

# CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM

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## BENEFITS COMMITTEE MINUTES

June 11, 2020

**PRESENT:** Melinda Manning - Chair, Lee Thompson, Scott Greer, Ryan Pope (left at 9:02 a.m. and returned at 9:50 a.m.), Sheila Simpson (left at 10:03 a.m.)

**ALSO:** Staff - Sandy Thiry, Ty Phelps, Desire' Dixon, Tony Bass and Legal Counsel Lisa Flowers

### CALL TO ORDER

Mrs. Manning called the meeting to order at 8:04 a.m. Due to the NC Stay-At-Home order surrounding COVID-19, the Benefits Committee meeting took place virtually with telephonic public access. Attendance was taken via roll call.

### I. MEETING MINUTES APPROVAL

Ryan Pope motioned to approve the meeting minutes for May 14, 2020 and Lee Thompson seconded the motion. Motion carried unanimously via roll call.

### II. ACT AMENDMENTS/PENSION REVIEW PROJECT

- A. Melinda Manning acknowledged the Committee's efforts which resulted in the City's commitment to raise the employer contribution rate for the CFRS from 12.65% to 14% starting in July 2020. This is the first increase in 30 years. Although this is a step, additional discussion will be necessary for a long-term funding policy.
- B. Melinda Manning reminded the Committee that the newly adopted economic and demographic assumptions will assist with the funding presentation and will have an impact to the funding level. The Committee has spent several meetings discussing possible options that the City could adopt to help control plan costs. Sandy Thiry provided an updated analysis comparing benefit results using the current 2-year averaging period to that of three and four-year periods. The analysis also compared those with overtime and those without. Sandy Thiry explained extending the averaging period only lessens the impact of overtime to one's benefit while imposing a lesser benefit to those who do not experience overtime. It was discussed that other City employees are allowed overtime in their pension benefit. Sandy Thiry pointed out that members can accumulate significant overtime in more than their last four years of service, even up to seven years prior to their retirement date as found in research. Ideas were discussed such as imposing a different contribution rate for overtime earnings. However, People Soft is not currently programmed for that and the concern would be how to determine the rate since overtime acquired earlier in one's career does not impact the retirement benefit like that of overtime near the end of one's career. Another option was to charge the City for one's enhanced benefit much like the State currently invoices the City for LGERS members. The concept of parity keeps surfacing within the discussions. The Committee discussed that the City, not the CFRS, would need to determine what changes, if any, they would want to make, if they want to retain parity amongst their employees. Some ideas vetted by the Committee that the City could do to control costs include limiting the definition

of compensation to exclude overtime, increasing the employee contribution rate from 12.65%, and expanding the final average salary period from 2 years to possibly 3 or 4 years. Recommendations that could come from the Board to the City could include lowering the interest rate on the return of contributions, increasing the employer contribution rate and change the cost formula for purchasing prior military service. The Committee will continue to work through recommendations for updates to the Act as well as any suggestions the City may want to consider in lieu of increased employer contributions. Sandy Thiry will prepare one document to summarize the recommendations, suggestions, and legal risks.

- C. The Benefits Committee discussed updating The Act to improve document language and possible plan changes. The Committee reviewed the legislative timeline again. Concern was raised that some plan changes may require educating employees.

### **III. LEAVE WITHOUT PAY**

Due to complaints and questions raised by certain members, Sandy Thiry raised the question of parity among City employees regarding leave without pay, specifically for periods of Worker's Compensation and Suspensions. The Committee discussed how the current policy provides for any employee that takes leave under Worker's Compensation or Short-term Disability, has the option to pay back the missed contributions to regain the lost service time. It was determined both LGERS and CFRS treats employees the same. Suspensions were discussed as a leave without pay. The Act clearly states that a member will receive service credit for all periods in which contributions have been paid. While on suspension, the member is not receiving pay, not contributing, and therefore not receiving service credit. Sheila Simpson will review the City's process and LGERS policy.

### **IV. BENEFITS COMMITTEE CHARTER REVIEW**

The Committee members will review their Charter and discuss during the July Committee meeting. Any housekeeping issues can be resolved at that time.

### **V. NEW BUSINESS**

Scott Greer announced that this meeting will be his last as a citizen trustee due to his new residence will disqualify him. He will be sending his notice to Vanessa. Melinda Manning and Committee members thanked him for all the work he has done while on the Board Trustees with both the Benefits and the Investment Committees.

Scott Greer motioned to adjourn and Lee Thompson seconded the motion. Motion carried unanimously with roll vote taken to include Lee Thompson, Scott Greer, and Ryan Pope. Meeting adjourned at 10:30 a.m.

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

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