



Retirement Benefit Reforms

April 5, 2011

Background

- Rising cost of retirement benefits due to:
 - Salary increases
 - Pension benefit improvements
 - Recent investment losses
 - Recent changes to actuarial assumptions
- July 1, 2011 contribution rate increases from 28.8% to 34.48%.
- Estimated cost increase → \$21 million

Background

- March 2010 - Advisory Commission appointed to find cost-reducing recommendations; presented to Board February 2011.
- A new tier for the *future* workforce AND changes for *current* employees subject to legal review.
- Review complete - seeking Board direction to implement through collective bargaining.

Recommendations – Future Workforce

- Lower formulas:
 - General - 1.62% @ 65
 - Safety - 2% @ 50
- Final Average Salary – three years only
- Eliminating employer contributions → employee share
- 2% post-retirement COLA
- Eliminating vacation conversions & lump-sums
- Eliminating retiree medical

Recommendations – Current Workforce

- ④ Eliminating Employer Offsets
- ④ Eliminating vacation conversions
- ④ Eliminating lump sum payments

Conclusion

Direct staff to implement each of the recommendations outlined in this report and engage the unions in collectively bargaining for those changes for both the current and future workforce.