

Governance and HR Committee

Schedule	Thursday, March 10, 2022 10:00 AM — 11:00 AM CST
Venue	6850 Austin Center Blvd., Suite 320, Austin, TX 78731
Organizer	Sarah McCleary

Agenda


1. Call roll of Committee members

Presented by Committee Chair Liu

 Item #1 Summary.docx


2. Review order of business and establish meeting objectives


Presented by Committee Chair Liu

 Item #2 Summary.docx

3. Review 2022 Governance and HR Committee Work Plan

Presented by Christopher Hanson

 Item #3 Summary.docx

 Draft 2022 Governance and HR Committee Work Plan.docx

4. Discuss and consider Board governance including the following:

A. Governance Effectiveness Assessment recommendations

B. City of Austin pension reform proposals

4A. Governance Effectiveness Assessment recommendations

Presented by Christopher Hanson

 Item #4A Summary.docx

 GGA Recommendations Requiring Statutory Changes.pptx

4B. City of Austin pension reform proposals

Presented by Ed Van Eenoo, City of Austin

 Item #4B Summary.docx


 COAERS Presentation.pdf

 APRS Legislation Summary_revised.pdf

 Austin Retiree Benefits PFM DC Considerations 2.17.2022.pdf

5. Review key meeting takeaways and call for future agenda items

Presented by Committee Chair Liu

 Item #5 Summary.docx

1. Call roll of Committee members

Presented by Committee Chair Liu

AGENDA ITEM 1:
Call roll of Committee members

AGENDA ITEM OBJECTIVE

The objective of the agenda item is to determine for the record which Trustees are present at the start of the meeting.

Each Trustee should respond to the roll call, and it will be noted which Trustees are present in person and which Trustees have joined via video conference.

2. Review order of business and establish meeting objectives

Presented by Committee Chair Liu

AGENDA ITEM 2:

Review order of business and establish meeting objectives

AGENDA ITEM OBJECTIVE

This agenda item provides Trustees the opportunity to review the order of business and to express a desire to take an agenda item out of order, and to discuss the key objectives of the meeting.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management**. It is an industry best practice to establish meeting objectives and review them at the outset of each meeting.

MEETING OBJECTIVES

1. The Committee will review the draft Committee 2022 work plan.
2. The Committee will discuss and consider recommendations from the 2020 Governance Effectiveness Assessment which would require legislative action to implement.
3. The Committee will discuss and consider governance recommendations from the City of Austin related to ongoing pension reform efforts.

3. Review 2022 Governance and HR Committee Work Plan

Presented by Christopher Hanson

AGENDA ITEM 3:
Review 2022 Governance and HR Committee Work Plan

AGENDA ITEM OBJECTIVE

This agenda item is for discussion and consideration of the 2022 Committee Work Plan.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management.** It is an industry best practice to establish and review Committee work plans.

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

ATTACHMENT

1. Draft 2022 Committee Work Plan

2022 Draft Governance and HR Committee Work Plan

Scheduled Quarterly Meetings

1. March meeting (3/10/22)
 - Statutory governance recommendations from governance assessment
 - City of Austin governance proposals

2. June meeting (6/2/22)
 - Statutory governance recommendations from governance assessment
 - City of Austin governance proposals
 - Emergency Succession Policy
 - Board Governance Manual
 - Election Policy

3. August meeting (8/25/22)
 - Board Governance Manual
 - Review Board annual self-assessment
 - Personnel Policy and performance management
 - Executive Director evaluation policy/procedure
 - Receive report on new trustee orientation program

4. November meeting (11/10/22)
 - Market compensation study results
 - Executive Director evaluation policy/procedure
 - 2023 Committee Work Plan
 - Diversity Policy

4. Discuss and consider Board governance including the following:
 - A. Governance Effectiveness Assessment recommendations
 - B. City of Austin pension reform proposals

4A. Governance Effectiveness

Assessment recommendations

Presented by Christopher Hanson

AGENDA ITEM 4:

Discuss and consider Board governance including the following:

A. Governance Effectiveness Assessment recommendations

AGENDA ITEM OBJECTIVE

This agenda item is for discussion and consideration of the remaining recommendations from the 2020 Governance Effectiveness Assessment.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management.**

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

BACKGROUND

As part of the 2020 Governance Effectiveness Assessment, Global Governance Advisors (GGA) recommended several items which would require legislation to enact. Staff will review the recommendations with Committee.

