



**AGENDA  
CITY OF CREVE COEUR  
EMPLOYEE PENSION BOARD OF  
TRUSTEES  
ONLINE MEETING  
MARCH 22, 2023  
11:00 AM**

**ZOOM MEETING INFORMATION**

**Due to extreme circumstances regarding the COVID-19 pandemic, this meeting will be held online only. Members of the public may access live audio and/or video at the following link:**

**Join Zoom Meeting  
<https://us02web.zoom.us/j/82987368228>**

**Meeting ID: 829 8736 8228**

**One tap mobile  
+13017158592,,82987368228# US (Washington DC)  
+13052241968,,82987368228# US**

**CALL TO ORDER**

**APPROVAL OF AGENDA**

**APPROVAL OF MINUTES**

**Approval of the Pension Board Minutes from January 24, 2023 and Special Meeting Minutes from March 8, 2023**

**NEW BUSINESS**

**Transition from Legacy Plan to LAGERS**

**ADJOURNMENT**

Posted by: \_\_\_\_\_

Date/Time posted: \_\_\_\_\_



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TRUSTEES  
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MARCH 22, 2023  
11:00 AM**

***If you need special accommodations to attend a meeting, services may be arranged by contacting the Office of the City Administrator in advance.***



**MINUTES  
CITY OF CREVE COEUR  
EMPLOYEE PENSION BOARD OF  
TRUSTEES  
ONLINE MEETING  
MARCH 8, 2023  
3:00 PM**

**ZOOM MEETING INFORMATION**

Due to extreme circumstances regarding the COVID-19 pandemic, this meeting will be held online only. Members of the public may access live audio and/or video at the following link:

<https://us02web.zoom.us/j/84315910827>

Meeting ID: 843 1591 0827

Phone +1 646 931 3860

**CALL TO ORDER**

Meeting was called to order by Mike Karasick at 3:03 p.m.

In attendance:

Michael Karasick-Chair  
Lori Obermoeller-Director of Finance  
Joe Martinech-Council Liaison  
Carol Lippman-Board Member  
Mike Breitenstein-Employee Relations  
Ted Armstrong-Board Member  
Mark Perkins-City Administrator  
Glen Williams-Retiree  
Steve Collins-Retiree  
Dennis Sperry-Retiree

**APPROVAL OF AGENDA**

Motion to Approve the Agenda  
Result: Approved (Unanimous)  
Mover: Ted Armstrong-Board Member  
Seconder: Mike Breitenstein-Employee Relations  
Ayes: Martinech, Lippmann, Karasick



**MINUTES**  
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**ONLINE MEETING**  
**MARCH 8, 2023**  
**3:00 PM**

**NEW BUSINESS**

**Transition from Legacy Plan to LAGERS**

Lori Obermoeller began the presentation about the possibility of turning over the Legacy Pension Plan to LAGERS, which is what the city has now.

Background: In 2017, the city went to LAGERS. Anyone hired after June 2006, went onto LAGERS. The employees hired prior to that remained on the Legacy Plan. We have 24 active employees in the Legacy Plan.

The proposed plan is to move active employees over to LAGERS and close the Legacy Plan. LAGERS would then administer the closed plan. This would eliminate the Pension Board and the cost of the Legacy Plan. We would need to increase the plan with LAGERS if we move the 24 active employees over. We are currently in the LT8 plan with LAGERS which is a lower plan.

Lori showed a chart comparing LAGERS to the Legacy Plan. LAGERS has a disability plan where the Legacy Plan does not. LAGERS is transferrable. Both plans have a 60 month final average salary. The cost will go down when we convert over to the LT14 plan vs. the LT8 plan.

COLA was last done on the Legacy Plan in 2001.

Mark says that we will look at this more with the numbers provided by LAGERS to see what the annual cost would be without putting all of the 7 million dollars in. Mark says that our main concern is meeting the budget on a year to year basis.

The Pension Board and the Finance Committee will review the plan.

Question and Answers:

Mike Karasick opened up the floor for questions.

