular basis.	PEERS members paid mandatory SS prior to 7/1/2000, then no SS. PSRS members paid SS until 8/28/91 then no SS.	SS	SS	SS
Part-time teachers 17 or more hours but less than 20 hours per week on a regular basis.	Paid SS until 8/28/2003, then no SS	SS	SS	SS
Part-time teachers working less than 17 hours per week.	SS	SS	SS	SS
Certificated teachers working full-time in non-teaching position.	SS	SS	No SS. When mods executed, positions covered by retirement system (PSRS)	No SS. When mod executed, positions covered by retirement system (PSRS)
Certificated teachers working part-time in non-teaching position.	SS	SS	SS	SS
Rehired Annuitants**	SS	SS	SS	SS
Critical Shortage Hires	SS	SS	SS	SS
Non-certificated personnel working in non-teacher positions	SS	SS	SS	SS

*In Category 1 and 2 school districts a "teacher" is defined by statute and includes the 10 positions of Teacher, Teacher-Secretary, Substitute Teacher, Supervisor, Principal, Supervising Principal, Superintendent, Assistant Superintendent, Nurse, and Librarian.

**Rehired Annuitant is a retired PSRS member who returns to work in a PSRS covered position of no more than 550 hours and earns no more than 50% of the annual compensation payable to the position each school year. The employee pays SS but does not contribute to PSRS. If the employee exceeds 550 hours or the 50% earnings limit, the employee must start a new PSRS membership and at that point, would no longer be covered by SS.