PENSION REFORM
AD HOC &
INDEPENDENT CITIZEN'S COMMITTEE

Recommended Actions

A. Approve 2016 Pension Ad Hoc Charter
B. Establish new Independent Citizen's Pension Advisory Committee
C. Approve 2017 Citizen's Committee charter
D. Appointees will be a future consent item

Values and Goals

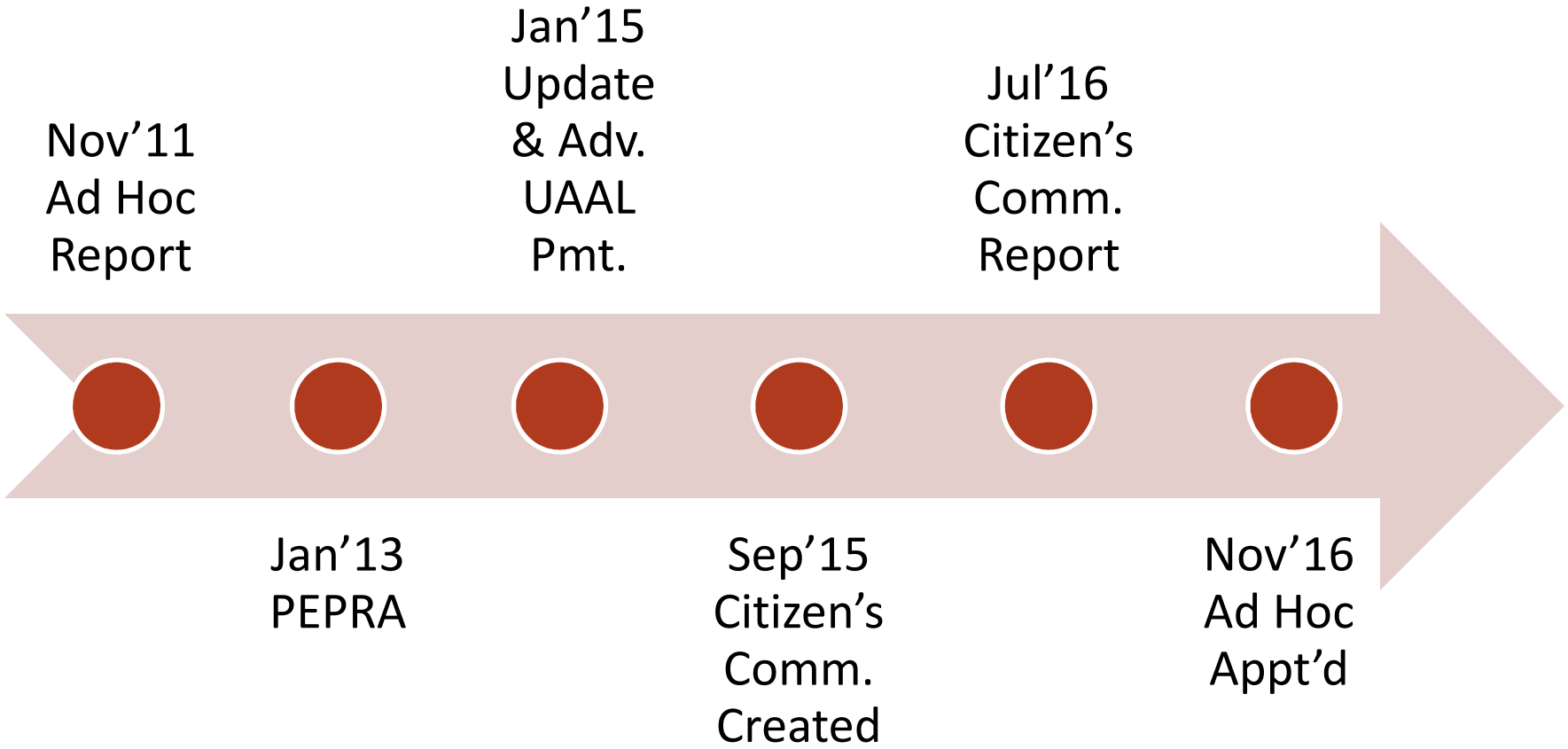
- **Values – Fair, Equitable, and Sustainable**
- Three Goals recommended:

  1) Contain Costs;