Ted Armstrong feels strongly about needing a package deal with LAGERS and COLA for the current Legacy Plan and that it should be high priority. This would lower the city's annual cost and benefit everyone.

Sharon Stott: To clarify, if the city doesn't modify the plan and add COLA before it goes to LAGERS, it can't be added later.

Mike Karasick: Question for Ted, Mark and Lori-Would investments that can't be liquidated be kept on the city's books? Lori said she would check this out. Would we still need a Board? Lori says no.

Carol Lippmann: Who does the investing in LAGERS? Lori says that someone on the LAGERS staff and a board but we would need to ask LAGERS.

Mark Perkins would like to invite LAGERS to a Pension Board meeting to discuss this



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3:00 PM**

transition and commented that LAGERS has a remarkable 50-year history of annual returns.

Mike Karasick has concerns that LAGERS has a narrow number of people making investing decisions. Mark says they have a strong backup but should discuss it with LAGERS.

Ted and Joe think a single package should be presented to the council.

Mike K. will talk to SunPointe at the next meeting in April and will reach out to Commerce Bank. He made a suggestion that everyone package their questions for their constituents.

Send questions to Lori and she will compile them.

There was further discussion about the COLA and options to be presented. These options would not go out to participants, just to the committees.

Sharon stated that the LAGERS plan would attract future employees and benefit all current employees, which is the city's goal.

**ADJOURNMENT**

Motion to Adjourn: Ted Armstrong-Board Member

RESULT: Approved (Unanimously)

Mover: Ted Armstrong-Board Member

Secunder: Mike Karasick-Chair

Ayes: Martinech, Lippmann, Breitenstein



**MINUTES  
CITY OF CREVE COEUR  
EMPLOYEE PENSION BOARD OF  
TRUSTEES  
ONLINE MEETING  
JANUARY 24, 2023  
3:00 PM**

**Zoom Meeting Information**

**Due to extreme circumstances regarding the COVID-19 pandemic, this meeting will be held online only. Members of the public may access live audio and/or video at the following link:**

<https://us02web.zoom.us/j/83554223336>

**Meeting ID: 835 5422 3336 Phone: +1 646 931 3860**

**Call to Order**

Meeting was called to order by Mike Karasick at 3:02 p.m.

In attendance:

Michael Karasick-Chair

Matt McCarty-Commerce Bank

Lee Boudouris

John Bascio-Commerce Bank

Tracy Brothers-Senior Accounting Associate

Brad Holmes-Employee Representative

Joe Martinech-Council Liaison

Carol Lippmann-Board Member

Mike Breitenstein-Employee Representative

Ted Armstrong-Board Member

Mark Perkins-City Administrator

**Public Comments**

No Public Comments

**Approve Agenda**

Motion to Approve the Agenda

Result: Approved (Unanimous)

Mover: Ted Armstrong, Board Member

Second: Carol Lippmann-Board Member

Ayes: Karasick, Holmes, Martinich, Breitenstein



**MINUTES  
CITY OF CREVE COEUR  
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JANUARY 24, 2023  
3:00 PM**

**Approve Minutes**

**Approval of October 18, 2022 Employee Pension Board of Trustees  
Meeting Minutes**

Motion to Approve the Minutes

Result: Accepted with one change. In the Report section, replace Mike Karasick's comment about the rates being down by about 13 1/2%, with the interest rates being up and the bonds being down about 13 1/2%

Mover: Ted Armstrong-Board Member

Seconder: Joe Martinich-Council Liaison

Ayes: Karasick, Holmes, Lippman, Breitenstein, Armstrong

**Reports**

**Quarterly Report-Commerce (Presenting)**

Matt McCarty from Commerce talked about what an unbelievable year it has been in regards to bonds. Our portfolio has held up well. He explained the charts in his report.

Ted asked what the cash position is currently. Matt responded that it was about \$31000. We have \$5 million invested and daily liquidity is about 4%. Overall, allocation is across the board and they are trying to keep a well balanced portfolio.