ATTACHMENT

1. Staff presentation: "Governance Recommendations"

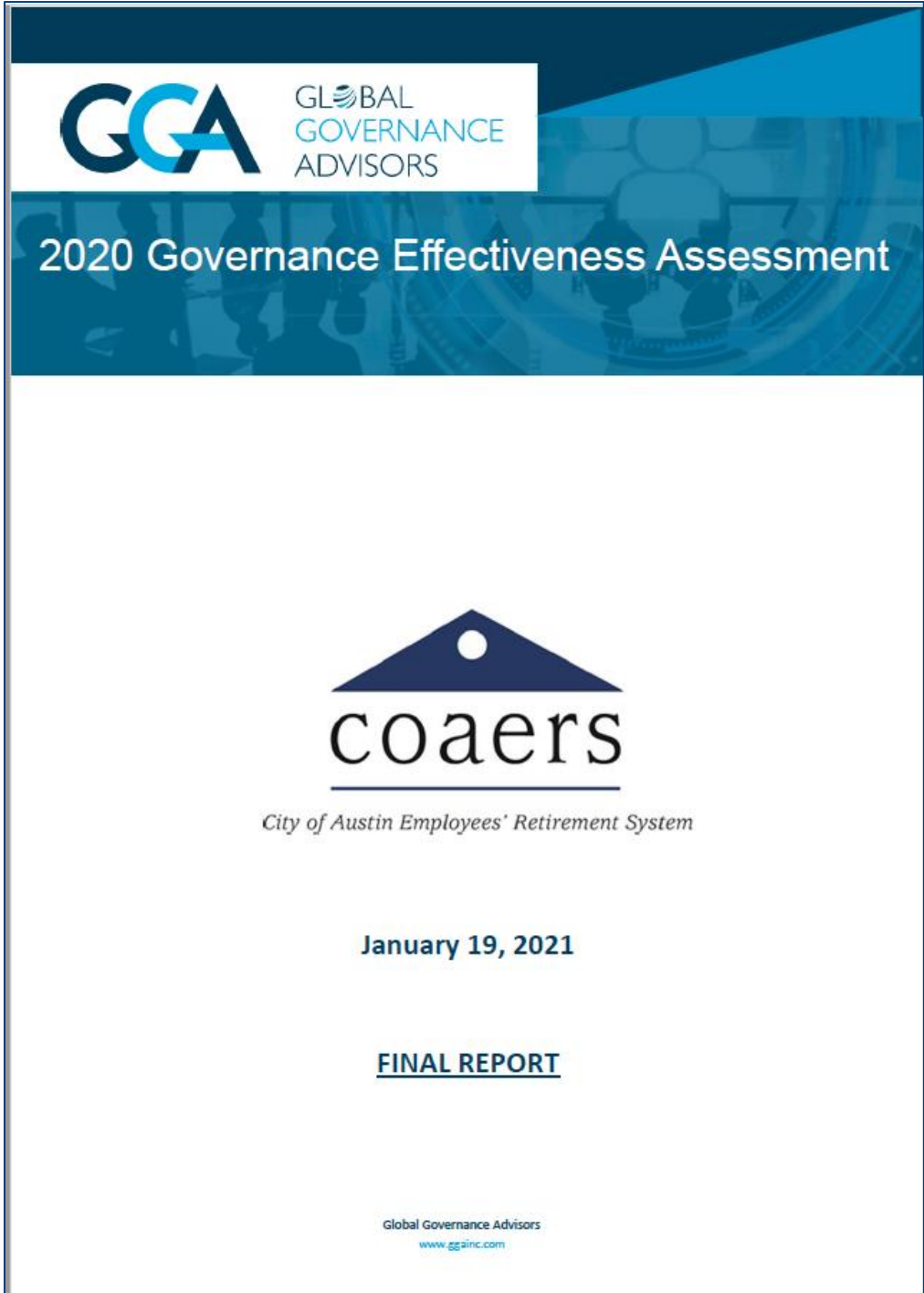


Governance Recommendations

Governance and HR Committee

March 10, 2022

Global Governance Advisors Final Report December 2020



Governance Recommendations Requiring Legislation

Experience mandate for Chairs

Eliminate Vice-Chair position

Limit Chair to elected trustees; Chair to serve for two years

Term limits

Governance Recommendations

- To ensure a certain level of competency, Chair and Vice-Chair nominees should have a minimum of two years' experience on the Board and one year as a Committee Chair.

- To help streamline its current governance structure, COAERS should consider doing away with the Vice-Chair position and solely have an emergency succession policy in its place for situations where the Board Chair is unable to fulfill their role.

- To help protect the Chairperson against the risk of real or perceived conflict, appointee positions should not be allowed to assume the role of Board Chairperson.
- To aid in the capabilities of the Chairperson, the elected term of this position should be extended to a minimum of two years from the current one-year restriction.

- To help facilitate a constant rejuvenation of its perspective, skills, and opinions COAERS should establish formal Term Limits for its members which are aligned with the current governance best practice of approximately nine years in total (i.e., three 3-year terms).



4B. City of Austin pension reform proposals

Presented by Ed Van Eenoo, City of Austin

AGENDA ITEM 4:

Discuss and consider Board governance including the following:

B. City of Austin pension reform proposals

AGENDA ITEM OBJECTIVE

This agenda item is for discussion and consideration of governance proposals from the City of Austin related to pension reform efforts.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 1: Achieve and maintain a funding level that ensures the long-term sustainability of the retirement system.**

