

OFR92005

TYPE OF RECORD: PERMANENT

CATEGORY OF RECORD: MINUTES

CITY DEPARTMENT: ADMINISTRATIVE SERVICES

YEAR: 1992

## FIRE PENSION BOARD MEETING

MAY 1, 1992

The meeting of the Fire Pension Board was called to order by Acting Chairman, Glenn Crespín at 9:40 a.m. Members present were Tim Bevan, Mike Petersen, Glenn Crespín, Claudia Hazelhurst and Ron Lappi. Tim Bevan arrived at 9:50 a.m.

### Minutes

Glenn Crespín moved that the minutes of the March 24, 1992 meeting be approved as submitted. Ron Lappi seconded, and the motion carried.

### Old Business

Claudia Hazelhurst informed the board that in checking with the Social Security Office about their death benefit, she found they had raised the benefit to \$255.00 several years ago. Claudia checked with John Shaver who offered to look into this for the board when he attended the meeting in February. He found that there was no reference to Social Security being the reason for the \$100.00 benefit. Because it is a state statute, he said there were two ways the board could approach the issue to increase the amount. The first would be a board approval, then finding out the impact of an increase through an actuarial study, and then getting approval by City Council. The second would be to go to the legislators and have the statute amended. John said the preference would be amending the state statute. Discussion followed about the death benefit being a percentage of the base pay. Ron Lappi said it could cost a great deal of money. After further discussion, the board agreed to leave it at \$100.00

Claudia Hazelhurst said she spoke with Amy Timmons from FPPA about plan amendments C and E. Plan C concerned retiring after 20 years of service and deferring pension until age 50. Claudia said the escalation and COLA increases would not apply until the retiree started receiving benefits. Plan E concerned an increase in pension of 2% per year after having met age and service requirements, to a maximum benefit of 60%. Ron Lappi said these amendments would need to be approved by the board, active members and City Council. An actuarial study would also be required. Glenn Crespín moved that Claudia be authorized to have FPPA begin studies on these two options. Ron Lappi seconded and the motion carried.

Tim Bevan said the other concern is leaving prior to eligibility for retirement. Glenn said he would lose everything if he were to terminate any time before age 50 even though he would have 20 years of service in. Tim Bevan moved to have Claudia ask FPPA to calculate the cost of allowing 5% per year vesting. Ron Lappi seconded and the motion carried.

Claudia stated that at the last meeting a discussion took place about Jack Campbell's pension rate being incorrect due to a wrong hire date being given to FPPA. She said she has not informed FPPA as yet about this error. In doing the calculations for Jack's 1992 pension amount, Claudia found he is being paid \$25.48 more than he should be receiving at 90% full and 10% limited escalation. Mike Petersen said that some of the members who will be retiring may wonder why Jack's getting full rank and they aren't. Ron Lappi said money is not the issue. An error was made and it needs to be fixed. Claudia agreed something needed to be done. She would tell FPPA about the error and ask what remedies were available to fix it. Tim asked if Jack should be notified. Claudia advised not until after she has been able to find out from FPPA what we can do.

#### **New Business**

Tim Bevan informed the board that Jim Campbell died April 28. Claudia said the widow benefit is \$842.33 per month. Mike Petersen moved to notify FPPA of this death and to pay the widows benefit to Mrs. Campbell. She will also receive the \$100.00 death benefit. Glenn Crespin seconded and the motion carried.

Tim Bevan said that R.T. Mantlo discussed with him his concerns about the size of the widow's pension. Discussion followed as to whether it should be at 1/3 the pensioner's rank. After a great deal of discussion, Tim Bevan tabled the discussion.

The meeting adjourned at 10:35 p.m.

*file*

M E M O R A N D U M

DATE: September 11, 1992  
TO: Old Hire Fire Pension Board  
FROM: Claudia Hazelhurst, Personnel Manager *CH*  
SUBJECT: Actuarial Study re: Proposed Plan Amendments

Attached are the results of the actuarial study on the proposed amendments to the Old Hire Fire Pension Plan. After reviewing this information, it would be advisable for the Board to discuss the amendments and talk about the required process involved in pursuing those in which the Board may have an interest. I'll wait to hear from you.

c: file

FIRE AND POLICE PENSION ASSOCIATION

City of Grand Junction  
Fire Pension Fund

SUPPLEMENTAL ACTUARIAL STUDY AS OF  
January 1, 1992

Fire and Police Pension Association

City of Grand Junction  
Fire Pension Fund

SUMMARY OF CURRENT AND PROPOSED PLANS

Current Plan

The plan as outlined in Exhibit 10 on page 11 of the January 1, 1992 actuarial valuation.

Proposed Plan B

Same as the current plan except for the following:

Retirement Benefits

For each year a member continues working past eligibility for normal retirement, a member's benefit will increase by 2% of his final average monthly salary to a maximum benefit of 60%.

Severance Benefits

Vested contributions without interest are refunded to firefighters who terminate employment prior to being eligible for retirement benefits. Contributions are vested at 5% per year for each complete year of service. Contributions are vested only in cases of separations due to reasons other than death, disability or retirement.

In lieu of having his contributions returned, a member who has at least 20 years of credited service may leave his contributions in the fund and be eligible to receive a vested pension, payable monthly, commencing when the member attains age 50, equal to 50% of his final average monthly salary.

Fire and Police Pension Association

City of Grand Junction  
Fire Pension Fund

SUMMARY OF ACTUARIAL STUDY  
RESULTS OF CURRENT AND PROPOSED PLANS

Limited Rank Escalation  
Actuarial Study as of  
January 1, 1992

	<u>Current Plan</u>	<u>Proposed Plan B</u>
<u>Valuation Summary</u>		
1. Annual earnings for active employees	\$ 447,877	\$ 447,877
2. Normal Cost = Total accrued cost to fund benefits granted for current year's service as of valuation date	\$ 76,440	\$ 82,109
3. Normal Cost expressed as percentage of pay (Item 2 divided by Item 1)	17.067%	18.333%
4. Actuarial Accrued Liability = Total accrued cost to fund benefits granted for prior years' service as of valuation date	\$ 13,337,285	\$ 13,431,991
5. Market Value of Accumulated Assets as of valuation date	6,597,037	6,597,037
6. State Contribution Base	<u>204,569</u>	<u>204,569</u>
7. Unfunded Actuarial Accrued Liability = Total accrued cost not offset by accumulated assets as of valuation date (Item 4 minus Items 5 & 6)	\$ 6,535,679	\$ 6,630,385 =
8. Total annual contribution required to pay Normal Cost and to amortize Unfunded Actuarial Accrued Liability as of valuation date		+94,706
Over 37 years from January 1, 1989		
a. Amount	\$ 575,064	\$ 587,959
b. As a percentage of pay	128.398%	131.277%

OLD FIRE PENSION BOARD MEETING  
MAY 1, 1992  
AGENDA

Old Business

1. \$100.00 Death Benefit
2. Actuarial Study follow up
3. Jack Campbell pension issue

New Business

1. Death of James Campbell