On the Corporate Credit spreadsheet: We had a little bit of a rebound in the 4th quarter. Carol pointed out that the asset-backed securities held up well and our allocation is point 16. Matt answered that they're doing better than the bench mark.

Carol also commented that we are under weighted on asset-backed securities. We have been spoiled by a 0% interest rate environment and that they have held up well.

Matt said this was a good point and they are looking at going forward with the different sectors of the client-portfolio.

**Quarterly Report-Sunpointe (Presenting)**

Jack Dwyer talked about his presentation. Some highlights were: last year, inflation was part of the problem. There was a higher interest rate on bonds and discount rate on stocks were down, but we are trending in the right direction. Bond yields are up.

The Federal Reserve is expected to quit raising rates above 5%. The red and yellow lines of this chart (page 53) do not quite following this. The 25 year average of the



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equity valuations is off by about 20%. There was a risk of poor earnings being written down, but we're pretty stable right now. Carol Lippman commended SunPointe on how they invested our portfolio in the [DOT.com](https://www.dot.com) age and currently. Jack thanked Carol. On page 35, we are pretty close to our target on asset allocation.

**New Business**

No New Business

**Review Investment Policy Statement (IPS)**

We talked about the IPS monitoring plan. Jack wants to make sure we are compliant and in line with the investment policy statement. He talked about distribution rates as well as constraint and current status. The full Investment Policy Statement is on pages 58-67. Not reviewing page by page. There are not any recommended changes. It is in good shape. Mike wants this included so we get it included in the committee meetings on an annual basis so everyone sees what it is. Ted asked if we need to take affirmative action to reapprove the IPS. Mike says we do not as long as we don't make any changes to it.

**Old Business**

**Retirement Activity**

**Retired Employee: Jeff Saffell (Maintenance Worker-Building) 12-31-22**

1 recent retiree was mentioned.

**Invoices**

**Mapers Dues  
Milliman  
Fiduciary Insurance**

Invoices for Mapers dues, Milliman and Fiduciary Insurance were presented.

**Adjournment**



**MINUTES  
CITY OF CREVE COEUR  
EMPLOYEE PENSION BOARD OF  
TRUSTEES  
ONLINE MEETING  
JANUARY 24, 2023  
3:00 PM**

Motion to Adjourn: Mike Karasick-chair  
RESULT: Approved (Unanimous)  
Mover: Carol Lippmann-Board Member  
Second: Ted Armstrong-Board Member  
Ayes: Holmes, Martinich, Breitenstein, Armstrong



# MEMORANDUM

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**DATE:** February 17, 2023

**TO:** Mark Perkins, City Administrator

**FROM:** Lori Obermoeller, Director of Finance

**SUBJECT:** Legacy & LAGERS Plan Considerations

In 2017, all Creve Coeur employees hired after June of 2006 were enrolled in the Missouri Local Government Employees Retirement System (LAGERS). Employees hired prior to June 2006 stayed in the City's Legacy Pension Plan.

At the time of joining LAGERS, there was also a strong interest in having LAGERS assuming responsibility for administration of the Legacy Plan, as the State Legislature had recently adopted legislation allowing LAGERS to handle administration of closed public defined benefit plans. However, transferring administration of the Creve Coeur Legacy Plan to LAGERS was not practical at that time.

Recent staff discussions with LAGERS suggest that there is now a potential path to achieving this goal, thereby reducing the city's administrative costs and financial risk by transferring the plan administration to a much larger and well-funded pension plan. More information about LAGERS is available on their [website](#).

City staff requested an actuarial report from LAGERS to determine the costs of taking over the administration of the Plan, as well as the cost to move the 24 Active employees from the Legacy Plan to LAGERS. Some of the benefits or savings by making this transition include:

- Reducing the City's administrative costs which amount to approximately \$92K annually, including fees paid to Investment Advisors, Administration of the Retiree Checks, Fiduciary Trustee Training, Annual Actuarial Reports, GASB 75 reports, etc.
- Significantly reducing staff and citizen time spent related to oversight and administration of the Legacy Plan. Elimination of the Pension Board, elimination of the Fiduciary Risk to Board Members & elimination of staff time needed to provide support, analysis and record-keeping for the Pension Board.