RECOMMENDATION FOR COMMITTEE ACTION

At the Committee's discretion.

BACKGROUND

Part of the pension reform for the Austin Police Retirement System (APRS) included governance policy modifications. During the working group meetings between COAERS and City of Austin Staff, the City Staff indicated that it wished to include similar provisions for COAERS. These provisions will be presented to the Committee for discussion and consideration. The contribution and benefit policy recommendations are included for informational purposes only as the Benefits and Services Committee will consider those recommendations.

ATTACHMENTS

1. City of Austin Staff Presentation: "COAERS Plan Sponsor Reform Recommendations"
2. City of Austin Staff Report: "Summary of Austin Police Retirement System (APRS) Legislation"
3. City of Austin Report: "Defined Contribution Plan Design Considerations for an Optional Offering"



City of Austin Employees' Retirement System

Plan Sponsor Reform Recommendations

*Ed Van Eenoo, Chief Financial Officer, City of Austin
March 10, 2022*



City of Austin Reform Principles

- Honor benefit promises to the greatest extent possible
 - Benefit reductions should apply only to new employees
 - Alternatives to defined benefit plans should be considered only as an employee option
- Maintain prudent actuarial assumptions and long-term affordability
- Employees and plan sponsor share in system sustainability efforts
- Actuarially determined funding approach for City contributions with a strong preference for the model approved in the 87th Legislature for APRS
 - Actuarially sound model developed by GRS
 - Proven support from Legislature

City of Austin Reform Principles



- Enact more restrictive requirements for implementing future COLAs and benefit enhancements
- Establish more balanced board composition
- To the extent reforms are implemented, they should be implemented equitably across the systems

