

**POINTS OF RECOMMENDATION  
FROM THE KANSAS CITY PENSION TASK FORCE  
TO  
MAYOR JAMES AND MEMBERS OF THE CITY COUNCIL**

**OVERALL OBJECTIVE:**

Attain funding percentage level on each of the four plans with no less than:

- (a) 80% in five years
- (b) 85% in ten years
- (c) 90% in fifteen years
- (d) 95% in twenty years
- (e) 100% in twenty-five years and beyond

**Implementation of this policy shall include the following:**

- (1) Increase the employee contribution rate by a minimum of 1% in all four plans
- (2) Continue the Defined Benefit Plan for all public safety employees consisting of firefighters and uniformed police
- (3) Continue the Defined Benefit Plan for all currently-vested City employees and currently-vested civilian police employees
- (4) Eliminate the current COLA policy in all plans and replace it with an “ad hoc” COLA contingent on Funded Percentages (as outlined in the Funded Percentage objectives) as follows assuming the Funded Percentages objectives are met:
  - (a) COLA will be equal to the lesser of 2.00% or CPI
  - (b) COLA will be payable to existing retirees only if the Funded Percentages are met
- (5) Reduce the multiplier for future benefit accruals for active members with five or more years of service and reduce the multiplier for actives with less than five years of service and for all new hires as follows:
  - (a) ERS from 2.00% for married and 2.22% for single to 1.85% for all
  - (b) Firefighters and Police from 2.50% to 2.25%
  - (c) Civilian Employees of the Police Department from 2.00% to 1.85%

- (6) Benchmark the City's funding obligation (across all four Plans) (currently \$52,000,000) as a percentage of the City's overall cost of personal services (even after the "2013 retirement window" closes). Thus, if the overall cost of personal services increases or decreases, the percentage of the City's budget devoted to funding the retirement plan will change proportionately.
- (7) A new Defined Contribution or Hybrid Plan should be considered for implementation in the following manner:
  - (a) The initial members eligible for the Defined Contribution or Hybrid Plan would be those employees of the City or Civilian employees of the Police Department who are in management positions and/or are deemed to be those having higher annual salaries.
  - (b) The time of the implementation of this new program would be when the Funding Percentage levels for all plans have reached at least 90% and are trending towards the 100% level.
  - (c) The principal purpose of this new Defined Contribution or Hybrid plan would be to (i) impose a ceiling on the City's obligation for the Defined Benefit Plan and to shift the investment risk from the City to the employee as to that portion which would be held in such employee's Defined Contribution or Hybrid Plan and (ii) to provide increased flexibility and portability for employees.
- (8) If the Funded Percentage of all four Plans exceeds 100%, any excess could reduce the City's obligation or be available for a Defined Contribution or Hybrid Plan.
- (9) Combine all four Funds and Boards for the purpose of having:
  - (a) common investment advisors
  - (b) common administrators
  - (c) common actuaries
- (10) Implementation of this policy must consider and be consistent with state law and collective bargaining agreements.