Attached you will find 2 letters from Jeff Kempker with LAGERS estimating the costs to move all LEGACY Plan employees to LAGERS, upgrading the current LT-8 (65) LAGERS Plan to either the LT-14 (65) or the L-6 Plan, closing the LEGACY Plan, having LAGERS administer the closed Plan and the transition plan for completing this process. More information about LAGERS benefit levels can be found [here](#).

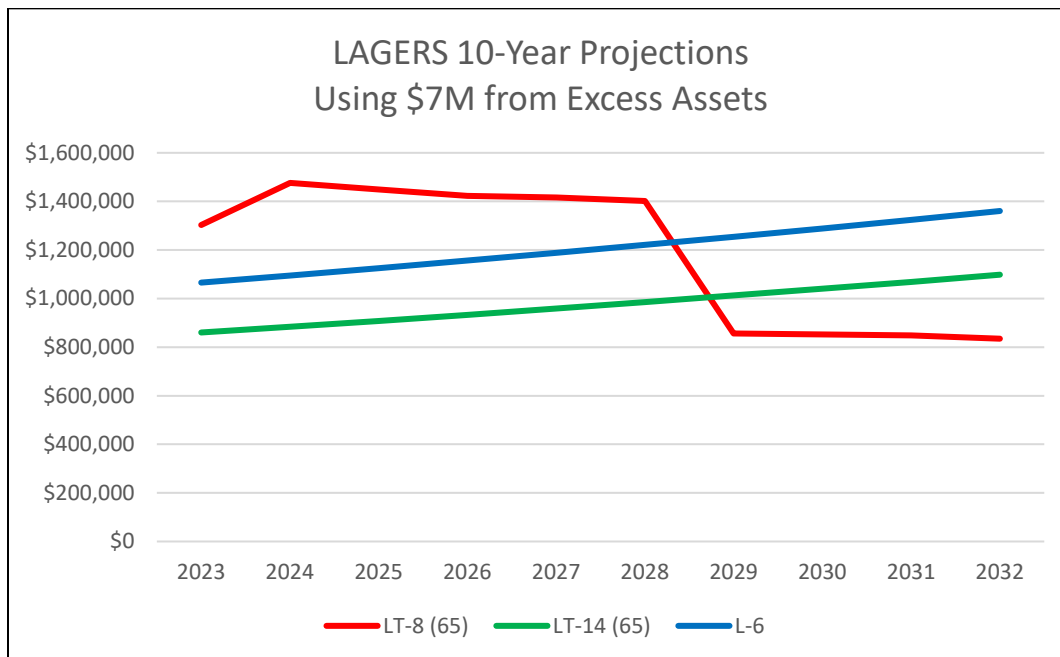
On the next page is a comparison summary and graph of the City's 10-year projected costs of the city's current plans along with the projected cost of moving all employees to LAGERS LT-14 (65) or the LAGERS L-6 Plan. The total 10-year cost will go from \$11,860,825 under the current plans to \$9,795,991 (LT-14) or \$12,123,661 (L-6). This is assuming we fully fund the closed LEGACY Plan and we use the remaining excess assets of approximately \$7M to pay down the unfunded liabilities of the upgraded LAGERS Plan.

The current LT-8 Plan includes not only the payroll costs, but additional costs of over \$91K in Legacy plan administrative costs including annual actuarial valuations, GASB 75 calculations, investment advisors, insurance, conference costs, interest, etc., which will go away if we close the Plan.