Reform Equity – Lower Benefit Tier & Funding Model



	APRS	COAERS: City Staff Recommendation
Lower Benefit Tier for New Hires	<ul style="list-style-type: none"> ○ 2.5% multiplier for members hired on or after January 2022 ○ Increase in retirement eligibility age ○ Reduction in normal cost from 25.1% to 19% 	<ul style="list-style-type: none"> ○ 2.5% multiplier for members hired on or after January 2012 ○ Increase in retirement eligibility age ○ Reduction in normal cost from 20.2% to 14.2%
ADEC Model	<ul style="list-style-type: none"> ○ City contributions to legacy liability paid on a fixed 30-year repayment schedule ○ Remaining City contribution rate actuarially determined within \pm 5% corridor ○ 30-year funding period with 7.25% rate of return for future liability layers ○ Contribution increase phased in over 3 years ○ Aggregate City contribution rate of approximately 33.6% of pay once fully implemented (prior statutory rate 21.7%) 	<ul style="list-style-type: none"> ○ City contributions to legacy liability paid on a fixed 30-year <i>or less</i> repayment schedule ○ Remaining City contribution rate actuarially determined within \pm 5% corridor ○ 30-year <i>or less</i> funding period for future liability layers (<i>rate of return tbd</i>) ○ Contribution increase phased in over 3 years ○ Aggregate City contribution rate of approximately 20% of pay once fully implemented (prior statutory rate 8%)
Employee Contributions	<ul style="list-style-type: none"> ○ Increased from 13% to 15% ○ Additional 2% contribution if upper corridor breached 	<ul style="list-style-type: none"> ○ Increase from 8% to 10% ○ Additional 2% contribution if upper corridor breached

- Blue font represents new changes approved for APRS by the 87th Legislature and City recommendations for COAERS changes to be implemented in the 88th Legislature.

Reform Equity – Service Purchases



	APRS	COAERS: City Staff Recommendation
Service Purchases	<ul style="list-style-type: none"> ○ <u>Military service purchase</u>: No subsidy, made only at retirement ○ <u>Prior service purchase</u>: Repurchased at contributions plus 8% ○ <u>Sick leave conversion</u>: None (paid out for unused sick leave upon termination) ○ <u>Supplementary Service Purchase</u>: Up to 5 years; made at retirement ○ <u>Employer Purchase of Service Credit</u>: None ○ <u>Noncontributory Service Purchases</u>: Repurchased at contributions plus 8% 	<ul style="list-style-type: none"> ○ <u>Military service purchase</u>: Remove 75% subsidy; Allow purchase only at retirement; Calculate at actuarially neutral cost ○ <u>Prior service purchase</u>: Calculate at actuarially neutral cost ○ <u>Sick leave conversion</u>: Allow purchase only at retirement; Continue to review with focus on minimizing future actuarial losses ○ <u>Supplementary Service Purchase</u>: Up to 5 years; Price at 200 basis point premium; Allow purchase only at retirement ○ <u>Employer Purchase of Service Credit</u>: No change ○ <u>Noncontributory Service Purchases</u>: Allow purchase only at retirement; Calculate at actuarially neutral cost

- Blue font represents new changes approved for APRS by the 87th Legislature and City recommendations for COAERS changes to be implemented in the 88th Legislature.

Reform Equity – DC Option and System Governance



	APRS	COAERS: City Staff Recommendation
Actuarial Review	<ul style="list-style-type: none"> Established an actuarial review and reconciliation process allowing the City to provide input on actuarial assumptions and methods 	<ul style="list-style-type: none"> Establish an actuarial review and reconciliation process allowing the City to provide input on actuarial assumptions and methods
Benefit Increases	<ul style="list-style-type: none"> Future benefit increases and COLAs require legislative approval 	<ul style="list-style-type: none"> Future COLAs and lump-sum payments require legislative approval
Board Composition	<ul style="list-style-type: none"> Removed one active member seat and replaced with one citizen seat 	<ul style="list-style-type: none"> Remove one active member seat and replace with one City-appointed seat
Employee Option DC Plan	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Member-option to participate in City-sponsored DC plan in lieu of DB Plan Must be established in a manner that is actuarially neutral to the DB plan

- Blue font represents new changes approved for APRS by the 87th Legislature and City recommendations for COAERS changes to be implemented in the 88th Legislature.

