

# CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

428 East Fourth Street • Suite 205 • Charlotte, North Carolina • 28202 • (704) 626-2728 • Fax (704) 626-7365

## BENEFITS COMMITTEE MINUTES

March 12, 2020

**PRESENT:** Melinda Manning, Lee Thompson, Scott Greer, Sheila Simpson (arrived at 8:05 a.m. and left at 10:30 a.m.), Ryan Pope (arrived at 8:30 a.m.)

**ALSO:** Staff - Sandy Thiry, Desire' Dixon, Tony Bass and Legal Counsel Lisa Flowers (via phone)

### CALL TO ORDER

Mrs. Manning called the meeting to order at 8:02 a.m.

### I. MEETING MINUTES APPROVAL

Scott Greer motioned to approve the meeting minutes for February 13, 2020 and Lee Thompson seconded the motion. Motion carried unanimously.

### II. EXPERIENCE STUDY RESULTS –

**A.** The Benefits Committee discussed the recommended assumptions for the CFRS detailed in the Experience Study presented by Cavanaugh Macdonald.

- 1) The Benefits Committee referred the review of the rate of return assumption to the Investment Committee.
- 2) The Committee discussed the assumptions and how accepting or rejecting the actuary's recommendations would affect the cost and risk associated with those changes. They discussed a funding policy and how changing the Act to refer to a policy would allow the Board flexibility for revisions. The Experience Study resulted in a recommendation to lower the payroll growth from 3% to 2.5%. Questions were raised on how that was derived. Additional clarity will be asked of the actuary either before or during the April Board meeting when Cavanaugh will be presenting the Study.
- 3) The new Mortality Table projections were used in this Study which also increases the liability. The new Pub 2010 Safety was developed by the Society of Actuaries specific to its demographic population. The mortality assumptions used in valuation purposes does not necessarily have to align with the mortality tables used in determining benefits.

### III. PENSION REVIEW PROJECT

**A.** Scott Greer and Sandy Thiry presented a drafted CFRS Funding presentation to the Benefits Committee.

- 1) The report included historical data about the systems' contribution rates, previous funded status, the impacts to the funded status and the steps taken to address the funding status.
- 2) An overview of the report detailed how CFRS was above 100% funding status prior to 2007 when the last COLA was granted. The 2008/2009 market crisis occurred, and the volatile market impact was smoothed over the next five years which dropped the funding level to as low as 84.4% in 2013. By 2015 the funded

status rose to 92.7%. This same year an Experience Study was done and certain recommendations that greatly impacted the funded status were made by the actuary- lowering the rate of return and updating the mortality table. For the next four years, the funded level has remained flat, averaging 85.85%.

- 3) Discussion ensued about how to present to the City vs the Board. Sandy to develop some graphics to help the City easily understand the situation and request. Scott has offered to assist.

#### **IV. ACT AMENDMENTS**

A. Lisa Flowers and Sandy Thiry discussed the red-lined version of the Act with the suggested changes, identifying the recommended verbiage with the Committee.

- 1) The review of the Act includes correcting for clarity, current market and demographics, and housekeeping. New policies can be implemented to support certain Act revisions and current policies reviewed to continue supporting the Act for administration purposes. Due to timing of Board approval and legislation packet, an option suggested was to get Act language secured and then work diligently on policies.

#### **V. NEW BUSINESS**

No new business.

Next Regular Meeting is scheduled for Thursday, April 9, 2020 at 8:00 a.m.

cc: Vanessa Heffron - Chair  
John Carr - Vice Chair  
Lisa Flowers - Sr. City Attorney