### Annual Costs per Each LAGER Plan

Year	Current*	LT-14 (65)	L-6
2023	\$1,303,541	\$864,396	\$1,069,788
2024	\$1,476,153	\$888,166	\$1,099,208
2025	\$1,449,215	\$912,591	\$1,129,436
2026	\$1,422,744	\$937,687	\$1,160,495
2027	\$1,416,759	\$963,474	\$1,192,409
2028	\$1,401,280	\$989,969	\$1,225,200
2029	\$856,325	\$1,017,193	\$1,258,893
2030	\$851,915	\$1,045,166	\$1,293,513
2031	\$848,073	\$1,073,908	\$1,329,084
2032	\$834,820	\$1,103,441	\$1,365,634
<b>Total</b>	<b>\$11,860,825</b>	<b>\$9,795,991</b>	<b>\$12,123,661</b>

\*Includes City's Legacy and Lagers LT-8 (65) Plans



Adding a cost-of-living adjustment (COLA) for the LEGACY recipients in the closed Plan will cost the City a one-time cost of approximately \$970 to \$958K, depending on whether the city selects one of two options: 1) a One-Time COLA (.5% for every year since the last COLA) or 2) a Compounding Future COLA (.5% annually). For simplicity, these additional COLA costs were not included in the conversion costs. However, they could be included if not funded separately.

Staff is recommending the Finance Committee and the Pension Board review these options. Then staff will report back to the City Council any concerns or comments.



February 17, 2023

Lori Obermoeller, MBA, CPFO  
Director of Finance  
City of Creve Coeur  
300 N. New Ballas Road  
Creve Coeur, MO 63141

**Re: The City of Creve Coeur – Local Defined Benefit Plan Joining LAGERS**

Dear Ms. Obermoeller:

Per your request, we have compiled the various actuarial reports into this one document to present an estimated total annual LAGERS contribution should the city convert its current, locally administered, defined benefit plan to LAGERS. It was assumed that all active participants in the city's defined benefit plan would join LAGERS and that their prior service would be granted for benefit and eligibility purposes.

The estimates shown here are based on the actuarial valuations dated October 7, 2022 and February 1, 2023 and the lump sum payment letter dated October 25, 2022. The figures included here are estimates of the cost to the city for all active employees being enrolled in LAGERS as well as LAGERS assuming the administrative duties of the city's closed pension plan. These estimates may differ from the actual costs should changes occur in the data used to perform these estimates (e.g., payroll, defined benefit plan assets). Also, the ten-year projections assume no annual change in the percent of payroll contribution rate.

For the City of Creve Coeur to transition its pension plan to LAGERS, four processes must be completed by the city.

1. Adopt changes to current LAGERS plan to ensure there are no benefit impairments imposed on the current city plan participants
2. Amend Creve Coeur pension plan document to adopt necessary changes for LAGERS administration
3. Close the Creve Coeur pension plan and convert active participants to LAGERS
4. Transition administration of closed Creve Coeur pension plan and move assets to LAGERS

It is projected that the city will have more than sufficient assets to fully fund the liabilities associated with the benefit recipients and terminated vested participants in the city's defined benefit plan after the active participants are converted to LAGERS. If this is the case and the city transfers the full amount of assets to fund

the liabilities of the benefit recipients and terminated vested participants to LAGERS, no further contributions will be due for the city's closed defined benefit plan. All future contributions, then, would be for the LAGERS participants.

Assuming the above four steps take place, the estimated total annual ten-year LAGERS contributions for the city's general and police departments is shown here. These estimates do not include any up-front contributions.

<b>Total Annual LAGERS Contribution: LT-14 (65)</b>			<b>Total Annual LAGERS Contribution: L-6</b>		
2023	\$1,512,323		2023	\$1,717,716	
2024	\$1,553,912		2024	\$1,764,953	
2025	\$1,596,644		2025	\$1,813,489	
2026	\$1,640,552		2026	\$1,863,360	
2027	\$1,685,667		2027	\$1,914,602	
2028	\$1,732,023		2028	\$1,967,254	
2029	\$1,779,654		2029	\$2,021,353	
2030	\$1,828,594		2030	\$2,076,941	
2031	\$1,878,880		2031	\$2,134,056	
2032	\$1,930,550		2032	\$2,192,743	

The excess assets from the city's closed defined benefit plan are estimated to be \$7 million. These assets may be used to pay down the unfunded liabilities of the LAGERS participants. Below are the estimated ten-year LAGERS contributions for the city's general and police departments assuming a \$3.5 million contribution is made up-front to each department.