Summary of Austin Police Retirement System (APRS) Legislation

- **New Group B Benefit Tier**
 - Applies only to members hired on or after January 1, 2022
 - Benefit multiplier reduced from 3.2% to 2.5%
 - Retirement eligibility increased from 23 years of service at any age to 25 years of service at age 50
 - Average final compensation for benefit calculations increased from highest 36 months to highest 60 months of salary

- **Member Contributions**
 - Member contributions increase from 13% to 15% of earnings
 - Member contributions may increase to a maximum of 17% if City contributions reach the corridor maximum (see more below under ADC Funding model-ADC Corridor)

- **ADC Funding Model**
 - Actuarial Determined Contributions (ADC): Variable City contribution rate for future liabilities as required to achieve a funding period of 30 years or less.
 - ADC Corridor: City contributions may not increase or decrease by more than 5% from a corridor midpoint established by the APRS actuary using actuarial assumptions in place as of the December 31, 2020 valuation.
 - If the ADC rate exceeds 5% above the corridor midpoint, member contributions will increase by up to an additional 2% of earnings (to a maximum of 17% total member contribution rate)
 - Legacy Liability Contributions: Fixed schedule of City contributions over a 30-year closed period to pay off the existing unfunded actuarial accrued liability of the System. The Legacy Liability is carved out of the ADC calculation and increases at a rate of 3% annually.
 - City Contribution Phase In: City contribution increases relating to initial risk sharing valuation and legacy liability will be phased in over 3 years.

- **Governance**
 - Replaces one active member seat with one citizen seat that will be appointed by the City Council, effective January 1, 2022.
 - Requires citizen appointed seats have finance and/or investment expertise.
 - Removes the authority of the APRS Board of Trustees to provide cost of living adjustments or to change member benefits
 - APRS Board of Trustees does not have authority to modify member eligibility requirements
 - Establishes an actuarial review and reconciliation process to allow the City to provide input to the APRS on actuarial assumptions and methods

DRAFT



City of Austin, TX

Defined Contribution Plan Design *Considerations for an Optional Offering*

February 2022

PFM Group Consulting LLC



Goals for Public Sector Retirement Plan Design

- **Affordability** within current/near-term budget constraints
- **Sustainability** of benefit funding requirements over the long-term
- **Retirement security** for career employees
- **Competitive benefits** for effective recruitment and retention



Traditional Three-Legged Stool of Retirement Planning (+1)

- **Employer Pension** – traditionally using a Defined Benefit (DB) model
- **Social Security**
- **Employee Savings** - often through a tax advantaged Defined Contribution (DC) plan such as a 401(k) or 403(b)
- Retiree Healthcare can also be a component of the overall structure



But... one size may not fit all



Employee Choice

- A growing number of public employers now offer multiple retirement plan options to meet varying employee needs
- For example:
 - City of Baltimore (non-safety) – Hybrid or DC
 - State of Michigan (non-safety) – Hybrid or DC
 - State of Colorado – DB or DC
 - State of Florida – DB or DC
 - University of Texas – DB or DC
- The portability of a DC option may be particularly attractive for employees who anticipate a shorter tenure, for example:
 - An early-career hire who expects to work for other employers in future years
 - A lateral, late-career hire who does not plan many more years of full-time work and/or who is already vested in another system



General DC Plan Considerations

Positive Factors

- Portability feature may be attractive to particular employee groups that anticipate shorter average tenures
- Some employees value control over investment decisions
- Eliminates all investment risk for the employer. By definition, there will never be unfunded liabilities
- Stabilizes cost for new hires as a fixed percentage of salary (with the potential for slight variations based on how any employer matching contributions are structured)

Negative Factors

- Investment decisions and market performance will affect the predictability and risk of the benefit for employees/retirees
- Members with little experience in the market will be faced with challenge of directing their own investments; while tools such as balanced default-investment options and target-date funds can mitigate this challenge, DC plans still generally require more member education
- Without pooled risk, individuals cannot benefit from the longer-term investment horizon of a group plan
- Portability may weaken the incentive for retention relative to a traditional DB plan
- DC plans remain less prevalent in the public sector, particularly for public safety, which may create a recruitment disadvantage with some candidates when provided as the only plan option
- Does not necessarily include the death and disability benefits often included within a pension, which may require separate new programs
- If the existing legacy DB plan is closed, changes to cash flow and potentially actuarial assumptions could increase near-term costs