  2) Maintain Market Competitiveness and Workforce Stability; and

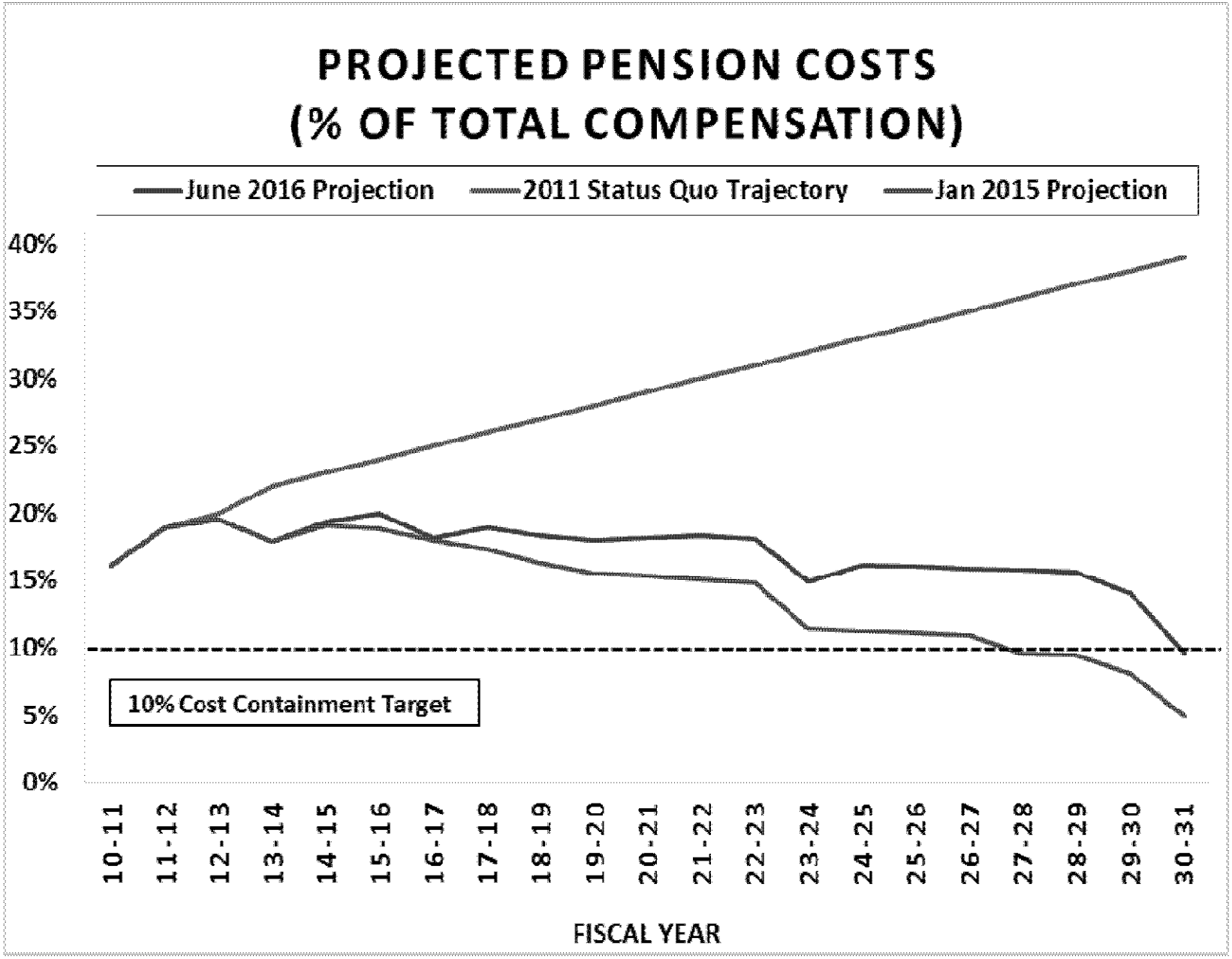
  3) Improve Accountability and Transparency.

Pension Reform Timeline



Key Accomplishments to Date

1. Implemented lower PEPRA retirement tiers
2. Eliminated pension spiking
3. Extended employee supplemental contributions towards unfunded liabilities
4. Increased legacy employees' normal cost sharing (target 50/50 by 2018)
5. Advanced $3.5 million towards unfunded liability
6. Established an Independent Citizen's Committee.


PROJECTED PENSION COSTS
(% OF TOTAL COMPENSATION)
June 2016 Projection
2011 Status Quo Trajectory
Jan 2015 Projection
40%
35%
30%
25%
20%
15%
10%
5%
0%
10% Cost Containment Target
10-11
11-12
12-13
13-14
14-15
15-16
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20-21
21-22
22-23
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25-26
26-27
27-28
28-29
29-30
30-31
FISCAL YEAR

The Path Forward

- 2016 Pension Ad Hoc established to lead the next phase of reform efforts
- Convene a new Independent Citizen's Committee focused on improving accountability and transparency.

Pension Ad Hoc Charter

- November 2016 through December 2017
- December 2017 report will address:
  - Work plan for implementing priority goals
  - Assess feasibility of creating a hybrid retirement plan.
  - Reduce the County's unfunded liability burden associated with pension costs
  - Develop community focused resources, including more robust annual reports, to improve transparency to the public.
- Monitor legal developments that impact pensions
- Create a new Independent Citizen's Committee.
- Revisit the County's 10% of total compensation cost containment target.

Citizen's Committee Charter

- 5 members; 12 meetings over 20 months.
- Review the County's "State of the Retirement System" Report (to be developed by staff).
- Review report's contents for accuracy and clarity, ask questions of staff, and provide feedback or suggestions.
- Include reviewing the initial September 2017 report, as well as the September 2018 annual report.
- Review and provide input on any new or revised pension reform strategies in the December 2017 Pension Ad Hoc Report.

Questions & Discussion