<b>Total Annual LAGERS Contribution: LT-14 (65)</b>			<b>Total Annual LAGERS Contribution: L-6</b>		
2023	\$864,396		2023	\$1,069,788	
2024	\$888,166		2024	\$1,099,208	
2025	\$912,591		2025	\$1,129,436	
2026	\$937,687		2026	\$1,160,495	
2027	\$963,474		2027	\$1,192,409	
2028	\$989,969		2028	\$1,225,200	
2029	\$1,017,193		2029	\$1,258,893	
2030	\$1,045,166		2030	\$1,293,513	
2031	\$1,073,908		2031	\$1,329,084	
2032	\$1,103,441		2032	\$1,365,634	

I am happy to discuss the information in this letter. Please let me know if you have any questions or concerns. I am also happy to meet with city officials in-person.

Sincerely,

Jeff Kempker, CEBS, CRC  
 Assistant Executive Director, External Affairs



## City of Creve Coeur Plan for Transitioning Pension Plan to LAGERS

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For the City of Creve Coeur to transition its pension plan to LAGERS, four processes must be completed by the city.

1. Adopt changes to current LAGERS plan
  2. Amend Creve Coeur pension plan document
  3. Close the Creve Coeur pension plan and convert active participants to LAGERS
  4. Transition administration of closed Creve Coeur pension plan to LAGERS
- 

### 1. Adopt changes to LAGERS plan

- Based on actuarial valuation dated October 7, 2022
- Make this actuarial valuation available for public inspection for 45 calendar days
- City council may adopt changes after the 45-day public inspection period has expired

### 2. Amend Creve Coeur pension plan document

- LAGERS will provide guidance on plan document changes that must be made to facilitate a smooth transition.

### 3. Close the Creve Coeur pension plan and convert active participants to LAGERS

- Based on actuarial valuation dated October 7, 2022
- Only benefit recipients and terminated vested participants will continue in the city's pension plan

### 4. Transition administration of frozen legacy pension plan to LAGERS

- This will become effective at least three months after step #3.
- Based on initial actuarial valuation dated February 1, 2023. Make initial actuarial valuation available for public inspection for 45 calendar days.
- An updated valuation must be completed closer to the transition date to reflect any participant status changes.
- Creve Coeur pension board must adopt a joinder agreement to appoint LAGERS as administrator and trustee of the pension plan after the 45-day public inspection period has expired.
- City council must adopt a joinder agreement to appoint LAGERS as administrator and trustee of Creve Coeur pension plan after the 45-day public inspection period has expired and the pension board has adopted the same joinder agreement.



# LEGACY to LAGERS Defined Benefit Plan Considerations

Wednesday, March 8, 2023



# Background of the LEGACY Plan & LAGERS

- In 2017 Employees hired after June 2006 were enrolled in LAGERS; Employees prior to June 2006 remained in LEGACY Plan
- Strong interest in LAGERS assuming responsibility for administration of LEGACY Plan – However, LAGERS didn't and still doesn't handle active plans
- Now there's a way to achieve this goal of having LAGERS administer the LEGACY Plan
- 93 LEGACY retirees/beneficiaries receiving a benefit
  - \$1,957 average monthly benefit
- 18 Vested terminated LEGACY participants waiting to receive a benefit
  - \$962 average monthly benefit
- 24 Active LEGACY employees
- 81 Active LAGERS employees



# Benefits of LAGERS Administering Closed LEGACY Plan

- Save approximately \$92K annually in administrative costs
  - Investment Advisor, Administration of Retiree Checks, Fiduciary Training, Annual Actuarial Reports, GASB 75 Reports, etc.
- Elimination of the Pension Board
- Elimination of Fiduciary Risk to the Board Members
- Elimination of Staff Time needed to provide support, analysis & record-keeping