Austin-Specific Considerations

- Austin provides Social Security to civilian employees, requiring employer (and employee) contributions of 6.2% of pay (up to an annual maximum: \$147,000 in 2022)
 - From a “three-legged stool” plan design perspective, Social Security not only provides meaningful base retirement income, but it also features an annual cost-of-living adjustment (COLA) not otherwise available under a DC-only approach
 - From a competitiveness perspective, not every public employer provides Social Security. Among major Texas cities, Dallas and Fort Worth do not for civilian employees (El Paso, Houston, and San Antonio do)
- Like all employers and employees (even where Social Security is not provided), Austin also contributes 1.45% of pay toward Medicare benefits with no cap
 - Austin also provides relatively generous City retiree healthcare benefits, although the level of City contributions is reduced for retirees with <20 years of retiree service
 - Austin also offers access to a voluntary 457(b) deferred compensation plan, on either a pre-tax or Roth after-tax basis, with no City contribution or match – subject to program and tax code requirements (e.g., minimum contribution of \$10 per pay or 1% of pay; and 2021 maximum contribution of the lesser of \$19,500 or 70% of pay + catch-up provisions)

COAERS contributions (as of 12/31/2021):

- Total “normal cost” for current service: 17.04%
- Members: 8.0%
- Employer normal cost: 9.04%
- Total employer contribution: 19.0%
- Employer funding policy rate: 21.02%



DC Plan Design Issues

- City/Employee contributions:
 - Base
 - Match
- Window to opt in/out; irrevocability
- Vesting
- Disability benefits
- Survivor/Death benefits
- Plan administration



Case Study: University of Texas

- The University of Texas offers certain employees (including most faculty, administrators, and librarians) a choice between participation in the DB Teacher Retirement System (TRS) or the DC Optional Retirement Program (ORP) tax-deferred 403(b) program
- Key features of the ORP include:
 - One-time, irrevocable opportunity to choose within first 90 days (DB TRS is default option)
 - 36,049 ORP participants statewide as of FY2021
 - No provisions for purchase of service credit
 - Contributions:
 - Employee: 6.65%
 - Employer: Maximum of 8.5% (UT Austin is at 8.5%); base state contribution of 6.6% before individual employer supplement
 - Vesting after one (1) year and one day for employer contributions
 - Menu of employee-directed investment options
 - Payout options include annuities and systematic payouts; withdrawals subject to IRS provisions (e.g., generally age 59.5 or 10% penalty); no provisions for loans or hardship withdrawals
 - Administered by the Texas Higher Education Coordinating Board, not the TRS
 - No survivor or disability benefits



Benchmarks: City DC Plans (Civilian)

	Primary or Optional	Other Options	Window to Select	Administration
Atlanta	Primary for employees at pay grade 19 or higher as of FY2021, pay grade 19 = \$41,000 - \$68,300); not available to employees at lower pay grades	Employees below pay grade 19 are in a hybrid DB/DC plan	NA	Third-party administrator
Baltimore	Optional	Hybrid, Closed DB	150 days (default to Hybrid)	Separate Board from pensions
Jacksonville	Primary (hires after 10/1/2017)	NA (Closed DB Plan)	NA	Administered by City
Orlando	Primary (hires after 9/30/1988)	NA (Closed DB Plan)	NA	Third-party administrator
Richmond	Primary (hires after June 30, 2006)	NA (Closed DB Plan)	NA	Richmond Retirement System (contracts with third-party administrator as record keeper)
Washington, DC	Primary (hires after October 1, 1987)	457(b), Closed DB Plan	NA	Office of Finance and Treasury and third-party administrator



Benchmarks: City DC Plans (Civilian)

