CITY OF NEW HAVEN
OFFICE OF MANAGEMENT & BUDGET

165 Church Street, New Haven, CT 06510
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Toni N. Harp
Mayor

Michael Gormany
Acting Budget Director

September 16, 2019

To: Tyisha Walker-Myers, President Board of Alder
Evette Hamilton, Chair Finance Committee
Adam Marchand, Vice Chair Finance

From: Michael Gormany, Acting Budget Director

Re: Finance Committee Follow Up Questions September 11, 2019

Good afternoon
Below are responses to follow up questions from the Finance Committee Meeting on September 11, 2019

1. What was the total pension contribution by Officers?
   a. Below, are the last three fiscal years plus FY 2020 bargaining unit contributions to date.
      i. FY 2017 $2,924,712
      ii. FY 2018 $2,649,541
      iii. FY 2019 $2,418,571
      iv. FY 2020 $439,302-to date

2. What is the balance of the OPEB bank account?
   a. The current balance of the OPEB bank account including all City and Union contributions as of today (09-16-19) is $3,513,883.07

3. What is the percentage per Bargaining Unit on OPEB Contribution?
   a. All unions are currently at 1.25% of an employee gross pay for OPEB

4. What is the OPEB Liability as of the 2018 Audit
   a. The OPEB liability per the last completed audit (FY 2018) is;
      i. CERF $483,102,677 (Page 98)
      ii. Police/Fire $616,661,212 (Page 100)

5. Actuarial updated information
   a. See the attached information. Per the actuarial company on an email received Thursday, that I had a discussion with on Friday,

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"Michael,

I've attached the requested cost estimates of the proposed plan changes you note below. These estimates are constructed using the data, assumptions, and methods as outlined in the July 1, 2018 valuation report. One thing to note is that the valuation retirement assumption is only 3% prior to 20 years of service, so with the service eligibility change there is only a small portion of the population retiring prior to 20 years. If more than 3% of participants retire prior to 20 years of actual service, then the actual costs may be much higher than what is stated. The second page of the exhibit includes the current and proposed benefits.

To measure the impact of the proposed Tier3 benefit structure, the current valuation data cannot be used since those folks are hired after 7/1/2018. H&H constructed a hypothetical male participant who enters the Plan at age 25 and calculated the contribution (excluding the unfunded amortization) using the proposed Tier2 and Tier3 benefit structure. With the proposed Tier2 benefit structure the contribution is 5.76% of pay, and the proposed Tier3 benefit structure the contribution is 3.06% of pay. For example, if payroll is $2,000,000 for this group, then the contribution will be $115,200 for the proposed Tier2 group and $61,200 for the proposed Tier3 group.

The proposed Tier3 benefit ends up being much cheaper due to the following:

- The benefit amount is lower since no sick time can be bought back
- The proposed Tier3 folks must work for 25 full years to be eligible for retirement, resulting in lower contributions being needed each year

Please let us know if you have any questions.

Thanks
Dan"

See attachment A

CC; Tomas Reyes
Sean Matteson
Esther Armand
Daryl Jones
Albert Lucas