# Benefits of Moving all Employees to LAGERS and Upgrading LAGERS Plan

- More Competitive with Surrounding Cities
  - 100% of cities that require a 4% employee contribution are in a higher plan
  - LT-8 (65) falls in the middle range of plans offered, but is on the lower end of the plans offered by comparator cities
- LAGERS offers a COLA – LEGACY does not
- LEGACY Plan caps at 30 years – LAGERS does not have a cap on years of service
- 75.7% of employees surveyed listed retirement benefits as the most requested enhancement



# LEGACY vs LAGERS

	<b>LEGACY</b>	<b>LAGERS LT-8 (65)</b>
Current Active Members	24	81
Funded Ratio	86.2%	96.5%
Years to Vesting	8	5
Normal Retirement Age	General - 65 Police - 55	General - 60 Police - 55
Disability Benefit	No	Yes
Rule of 85/80*	Rule of 85	No
Transferrable	No	Yes
COLA	No	Yes, up to 4% per Year
Employee Contribution	4%	4%
Wage Base	Salary & Longevity	Salary, OT, Recurring Lump Sum Payments
Benefit Factor	1.7%**	2% until 65, then 1.50%
Final Average Salary	60 months	60 months
*Years of Service plus age = Rule of 80 or 85		
**4 employees elected 2%		



# Calculating Benefits LEGACY vs LAGERS

## Example of a 20 Year Employee with Final Average Salary of \$70,000

Life Option	LEGACY	LAGERS LT-8 until 65	LAGERS LT-8 after 65	LAGERS LT-14 after 65
Benefit Factor	1.70%	2.00%	1.50%	1.75%
Final Average Salary	\$5,833	\$5,833	\$5,833	\$5,833
Credited Service	20	20	20	20
<b>Monthly Benefit for Life</b>	<b>\$1,983.3</b>	<b>\$2,333.3</b>	<b>\$1,750.0</b>	<b>\$2,041.7</b>

