

Name of Committee: Override Study Committee Personnel Benefits Subcommittee

Meeting Date: November 8, 2013 Time: 8:00 a.m.

Meeting Location: Town Hall – Room 111

Members Present: Cliff Brown, Janet Gelbart, Carol Kamin

Staff Present: Sean Cronin, Deputy Town Administrator

Public Present: Carol Levin, Dick Benka, Mark Gray and Kevin Lang

Topic: Approval of Minutes

The minutes of the October 25 meeting were approved.

Topic: Discussion with Stephen Cirillo, Director of Finance and Frank Zecha, Director of Retirement on the public pension system

Steve Cirillo explained that the Retirement Board is considered an autonomous Board to protect the assets under management should the Town be sued. He serves as the Selectman's appointee along with the city Controller, two members elected by the unions, and a fifth member elected by the other four. At this time, the fund assets are approximately \$230 million.

The Board decides eligibility for retirement and disability benefits and selects the investment vehicles. Under state law, the pension must be fully funded by 2040, but the Board has selected 2030 as its full funding target. In 2012, the Board elected to follow GASB guidelines which call for a bi-annual actuarial review to determine the pension contribution for the next two-year period. The variables reviewed include life expectancy of employee and spouse, early retirement, salary increases, the estimated rate of return and the full funding date. The Board performs a "what if" analysis for rates of return. The lower the rate of return, the more likely the target date of full funding will be met.

Frank Zecha explained the operations of the funds. The portfolio is diversified. The Town is in the process of changing management to Russell Indexes. Individual pensions are determined on a formula which includes years of service and age at retirement.

Employees hired prior to April 1, 2012, vest after 10 years of service at age 55, or after 20 years of service at any age. Pensions are based on salary levels for the three highest consecutive years. Overtime is not calculated in the pension base. Employees hired after April 1, 2012 vest at age 60 and pension are based on a five year average. If an employee is vested in the system, s/he is eligible for group health benefits for life and the life of his/her spouse.

Local Retirement Boards can adjust the pro-ration of service for part-time employees. Brookline does not currently pro-rate part-time service for vesting unless the employee has a varied work schedule over the course of employment.

Teacher pensions are separately covered by a state retirement fund. Non-teacher employees contribute varying amounts to the pension system based on their date of hire. Currently, new hires contribute 9% of their wages plus 2% of wages in excess of \$30,000.

Cliff Brown asked where the Committee should look for potential savings. Steve replied that there are two areas: pro-ration of part-time serviceable years and the minimum weekly hours needed to qualify. Sean Cronin pointed out that under the GIC the minimum weekly hours for health insurance eligibility is 18.75 and he did not think the town could have a higher requirement for pension eligibility because of retiree health. The Town has limited the number of part-time employees to reduce the OPEB cost. However, on the school side, there are many part-time positions, such as diet aids. It might be helpful to investigate the possibility of contracting out some services to reduce the number of part-time benefit eligible staff.

The meeting adjourned at 10:00 a.m.