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**CITY COUNCIL REPORT**CITY CLERK DEPT.

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City Manager

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SUBJECT: PENSION REFORM TASK FORCE

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This report provides the Finance, Efficiency and Innovation Subcommittee with an update on the work of the Pension Reform Task Force since the May 25, 2011 FEI Subcommittee meeting.

### THE ISSUE

On June 1, 2011 City Council authorized the City Manager to enter into a contract with The Segal Company to provide consulting and actuarial analysis for the Pension Reform Task Force appointed by the Mayor and City Council to recommend changes to the City of Phoenix Employees Retirement Plan (COPERS). The contract with Segal includes an evaluation of the financial impact of possible changes to plan provisions and alternative strategies for COPERS, and an assessment of the financial impact to the City of changes by the State Legislature to the elected officials and public safety plans.

The Pension Reform Task Force held two meetings in June. On June 1, the Task Force received an update on the actuarial consultant Request For Qualifications (RFQ) and selection process; reviewed legislative changes to the Public Safety Personnel Retirement System (PSPRS) and Elected Officials Retirement Plan (EORP); and received information on Paid Time Off (PTO) programs and the cost of short-term disability programs. Segal presented their project approach and began facilitating a goal-setting process with the Task Force. In addition, the Task Force discussed a pension systems survey to include cities and private pension plans, and directed the consultant to prepare a recommendation of plans to be surveyed.

At the June 8, 2011 Pension Reform Task Force meeting, staff and the consultant team noted that specific information on retirement plans offered to private sector employees is not publicly available. The financial information that is available is shown under FASB accounting rules and not on an apples-to-apples basis with public sector plan information. For this reason, staff and the consultant team recommended looking at the corporate sector as a whole using publicly available survey data on private sector retirement plans.

The Task Force reviewed the top 15 cities in the US by population size, as well as several Fortune 500 companies headquartered in Phoenix and top employers in Phoenix. Following discussion, the Task Force directed the consultant team to prepare a pension systems survey including the following cities:

Los Angeles  
Houston  
Philadelphia  
Phoenix  
San Antonio  
San Diego  
Tucson  
San Jose  
Jacksonville  
Arizona State Retirement System

In addition, the Task Force directed the Consultant look at the corporate sector as a whole using publicly available survey data on private sector retirement plans.

The next Pension Reform Task Force meeting is scheduled for June 21, 2011.

#### OTHER INFORMATION

At the June 1 City Council meeting, the Task Force was asked to determine potential changes that could be referred to the November 2011 ballot.

#### RECOMMENDATION

This report is for information only.

Funds are available in the 2010-11 and 2011-12 Human Resources Department budget.