	Employee Contribution	Employer Contribution	Vesting Requirement (Employer Share)
Atlanta	6% required + voluntary additional contributions	6%	5 years
Baltimore	5% required 401(a) + voluntary additional 457(b)	4% to 401(a) + 50% match on 457(b) up to additional 1% of pay [Maximum 5%]	5 years, or age 65 or death
Jacksonville	8% (0.3% funds disability and survivor benefits)	12% (plus additional amount, as necessary, to fund survivor and disability benefits)	25% after two years and 25% each year after (100% after five years)
Orlando	0% + voluntary up to 10%	7% regardless of employee contribution + up to 3% match on voluntary employee contributions	25% per year (fully vested after 4 years)
Richmond	0% + voluntary 457(b) contributions	Varies based on employee's years of service: Less than 5 years: 5% 5 to 9 years: 6% 10 to 14 years: 8% 15 or more years: 10%	5 years
Washington, DC	0% toward 401(a) + voluntary 457(b) contributions	5.5% toward 401(a) + up to 3% match on 457(b)	20% per year starting after two years; 100% vested after five years



Benchmarks: State DC Plans (Civilian)

	Primary or Optional	Other Options	Window to Select	Administration
Colorado	Optional	DB Plan, Voluntary 401(k) and 457(b) plans	60 days (default to DB)	Colorado Public Employees' Retirement Association
Florida	Primary	DB Plan, Hybrid Plan available for those with 8 years in the DB Plan	8 months (default to DC)	Florida State Board of Administration
Indiana	Optional	Hybrid Plan	60 days	Indiana Public Retirement System
Michigan	Primary	NA	NA	Office of Retirement Services, partnered with third-party administrator
Montana	Optional	DB Plan, 457(b)	12 months	Montana Public Employee Retirement Administration
Ohio	Optional	DB Plan, Hybrid Plan	180 days	Ohio Public Employees Retirement System
North Dakota	Optional	Hybrid Plan, 457(b) Plan	6 months	North Dakota Public Employees' Retirement System
South Carolina	Optional	DB Plan, voluntary 401(k) and 457(b) plans	30 days	Third-party administrator
Utah	Optional	Hybrid Plan, voluntary 457(b) and IRAs (pre- or post-tax)	12 months	Utah Retirement Systems



Benchmarks: State DC Plans (Civilian)

	Employee Contribution	Employer Contribution	Vesting Requirement
Colorado	10.5% + voluntary 401(k) or 457(b) contributions	10.4%	50% vested upon enrollment with 10% increases each year thereafter; 100% vested after five years
Florida	3%	3.3%	Completion of 1 year of service
Indiana	3% + voluntary, post-tax contributions up to an additional 10%	3.2%	20% per year 100% vested after five years
Michigan	No minimum contribution	Mandatory 4% + up to 3% match (1:1) of employee contribution	50% after two years and 25% per year thereafter
Montana	7.9% + voluntary 457(b) contributions	8.97% (8.63% toward DC account; 0.04% toward PERS education programs; 0.3% toward disability benefit)	After 5 years
Ohio	10%	14% (6.5% funds a Retiree Medical Account for retiree health expense offsets)	20% per year
North Dakota	7% (includes 4% Section 414(h) pick up) + voluntary 457(b) contributions	8.26%	50% after two years and 25% per year thereafter
South Carolina	9% + voluntary contributions	5%	Immediate vesting
Utah	No minimum required contribution	10%	After 4 years



Survivor and Disability Benefits

- DC plans generally provide for vested assets to be withdrawn upon death or disability – but these funds may be minimal for an employee early in their career
- Some employers provide additional survivor and/or disability benefits, often through a separate, supplemental plan. For example:
 - For survivors, some cities provide life insurance coverage/options or other added benefits. For example, Atlanta provides base life insurance of \$40,000 with employee options to buy up for additional coverage, while Richmond provides 2X annual salary as a minimum benefit with additional buy-up options
 - For disabilities, Florida provides coverage under the State DB plan, Montana has a separate long-term disability trust fund toward which the State contributes 0.3% of salary for DC plan participants, and Orlando provides long-term disability coverage through a third-party provider



