

Minutes of Meeting
Board of Trustees Non-Uniformed Employees' Retirement System
April 23, 2013

A meeting of the Board of Trustees was called to order at 7:32 p.m. in the Council Chambers, 5th Floor of City Hall, 6801 Delmar Blvd., University City, MO 63130

Members in Attendance: James Carr, Matthew Fillo, Edward McCarthy, Holston Black,
Frank Reedy, Juli Niemann, Keith Cole, Erich Haring,
Steve McMahon

Members Excused: Terry Crow

Other in Attendance: Elaine Williams-Board Secretary
Tina Charumilind – Treasurer
Wiley Angell and Patty Boyd -FAMCO Representative
Paulette Carr- Councilmember
Lehman Walker – City Manager
Patrick Wall – Library Director

Minutes

The January 29, 2013 meeting minutes were approved.

Disbursements

Member Niemann moved and Member Cole seconded a motion to approve the disbursements. The motion passed.

Comments and Discussion

Chairman Carr referred to a question raised by Member Haring on behalf of non-uniformed participant related to “breakpoint” about an increase of the “breakpoint” for benefit calculation when there was no increase in the compensation. It appears to the employee that an annual increase of the break point reduces the benefit amount as he tries to do the math.

Ms. Charumilind explained that the equation has two parts with two different multipliers. One is a result of years of service and another is a result of break point. The example in the handout illustrated the calculation based on the annual compensation of \$45,000. Started with year 2012, when the breakpoint was \$42,000. The equation yields a benefit of \$1,837.50 per month. In 2013, when breakpoint increases to \$43,000, but compensation was not changed, one more year of service has been added. As a result, the monthly benefit has increased to \$1,885 per month. In summary, if the employee had retired four years ago, he would be getting higher amount on the breakpoint calculation, but he would have four years less service and ultimately, the benefit would be less when compared to an employee who stayed employed longer. Any time the years of service increases, the benefit will go up. Even in 2015, compensation is equal to the breakpoint, which means the difference is zero (“0”), and his benefit still increased from \$1,933.00 to \$1,980.00. Below is an example of the description above:

Sample Pension Calculation:		
	2012	
Breakpoint	\$ 42,000	
Final average compensation	45,000	
Compensation above breakpoint	3,000	
Year of service	30	
Benefit Calculation	$(45,000 * 0.016 * 30) + (3,000 * .0050 * 30)$	
	21,600	450
Estimated annual benefit	22,050	
Estimated monthly benefit	\$ 1,837.50	
	2013	
Breakpoint	\$ 43,000	
Final average compensation	45,000	
Compensation above breakpoint	2,000	
Year of service	31	
Benefit Calculation	$(45,000 * 0.016 * 31) + (2,000 * .0050 * 31)$	
	22,320	310
Estimated annual benefit	22,630	
Estimated monthly benefit	\$ 1,885.83	
	2014	
Breakpoint	\$ 44,000	
Final average compensation	45,000	
Compensation above breakpoint	1,000	
Year of service	32	
Benefit Calculation	$(45,000 * 0.016 * 32) + (1,000 * .0050 * 32)$	
	23,040	160
Estimated annual benefit	23,200	
Estimated monthly benefit	\$ 1,933.33	
	2015	
Breakpoint	\$ 45,000	
Final average compensation	45,000	
Compensation above breakpoint	-	
Year of service	33	
Benefit Calculation	$(45,000 * 0.016 * 33) + (0 * .0050 * 33)$	
	23,760	0
Estimated annual benefit	23,760	
Estimated monthly benefit	\$ 1,980.00	

Member Haring questioned if breakpoint was accurate, and the salary was not going up, when we did not get a raise, would he get an additional increase, besides the years of service? This might be a way to get him more money if we wanted to change the number. So in effect, he still might be losing, even though it might be gaining, it is not gaining as much as it supposed to be because of the design of the plan. An assumption can be that he is being short changed. Ms. Charumilind added that this plan currently being used is the same plan used for Social Security Benefits. It is the standard calculation for benefit using the breakpoints. The comment, if he should have retired sooner, to get higher benefits may not be accurate because while he continues working, he earns more compensation which he would not get if he retired.

A question was asked that if it we are being handled as the pension plan states, the employee would be better off. Ms. Charumilind stated that the provision states that the breakpoint will increase every year, it does not assume that we will get an increase every year. The way the compensation averages out, it will take the three consecutive highest years.

This plan does not always work well for uniformed employees. It may not look fair, but this is how the plan is designed, and can be easily amended by City Council, if we can define the problem.

Chairman Carr stated that while it is unfortunate that the salaries are not increasing, it is fortunate that we are not paying more thru inflation. Inflation is not eating up the salaries like it has done in all of our lives. The pension benefit is going up by virtue of years of service, but we probably do not want to be adjusting the pension benefit every time we have a new number for inflation.

The plan is meant to help employees over a long period of time.

NEW MEMBER APPLICATION

Lisa Peck's application was approved.

Next meeting dates

July 23, 2013, October 22, 2013

Adjourned

The meeting adjourned at 7:55 P.M.