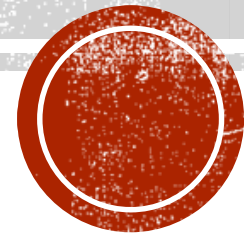


FWPOA PENSION SOLUTION

Fair and Equitable fix to 10.5% Unfunded Liability Shortfall



PIVOTAL PRINCIPALS

- Fort Worth is unique in both our structure and our values
- Burden of solution must be shared equally between employees and employer
- Fair solution will not reduce EARNED benefits or break promises made to employees
- Contribution increases should bring FWRF in line with state averages for HEALTHY funds
- Should include provision for future cost sharing mechanism (60/40) to be included in M&C Contract
- City revenue growth should prioritize existing obligations (i.e. promised benefits)
- Pension review committee should remain intact to explore ongoing improvement opportunities to fund future shortfalls



FOR CONTEXT

- Since 2007 City of Fort Worth has increased contributions to retirement fund by 9% of payroll
- Employee benefit cuts in 2012 had a net impact of a 9% contribution of payroll on the retirement fund
- In 2011 FWPOA presented option to increase employee contributions to the fund by 5%, this increase was never considered for employee vote
- COFW Employees are not eligible for Social Security
- This is not a tax cut vs pension fix issue; this is a budget prioritization issue



FWPOA SOLUTION #1 (50/50 PLAN)

City Contributions		Employee Contributions			
Increase in Payroll Contributions		Employee Payroll Contributions		Changes to Benefits	
	% of fix		% of fix		% of fix
		General Employees Increase 3.5%	1.40%	Eliminate FAC Sick .3%	0.30%
Increase 5.25% of payroll	5.25%	Police Increase 5.5%	1.65%	Increase minimum retirement age to 55 for FD .5%	0.50%
		Fire Increase 5.5%	1.10%	Increase Vesting Period to 10 years .1%	0.10%
				Increase minimum retirement age to 55 for General .2%	0.20%
		Total	4.15%	Total	1.10%
Total	5.25%	5.25%			
		Total Fix		10.50%	



FWPOA SOLUTION #1 (50/50 PLAN)

Contribution to Aggregate Solution by Group					
City	Employees				
Contributions	Contributions & Plan Reformations				
City Contributions as percentage of solution	5.25%	Police Contributions as percentage of solution	1.65%	Plan reformations to contribute to fix (effecting all employee groups)	<ul style="list-style-type: none"> • Eliminate FAC Sick • Increase vesting period to 10 years
		FD Contributions & Age Increase as percentage of solution	1.60%		
		General Contribution & Age Increase as percentage of solution	1.60%		

- FAIR solution with costs shared equitably between ALL GROUPS
- No potential for lawsuit for clawing back benefits
- FWPOA and 440 Support to obtain a successful employee vote
- **NO BROKEN PROMISES**



FWPOA SOLUTION #2 (40/60 PLAN)

City Contributions		Employee Contributions			
Increase in Payroll Contributions		Employee Payroll Contributions		Changes to Benefits	
	% of fix		% of fix		% of fix
Increase 4.5% of payroll	4.5%	General Employees Increase 3.25%	1.30%	Eliminate FAC Sick .3%	0.30%
		Police Increase 5.35%	1.60%	Increase minimum retirement age to 55 for FD .5%	0.50%
		Fire Increase 5%	1.00%	Increase Vesting Period to 10 years .1%	0.10%
				Increase minimum retirement age to 55 for General .2%	0.20%
				Eliminate FUTURE SERVICE COLA for Tier 1 Members ONLY 1%	1.00%
		Total	3.90%	Total	2.10%
Total	4.5%	6.00%			
		Total Fix 10.55%			



FWPOA SOLUTION #2 (40/60 PLAN)

Contribution to Aggregate Solution by Group					
City	Employees				
Contributions	Contributions & Plan Reformations				
City Contributions as percentage of solution	4.5%	Police Contributions as percentage of solution	1.60%	Plan reformations to contribute to fix (effecting all employee groups)	<ul style="list-style-type: none"> • Eliminate FAC Sick • Increase vesting period to 10 years • Eliminate COLA for FUTURE service only
		FD Contributions & Age Increase as percentage of solution	1.50%		
		General Contribution & Age Increase as percentage of solution	1.50%		

- Reduced Contributions from all groups
- No potential for lawsuit for clawing back benefits (earned benefits protected)
- Elimination of COLA for FUTURE service only
- Employee vote more challenging with go-forward COLA elimination, but still supported by employee groups
- **NO BROKEN PROMISES**



CONSIDERATIONS / OTHER OPTIONS

- Consider Pension Bond Package to lower unfunded liability (Houston voters overwhelmingly approved 1.01 billion Pension Bond Package in 2017)
- Elimination of FAC is contingent upon LIFO calculation of sick time, no cost to city and benefit has been promised and calculated. Go forward discussion about leave sellback will solve issue
- State PRB solution is an unknown
- Local fix will allow for a TRUSTED and SUSTAINABLE fund, this will become very important when recruiting in the future
- PD staffing will reach critical levels under current budget plan for no increases until 2020, recruitment will be very difficult if pension still in jeopardy



WRAP UP

- Both FWPOA Recommendations bring FWRF in line with state averages for healthy funds (10-14% Employee, 24-27% Employer)
- Opportunity for Fort Worth specific fix
- Opportunity to honor our promises made to retirees and maintain local control of our finances
- Increased contributions now provide for flexibility in the future
- Gain breathing room to explore options down the road (20 and out at lower multiplier, separate PD/FD fund, exploration of Councilman Moon suggestions)