**NOTE: LAGERS provides a COLA each year, where LEGACY Plan does not**

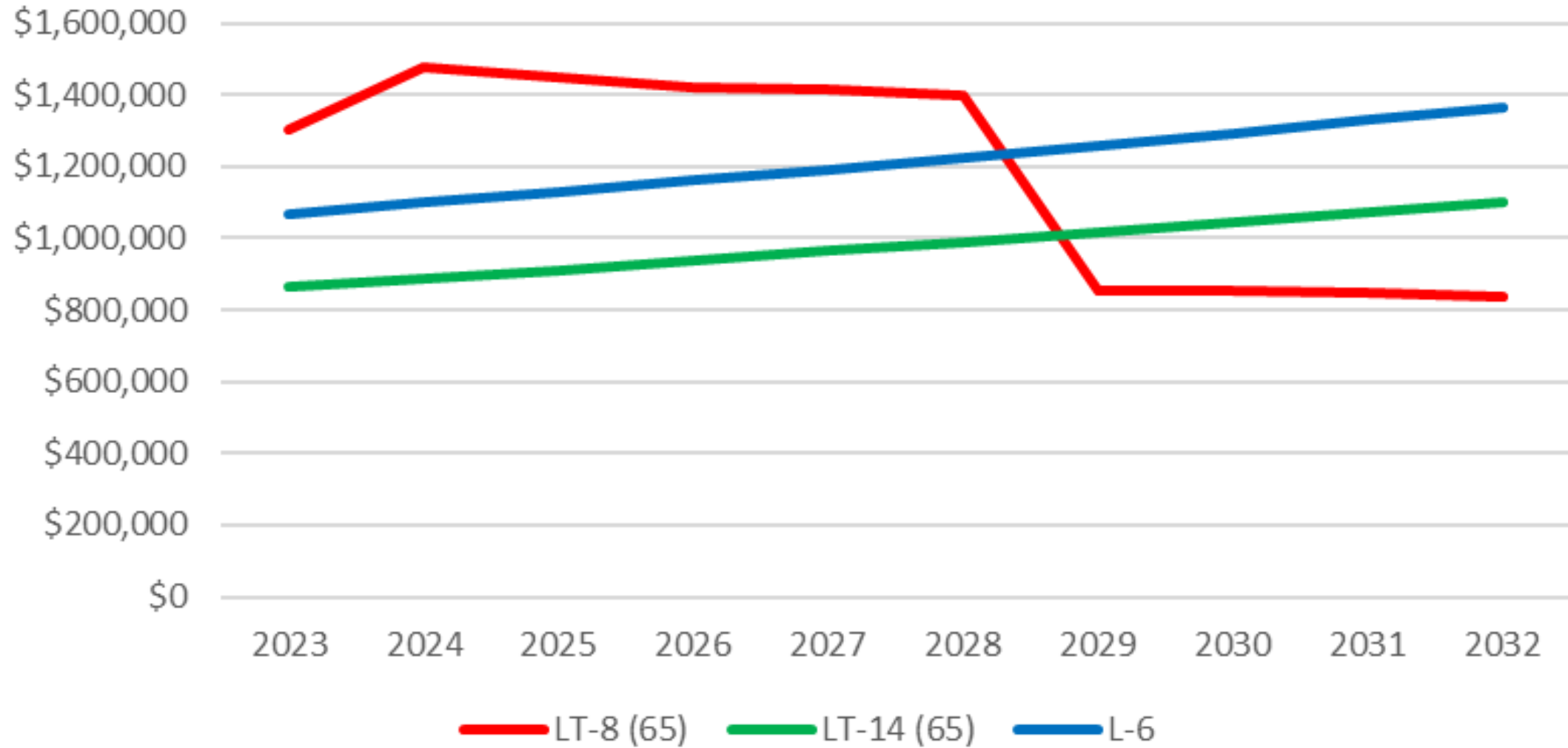
**The Monthly Benefit for Life for the L6 Plan would be the same as LT-8 until 65 (meaning there is not a reduction after the age of 65)**



# Annual Conversion Costs per Each LAGERS Plan

Year	Current*	LT-14 (65)**	L-6**	
2023	\$1,303,541	\$864,396	\$1,069,788	
2024	\$1,476,153	\$888,166	\$1,099,208	
2025	\$1,449,215	\$912,591	\$1,129,436	
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2031	\$848,073	\$1,073,908	\$1,329,084	
2032	\$834,820	\$1,103,441	\$1,365,634	
<b>Total</b>	<b>\$11,860,825</b>	<b>\$9,795,991</b>	<b>\$12,123,661</b>	
*Includes City's LEGACY & LAGERS LT-8 (65) Plans				
**Assumes Legacy Plan Excess Assets of \$7M to pay down unfunded liabilities				

## LAGERS 10-Year Projections Using \$7M from Excess Assets





# Cost-of-Living Adjustment (COLA) Options for LEGACY Plan Retirees

- NO COLAs in the LEGACY Plan
- One-Time COLA was provided in 2001
- Cost to Provide a One-Time COLA to current benefit recipients
  - \$970K for a .5% COLA for each full year of retirement since 7/1/2001
- Cost to add a Compounding COLA to the LEGACY Plan prior to LAGERS assuming administrative duties
  - \$958K for a .5% Compounding FUTURE COLA



# Transition LEGACY Plan to LAGERS

- Pension Board & Finance Committee Review
- Amend LEGACY Plan document
- Close the LEGACY Plan and convert active employees to LAGERS
  - Only 93 benefit recipients and 18 terminated vested participants will continue in the closed LEGACY Plan
- Transition administration of closed LEGACY Plan to LAGERS
  - Effective 3 months after closing the LEGACY Plan
  - Pension Board and City Council must adopt an agreement to appoint LAGERS as administrator
- Adopt changes to current LAGERS plan
  - 45-day public notice



# Questions and Answers