Case Study: Texas Municipal Retirement System (TMRS)

- Unlike a true DC plan, TMRS is a cash balance plan – which means that contributions grow at a guaranteed rate of interest (with greater funding risk for the plan sponsor)
- At the same time, because the TMRS structure mirrors some elements of DC plan design and is a common offering across Texas (890 cities, including San Antonio), the elements below are presented as an additional reference point
- Selected TMRS features:
 - Depending on the participating City's plan, employees contribute 5.0 – 7.0% of gross compensation (e.g., San Antonio employees contribute 6.0%)
 - Again, depending on the plan, the City matches at a rate of 1 to 1, 1,5 to 1, or 2 to 1 (e.g., San Antonio matches at a 2:1 rate or 12.0%)
 - Vesting generally requires 5 years (Cities can opt for 10 years)
 - Eligibility for retirement is commonly age 60 with 5 years of service or 20-25 years of service at any age
 - Some cities have opted to provide a supplemental death benefit, and TMRS offers occupational disability benefits based on contributions made



Appendices



Retiree Health Benefits

Austin	Retirees with 20 or more years of service contribute 20% of premium for single coverage, 50% for dependent coverage; 30% (25% if pre-Medicare) for surviving spouses. City subsidy is reduced with fewer years of service.
Corpus Christi	Retirees contribute 100% of the blended cost of healthcare coverage (implicit subsidy)
Dallas	Post-1/1/2010 hires contribute 100% of the blended cost of healthcare coverage (implicit subsidy); for earlier hires, the City subsidy for retirees is approximately 50% pre-Medicare (dependents are not subsidized)
El Paso	Retirees contribute 45% of the cost of retiree healthcare coverage, with the same coverage as provided to active City employees. Established by ordinance and may be amended.
Fort Worth	Post-1/1/2009 hires contribute 100% of the blended cost of healthcare coverage (implicit subsidy); for earlier hires, retirees with 25 or more years of service or those hired before 10/1988 receive one plan option with no retiree premium contribution (may buy up for other plans); for hires between 1988 and 2009 with <25 years, City determines the subsidy (which is lower). Generally, the City pays only 30-50% of the cost for dependents.
Houston	Retiree contributions vary by coverage level, plan selection, and smoker status. For non-smokers, pre-Medicare retirees contribute between 43% and 76% of cost for single coverage, and higher percentages with dependents. Medicare cost-sharing levels are similar, also varying by plan, coverage level, and smoker status.
San Antonio	Police and firefighters receive full retiree and spousal coverage through the Fire and Police Retiree Health Care Fund. For civilians, subsidized benefits are covered only once Medicare-eligible, with the City targeting 2/3 of the cost for retirees hired prior to 2007 and 1/2 of the cost for subsequent hires with 10 or more years of service.



U.S. Private Industry

- In private industry, DB pensions and retiree healthcare are no longer prevalent
 - Just 18% of full-time U.S. workers in private industry have access to DB pensions, and many of those are in plans closed to new entrants (vs. 94% with access in state and local government)
 - Only 14% of full-time U.S workers in private industry have access to retiree healthcare (vs. 75% in state and local government)

5. Review key meeting takeaways and call for future agenda items

Presented by Committee Chair Liu

AGENDA ITEM 5:

Review key meeting takeaways and call for future agenda items

AGENDA ITEM OBJECTIVE

This standing agenda item provides Trustees the opportunity to review the key takeaways from the meeting.

RELEVANCE TO STRATEGIC PLAN

This agenda item meets **COAERS Strategic Plan Goal 4: Identify and implement leading practices in board governance, pension administration, and investment management**. It is an industry best practice to review key meeting takeaways to summarize what was accomplished at the meeting as well as ensure Staff has clear direction on further work and future agenda items.

RECOMMENDATION FOR COMMITTEE ACTION

Trustees will review key meeting takeaways and delineate next steps.